

As filed with the Securities and Exchange Commission on July 19, 2000.

Registration No. 333-39752

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1

TO
FORM S-1
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

EQUINIX, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	4813 (Primary Standard Industrial Classification Code Number)	77-0487526 (I.R.S. Employer Identification Number)
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901 Marshall Street
Redwood City, CA 94063
(650) 298-0400
(Address, including zip code, and telephone number, including area code, of
registrant's principal executive offices)

PHILIP J. KOEN

Chief Financial Officer, Corporate Development Officer and Secretary
Equinix, Inc.
901 Marshall Street
Redwood City, CA 94063
(650) 298-0400
(Name, address, including zip code, and telephone number, including area code,
of agent for service)

Copies to:

SCOTT C. DETTMER BRANDI L. GALVIN MARGARET E. PAIGE KATHERINE E. BLUM Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP 155 Constitution Drive Menlo Park, California 94025 (650) 321-2400	JONATHAN A. SCHAFFZIN Cahill Gordon & Reindel 80 Pine Street New York, New York 10005 (212) 701-3000
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Approximate date of commencement of proposed sale to the public: As soon as
practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered on a
delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, as amended (the "Securities Act"), check the following box.

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

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

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

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

 CALCULATION OF REGISTRATION FEE

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Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
<S> Common Stock, \$0.001 par value per share.....	<C> 23,000,000	<C> \$11.00	<C> \$253,000,000	<C> \$66,792

- (1) Includes shares that the underwriters have the option to purchase to cover over-allotments, if any.
- (2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(a).
- (3) A fee of \$ 64,515 was previously paid by the Registrant pursuant to Rule 457(o) promulgated under the Securities Act in connection with the filing of the Registration Statement on June 20, 2000. Pursuant to Rule 457(b) under the Securities Act, such fee is being credited against the registration fee, and accordingly, an additional \$2,277 is being paid in connection with the Registration Statement.

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

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 +
 +
 +The information in this prospectus is not complete and may be changed. These +
 +securities may not be sold until the registration statement filed with the +
 +Securities and Exchange Commission is effective. This prospectus is not an +
 +offer to sell nor does it seek an offer to buy these securities in any +
 +jurisdiction where the offer or sale is not permitted. +
 +++++
 +++++
 +++++

Subject to Completion. Dated July 19, 2000.

20,000,000 Shares

[EQUINIX LOGO]

Common Stock

This is an initial public offering of shares of common stock of Equinix, Inc. All of the 20,000,000 shares of common stock are being sold by Equinix.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will

be between \$10.00 and \$12.00. Equinix has applied to have its common stock included for quotation on the Nasdaq National Market under the symbol "EQIX".

See "Risk Factors" beginning on page 5 to read about factors you should consider before buying shares of the common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

<TABLE>
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	Per Share	Total
	-----	-----
<S>	<C>	<C>
Initial public offering price.....	\$	\$
Underwriting discount.....	\$	\$
Proceeds, before expenses, to Equinix.....	\$	\$

</TABLE>

To the extent that the underwriters sell more than 20,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 3,000,000 shares from Equinix at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on _____, 2000.

Goldman, Sachs & Co. _____ Salomon Smith Barney

Chase H & Q _____ Epoch Partners

Prospectus dated _____, 2000.

DESCRIPTION OF INSIDE COVER

At the top of the page is our logo. Underneath our logo it reads, "Internet Business Exchange Centers." Below "Internet Business Exchange Centers" it reads "Home of the Internet."

Below our logo and in the center of the page is a large circle. In the center of the circle it reads "Direct Cross Connects." In a larger concentric circle around the center are five cages with the following words in each cage - Site Service Providers, ISPs, Carriers, Network Services and Performance Enhancement. In a larger concentric circle around the set of five cages are four larger cages with the following words in each cage - e-Commerce, Content Providers, Partner Branded/Resale and Application Service Providers. At the top of the circle and in the space above the four larger cages it reads "Equinix IBX Center." Surrounding the circle are five short paragraphs of narrative entitled "Choice," "Equinix designs, builds and operates neutral Internet Business Exchange, or IBX centers," "Opportunity to increase revenues and reduce costs," "Reliability" and "Scalability". Each title is written in bold. The remainder of the paragraphs are not bold. Beneath the paragraph entitled "Choice" it reads, "Our customers can choose among a variety of product and service providers to diversify their sources of supply for their businesses." Beneath the paragraph entitled "Equinix designs, builds and operates neutral Internet Business Exchange, or IBX centers" it reads, "where content providers, application service providers and e-commerce companies can directly interconnect with a competitive choice of bandwidth providers, Internet service providers, or ISPs, and site and performance management companies, giving them the flexibility, speed and scalability they need to accelerate business growth, and to improve Internet performance." Beneath the paragraph entitled "Opportunity to increase revenues and reduce costs" it reads, "Our customers can increase the size of their addressable markets and improve their purchasing power through access to a variety of potential business partners." Beneath the paragraph entitled "Reliability" it reads, "Our IBX centers have redundant power systems, multiple layers of physical security and high-bandwidth Internet connectivity through multiple third party connections." Beneath the paragraph entitled "Scalability" it reads, "Our IBX centers will both stimulate and support the efficient growth of our customers."

Below the circle and the narrative surrounding the circle and across the bottom of the page, there are four photographs. From the left to right, the first photograph is of a bimetric hand reader. The second photograph is of the

customer care area of an IBX center. The third photograph is of the colocation space in an IBX center. The fourth photograph is of the security station and entrance to an IBX center.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements and notes thereto appearing elsewhere in this prospectus.

The Company

Overview

Equinix designs, builds and operates neutral Internet Business Exchange centers, or IBX centers, where Internet businesses place their equipment and their network facilities in order to interconnect with each other. Our neutral IBX centers provide content providers, application service providers and e-commerce companies with the ability to directly interconnect with a competitive choice of bandwidth providers, Internet service providers and site and performance management companies. Equinix IBX centers enable Internet companies to quickly, easily and privately interconnect with a choice of business partners and customers, providing them with the flexibility, speed and adaptability they need to accelerate business growth.

Equinix currently has IBX centers in the Washington, D.C. metropolitan area, the New York metropolitan area and in Silicon Valley. We intend to complete construction of five additional IBX centers and several expansion projects by May 2001, resulting in a total of eight IBX centers in the U.S. and Europe.

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

The Equinix Solution

Our IBX centers will provide environments that stimulate efficient business growth. 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;
- . scalability; and
- . reliability.

Recent Developments

On May 16, 2000, Peter F. Van Camp joined Equinix as our chief executive officer. Prior to joining Equinix, Mr. Van Camp was the president of the Americas region for UUNET, a division of WorldCom. Albert M. Avery, IV, one of our founders, will continue to act as our president and will assume responsibilities as our chief operating officer. Mr. Van Camp has also joined our board of directors.

On May 23, 2000, we entered into a purchase agreement regarding approximately 80 acres of real property in San Jose, California. On June 21, 2000, before the closing on this property, we assigned our interest in the purchase agreement to iStar San Jose, LLC. On the same date, iStar purchased this property and entered into a 20-year lease with us for the property. Under the terms of the lease, we have the option to extend the lease for an additional 60 years, for a total lease term of 80 years. In addition, we have the option to purchase the property from iStar after 10 years.

On June 21, 2000, we entered into a strategic agreement with Colt Telecommunications whereby Colt agreed to install local connectivity and IP network services in our European IBX centers in exchange for a warrant to purchase 250,000 shares of our common stock. The warrant is subject to cutback in the event Colt does not provide these services on a timely basis.

On June 29, 2000, we entered into a strategic agreement with UUNET and WorldCom in exchange for a warrant to purchase 650,000 shares of our common stock. Pursuant to the terms of this agreement, we amended and restated our previous agreement with WorldCom, and WorldCom agreed to install local connectivity in additional IBX centers. In addition, UUNET agreed to provide high-speed bandwidth access to UUNET's hub facilities in our existing IBX centers and several of our proposed IBX centers. The warrant is subject to cutback in the event UUNET or WorldCom does not provide these services on a timely basis.

We are currently having discussions with a group of lenders to obtain a \$100.0 million senior secured credit facility. Although we believe we will secure commitments for our contemplated credit facility, we do not know that we

will receive satisfactory commitments from lenders or that we will be able to negotiate satisfactory terms for and ultimately enter into a credit facility. Moreover, we expect that our credit facility will contain financial covenants and borrowing limitations that may prevent some or all of the funds potentially available to us from actually becoming available to us. If we are not successful in entering into our contemplated credit facility, or if funds are not ultimately made available to us under our credit facility, we may have to obtain funds from an alternative source to pursue our plans for five additional IBX centers and expansion projects.

On July 17, 2000, Scott Kriens and Dawn G. Lepore joined our board of directors. Mr. Kriens is president, chief executive officer and chairman of the board of directors of Juniper Networks Inc. Ms. Lepore is vice chairman of the board of directors, chief information officer and a member of the management committee of Charles Schwab Corporation.

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

Except as otherwise indicated, information in this prospectus is based on the following assumptions:

- . conversion of all outstanding shares of preferred stock into common stock upon the closing of this offering;
- . the filing of our amended and restated certificate of incorporation in the state of Delaware upon the closing of this offering; and
- . no exercise of the underwriters' over-allotment option.

Any Media Any Speed, Equinix, Home of the Internet, IBX and Internet Business Exchange are our trademarks. This prospectus also contains trademarks of other companies.

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THE OFFERING

<TABLE>	<C>	<S>
Common stock offered by us.....	20,000,000 shares	
Common stock to be outstanding after the offering..	73,772,931 shares. This number is based on the number of shares outstanding as of June 30, 2000. It excludes 7,452,425 shares of common stock issuable upon the exercise of options outstanding as of June 30, 2000 at a weighted average exercise price of \$3.99 per share. It also excludes 7,113,745 shares of common stock issuable upon the exercise of warrants with a weighted average exercise price of \$1.37 per share.	
Over-allotment option.....	3,000,000 shares	
Use of proceeds.....	To fund the design, construction and operation of additional IBX centers and expansion projects and for other general corporate purposes, including working capital and potential acquisitions. For more information about our use of proceeds, please see "Use of Proceeds".	
Dividend policy.....	Currently, we do not anticipate paying cash dividends.	
Proposed Nasdaq National Market symbol.....	EQIX	

</TABLE>

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SUMMARY CONSOLIDATED FINANCIAL DATA

The following summary consolidated financial data should be read in

conjunction with our consolidated financial statements and their related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. The consolidated statement of operations data for the period from June 22, 1998 (inception) to December 31, 1998 and for the year ended December 31, 1999 are derived from, and are qualified by reference to, the audited consolidated financial statements and their related notes, which are included in this prospectus. The consolidated statement of operations data for the six months ended June 30, 1999 and June 30, 2000 and the balance sheet data as of June 30, 2000 are derived from our unaudited condensed interim consolidated financial statements and their related notes included in this prospectus. The pro forma as adjusted column gives effect to this offering as though it had occurred on June 30, 2000. See "Capitalization".

<TABLE>
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	Period from June 22, 1998 (inception) to December 31, 1998		Year Ended December 31, 1999		Six Months Ended June 30, ----- 1999 2000 -----		
	(dollars in thousands, except per share data)						
Statement of Operations Data:					(unaudited)		
<S>	<C>		<C>		<C>	<C>	
Revenues.....	\$	--	\$	37	\$	--	\$ 1,028
Costs and operating expenses:							
Cost of revenues (excludes stock- based compensation of none and \$177 for the periods ended December 31, 1998 and 1999, respectively, and \$8 and \$214 for the six months ended June 30, 1999 and 2000, respectively).....		--		2,959		340	6,106
Sales and marketing (excludes stock- based compensation of \$13 and \$1,631 for the periods ended December 31, 1998 and 1999, respectively, and \$68 and \$2,970 for the six months ended June 30, 1999 and 2000, respectively).....		34		2,318		651	5,738
General and administrative (excludes stock- based compensation of \$151 and \$4,819 for the periods ended December 31, 1998 and 1999, respectively, and \$1,048 and \$6,846 for the six months ended June 30, 1999 and 2000, respectively).....		748		7,307		2,248	14,016
Depreciation and amortization.....		4		609		136	3,610
Stock-based compensation.....		164		6,627		1,124	10,030
		-----		-----		-----	-----
Total costs and operating expenses.....		950		19,820		4,499	39,500
		-----		-----		-----	-----
Loss from operations.....		(950)		(19,783)		(4,499)	(38,472)
Interest income.....		150		2,138		172	7,532
Interest expense....		(220)		(3,146)		(138)	(13,880)
		-----		-----		-----	-----
Net loss.....	\$	(1,020)	\$	(20,791)	\$	(4,465)	\$(44,820)
		=====		=====		=====	=====

Basic and diluted net loss per share.....	\$ (1.48)	\$ (4.98)	\$ (2.78)	\$ (4.45)
	=====	=====	=====	=====
Shares used in per share calculation..	688	4,173	1,607	10,063
	=====	=====	=====	=====
Pro forma basic and diluted net loss per share (unaudited).....		\$ (0.74)		\$ (0.98)
		=====		=====
Shares used in pro forma per share calculation (unaudited).....		28,157		45,907
		=====		=====

</TABLE>

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	As of June 30, 2000	

	Actual	Pro Forma As Adjusted

Balance Sheet Data:	(dollars in thousands) (unaudited)	
<S>	<C>	<C>
Cash, cash equivalents and short-term investments.....	\$159,313	\$362,113
Accounts receivable.....	2,327	2,327
Restricted cash and short-term investments.....	38,500	38,500
Property and equipment, net.....	63,192	63,192
Construction in progress.....	174,549	174,549
Total assets.....	450,472	653,272
Debt facilities and capital lease obligations, excluding current portion.....	8,082	8,082
Senior notes.....	184,929	184,929
Redeemable convertible preferred stock.....	191,580	--
Total stockholders' equity (deficit).....	(2,972)	391,408
Other Financial Data:		
Adjusted EBITDA(1).....	(24,832)	(24,832)
Net cash used in operating activities.....	(24,897)	(24,897)
Net cash used in investing activities.....	(125,090)	(125,090)
Net cash provided by financing activities.....	95,761	298,561

</TABLE>

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(1) Adjusted EBITDA consists of net loss excluding interest, income taxes, depreciation and amortization of capital assets and amortization of deferred stock-based compensation. Adjusted 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 Adjusted EBITDA for other companies. Adjusted EBITDA is not a measure determined under generally accepted accounting principles nor is it a measure of liquidity.

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RISK FACTORS

This offering and an investment in our common stock involve a high degree of risk. You should carefully consider the following risk factors and all other information in this prospectus before investing in our common stock. Our business and results of operations could be seriously harmed by any of the following risks. The trading price of our common stock could decline due to any of these risks, and you might lose all or part of your investment.

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 operations and the proposed scale of our business 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, train and retain sufficient operational and technical talent, and implement our plan with

minimal delays. We may not successfully address any or all of these challenges and 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, we have experienced operating losses since inception. As of June 30, 2000, we had cumulative net losses of \$66.6 million and cumulative cash used by operating activities of \$35.6 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 and size 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, including private interconnection 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;

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- . the timing and magnitude of our expenditures for sales and marketing;
- . direct costs relating to the expansion of our operations;
- . growth of Internet use;
- . governmental regulation;
- . conditions related to international operations;
- . economic conditions specific to the Internet industry; and
- . general economic factors.

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. As of June 30, 2000, we had total indebtedness of \$214.5 million and we expect to incur further debt to fund our IBX construction plans. 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

business strategy on a timely basis 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 expect that our current cash, cash equivalents and short-term investments, together with the proceeds from this offering, and subject to the execution of definitive documentation and availability, up to \$100.0 million under a new credit facility, will allow us to pursue five additional IBX centers and several expansion projects, resulting in a total of eight IBX centers in the U.S. and Europe by May 2001. If we cannot raise sufficient additional funds on acceptable terms or funds under our proposed

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credit facility are unavailable to us or our losses exceed our expectations, we may be required to delay the rollout of our currently planned IBX centers or permanently reduce our rollout plans. There can be no assurance that we will enter into the proposed credit facility. Additional financing could take the form of debt or equity. In the past, we have had difficulties obtaining debt financing due to the early stage of our company's development. 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.

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. If we are able to secure additional financing, we expect to pursue additional IBX projects and to reconsider the timing and approach to IBX projects. We expect to continually reevaluate our business and rollout plan in light of evolving competitive and market conditions and the availability of suitable sites, financing and customer demand. 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.

Our results of operations may be harmed by charges associated with our issuance of performance-based warrants.

The underlying shares of common stock associated with the performance-based warrants issued by us are required under applicable accounting guidelines to be revalued at each balance sheet date to reflect their current fair value until the holder's performance commitment to us is complete. Any resulting increase in the fair value of the underlying shares of common stock would be recorded as a leasehold improvement, reducing our earnings through the depreciation of the related asset or potential impairment write-down. See Notes 2, 6 and 11 of "Notes to Consolidated Financial Statements".

We rely upon Bechtel and suitable site availability to complete our IBX center

rollout plans on time.

We have agreed to use Bechtel Corporation exclusively as our contractor to provide program management, site identification and evaluation and construction services to build our IBX centers under mutually agreed upon guaranteed completion dates. Problems in our relationship with Bechtel

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could materially adversely affect our ability to achieve our business objectives on a timely and cost-effective basis. There can be no assurance that Bechtel will not work with our competitors following the expiration of Bechtel's exclusivity period in October 2000.

In addition, our success will depend upon our ability to timely identify and acquire on acceptable terms suitable locations with proximity to adequate power and fiber networks. We have encountered competition for suitable sites from potential competitors and we expect this to increase further in the future.

We depend on third parties to provide Internet connectivity to our IBX centers; 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 we 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. For example, in the past carriers have experienced delays in connecting to our facilities. 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.

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 companies. We may also face competition from persons seeking to replicate our IBX concept. Our competitors may operate more successfully than we do 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 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".

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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, consisting of a variety of companies, including content providers, application service providers, e-commerce companies, bandwidth providers and site and performance management companies. 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. As a result, we have a long sales cycle. We generally incur significant expenses in sales and marketing prior to getting customer commitments for our services. Delays due to the length of our sales cycle may adversely affect our business, financial condition and results of operations.

Our success will also depend upon generating significant interconnection revenues from customers which may depend upon a balanced customer base, as well as upon the success of our IBX centers at facilitating business among customers. 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 centers. This may be disruptive to our business and may adversely affect our business, financial condition and results of operations.

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, train and retain 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

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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;
- . 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.

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

We have recently hired many key personnel, including our chief executive officer. 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, financial condition and results of operations will be materially adversely affected.

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

We require the services of additional 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 centers, market our services to a greater number of enterprises and generate increased revenues. We also require highly capable technical personnel to provide the quality services we are promoting. As a result, we plan to hire additional personnel in related capacities. Our success depends on our ability to identify, hire, train and retain additional qualified personnel, including managers, 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. 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.

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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. To date, our power uptime has been in excess of 99.999% across all our operational IBX centers; however, on one occasion, we experienced a temporary loss of power that led to a short-term unavailability of our services in our Washington, D.C. IBX center. 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.

We have 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. Any 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, financial condition and results of operations.

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

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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 business, financial condition and results of operations.

Government regulation may adversely affect 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, such as those governing intellectual property, privacy, libel, telecommunications, and taxation, apply to the Internet and to 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, financial condition and results of operations.

Risks Related to this Offering

Our stock price may be particularly volatile and could decline substantially because of the industry in which we compete.

The stock market in general has recently experienced extreme price and volume fluctuations. In addition, the market prices of securities of technology companies have been extremely volatile, and have experienced fluctuations that have often been unrelated to or disproportionate to the operating performance of these companies. These broad market fluctuations could adversely affect the market price of our common stock. In addition, as an early stage company, small delays in implementation of our IBX rollout plan, customer bookings, installations or revenues could result in material variations in our quarterly results and quarter-to-quarter growth in the foreseeable future. This could result in greater volatility in our stock price. These fluctuations could lead also to costly class action litigation which could significantly harm our business and operating results.

Existing stockholders significantly influence us and could delay or prevent an acquisition by a third party.

On completion of this offering, our executive officers, directors, their affiliates, and other 5% stockholders will beneficially own, in the aggregate,

approximately 36.9% of our outstanding common

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stock, assuming no exercise of the underwriters' over-allotment option. We have requested that the underwriters reserve up to 1,600,000 shares for sale at the initial public offering price to current and potential customers, others with whom we do business, existing stockholders, employees, and friends of Equinix. If our executive officers, directors, their affiliates, and other 5% stockholders purchase any of these shares in this offering from the underwriters, their aggregate percentage ownership will increase. As a result, these stockholders will be able to exercise significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, which could have the effect of delaying or preventing a third party from acquiring control over us. For information regarding the ownership of our outstanding stock by our executive officers, directors, their affiliates, and other 5% stockholders, please see "Principal Stockholders".

We have implemented anti-takeover provisions that could make it more difficult to acquire us.

Our amended and restated certificate of incorporation, our amended and restated bylaws and Delaware law contain provisions that could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. These provisions include:

- . authorizing the issuance of shares of undesignated preferred stock without a vote of stockholders;
- . prohibiting stockholder action by written consent; and
- . limitations on stockholders' ability to call special stockholder meetings.

Substantial sales of our common stock could depress our stock price.

If our stockholders sell substantial amounts of our common stock in the public market following this offering, the market price of our common stock could fall. Based on shares outstanding as of June 30, 2000, upon completion of this offering, we will have outstanding 73,772,931 shares of common stock. Upon completion of this offering, shares of common stock, including the 20,000,000 shares being sold in this offering will be eligible for sale in the public market immediately, unless purchased by our affiliates. Our stockholders will be subject to agreements with the underwriters or us that restrict their ability to transfer their stock for 180 days from the date of this prospectus. After these agreements expire, an additional shares will be eligible for sale in the public market.

As a new investor, you will incur substantial dilution as a result of this offering and future equity issuances.

The initial public offering price is substantially higher than the book value per share of our outstanding common stock. As a result, investors purchasing common stock in this offering will incur immediate substantial dilution of \$5.69 a share, assuming an initial public offering price of \$11.00 per share, the mid-point of the initial public offering price range shown on the cover of this prospectus. In addition, we have issued options and warrants to acquire common stock at prices significantly below the initial public offering price. To the extent outstanding options or warrants are ultimately exercised, there will be further dilution to investors in this offering. We have in the past and may in the future issue equity securities to our partners. Any issuances to these partners may cause further dilution to investors in this offering. If we issue additional equity securities, stockholders may experience dilution, and the new equity securities could have rights senior to those of existing holders of our common stock.

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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 are 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.

USE OF PROCEEDS

Our net proceeds from the sale of the 20,000,000 shares of common stock we are offering are estimated to be \$202.8 million, assuming an initial public offering price of \$11.00 per share and after deducting underwriting discount and commissions and estimated offering expenses payable by us. If the underwriters' over-allotment option is exercised in full, we estimate that our net proceeds will be approximately \$233.5 million. We expect to use the net proceeds to fund the design, construction and operation of additional IBX centers and expansion projects and for other general corporate purposes, including working capital. A portion of the net proceeds may also be used for the acquisition of businesses that are complementary to ours. We have no current agreements or commitments for acquisitions of complementary businesses. Pending these uses, we will invest the net proceeds of this offering in investment grade and interest-bearing securities.

DIVIDEND POLICY

We have not paid any cash dividends since inception and do not currently intend to pay any cash dividends.

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CAPITALIZATION

The following unaudited table sets forth our capitalization as of June 30, 2000:

.on an actual basis;

. pro forma as adjusted reflects the conversion of all outstanding shares of preferred stock into common stock upon the closing of this offering and the sale of 20,000,000 shares offered herein at an assumed initial public offering price of \$11.00 per share (the mid-point of the initial public offering price range shown on the cover of this prospectus), after deducting the underwriting discount and estimated offering expenses.

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

<TABLE>
<CAPTION>

	As of June 30, 2000	
	Actual	Pro Forma As Adjusted
	(dollars in thousands)	
<S>	<C>	<C>
Cash, cash equivalents and short-term investments	\$159,313	\$362,113
Restricted cash and short-term investments(1).....	\$ 38,500	\$ 38,500
Current portion of debt facilities and capital lease obligations.....	\$ 4,687	\$ 4,687
Long-term debt, net of current portion:		
Debt facilities and capital lease obligations.....	\$ 8,082	\$ 8,082
13% Senior Notes due 2007.....	184,929	184,929
Total long-term debt.....	193,011	193,011
Redeemable convertible preferred stock, \$0.001 par value; 43,000,000 and 10,000,000 shares authorized actual and pro forma as adjusted, respectively; 40,704,222 shares issued and outstanding actual; no shares issued and outstanding pro forma as adjusted	191,580	--
Stockholders' equity (deficit):		
Common stock, \$0.001 par value; 80,000,000 and 300,000,000 shares authorized actual and pro forma as		

adjusted, respectively; 13,068,709 shares issued and outstanding actual; and 73,772,931 shares issued and outstanding pro forma as adjusted(2).....	13	74
Additional paid-in capital.....	113,964	508,283
Deferred stock-based compensation.....	(50,281)	(50,281)
Accumulated other comprehensive loss.....	(38)	(38)
Accumulated deficit.....	(66,630)	(66,630)
	-----	-----
Total stockholders' equity (deficit).....	(2,972)	391,408
	-----	-----
Total capitalization.....	\$381,619	\$584,419
	=====	=====

</TABLE>

- -----

- (1) Reflects the portion of the net proceeds from the 13% Senior Notes used to purchase a portfolio of U.S. government securities to fund the second and third scheduled interest payments on the notes plus accrued interest, and restricted cash of \$13,315,600 plus accrued interest provided as collateral under six separate security agreements for standby letters of credit and an escrow account entered into and in accordance with certain lease agreements.
- (2) Excludes 7,113,745 shares of common stock issuable upon the exercise of outstanding warrants and 7,452,425 shares of common stock issuable upon the exercise of outstanding options as of June 30, 2000.

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DILUTION

The pro forma net tangible book value of our common stock as of June 30, 2000, giving effect to the conversion of all shares of preferred stock outstanding as of June 30, 2000 into common stock on the closing of this offering was \$188,608,000, or approximately \$3.51 per share. Pro forma net tangible book value per share represents the amount of our stockholders' equity, divided by 53,772,931 shares of common stock outstanding, after giving effect to the conversion of the preferred stock outstanding as of June 30, 2000 into shares of common stock.

Dilution per share to new investors represents the difference between the amount per share paid by purchasers of shares of common stock in this offering and the pro forma net tangible book value per share of common stock immediately after completion of this offering. After giving effect to the sale by us of the shares of common stock in this offering and after deducting the estimated underwriting discount and commissions and estimated offering expenses and the application of the estimated net proceeds from this offering, our pro forma net tangible book value as of June 30, 2000, would have been \$391,408,000, or \$5.31 per share. This represents an immediate increase in net tangible book value of \$1.80 per share to existing stockholders and an immediate dilution in net tangible book value of \$5.69 per share to purchasers of common stock in this offering. The following table illustrates the per share dilution:

<TABLE>

<S>	<C>	<C>
Assumed initial public offering price per share.....		\$11.00

Pro forma net tangible book value per share as of June 30, 2000.....	\$3.51	
Increase per share attributable to new investors.....	1.80	

Pro forma net tangible book value per share after this offering.....		5.31

Dilution per share to new investors.....		\$ 5.69
		=====

</TABLE>

The following table sets forth on a pro forma basis as of June 30, 2000, after giving effect to the conversion of all outstanding shares of preferred stock into common stock upon completion of this offering, the difference between the number of shares of common stock purchased from Equinix, the total consideration paid to Equinix and the average price paid by existing stockholders and by new investors, before deduction of estimated discounts and commissions and estimated offering expenses payable by us:

<TABLE>

<CAPTION>

	Average Price				
	Shares Purchased		Total Consideration		Per Share
	Number	Percent	Amount	Percent	
	-----		-----		-----
<S>	<C>	<C>	<C>	<C>	<C>

Existing stockholders.....	53,772,931	72.9%	\$193,204,000	46.8%	\$ 3.59
New stockholders.....	20,000,000	27.1%	\$220,000,000	53.2%	\$11.00
	-----	-----	-----	-----	-----
Total.....	73,772,931	100.0%	\$413,204,000	100.0%	\$ 5.60
	=====	=====	=====	=====	=====

</TABLE>

As of June 30, 2000, there were options outstanding to purchase a total of 7,452,425 shares of common stock at a weighted average exercise price of \$3.99 per share under our 1998 Stock Option Plan. In addition, as of June 30, 2000, there were warrants outstanding to purchase a total of 7,113,745 shares of common stock and convertible preferred stock at a weighted average exercise price of \$1.37 per share. To the extent outstanding options or warrants are exercised, there will be further dilution to new investors.

If the underwriters' over-allotment option is exercised in full, the number of shares held by new investors will increase to 23,000,000 shares, or 30.0% of the total number of shares of common stock outstanding after this offering.

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SELECTED CONSOLIDATED FINANCIAL DATA

The following statement of operations data for the periods from our inception on June 22, 1998 to December 31, 1998, and for the 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. The statement of operations data for six months months ended June 30, 1999 and 2000 and balance sheet data as of June 30, 2000 were derived from our unaudited condensed interim consolidated financial statements included elsewhere in this prospectus, which in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, which we consider necessary for a fair presentation of our financial position and results of operations for this period. Our historical results are not necessarily indicative of the results to be expected for the full year or future periods. The pro forma as adjusted column gives effect to this offering and related matters as though they had occurred on June 30, 2000. See "Capitalization". 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 prospectus.

<TABLE>
<CAPTION>

	Period from June 22, 1998 (inception) to December 31, 1998	Year ended December 31, 1999	Six months ended ----- June 30, June 30, 1999 2000	

	(dollars in thousands, except per share data) (unaudited)			

Statement of Operations Data:

<S>	<C>	<C>	<C>	<C>
Revenues.....	\$ --	\$ 37	\$ --	\$ 1,028
	-----	-----	-----	-----
Costs and operating expenses:				
Cost of revenues (excludes stock-based compensation of none and \$177 for the periods ended December 31, 1998 and 1999, respectively, and \$8 and \$214 for the six months ended June 30, 1999 and 2000, respectively).....	--	3,091	340	8,409
Sales and marketing (excludes stock-based compensation of \$13 and \$1,631 for the periods ended December 31, 1998 and 1999, respectively, and \$68 and \$2,970 for six months ended June 30, 1999 and 2000, respectively).....	34	2,318	651	5,738
General and administrative (excludes stock-based compensation of \$151 and \$4,819 for the periods ended December 31, 1998 and 1999, respectively, and \$1,048 and \$6,846 for the six months ended June 30, 1999 and 2000, respectively).....	752	7,784	2,384	15,323
Stock-based compensation.....	164	6,627	1,124	10,030
	-----	-----	-----	-----

Total costs and operating expenses.....	950	19,820	4,499	39,500
Loss from operations.....	(950)	(19,783)	(4,499)	(38,472)
Interest income.....	150	2,138	172	7,532
Interest expense.....	(220)	(3,146)	(138)	(13,880)
Net loss.....	\$ (1,020)	\$ (20,791)	\$ (4,465)	\$ (44,820)
Historical net loss per share:				
Basic and diluted	\$ (1.48)	\$ (4.98)	\$ (2.78)	\$ (4.45)
Weighted average shares.....	688	4,173	1,607	10,063
Pro forma net loss per share (unaudited):				
Basic and diluted.....		\$ (0.74)		\$ (0.98)
Weighted average shares.....		28,157		45,907

</TABLE>

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<TABLE>
<CAPTION>

	As of December 31,		As of June 30, 2000	
	1998	1999	Actual	Pro Forma As Adjusted
	(dollars in thousands)			
Balance Sheet Data:				
Cash, cash equivalents and short-term investments.....	\$ 9,165	\$ 222,974	\$ 159,313	\$ 362,113
Accounts receivable.....	--	178	2,327	2,327
Restricted cash and short-term investments.....	--	38,609	38,500	38,500
Property and equipment, net.....	482	28,444	63,192	63,192
Construction in progress.....	31	18,312	174,549	174,549
Total assets.....	10,001	319,946	450,472	653,272
Debt facilities and capital lease obligations, excluding current portion.....	--	8,808	8,082	8,082
Senior notes.....	--	183,955	184,929	184,929
Redeemable convertible preferred stock.....	10,436	97,227	191,580	--
Total stockholders' equity (deficit).....	(846)	8,472	(2,972)	391,408
Other Financial Data:				
Adjusted EBITDA(1).....	(782)	(12,547)	(24,832)	(24,832)
Net cash used in operating activities.....	(796)	(9,908)	(24,897)	(24,897)
Net cash used in investing activities.....	(5,265)	(86,270)	(125,090)	(125,090)
Net cash provided by financing activities.....	10,226	295,178	95,761	298,561

</TABLE>

(1) Adjusted EBITDA consists of net loss excluding interest, income taxes, depreciation and amortization of capital assets and amortization of deferred stock-based compensation. Adjusted EBITDA is presented to enhance an understanding of our operating results, 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 Adjusted EBITDA for other companies. Adjusted EBITDA is not a measure determined under generally accepted accounting principles nor is it a measure of liquidity.

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

Overview

Equinix designs, builds and operates neutral IBX centers where Internet businesses place their equipment and their network facilities in order to interconnect with each other to improve Internet performance. Our neutral IBX centers provide content providers, application service providers, or ASPs, and e-commerce companies with the ability to directly interconnect with a choice of bandwidth providers, Internet service providers, or ISPs, and site and performance management companies. Equinix currently has IBX centers in the

Washington, D.C. metropolitan area, the New York metropolitan area and in Silicon Valley. We intend to complete construction of five additional IBX centers and several expansion projects by May 2001, resulting in a total of eight IBX centers in the U.S. and Europe. Since our inception on June 22, 1998, our operating activities have consisted primarily of designing and building our IBX centers, 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 offer value-added services and professional services including "Smart Hands" service for customer equipment installations and maintenance. 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.

We have contracts with approximately 65 customers, many of which have signed multi-site and multi-year contracts. Assuming completion of our planned IBX projects, the full installation of the customer equipment contemplated by these contracts and no incremental interconnection revenue beyond the minimum provided for by these contracts, these contracts would provide us with monthly revenue of approximately \$2.7 million. Of that amount, approximately \$1.8 million does not depend upon our further construction efforts. Because we may alter our rollout schedule and we depend upon third parties to construct and connect our facilities with fiber and, accordingly, the timing of installations, we cannot predict when and whether we will realize the full value of these contracts. Moreover, many of our customer contracts can be terminated upon requisite written notice.

Cost of revenues consist primarily of rental payments on our existing and proposed 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 selling, general and administrative expenses, will increase significantly as we continue our rollout of additional IBX centers and expansion projects.

We recorded deferred stock-based compensation of approximately \$1.1 million, \$19.4 million and \$46.6 million in connection with stock options granted during 1998, 1999 and the six months ended

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June 30, 2000, respectively, where the deemed fair value of the underlying common stock was subsequently determined to be greater than the exercise price on the date of grant. Approximately \$164,000, \$6.6 million and \$10.0 million was amortized to stock-based compensation expense for the period and year ended December 31, 1998 and 1999, respectively, and the six months ended June 30, 2000, respectively. 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 \$50.3 million of deferred stock-based compensation at June 30, 2000 will be amortized over the remaining vesting period. As a result of the cumulative effect of stock-based compensation, we expect stock-based compensation expense, which is primarily attributable to amortization of deferred stock-based compensation charges, to impact our reported results through December 31, 2004. Based on option grants through June 30, 2000, we expect stock-based compensation expense to be approximately \$27.9 million for the year ending December 31, 2000.

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

Since our inception in June 1998, we have experienced operating losses and negative cash flows from operations in each quarter. As of June 30, 2000, we had an accumulated deficit of \$66.6 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.

Six Months Ended June 30, 1999 and 2000

Revenues. We recognized revenues of \$1.0 million for the six months ended June 30, 2000. Revenues consisted of recurring revenues of \$978,000, primarily from the leasing of cabinet space, and non-recurring revenue of \$50,000 related to the recognized portion of installation revenue. Installation and service fees are recognized ratably over the term of the contract. We did not offer IBX center colocation or interconnection exchange services during the six months ended June 30, 1999, and as such, no revenues were recognized during that time period.

Cost of Revenues. Cost of revenues increased from \$347,000 for the six months ended June 30, 1999 to \$8.6 million for the six months ended June 30, 2000. Cost of revenues consists primarily of rental payments for our leased IBX centers, site employees' salaries and benefits, utility costs, power and redundancy system engineering support services and related costs, security services and related costs and depreciation and amortization of our IBX center buildout and other equipment costs. As of June 30, 1999, we had not opened any IBX centers, but we had incurred rent expense on the first IBX center. During the six months ended June 30, 2000, we incurred expenses on our first three operational IBX centers.

Sales and Marketing. Sales and marketing expenses increased from \$719,000 for the six months ended June 30, 1999 to \$8.7 million for the six months ended June 30, 2000. Sales and marketing expenses consist primarily of compensation and related costs for the sales and marketing

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personnel, sales commissions, marketing programs, public relations, promotional materials and travel. The increase in sales and marketing expense resulted from the addition of personnel in our sales and marketing organizations, reflecting our increased selling effort and our efforts to develop market awareness. Also included in sales and marketing for the six months ended June 30, 1999 and 2000 are \$67,800 and \$3.0 million, respectively, of stock-based compensation expense. We anticipate that sales and marketing expenses will increase in absolute dollars as we increase our investment in these areas to coincide with the rollout of additional IBX centers.

General and Administrative. General and administrative expenses increased from \$3.4 million for the six months ended June 30, 1999 to \$22.2 million for the six months ended June 30, 2000. General and administrative expenses consist primarily of salaries and related expenses, accounting, legal and administrative expenses, professional service fees and other general corporate expenses. The increase in general and administrative expenses was primarily the result of increased expenses associated with additional hiring of personnel in management, finance and administration, as well as other related costs associated with supporting the Company's expansion. Also included in general and administrative for the six months ended June 30, 1999 and 2000 are \$1.0 million and \$6.8 million, respectively, of stock-based compensation expense. We anticipate that general and administrative expenses will increase in absolute dollars due to increased staffing levels consistent with the growth in our infrastructure and related operating costs associated with our regional and international expansion efforts.

Interest Expense, net. For the six months ended June 30, 1999, we reported interest income of \$172,000 and interest expense of \$138,000. For the six months ended June 30, 2000, we reported net interest expense of \$6.3 million. Net interest for the six months ended June 30, 2000 consisted of interest income of \$7.5 million offset by interest expense of \$13.9 million. Interest income increased substantially due to higher cash, cash equivalent and short-term investment balances held in interest bearing accounts, resulting from the proceeds of the senior notes and preferred stock financing activities. Interest expense for the six months ended June 30, 2000 is a result of the issuance of senior notes and increased debt facilities and capital lease obligations and amortization of the senior notes debt facilities and capital lease obligations discount.

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

Revenues. We recognized revenues of \$37,000 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 \$3.3 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 \$47,000 for the period from the date of inception to December 31, 1998 to \$3.9 million for the year ended December 31, 1999. These expenses consist primarily of salary and benefit costs from the hiring of both sales and

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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 \$13,000 and \$1.6 million for the period from the date of inception to December 31, 1998 and the year ended December 31, 1999, respectively. In addition, we established two regional sales offices to support the New York and Washington, D.C. metropolitan 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.

General and Administrative. General and administrative expenses increased from \$902,200 for the period from the date of inception to December 31, 1998 to \$12.6 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 \$151,000 and \$4.8 million for the period from the date of inception to December 31, 1998 and the year ended December 31, 1999, respectively, 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.

Interest Expense, net. Net interest expense increased from \$70,100 for the period from the date of inception to December 31, 1998 to \$1.0 million 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 stock financing activities. Interest expense was \$3.1 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 senior notes and 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.

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Quarterly Results of Operations Data

The following table sets forth unaudited quarterly statement of operations data for each of the eight quarters ended June 30, 2000. In the opinion of management, this data has been prepared substantially on the same basis as the audited financial statements appearing elsewhere in this prospectus, including all necessary adjustments, consisting only of normal recurring adjustments necessary for a fair presentation of this data. The quarterly data should be read in conjunction with our financial statements and the notes to our financial statements appearing elsewhere in this prospectus. We expect our net loss to increase over the next several quarters because we plan to continue to incur significant expenses as we rollout additional IBX centers and expansion projects. In view of the rapidly evolving nature of our business and our limited operating history, we believe that period-to-period comparisons of revenues and operating results are not necessarily meaningful and should not be relied upon as indications of future performance.

<TABLE>
<CAPTION>

Period from June 22, 1998 (inception)	Three Months Ended
to	-----

	September 30, 2000	December 31, 1999	March 31, 1999	June 30, 1999	September 30, 1999	December 31, 1999	March 31, 2000	June 2000
(dollars in thousands)								
<S> Statement of Operations Data:	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues.....	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 37	\$ 136	\$
892								
Costs and operating expenses								
Cost of revenues.....	--	--	43	305	660	2,262	3,320	
5,303								
Sales and marketing....	--	47	144	575	1,126	2,103	4,516	
4,192								
General and administrative.....	130	773	1,232	2,200	4,498	4,672	6,255	
15,914								
Total costs and operating expenses....	130	820	1,419	3,080	6,284	9,037	14,091	
25,409								
Loss from operations...	(130)	(820)	(1,419)	(3,080)	(6,284)	(9,000)	(13,955)	
(24,517)								
Interest income.....	4	146	106	66	238	1,728	3,662	
3,870								
Interest expense.....	--	--	(32)	(106)	(242)	(2,766)	(7,716)	
(6,164)								
Interest charge on beneficial conversion of convertible debt....	220	--	--	--	--	--	--	
--								
Net loss.....	\$ (346)	\$ (674)	\$ (1,345)	\$ (3,120)	\$ (6,288)	\$ (10,038)	\$ (18,009)	
\$ (26,811)								

</TABLE>

As a result of our limited operating history, we do not have historical financial data for a significant number of periods on which to base planned operating expenses. Quarterly revenues and operating results depend substantially on the rate of new customer acquisitions, whether the related revenues are recognized immediately or deferred over future time periods, the rollout of our IBX centers and expansion projects and changes in our operating expenses. Accordingly, these factors could have a material adverse effect on our business, results of operations and financial condition. We may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall, and any significant shortfall in revenue in relation to our expectations would have an immediate adverse effect on our business, results of operation and financial condition. Due to the foregoing factors, it is possible that in some future periods our operating results may be below the expectations of public market analysts and investors. In this event, the price of our common stock may underperform or fall.

Liquidity and Capital Resources

Since inception, we have financed our operations and capital requirements primarily through the issuance of senior notes, the private sale of preferred stock and debt financing for aggregate gross proceeds of approximately \$408.7 million. As of June 30, 2000, as adjusted to give effect to the receipt of the net proceeds from this offering (assuming an initial public offering price of \$11.00 per share) we had approximately \$362.1 million in cash, cash equivalents and short-term investments. Furthermore, we have an additional \$38.5 million of restricted cash and cash equivalents to fund interest expense on

our 13% Senior Notes due 2007 and collateral under six separate security agreements for standby letters of credit and an escrow account entered into and in accordance with certain lease agreements. Our principal sources of liquidity following this offering will consist of this cash and \$5.0 million in debt and capital lease facilities and, subject to the negotiation and execution of definitive loan documentation, a proposed \$100.0 million credit facility. As of June 30, 2000, our total indebtedness from our senior notes, debt facilities and capital lease obligations was \$214.5 million.

Net cash used in operating activities was \$796,000 for the period from inception to December 31, 1998, \$9.9 million for the year ended December 31, 1999 and \$24.9 million for the six months ended June 30, 2000. We used cash primarily to fund our net loss from operations.

Net cash used in investing activities was \$5.3 million for the period from inception to December 31, 1998, \$86.3 million for the year ended December 31, 1999 and \$125.1 million for the six months ended June 30, 2000. Net cash used in investing activities was primarily attributable to the construction of our IBX centers and the purchase of restricted cash and short-term investments.

Net cash generated by financing activities was \$10.2 million for the period from inception to December 31, 1998 and \$295.2 million for the year ended December 31, 1999. Net cash generated by financing activities was \$95.8 for the six months ended June 30, 2000. The cash generated from financing activities for the period from inception through December 31, 1998 was due to the sale of Series A preferred stock. The cash generated by 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. Net cash generated in financing activities during the six months ended June 30, 2000 was primarily proceeds from the issuance of Series C preferred stock and exercises of stock options offset in part by repayments of debt facilities and capital lease obligations.

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 June 30, 2000, we had total debt and capital lease financings available of \$23.0 million, of which we had drawn down \$18.0 million.

In December 1999, we issued \$200.0 million aggregate principal amount of 13% Senior Notes due 2007 for aggregate net proceeds of \$193.4 million, net of offering expenses. Of the \$200.0 million gross proceeds, \$16.2 million 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 \$184.9 million as of June 30, 2000.

In December 1999, we completed the private sale of our Series B preferred stock, net of issuance costs, in the amount of \$81.7 million.

In June 2000, we completed the private sale of our Series C preferred stock in the amount of \$94.4 million.

On May 23, 2000, we entered into a purchase agreement regarding approximately 80 acres of real property in San Jose, California. On June 21, 2000, before the closing on this property, we assigned our interest in the purchase agreement to iStar San Jose, LLC. On the same date, iStar purchased this property and entered into a 20-year lease with us for the property. Under the terms of the lease, we have the option to extend the lease for an additional 60 years, for a total lease term of 80 years. In addition, we have the option to purchase the property from iStar after 10 years.

We expect that our cash on hand and anticipated cash flow from operations, and assuming the negotiation, execution and drawdown of our proposed \$100.0 million credit facility, should be adequate to build an additional five IBX centers and expansion projects on built IBX centers by May 2001. Assuming sufficient customer demand and the availability of additional financing, we will build additional IBX centers and expand certain existing IBX centers. We are continually evaluating the location, number and size of our facilities based upon the availability of suitable sites, financing and customer demand. If we cannot raise additional funds on acceptable terms or funds under our proposed credit facility are unavailable to us or our losses exceed our expectations, we may delay the currently planned projects, the rollout of additional IBX centers or permanently reduce our rollout plans. Additional financing may take the form of debt or equity. If we are unable to raise additional funds to further our rollout, we anticipate that the cash flow generated from the eight IBX centers, for which we will have obtained financing if the credit facility is available, will be sufficient to meet the working capital, debt service and corporate overhead requirements associated with those IBX centers.

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 as we do not have any derivative instruments or engage in hedging activities.

In December 1999, the SEC issued Staff Accounting Bulletin 101, or SAB 101, Revenue Recognition, which outlines the basic criteria that must be met to recognize revenue and provides guidance for presentation of revenue and for disclosure related to revenue recognition policies in financial statements filed with the SEC. The adoption of SAB 101 did not have a material impact on our financial position and results of operations.

In March 2000, the FASB issued Interpretation No. 44, or FIN 44, Accounting for Certain Transactions Involving Stock Compensation - an Interpretation of APB 25. This Interpretation clarifies (a) the definition of employee for purposes of applying Opinion 25, (b) the criteria for determining whether a plan qualifies as a noncompensatory plan, (c) the accounting consequence of various modifications to the terms of a previously fixed stock option or award, and (d) the accounting for an exchange of stock compensation awards in a business combination. This Interpretation is effective July 1, 2000, but certain conclusions in this Interpretation cover specific events that occur after either December 15, 1998, or January 12, 2000. The adoption of certain of the conclusions of FIN 44 covering events occurring during the period after December 15, 1998 or January 12, 2000 did not have a material effect on the Company's financial position and results of operations. The Company does not expect that the adoption of the remaining conclusions will have a material effect on the financial position and results of operations.

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Impact of the Year 2000

We have 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.

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 our exposure to foreign currency fluctuations is minimal.

The fair market value of long-term fixed interest rate debt is subject to interest rate risk. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. The interest rate changes affect the fair market value but do not impact earnings or cash flows. The effect of an immediate 10% change in interest rates would not have a material impact on our future operating results or cash flows. Fair market values were determined from quoted market prices.

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BUSINESS

Overview

Equinix designs, builds and operates neutral IBX centers where Internet businesses place their equipment and their network facilities in order to interconnect with each other to improve Internet performance. Our neutral 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 neutral IBX centers provide content providers, ASPs and e-commerce companies with the ability to directly interconnect with a competitive choice of bandwidth providers, ISPs and site and performance management companies. Content providers include those companies that supply information, education or entertainment content such as Excite@Home. ASPs include those companies that supply hosted applications to enterprises over the Internet, such as Storage Networks. E-commerce companies include those companies which conduct the sale of goods and services over the Internet. ISPs provide Internet connectivity services and include companies

such as InterNAP and NorthPoint Communications Group. Bandwidth providers include companies such as WorldCom and AT&T. Site and performance management companies include one-stop Web presence integrators and content distribution companies such as iBeam. Equinix IBX centers enable Internet companies to quickly, easily and privately interconnect with a choice of business partners and customers as well as aggregate services in order to provide them with the flexibility, speed and scalability they need to accelerate business growth in a more cost effective way.

Equinix currently has IBX centers in the Washington, D.C. metropolitan area, the New York metropolitan area and in Silicon Valley. We intend to complete construction of five additional IBX centers and several expansion projects by May 2001, resulting in a total of eight IBX centers in the U.S. and Europe. In addition to bandwidth providers such as AT&T, Colt, WorldCom and Level 3, our customers include Cable & Wireless, Concentric Network, Enron, Excite@Home, iBeam, InterNAP, NorthPoint Communications Group, Teleglobe and Storage Networks.

We were incorporated in Delaware in June 1998. Our founders, Albert M. Avery, IV, our president and chief operating officer, and Jay S. Adelson, our chief technology officer, were responsible for designing, building and operating the Palo Alto Internet Exchange, or PAIX, one of the first and most active global Internet 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 \$412.7 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.

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 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. According to International Data Corporation, 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.

As a result of competitive pressures, Internet and e-commerce companies are demanding facilities that provide multiple interconnections with a broad cross-section of product and service providers and customers. 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.

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As the Internet and Internet businesses experienced significant growth and demand, and content providers emerged, vertically integrated hosting providers evolved to provide these businesses with places to locate their equipment and access the Internet. Until now, Internet businesses have had to rely on these vertically integrated hosting providers for the distribution of content and delivery of services between thousands of individual networks. Internet and e-commerce companies that 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.

As content becomes more critical, the choice of suppliers and direct interconnection become increasingly important. 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 U.S. revenue growth from approximately \$3.5 billion in the year 2000 to over \$14 billion by 2003.

The Equinix Solution

Equinix IBX centers provide the environment and services to meet the challenges facing Internet businesses today. Our centers will provide a free market environment where choice stimulates efficient business growth. Because Internet companies have a broad choice of product and service providers, they can increase their service offerings, deliver services more efficiently and have access to a larger potential customer base. 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 center 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. 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

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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 multiple layers of physical security, scalable cabinet space availability, on-site trained staff 24 hours per day, 365 days per year, dedicated areas for customer care and equipment staging, redundant AC/DC power systems and multiple other redundant, fault-tolerant infrastructure systems.

Equinix Strategy

Our objective is to provide content providers, ASPs and e-commerce companies with the ability to directly interconnect with a choice of bandwidth providers, ISPs, and site and performance management companies to grow their business. Equinix IBX centers enable Internet companies to quickly, easily and privately interconnect with a choice of business partners and customers, providing them with the flexibility, speed and adaptability they need to accelerate business growth and to allow a faster, more reliable Internet. To accomplish this objective we are employing the following strategies:

Provide Customer Choice. 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 fundamental characteristics of an IBX center. We believe this is a significantly improved approach compared with the current Internet model because it offers customers increased value and reliability based on the availability of multiple providers of needed services. In traditional colocation or Web hosting environments, customers are often limited to a single choice of bandwidth provider, ISP, site management company, or performance management company. This limited choice can lead to single points of failure for customers or a limited number of options to choose from for value added services. The Equinix model of neutrality gives customers a wide range of providers to choose from for each of the services they require for increased Internet performance and reliability. For instance, in each IBX customers can choose from multiple bandwidth providers, ISPs and Web management companies. The ability to choose whom they work with directly leads to better Internet business performance due to the increased diversity and an improved overall total cost of ownership since these suppliers are competing for the customers' business within the IBX center. 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 Internet businesses.

Manage Choice to Create Network Effect. To attract the widest choice of Internet partners, it is important to provide a robust mix of leading companies from a variety of businesses and services. This allows content providers, e-commerce companies and ASPs the opportunity to interconnect with a wide variety of companies. As a result of the IBX interconnection model, IBX participants encourage their customers, suppliers and business partners to also come into the IBX center. These customers, suppliers and business partners may also, in turn, encourage their business partners to locate in IBX centers resulting in additional customer growth. For example, a large financial site that chooses to

locate in an Equinix IBX may encourage a bandwidth provider, a site management company or another content partner, like a financial news service, to also locate in the same IBX. In turn, these bandwidth providers or content partners will also bring their business partners to the IBX. This network effect enhances the value of an IBX center with each new customer as interconnections provide monthly recurring revenues.

Leverage Strategically Scalable Centers. The network effect created by the Equinix IBX model requires strategic scalability to support the dynamic IBX growth environment. Our expansion plans are designed to meet the growth of our customers. Our IBX centers will both stimulate and

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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.

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 open additional IBX centers in the United States and internationally. We believe the demand for our international IBX centers 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 business to business Internet exchanges. Through brand awareness and promotion we intend to create a strong following among all top content providers, ASPs and e-commerce companies. We believe that this strong brand awareness, combined with our ability to provide the highest quality business to business marketplace facilities and professional services will provide us with a competitive advantage in our market.

Leverage Blue-Chip Equity Owners. 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., Bechtel Corp., Benchmark Capital, The Carlyle Group, Cisco Systems and Reuters.

Customers

Customers typically sign renewable contracts of one to three years in length, often with options on additional space. In addition to bandwidth providers such as AT&T, Colt, WorldCom and Level 3, our current customers include Cable & Wireless, Concentric Network, Enron, Excite@Home, iBeam, InterNAP, NorthPoint Communications Group, Teleglobe and StorageNetworks. Additionally, AT&T, Enron, Excite@Home, InterNAP, Level 3, NorthPoint Communications Group, Teleglobe, StorageNetworks and WorldCom have signed multi-site agreements.

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 outsourced other elements of their business or product to suppliers. These specialized players include:

- . content providers and e-commerce companies supplying information, education or entertainment content and conducting the sale of goods and services;
- . ASPs offering hosted applications over the Internet;
- . ISPs offering end-users Internet access and customer support;
- . bandwidth providers (telecommunications carriers); and
- . site and performance management companies which integrate and manage a customer's end-to-end web presence and performance.

We consider these companies to be the core of our customer base and we offer each customer a choice of business partners and solutions that are designed to meet their unique and changing needs.

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We believe our IBX centers provide choice and neutrality that are important to companies interested in the growth and reliability of the Internet. Equinix does not compete with its customers and partners and offers choice within each

customer segment. We believe most Internet companies benefit from the choice of a wide variety of Internet business partners because their business interaction is greatly enhanced, which in turn can translate to new revenue sources, greater efficiency and growth.

We believe the additional benefits to all customer segments include:

- . Expedited service delivery
- . Scalable, flexible, fault-tolerant environment
- . Cost savings through aggregating purchases and sales at a single location
- . Minimize packet loss and latency, or time that elapses between a request for information and its arrival
- . Ability to focus on core competencies
- . Centralized market with access to dozens of potential customers and partners
- . Proximity to service providers reduces operations, technology and marketing costs, quickens service deployment, and improves performance
- . Multiple layers of physical security
- . Elimination of capital investment for facilities
- . 24X7 on-site Internet and telecommunications-trained staff

We believe our IBX centers offer the following additional benefits to our customers:

Type of Customer:

Benefits:

Content Providers, ASPs and E-Commerce Companies

- . Direct interconnection with a choice of multiple bandwidth providers, Internet service providers, and site and performance management companies. Choice gives participants the ability to decide which suppliers are the most cost-effective and provide the level of service they require. The benefits to content providers, ASPs and e-commerce companies include maximized Web presence, increased revenue streams, greater security and increased customer satisfaction
- . Simplified outsourcing of various component services including DSL, e-mail, Usenet and content distribution

Internet Service Providers

- . Direct peering, or traffic exchange, with other ISPs over private high-speed dedicated interconnections
- . Simplified outsourcing of various component services including DSL, e-mail, Usenet and content distribution
- . Expedited, flexible, scalable and cost-efficient bandwidth provisioning

Bandwidth Providers (Carriers)

- . Economies of scale with reduced capital costs
- . Centralized market with access to dozens of potential customers

Site and Performance Management Companies

- . Direct interconnection with a choice of multiple bandwidth providers and ISPs. Choice gives site and performance management companies the ability to decide which suppliers are the most cost-effective and provide the level of service they require

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Services

Within our IBX centers, customers can place their equipment and interconnect with a choice of Internet companies. Equinix also provides customized solutions for customers looking to resell IBX space component as part of their complete, one-stop shop solution.

Cabinets. Customers have several choices for col locating their equipment. They can place the equipment in an Equinix shared or private cage or customize their space to build their own data center within an IBX center. Cabinets are 84 inches high, 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 the biometric hand-geometry system.

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

Data Centers. Customers interested in providing a hosting service or colocation center have the option of outsourcing the design, construction and management of the physical facility to Equinix. Each customer can customize the cabinet configuration within the space they purchase from Equinix in order to satisfy their specific customers' needs.

Interconnection

Physical Cross-Connect. Customers needing to directly connect to another IBX customer can do so for a set price. Equinix leaves the choice of speed and media type to the customers, based on their needs. Cross connections are installed, delivered and tested by us within twenty-four hours of a customer's request.

Central Switching Fabric. Customers may choose to connect to our central switching fabric rather than purchase a direct physical cross connection. With a connection to this switch, a customer can aggregate multiple interconnects over one physical connection instead of purchasing individual physical cross connects.

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

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

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

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intelligent networking requirements and assist customers in improving the quality of their interconnection and traffic exchange.

"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 equipment installation power cycling, card swapping, and performing emergency equipment replacement. Services are available on-demand or by customer contract.

IBX Design and Staffing

Our IBX centers are designed to provide a state-of-the-art, secure, full-service, neutral operating environment of a typical minimum of 875 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 scalability to meet our customer's ongoing growth, 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. Secured 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.

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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.

Additional 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. A 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. 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 13 Equinix employees, including one IBX manager, a chief engineer, a warehouse coordinator and eight technical service personnel who provide 24 hours per day, 365 days per year coverage for customer support needs. In addition, an IBX center has two security guards on duty at all times 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 which are armed with sensory mechanisms to sample the air and raise alarms before pressurization or release. Finally, Equinix IBX centers are built in compliance with location-dependent seismic standards.

IBX Rollout Schedule

The objective of our global rollout strategy is to rapidly establish a leadership position in the mission critical Internet and e-commerce markets. Equinix currently has IBX centers in the Washington, D.C. metropolitan area, the New York metropolitan area and in Silicon Valley. We intend to complete construction of five additional IBX centers and several expansion projects by May 2001, resulting in a total of eight IBX centers in the U.S. and Europe. 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 customer need, technological and other developments.

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 our IBX centers 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 June 30, 2000, 281,988 shares of the Bechtel Warrant are subject to repurchase at the original exercise price, if Bechtel's performance commitments are not complete.

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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. We also have reseller agreements with several large customers. These distribution channels will account for a smaller portion of our business by design. In addition, our sales team will work closely with each customer to foster the natural network effect of our IBX model, resulting in access to a wider potential customer base via our existing customers. As a result of the IBX interconnection model, IBX participants encourage their customers, suppliers and business partners to also come into the IBX. These customers, suppliers and business partners also, in turn, encourage their business partners to locate in IBX centers resulting in additional customer growth. This network effect significantly reduces Equinix's customer acquisition costs.

Before opening an IBX center, we secure key anchor customers and focus on generating sales commitments for between at least 10 and 20% of the available capacity. Our sales strategy is to target the top 25 companies in our customer segments, which include content providers, ASPs, e-commerce companies, carriers, ISPs and site and performance management companies. 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. We expect a substantial number of customers to contract for services at multiple IBX centers and have already received orders from 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 or leading industry technical forums and participating in Internet industry standard-setting bodies.

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 sufficiently differentiate our IBX model 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.

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

- . vertically integrated Web site hosting, colocation and ISP companies such as AboveNet, Exodus, GlobalCenter and Globix;
- . established communications carriers such as AT&T, Level 3, WorldCom and Qwest; and
- . emerging colocation service providers such as Colo.com, CO Space, which recently agreed to be acquired by InterNAP 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 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 June 30, 2000, we had 187 employees and 21 full-time consultants. We had 151 employees based at our corporate headquarters in Redwood City, California and our regional sales offices in New York, NY and Reston, VA. Of those employees, 75 were in engineering and operations, 45 were in sales and marketing and 31 were in management and finance. The remaining 36 employees were based at our Washington, D.C., New York, NY, Los Angeles, CA, Chicago, IL and Silicon Valley IBX centers.

Properties

Our executive offices are currently located in Redwood City, CA and after August 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, Dallas, TX, and Amsterdam, The Netherlands. 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.

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MANAGEMENT

Officers, Key Employees and Directors

Our officers, key employees and directors, and their ages as of July 17, 2000, are as follows:

<TABLE>		
<CAPTION>		
Name	Age	Position
- - - - -	---	-----
<S>	<C>	<C>
Peter F. Van Camp.....	44	Chief Executive Officer and Director
Albert M. Avery, IV.....	56	President, Chief Operating Officer and Director
Jay S. Adelson.....	29	Chief Technology Officer
Philip J. Koen.....	48	Chief Financial Officer, Corporate Development Officer and Secretary
Marjorie S. Backaus.....	38	Chief Marketing Officer
Dante R. DeWitt.....	36	Chief Information Officer
Roy A. Earle.....	43	Vice President, IBX Development
Peter T. Ferris.....	43	Vice President, Worldwide Sales
Renee F. Lanam.....	38	General Counsel and Assistant Secretary
Scott Kriens.....	42	Director
Dawn G. Lepore.....	46	Director
Andrew S. Rachleff.....	41	Director
John G. Taysom.....	46	Director
Michelangelo Volpi.....	33	Director

Peter F. Van Camp has served as Equinix's chief executive officer and as a director since May 2000. From March 1999 to May 2000, Mr. Van Camp was employed at UUNET, the Internet division of WorldCom, a telecommunications corporation, where he served as president of Internet markets and, most recently, as president of the Americas region. Before joining UUNET, Mr. Van Camp served as president of WorldCom Advanced Networks from February 1998 to March 1999. During the period from May 1995 to February 1998, Mr. Van Camp was president of Compuserve Network Services, an Internet access provider. Before holding this position, Mr. Van Camp held various positions at Compuserve, Inc. during the period between October 1982 to May 1995. Mr. Van Camp currently serves as a director of Paradyne Networks, Inc., a public company.

Albert M. Avery, IV, one of our founders, has served as Equinix's president, chief operating officer and as a director since May 2000. From our inception in June 1998 to May 2000, Mr. Avery served as our president, chief executive officer and as a director. 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, now a division of Compaq, a computing systems supplier. 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.

Jay S. Adelson, one of our founders, has served as Equinix's chief technology officer since our inception in June 1998. From June 1998 to June 2000, Mr. Adelson was also one of our directors. 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.

Philip J. Koen has served as Equinix's chief financial officer and secretary since July 1999. In addition, Mr. Koen became our corporate development officer in May 2000. Before joining Equinix,

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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 Fortel Corporation and of Centura Software Corp., both public companies.

Marjorie S. Backaus has served as Equinix's chief marketing officer since May 2000. From November 1999 to May 2000, Ms. Backaus served as vice president, marketing of Equinix. 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, a telecommunications company, including that of division manager, DirectTV.

Dante R. DeWitt has served as Equinix's chief information officer since June 2000. Before joining Equinix, Mr. DeWitt was employed at Hambrecht & Quist, an investment banking firm, from June 1998 to June 2000, where he served as chief information officer. From September 1997 to June 1998, Mr. DeWitt served as an executive vice president at Bank America, a financial services corporation, where he was in charge of technology and operations for the Global Asset Management Division. From March 1995 to September 1997, Mr. DeWitt was employed at Bank America Robertson Stephens, an investment banking firm, as chief information officer.

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.

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 Genuity Inc., an Internet services provider. From December 1993 to June 1996, Mr. Ferris was vice president, mid-Atlantic sales at MFS DataNet Inc., a telecommunications services provider.

Renee F. Lanam has served as Equinix's general counsel and assistant secretary since April 2000. Before joining Equinix, Ms. Lanam was employed at the law firm of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP ("Gunderson Dettmer"), where she was an associate from January 1996 to January 2000 and a partner from January 2000 to April 2000. Prior to joining Gunderson Dettmer, Ms. Lanam was an associate at the law firms of Jackson, Tufts, Cole & Black and Brobeck, Phleger & Harrison, LLP.

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

Dawn G. Lepore has served as a director of Equinix since July 2000. Ms. Lepore is vice chairman and chief information officer and a member of the management committee of the Charles Schwab Corporation, a financial services corporation, where she has served for over sixteen years in various capacities. Prior to her appointment as chief information officer at Schwab in October 1993, Ms. Lepore served as senior vice president of information technology at Schwab from May 1993 to October 1993. Ms. Lepore currently serves on the board of directors of eBay, Inc., the Times Mirror Company and Viador, Inc.

Andrew S. Rachleff has served as a director of Equinix since September 1998. In May 1995, Mr. Rachleff co-founded Benchmark Capital, a venture capital firm, and has served as a general partner since that time. Prior to co-founding Benchmark Capital, Mr. Rachleff spent ten years as a general partner with Merrill, Pickard, Anderson & Eyre, a venture capital firm. Mr. Rachleff also serves on the boards of directors of NorthPoint Communications, Inc., a competitive local exchange carrier and one of our stockholders, CacheFlow Inc., an Internet caching appliance company and several privately held companies.

John G. Taysom has served as a director of Equinix since March 2000. Mr. Taysom has been employed by Reuters Plc., a global television and news agency, since 1982, most recently as managing director of the Reuters Greenhouse Fund. Mr. Taysom currently serves as a director of Tibco Software Inc., Digimarc Corp., and several privately held companies.

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 chief strategy officer.

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 and our 2000 Director Option 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.

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.

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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 information with respect to compensation for the fiscal year ended December 31, 1999 paid by us for services by each of the individuals who served as our chief executive officer during the fiscal year 1999 and each other executive officer whose total salary for the fiscal year exceeded \$100,000, collectively referred to as the Named Executive Officers.

Summary Compensation Table

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Long-Term
Compensation

Name and Principal Position	Annual Compensation		Awards
	Salary(\$)	Bonus(\$)	Securities Underlying Options(#)
<S>	<C>	<C>	<C>
Albert M. Avery, IV..... President, Chief Executive Officer and Director	\$ 178,020	\$ 0	0(1)
Jay S. Adelson..... Chief Technology Officer and Director	\$ 173,754	\$ 0	0(1)

(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 his 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 \$8,180,489, which represents 1,704,375 unvested shares valued at \$4.80 per share less \$0.0003, the price paid per share. On May 15, 2000, our board of directors agreed to waive our repurchase right with respect to all of Mr. Avery's unvested shares. As a result, Mr. Avery currently holds 2,580,000 fully vested shares of our common stock. On July 17, 2000 our board of directors agreed to amend Mr. Adelson's stock purchase agreement to provide for the full lapse of our repurchase right if we terminate or constructively terminate Mr. Adelson's employment without cause.

Option Grants in Last Fiscal Year

We have not granted stock options or stock appreciation rights to any of the Named Executive Officers during the fiscal year ended December 31, 1999.

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 and none of the Named Executive Officers held any options at the end of the fiscal year.

Stock Plans

2000 Equity Incentive Plan

Share Reserve. Our board of directors adopted our 2000 Equity Incentive Plan on May 26, 2000. We have reserved 5,000,000 shares of our common stock for issuance under the 2000 Equity Incentive Plan, plus any shares not yet issued under our 1998 Stock Plan on the date of this offering which will also be available under the 2000 Equity Incentive Plan. On January 1 of each year, starting with the year 2001, the number of shares in the reserve will automatically increase by 6% of the total number of shares of common stock that are outstanding at that time or, if less, by 6,000,000 shares. In general, if options or shares awarded under the 2000 Equity Incentive Plan or the 1998 Stock Plan are forfeited, then those options or shares will again become available for awards under the 2000 Equity Incentive Plan. We have not yet granted any options under the 2000 Equity Incentive Plan.

Outstanding options under the 1998 Stock Plan will be incorporated into the 2000 Equity Incentive Plan at the time of this offering and no further option grants will be made under the 1998 Stock Plan. The incorporated options will continue to be governed by their existing terms, unless the Board elects to extend one or more features of the 2000 Equity Incentive Plan to those options or to other outstanding shares. The Board has elected to extend the change in control acceleration feature of the 2000 Equity Incentive Plan described below to all outstanding options and unvested shares. Previously, options granted under the 1998 Stock Plan generally provided that vesting of the shares would accelerate upon an acquisition only if not assumed by the acquiring entity.

Administration. The compensation committee of our board of directors administers the 2000 Equity Incentive Plan. The committee has the complete discretion to make all decisions relating to the interpretation and operation of our 2000 Equity Incentive Plan. The committee has the discretion to determine who will receive an award, what type of award it will be, how many shares will be covered by the award, what the vesting requirements will be, if any, and what the other features and conditions of each award will be. The compensation committee may also reprice outstanding options and modify outstanding awards in other ways.

Eligibility. The following groups of individuals are eligible to participate in the 2000 Equity Incentive Plan:

- .employees;
- .members of our board of directors who are not employees; and
- .consultants.

Types of Award. The 2000 Equity Incentive 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;
- .restricted shares of our common stock; and
- .stock appreciation rights and stock units.

Options and Stock Appreciation Rights. An optionee who exercises an incentive stock option may qualify for favorable tax treatment under Section 422 of the Internal Revenue Code of 1986. On the other hand, nonstatutory stock options do not qualify for such favorable tax treatment. The exercise price for incentive stock options granted under the 2000 Equity Incentive Plan may not be less than 100% of the fair market value of our common stock on the option grant date. In the

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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;
- . a full-recourse promissory note, except that the par value of newly issued shares must be paid in cash;
- .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.

A participant who exercises a stock appreciation right shall receive the increase in value of our common stock over the base price. The base price for stock appreciation rights granted under the 2000 Equity Incentive Plan shall be determined by the compensation committee. The settlement value of the stock appreciation right may be paid in:

- cash; or
- shares of common stock.

Options and stock appreciation rights vest at the time or times determined by the compensation committee. In most cases, our options and stock appreciation rights will vest over a four-year period following the date of grant. Options and stock appreciation rights generally expire ten years after they are granted, except that they generally expire earlier if the participant's service terminates earlier. The 2000 Equity Incentive Plan provides that no participant may receive options or stock appreciation rights covering more than 1,000,000 shares in the same year, except that a newly hired employee may receive options or stock appreciation rights covering up to 1,500,000 shares in the first year of employment.

Restricted Shares and Stock Units. Restricted shares and stock units may be awarded under the 2000 Equity Incentive Plan in return for:

- .cash;
- . a full-recourse promissory note, except that the par value of newly issued shares must be paid in cash;
- .services already provided to us; and
- .in the case of treasury shares only, services to be provided to us in the future.

Restricted shares and stock units vest at the time or times determined by the compensation committee.

Change in Control. If a change in control of Equinix occurs, an option or

restricted stock award under the 2000 Equity Incentive Plan will not generally become fully vested. However, if the surviving corporation does not assume the option or award or replace it with a comparable award, then vesting will accelerate as to all of the shares of common stock subject to such Award. An option or award will become fully exercisable and fully vested if the holder's employment or service is involuntarily terminated within 18 months following the change in control. A change in control includes:

- . a merger of Equinix after which our own stockholders own 50% or less of the surviving corporation (or its parent company);
- . a sale of all or substantially all of our assets;

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- . a proxy contest that results in the replacement of more than one-half of our directors over a 24-month period; or
- . an acquisition of 50% or more of our outstanding stock by any person or group, other than a person related to Equinix (such as a holding company owned by our stockholders).

Amendments or Termination. Our board may amend or terminate the 2000 Equity Incentive Plan at any time. If our board amends the plan, it does not need to ask for stockholder approval of the amendment unless applicable law requires it. The 2000 Equity Incentive Plan will continue in effect indefinitely, unless the board decides to terminate the plan earlier.

Employee Stock Purchase Plan

Share Reserve and Administration. Our board of directors adopted our Employee Stock Purchase Plan on May 26, 2000. Our Employee Stock Purchase Plan is intended to qualify under Section 423 of the Internal Revenue Code. We have reserved 1,000,000 shares of our common stock for issuance under the plan. On January 1 of each year, starting with the year 2001, the number of shares in the reserve will automatically increase by 2% of the total number of shares of common stock that are outstanding at that time or, if less, by 600,000 shares. The plan will be administered by the compensation committee of our board of directors.

Eligibility. All of our employees are eligible to participate if they are employed by us for more than 20 hours per week and for more than five months per year. Eligible employees may begin participating in the Employee Stock Purchase Plan at the start of any offering period. Each offering period lasts 24 months. Overlapping offering periods start on February 20th and August 20 of each year. However, the first offering period will start on the effective date of this offering and end on August 19, 2002.

Amount of Contributions. Our Employee Stock Purchase Plan permits each eligible employee to purchase common stock through payroll deductions. Each employee's payroll deductions may not exceed 15% of the employee's cash compensation. Purchases of our common stock will occur on February 19 and August 19 of each year. Each participant may purchase up to 2,500 shares on any purchase date. But the value of the shares purchased in any calendar year (measured as of the beginning of the applicable offering period) may not exceed \$25,000.

Purchase Price. The price of each share of common stock purchased under our Employee Stock Purchase Plan will be 85% of the lower of:

- . the fair market value per share of common stock on the date immediately before the first day of the applicable offering period; or
- . the fair market value per share of common stock on the purchase date.

In the case of the first offering period, the price per share under the plan will be 85% of the lower of:

- . the price per share to the public in this offering; or
- . the fair market value per share of common stock on the purchase date.

Other Provisions. Employees may end their participation in the Employee Stock Purchase Plan at any time. Participation ends automatically upon termination of employment with Equinix. If a change in control of Equinix occurs, our Employee Stock Purchase Plan will end and shares will be purchased with the payroll deductions accumulated to date by participating employees, unless the plan is assumed by the surviving corporation or its parent. Our board of directors may amend or

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terminate the Employee Stock Purchase Plan at any time. Our Chief Executive Officer may also amend the plan in certain respects. If our board increases the

number of shares of common stock reserved for issuance under the plan (except for the automatic increases described above), it must seek the approval of our stockholders.

2000 Director Option Plan

Share Reserve. Our board of directors adopted our 2000 Director Option Plan on May 26, 2000. We have reserved 200,000 shares of our common stock for issuance under the plan. On January 1 of each year, starting with the year 2001, the number of shares in the reserve will automatically increase by 50,000 shares. In general, if options granted under the 2000 Director Option Plan are forfeited, then those options will again become available for grants under the plan. The Director Option Plan will be administered by the compensation committee of our board of directors, although all grants under the plan are automatic and non-discretionary.

Initial Grants. Only the non-employee members of our board of directors will be eligible for option grants under the 2000 Director Option Plan. Each non-employee director who is serving on our board on the effective date of this offering who has not already received an initial option for 40,000 shares and each non-employee director who first joins our board after the effective date of this offering will receive an initial option for 40,000 shares. That grant will occur on the effective date of the offering for current directors or when the director takes office for new directors. The initial options vest in four equal annual installments over the four-year period following the date of grant.

Annual Grants. At the time of each of our annual stockholders' meetings, beginning in 2000, each non-employee director who will continue to be a director after that meeting will automatically be granted an annual option for 10,000 shares of our common stock. However, a new non-employee director who is receiving the initial option will not receive the annual option in the same calendar year. The annual options are fully vested on the first anniversary of the date of grant.

Other Option Terms. The exercise price of each non-employee director's option will be equal to the fair market value of our common stock on the option grant date. A director may pay the exercise price by using cash, shares of common stock that the director already owns, or an immediate sale of the option shares through a broker designated by us. The non-employee directors' options have a 10-year term, except that they expire one year after a director leaves the board (if earlier). If a change in control of Equinix occurs, a non-employee director's option granted under the 2000 Director Option Plan will become fully vested.

Amendments or Termination. Our board may amend or terminate the 2000 Director Option Plan at any time. If our board amends the plan, it does not need to ask for stockholder approval of the amendment unless applicable law requires it. The 2000 Director Option Plan will continue in effect indefinitely, unless the board decides to terminate the plan.

Employment Agreements and Change in Control Arrangements

The compensation committee of our board of directors, as plan administrator of the 2000 Stock Plan, has the authority to provide for accelerated vesting of the shares of common stock subject to outstanding options held by the Named Executive Officers and any other person in connection with certain changes in control of Equinix. In connection with our adoption of the 2000 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.

None of our executive officers have employment agreements with us, and their employment may be terminated at any time. Our form offer letter for officers provides for an additional 12 months of vesting if we are acquired or upon a change in control, provided such officer is still employed on the date of acquisition.

We have delivered an offer letter to Peter F. Van Camp, our chief executive officer, dated April 25, 2000, which provides that his salary shall be \$310,000 per year. The letter provides for the grant of an option to purchase 3,105,000 shares of common stock at the fair market value on the grant date vesting over four years. The letter provides that we will extend a no-interest loan to Mr. Van Camp for up to \$3,000,000 to purchase a primary residence. The loan will be secured by Mr. Van Camp's primary residence and any shares of stock that Mr. Van Camp obtains by exercising the options described above. The agreement also provides for reimbursement of up to \$80,000 of relocation expenses. The agreement further provides for 12 months of severance pay if Mr. Van Camp is terminated by us for reasons other than cause or disability. We have also entered into a stock option agreement with Mr. Van Camp, which provides that our right to repurchase unvested shares shall lapse upon certain changes in control of Equinix.

Equinix has also delivered an offer letter to Philip J. Koen, our chief financial and corporate development officer, dated July 9, 1999, which provides that his salary shall be \$195,000 per year. The letter provides that we will grant him an option to purchase 660,000 shares of common stock at the fair market value on the grant date vesting over four years. The letter further provides for six months of severance pay if Mr. Koen is terminated by us for reasons other than cause.

We have also delivered an offer letter to Peter T. 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 letter provides for the grant of an option to purchase 510,000 shares of common stock at the fair market value on the grant date vesting over four years. The letter also provides that we will extend a no-interest loan to Mr. Ferris of up to \$750,000 to purchase his primary residence. The loan will be secured by Mr. Ferris' primary residence and any shares of stock that Mr. Ferris obtains by exercising the options described above. The letter 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 his former employer.

On May 15, 2000, our board of directors agreed to waive our repurchase right with respect to all of Albert M. Avery, IV's unvested shares. As a result, Mr. Avery currently holds 2,580,000 fully vested shares of our common stock. On July 17, 2000 our board of directors agreed to amend Mr. Adelson's stock purchase agreement to provide for the full lapse of our repurchase right if we terminate or constructively terminate Mr. Adelson's employment without cause.

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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 operating 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 May 2000, our board of directors agreed to waive our repurchase right with respect to all of Mr. Avery's unvested shares. As a result, Mr. Avery currently holds 2,580,000 fully vested shares of our common stock.

In June 1998, we issued and sold 3,030,000 shares of our common stock to Jay S. Adelson, our chief technology officer, 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. On July 17, 2000 our board of directors agreed to amend Mr. Adelson's stock purchase agreement to provide for the full lapse of our repurchase right if we terminate or constructively terminate Mr. Adelson's employment without cause.

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 which accounts for a three for two stock split on January 19, 2000. One of our directors, Michelangelo Volpi, is chief strategy officer of Cisco Systems, Inc.

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, a 5% stockholder of us, 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.

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In October 1999, we issued and sold 937,500 shares of our Series B preferred stock to Reuters Investment (Bermuda) Limited, 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, John G. Taysom, is employed by Reuters plc., an entity affiliated with Reuters Investment (Bermuda) Limited.

Series C Preferred Stock Financing. In May 2000, we issued and sold 132,625 shares of our Series C preferred stock to Benchmark Capital Partners IV, L.P., at a per share purchase price of \$15.08. Benchmark Capital is the general partner of Benchmark Capital Partners IV, L.P.

In May 2000, we issued and sold 331,564 shares of our Series C preferred stock to Cisco Systems, Inc., at a per share purchase price of \$15.08.

In May 2000, we issued and sold 331,564 shares of our Series C preferred stock to Reuters Holdings Switzerland SA, at a per share purchase price of \$15.08. Reuters plc. is affiliated with Reuters Holdings Switzerland SA.

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.

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

Loans to Executive Officers. In September 1999, we loaned an aggregate of \$750,000 to Peter T. 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 December 1999 we loaned Marjorie S. Backaus, one of our executive officers, \$112,500. This amount was repaid in full in January 2000. In addition, in January 2000, we loaned an aggregate of \$250,000 to Ms. Backaus 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 May 2000, we agreed to loan up to \$3,000,000 to Peter F. Van Camp, one of our executive officers, to purchase a principal residence. The non-interest bearing note will be secured by the residence and a stock pledge agreement.

Relocation Allowances to Executive Officers. In July 1999, we granted a relocation allowance in the amount of \$60,000 to Peter T. Ferris. The full amount of the allowance has been paid to Mr. Ferris.

In November 1999, we granted a relocation allowance in the amount of \$60,000 to Marjorie S. Backaus. The full amount of the allowance has been paid to Ms. Backaus.

In May 2000, we granted a relocation allowance in the amount of \$80,000 to Peter F. Van Camp. To date, Mr. Van Camp has not received any amount under the allowance. In addition, we reimbursed Mr. Van Camp's prior employer for relocation costs.

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.

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Option Grants. In June 2000, we granted options with a per share exercise price of \$7.00 to the following executive officers in the following amounts: Albert M. Avery--56,000; Philip J. Koen--80,000; Jay S. Adelson--56,000; Roy A. Earle--56,000; Peter T. Ferris--56,000; Marjorie S. Backaus--56,000; and Renee F. Lanam--40,000. In July 2000, we granted options with a per share exercise

price of \$7.00 to the following directors in the following amounts: Scott Kriens--40,000 and Dawn G. Lepore--40,000. We may grant additional 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 June 30, 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 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 June 30, 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 53,772,931 shares of common stock outstanding as of June 30, 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	Percent of Shares Outstanding	
		Before the Offering	After the Offering
<S>	<C>	<C>	<C>
Peter F. Van Camp (1).....	3,105,000	5.8%	4.2%
Albert M. Avery, IV (2).....	2,596,920	4.8	3.5
Jay S. Adelson (3).....	2,959,208	5.5	4.0
Philip J. Koen (4).....	740,000	1.4	1.0
Andrew S. Rachleff (5)..... 2480 Sand Hill Road, Suite 200 Menlo Park, CA 94025	8,667,625	16.1	11.7
John G. Taysom (6)..... 85 Fleet Street London EC4P 4AJ England	--	--	--
Michelangelo Volpi (7)..... 170 West Tasman Drive San Jose, CA 95134	--	--	--
Entities affiliated with Benchmark Capital (8)..... 2480 Sand Hill Road, Suite 200 Menlo Park, CA 94025	8,667,625	16.1	11.7
Cisco Systems, Inc..... 170 West Tasman Drive San Jose, CA 95134	6,790,939	12.6	9.2
Microsoft Corporation..... One Microsoft Way Redmond, WA 98052	3,356,250	6.2	4.5
Capital Research and Management Company (9)..... 333 South Hope Street Los Angeles, CA 90071	3,315,649	6.2	4.5
All directors and executive officers as a group (12 persons) (10).....	20,433,833	38.0	27.7

</TABLE>

- (1) Includes 3,105,000 shares subject to options that are exercisable within 60 days of June 30, 2000.

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- (2) Includes 56,000 shares subject to options that are exercisable within 60 days of June 30, 2000.
- (3) Includes 56,000 shares subject to options that are exercisable within 60 days of June 30, 2000 and 1,363,500 shares subject to a right of repurchase by us as of June 30, 2000. Also includes 8,974 shares held as custodian for Rowan Sharon Adelson. Mr. Adelson disclaims beneficial ownership of these shares.
- (4) Includes 80,000 shares subject to options that are exercisable within 60 days of June 30, 2000 and 445,156 shares subject to a right of repurchase by us as of June 30, 2000. Also includes 15,000 shares held as custodian for Claire Koen, Ted Koen and William Koen. Mr. Koen disclaims beneficial ownership of these shares.
- (5) Represents 8,535,000 shares of common stock held by Benchmark Capital Partners II, L.P., as nominee for Benchmark Capital Partners II, L.P., Benchmark Founders' Fund II, L.P., Benchmark Founders' Fund II-A, L.P. and Benchmark Members' Fund II, L.P., and 132,625 shares of common stock held by Benchmark Capital Partners IV, L.P., as nominee for Benchmark Capital Partners, IV, L.P., Benchmark Founders' Fund IV, L.P., Benchmark Founders' Fund IV-A, L.P. and related individuals. Mr. Rachleff is a managing member of Benchmark Capital Management Co. II, LLC, the general partner of Benchmark Capital Partners, II, L.P., Benchmark Founders' Fund II, L.P. Benchmark Founders' Fund II-A, L.P. and Benchmark Members' Fund II, L.P. Mr. Rachleff is also a managing member of Benchmark Capital Management Co., IV, LLC, the general partner of Benchmark Capital Partners, IV, L.P., Benchmark Founders' Fund IV, L.P. and Benchmark Founders' Fund IV-A, L.P. Mr. Rachleff disclaims beneficial ownership of these shares, except with respect to 3,984 shares of common stock and to the extent of his pecuniary interest in the Benchmark funds.
- (6) Mr. Taysom is employed by Reuters plc., an entity affiliated with Reuters Investments (Bermuda) Limited and Reuters Holdings Switzerland SA which collectively hold 1,269,064 shares of Equinix.
- (7) Mr. Volpi is chief strategy officer of Cisco Systems, Inc., which beneficially holds 6,790,939 shares of Equinix.
- (8) Includes 8,535,000 shares of common stock 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. and 132,625 shares of common stock held by Benchmark Capital Partners, IV, L.P., Benchmark Founders' Fund IV, L.P., Benchmark Founders' Fund IV-A, L.P. and related individuals.
- (9) Includes 2,000,000 shares held by the New Economy Fund and 1,315,649 shares held by American Variable Insurance Series, Growth Fund.
- (10) Includes the shares described in Notes 1 through 7. Also includes 1,458,000 shares subject to options that are exercisable within 60 days of June 30, 2000 and 735,000 shares subject to a right of repurchase by us as of June 30, 2000.

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DESCRIPTION OF CAPITAL STOCK

On the closing of this offering, our authorized capital stock will consist of 300,000,000 shares of common stock, \$0.001 par value and 10,000,000 shares of preferred stock, \$0.001 par value. The following is a summary description of our capital stock. Our amended and restated bylaws and our amended and restated certificate of incorporation, to be effective after the closing of this offering, provide further information about our capital stock.

Common Stock

As of June 30, 2000, there were 53,772,931 shares of common stock outstanding, as adjusted to reflect the conversion of all outstanding shares of preferred stock into common stock on the closing of this offering, that were held of record by approximately 250 stockholders. There will be 73,772,931 shares of common stock outstanding, assuming no exercise of the underwriters' over-allotment option and assuming no exercise after June 30, 2000 of outstanding options or warrants, after giving effect to the sale of the shares of common stock to the public in this offering.

The holders of common stock are entitled to one vote per share on all matters to be voted on by the stockholders. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the board of directors out of funds legally available for the

payment of dividends. All dividends are non-cumulative. In the event of the liquidation, dissolution, or winding up of Equinix, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding. The common stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are fully paid and nonassessable, and the shares of common stock to be issued on completion of this offering will be fully paid and nonassessable.

Warrants

Immediately following the closing of this offering, the following warrants will be outstanding:

- . a warrant to purchase a total of 33,100 shares of common stock at an exercise price of \$6.00 per share that expires in 2010;
- . a warrant to purchase a total of 540,000 shares of common stock at an exercise price of \$4.00 per share that expires in 2005;
- . a warrant to purchase a total of 6,000 shares of common stock at an exercise price of \$5.00 per share that expires in 2005;
- . a warrant to purchase a total of 30,000 shares of common stock at an exercise price of \$1.67 per share that expires the earlier of 2009 or five years from the effective date of our initial public offering of common stock;
- . warrants to purchase a total of 675,000 shares of common stock at an exercise price of \$0.67 per share that expire in 2004;
- . a warrant to purchase a total of 338,145 shares of common stock at an exercise price of \$0.53 per share that expires in 2004;
- . a warrant to purchase a total of 765,000 shares of common stock at an exercise price of \$0.67 per share that expires the earlier of 2009 or three years from the effective date of our initial public offering of common stock;
- . a warrant to purchase a total of 150,000 shares of common stock at an exercise price of \$3.00 per share that expires the earlier of 2006 or three years from the effective date of our initial public offering of common stock;

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- . warrants to purchase a total of 300,000 shares of common stock at an exercise price of \$3.00 per share that expire the earlier of 2006 or three years from the effective date of our initial public offering of common stock;
- . a warrant to purchase a total of 250,000 shares of common stock at an exercise price of \$5.33 per share that expires in 2005;
- . a warrant to purchase a total of 650,000 shares of common stock at an exercise price of \$5.33 per share that expires in 2005; and
- . additional warrants to purchase a total of 3,376,500 shares of common stock at an exercise price of \$0.0067 per share issued in connection with our offering of senior notes that expire in 2007.

Preferred Stock

On the closing of this offering, 10,000,000 shares of preferred stock will be authorized and no shares will be outstanding. The board of directors has the authority to issue the preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series or the designation of such series, without further vote or action by the stockholders. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of Equinix without further action by the stockholders and may adversely affect the voting and other rights of the holders of common stock. The issuance of preferred stock with voting and conversion rights may adversely affect the voting power of the holders of common stock, including the loss of voting control to others. At present, we have no plans to issue any of the preferred stock.

Anti-takeover Effects of Provisions of the Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and Delaware Law

Certificate of Incorporation and Bylaws. Our amended and restated certificate of incorporation and bylaws provide that, effective on the closing

of this offering, all stockholder actions must be effected at a duly called meeting and not by a consent in writing. The bylaws also provide that, except as otherwise required by law or by our amended and restated certificate of incorporation, special meetings of the stockholders can only be called pursuant to a resolution adopted by a majority of the board of directors, or by the president or at the request of stockholders holding at least 30% of our capital stock. Further, provisions of the bylaws and the amended and restated certificate of incorporation provide that the stockholders may amend the bylaws or most provisions of the amended and restated certificate of incorporation only with the affirmative vote of 66 2/3% of our capital stock. These provisions of the amended and restated certificate of incorporation and bylaws could discourage potential acquisition proposals and could delay or prevent a change in control of Equinix. These provisions are intended to enhance the likelihood of continuity and stability in the composition of the board of directors and in the policies formulated by the board of directors and to discourage certain types of transactions that may involve an actual or threatened change of control of Equinix. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. The provisions also are intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our shares that could result from actual or rumored takeover attempts. Such provisions also may have the effect of preventing changes in our management.

Delaware Takeover Statute. We are subject to Section 203 of the Delaware General Corporation Law, or DGCL Section 203, which regulates corporate acquisitions. DGCL Section 203

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prevents certain Delaware corporations, including those whose securities are listed on The Nasdaq National Market, from engaging, under certain circumstances in a business combination with any interested stockholder for three years following the date that such stockholder became an interested stockholder. For purposes of DGCL Section 203, a business combination includes, among other things, a merger or consolidation involving Equinix and the interested stockholder and the sale of 10% or more of our assets. In general, DGCL Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person. A Delaware corporation may opt out of DGCL Section 203 with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from amendments approved by the holders of at least a majority of the corporation's outstanding voting shares. We have not opted out of the provisions of DGCL Section 203.

Registration Rights

After this offering, the holders of approximately 47,116,722 shares of common stock will be entitled to rights with respect to the registration of those shares under the Securities Act. Under the terms of the agreement between us and the holders of such registrable securities, if we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders exercising registration rights, such holders are entitled to notice of such registration and are entitled to include shares of such common stock in the registration. Additionally, the holders of approximately 41,056,722 shares of common stock are entitled to demand registration rights, pursuant to which they may require us on up to two occasions to file a registration statement under the Securities Act at our expense with respect to their shares of common stock, and we are required to use all reasonable efforts to effect such registration. Further, the holders of approximately 47,116,722 shares of common stock may require us to file an unlimited number of additional registration statements on Form S-3 at our expense. All of these registration rights terminate after three (3) years following the consummation of our initial public offering and are subject to certain conditions and limitations, among them the right of the underwriters of an offering to limit the number of shares included in such registration and our right not to effect a requested registration within 90 days following an offering of our securities, including the offering made hereby.

Transfer Agent and Registrar

The Transfer Agent and Registrar for the common stock is Boston EquiServe L.P.

The Nasdaq National Market Listing

We have submitted an application to have our common stock approved for quotation on the Nasdaq National Market under the symbol "EQIX."

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On completion of this offering, we will have 73,772,931 shares of common stock outstanding, assuming no exercise of the underwriters' over-allotment option and no exercise of options after June 30, 2000. Of the 20,000,000 shares which will be sold to the public in this offering, _____ shares will be available for immediate sale in the public market as of the date of this prospectus, and _____ shares will be subject to a 180-day lockup period. Approximately _____ additional shares will be available for sale in the public market 90 days after the offering, subject to compliance with the volume and other limitations of Rule 144. Approximately _____ additional shares will be available for sale in the public market following the expiration of 180-day lockup agreements with representatives of the underwriters, subject in some cases to compliance with the volume and other limitations of Rule 144. The table below sets forth the approximate number of shares eligible for future sale after giving effect to the lock-up and the holding requirements under Rule 144.

<TABLE>
<CAPTION>

Days after Date of this Prospectus	Approximate Shares Eligible for Future Sale	Comment
-----	-----	-----
<C> On Effectiveness..	<C>	<S> Freely tradable shares sold in offering; shares salable under Rule 144
90 Days.....		Shares salable under Rule 144; vested options for shares salable under Rule 701
180 Days.....		Lock-up released; shares and vested options for shares salable under Rule 144, 144(k) or 701
Thereafter.....		Restricted securities held for one year or less

</TABLE>

In general, under Rule 144 as currently in effect, a person, or persons whose shares are aggregated, who has beneficially owned shares for at least one year is entitled to sell within any three-month period commencing 90 days after the date of this prospectus a number of shares that does not exceed the greater of:

- . 1% of the then outstanding shares of common stock which will be approximately 737,730 shares immediately after the offering; or
- . the average weekly trading volume during the four calendar weeks preceding such sale, subject to manner of sale requirements, and depending on the amount sold, the filing of a Form 144 with respect to such sale.

A person or persons whose shares are aggregated who is not deemed to have been an affiliate of Equinix at any time during the 90 days immediately preceding the sale who has beneficially owned his or her shares for at least two years is entitled to sell such shares pursuant to Rule 144(k) without regard to the limitations described above. Persons deemed to be affiliates must always sell pursuant to Rule 144, even after the applicable holding periods have been satisfied.

We are unable to estimate the number of shares that will be sold under Rule 144, since this will depend on the market price for our common stock, the personal circumstances of the sellers and other factors. Prior to this offering, there has been no public market for the common stock, and there can be no assurance that a significant public market for the common stock will develop or be sustained after the offering. Any future sale of substantial amounts of the common stock in the open market may adversely affect the market price of the common stock in this offering.

We, our directors, executive officers and other stockholders, holding an aggregate of approximately _____ common shares or rights to acquire the shares, have agreed pursuant to the underwriting agreement and other agreements that we and they will not sell any common stock without the prior consent of Goldman, Sachs & Co. for a period of 180 days from the date of this

prospectus, except that we may, without such consent, grant options and sell shares pursuant to our stock plans.

Any of our employees or consultants who purchased shares pursuant to a written compensatory plan or contract is entitled to rely on the resale provisions of Rule 701, which permits nonaffiliates to sell their Rule 701 shares without having to comply with the public information, holding period, volume limitation or notice provisions of Rule 144 and permits affiliates to sell their Rule 701 shares without having to comply with the Rule 144 holding period restrictions, in each case commencing 90 days after the date of this prospectus. As of the date of this prospectus, the holders of options

exercisable into approximately _____ shares of common stock will be eligible to sell their shares on the expiration of the 180-day lockup period, or subject in certain cases to vesting of such options.

We intend to file a registration statement on Form S-8 under the Securities Act to register shares of common stock issued or reserved for issuance under our stock plans within 30 days after the date of this prospectus, thus permitting the resale of such shares by nonaffiliates in the public market without restriction under the Securities Act. We intend to register these shares on Form S-8, along with options that have not been issued under our stock plans as of the date of this prospectus.

In addition, after this offering, the holders of approximately 47,116,722 shares of common stock will be entitled to certain rights with respect to registration of those shares under the Securities Act. Registration of such shares under the Securities Act would result in such shares, except for shares purchased by affiliates of Equinix, becoming freely tradable without restriction under the Securities Act immediately on the effectiveness of such registration. See "Description of Capital Stock--Registration Rights".

UNDERWRITERS

Equinix and the underwriters named below have entered into an underwriting agreement with respect to shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co., Salomon Smith Barney Inc., Chase Securities Inc. and Epoch Securities, Inc. are the representatives of the underwriters.

<TABLE>
<CAPTION>

Name	Number of Shares
----	-----
<S>	<C>
Goldman, Sachs & Co.....	
Salomon Smith Barney Inc.....	
Chase Securities Inc.	
Epoch Securities, Inc.....	

Total.....	20,000,000
	=====

</TABLE>

If the underwriters sell more shares than the total number set forth in the table above, the underwriters have an option to buy up to an additional 3.0 million shares from Equinix to cover such sales. They may exercise that option for 30 days. If any shares are purchased under this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by Equinix. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 3.0 million additional shares.

<TABLE>
<CAPTION>

	Paid by Equinix	
	No Exercise	Full Exercise
	-----	-----
<S>	<C>	<C>
Per share.....	\$	\$
Total.....	\$	\$

</TABLE>

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$ _____ per share from the initial public offering price. Any of these securities dealers may resell any shares purchased from the underwriters to certain other brokers or dealers at a discount of up to \$ _____ per share from the initial public offering price. If all the shares are not sold at the initial public offering price, the representatives may change the offering price and the other selling terms.

Equinix and its directors, officers, employees and substantially all other stockholders have agreed with the underwriters not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the

prior written consent of Goldman, Sachs & Co. This restriction does not apply to any issuances by Equinix under its existing employee benefit plans or, for individuals, transfers by gift, or for corporations, transfers to wholly-owned subsidiary of such corporation, provided that in each case the transferee agrees to be bound by the restriction for any remaining period. See "Shares Eligible for Future Sale" for a discussion of transfer restrictions.

At Equinix's request, the underwriters have reserved, at the initial public offering price, up to 1.6 million shares of common stock for sale to select directors, officers, employees, and friends of Equinix, Inc. The number of shares available for sale to the general public will be reduced to the

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extent these persons purchase the reserved shares. Any reserved shares not so purchased will be offered to the general public on the same basis as the other shares offered hereby.

Prior to this offering, there has been no public market for the shares. The initial public offering price will be negotiated among Equinix and the representatives of the underwriters. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be Equinix's historical performance, estimates of the business potential and earnings prospects of Equinix, an assessment of Equinix's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

Equinix has applied for quotation of its common stock on the Nasdaq National Market under the symbol "EQIX".

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares from Equinix in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of this underwriter in stabilizing or short-sale covering transactions.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or retarding a decline in the market price of Equinix's stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on the Nasdaq National Market, in the over-the-counter market or otherwise.

A prospectus in electronic format will be made available on Internet web sites maintained by one or more of the lead or co-managers of this offering and may also be made available on web sites maintained by other underwriters. The underwriters may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the lead managers to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

Equinix estimates that the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$1.8 million.

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Equinix has agreed to indemnify the underwriters against liabilities under the Securities Act of 1933.

From time to time, some of the underwriters have provided, and may in the

future continue to provide, investment banking services to us.

An affiliate of Salomon Smith Barney Inc. purchased 525,000 shares of our Series B preferred stock in an offering that was completed in December 1999. Salomon Smith Barney Inc. and its affiliates will enter into an agreement not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus.

Epoch Securities, Inc. is an investment banking firm formed in November 1999. In addition to this offering, Epoch Securities, Inc. has engaged in the business of public and private equity investing and financing and financial advisory services since its inception. The senior investment banking team of Epoch Securities, Inc. has in excess of 40 years of experience in the securities industry. Epoch Securities, Inc. does not have any material relationship with Equinix or any of our officers, directors or other controlling persons, except for its contractual relationship with Equinix under the terms of the underwriting agreement entered into in connection with this offering.

The corporate parents of Charles Schwab & Co., Inc., Ameritrade (Inc.) and TD Waterhouse Investor Services, Inc. are equity investors in Epoch's corporate parent. Under the terms of Epoch's distribution agreement, Charles Schwab, Ameritrade and TD Waterhouse are entitled to receive an allocation of any shares allocated in the offering to Epoch on a free retention basis. Until they accept this allocation, however, they are not obligated to take any shares. If they do take shares, they are obligated to try to sell those shares to brokerage customers who buy shares through the Internet, a computerized system or other automated system, but they otherwise are entitled to allocate shares following their customary practices. Charles Schwab, Ameritrade and TD Waterhouse are not underwriters under the underwriting agreement. Because of their current relationship to Epoch and their role in the distribution of securities, however, they may be deemed to be underwriters as that term is defined in the Securities Act in connection with this offering. They believe their activities fall within the selling dealer exception to the definition and, therefore, believe that they are not "underwriters" under the Securities Act.

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LEGAL MATTERS

The validity of the common stock being offered will be passed on for us by Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP, Menlo Park, California. As of the date of this prospectus, some partners and employees of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP, our outside corporate counsel, beneficially owned an aggregate of 84,375 shares of our capital stock. Legal matters in connection with this offering will be passed on for the underwriters by Cahill Gordon & Reindel, New York, New York.

CHANGE IN INDEPENDENT ACCOUNTANTS

On March 7, 2000, KPMG LLP resigned as our independent accountants upon determining that they may no longer be independent of Equinix as a result of Cisco Systems, Inc.'s investment in both KPMG Consulting, Inc., a subsidiary of KPMG LLP and Equinix. 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 accountants 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. For purposes of this filing, 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 have been audited by PricewaterhouseCoopers LLP. Prior to March 21, 2000, we did not consult with PricewaterhouseCoopers LLP on items that involved our accounting principles or the form of audit opinion to be issued on our financial statements. The change in accountants was approved by our board of directors.

EXPERTS

The consolidated financial statements 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 included in this Prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act relating to the common Stock being offered. This prospectus does not contain all of the information presented in the registration statement and the exhibits to the registration statement. For further information about Equinix and the common stock we are offering, reference is made to the registration statement and the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document referred to summarize only the provisions of these documents that are materials to investors. You should refer to the exhibits to this registration statement for the complete contents of these contracts and documents. In addition, we file reports, proxy statements and other information with the Securities and Exchange Commission. These documents and the registration statement, including the exhibits, may be inspected without charge at the public reference facilities maintained

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by the Securities and Exchange Commission in Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and copies of all or any part may be obtained from this office after payment of fees prescribed by the Securities and Exchange Commission. The Securities and Exchange Commission maintains a world wide web site that contains report, proxy and information statements and other information regarding registrants, including us, that file electronically with the Securities and Exchange Commission. The address of the site is <http://www.sec.gov>.

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EQUINIX, INC.

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Report of Independent Accountants

The Board of Directors and Stockholders of Equinix, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Equinix, Inc. as of December 31, 1998 and 1999, and the results of its operations and its cash flows for the period from June 22, 1998 (date of inception) to December 31, 1998 and for the year ended December 31, 1999, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

San Jose, California
May 31, 2000

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EQUINIX, INC.

Consolidated Balance Sheets

<TABLE>
<CAPTION>

December 31, Pro Forma
Stockholders'

	1998	1999	June 30, 2000	Equity June 30, 2000
			(unaudited)	(unaudited)
<S>	<C>	<C>	<C>	<C>
Assets				
Current assets:				
Cash and cash equivalents.....	\$ 4,164,500	\$203,165,000	\$148,940,000	
Short-term investments.....	5,000,000	19,808,600	10,373,400	
Accounts receivable...	--	177,700	2,326,700	
Current portion of restricted cash and short-term investments.....	--	25,110,400	26,816,800	
Prepays and other current assets.....	167,600	1,596,900	1,640,100	
	-----	-----	-----	
Total current assets.....	9,332,100	249,858,600	190,097,000	
Property and equipment, net.....	482,000	28,444,000	63,191,800	
Construction in progress.....	30,700	18,312,100	174,549,300	
Restricted cash and short-term investments, less current portion...	--	13,498,300	11,683,200	
Debt issuance costs, net.....	--	7,125,800	7,575,500	
Other assets.....	156,400	2,707,100	3,374,700	
	-----	-----	-----	
Total assets.....	\$10,001,200	\$319,945,900	\$450,471,500	
	=====	=====	=====	
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)				
Current liabilities:				
Accounts payable and accrued expenses.....	\$ 159,200	\$ 4,143,200	\$ 8,838,200	
Accrued construction costs.....	252,300	9,772,200	49,104,800	
Current portion of debt facilities and capital lease obligations.....	--	4,394,600	4,686,900	
Accrued interest payable.....	--	2,166,700	2,622,400	
Other current liabilities.....	--	204,600	1,069,000	
	-----	-----	-----	
Total current liabilities.....	411,500	20,681,300	66,321,300	
Debt facilities and capital lease obligations, less current portion.....	--	8,808,400	8,081,800	
Senior notes.....	--	183,954,700	184,928,800	
Other liabilities.....	--	802,400	2,531,400	
	-----	-----	-----	
Total liabilities....	411,500	214,246,800	261,863,300	
	-----	-----	-----	
Commitments and contingencies (Note 8)				
Redeemable convertible preferred stock.....	10,435,500	97,227,300	191,580,000	\$ --
Stockholders' equity (deficit):				
Common stock, \$0.001 par value per share; 43,500,000, 112,500,000 and 132,000,000 shares authorized in 1998, 1999 and 2000; 6,150,000, 11,672,196 and 13,068,709 shares issued and outstanding in 1998, 1999 and 2000;				

53,772,931 shares issued and outstanding pro forma (unaudited).....	6,200	11,700	13,100	53,800
Additional paid-in capital.....	1,139,500	43,961,800	113,964,500	305,503,800
Deferred stock-based compensation.....	(971,800)	(13,705,500)	(50,280,900)	(50,280,900)
Accumulated other comprehensive income (loss).....	--	14,100	(38,200)	(38,200)
Accumulated deficit...	(1,019,700)	(21,810,300)	(66,630,300)	(66,630,300)
Total stockholders' equity (deficit)....	(845,800)	8,471,800	(2,971,800)	\$188,608,200
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit).....	\$10,001,200	\$319,945,900	\$450,471,500	

</TABLE>

See accompanying notes to consolidated financial statements.

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EQUINIX, INC.

Consolidated Statements of Operations

<TABLE>
<CAPTION>

	Period from June 22, 1998 (inception) to December 31, 1998		Six months ended	
	Year ended December 31, 1999	Year ended December 31, 1999	June 30, 1999	June 30, 2000
			(unaudited)	
<S>	<C>	<C>	<C>	<C>
Revenues.....	\$ --	\$ 37,100	\$ --	\$ 1,027,500
Costs and operating expenses:				
Cost of revenues (excludes stock-based compensation of none and \$177,300 for the periods ended December 31, 1998 and 1999 respectively, and \$7,800 and \$213,900 for the six months ended June 30, 1999 and 2000, respectively).....	--	3,091,200	339,900	8,408,900
Sales and marketing (excludes stock-based compensation of \$13,200 and \$1,631,000 for the periods ended December 31, 1998 and 1999 respectively, and \$67,800 and \$2,970,200 for the six months ended June 30, 1999 and 2000, respectively).....	34,200	2,317,600	651,300	5,737,900
General and administrative (excludes stock-based compensation of \$150,700 and \$4,819,000 for the periods ended December 31, 1998 and 1999 respectively, and \$1,048,800 and \$6,845,600 for the six months ended June 30, 1999 and 2000, respectively).....	751,500	7,783,500	2,383,500	15,323,000

Stock-based compensation.....	163,900	6,627,300	1,124,400	10,029,700
Total costs and operating expenses.....	949,600	19,819,600	4,499,100	39,499,500
Loss from operations.....	(949,600)	(19,782,500)	(4,499,100)	(38,472,000)
Interest income.....	149,900	2,138,100	171,900	7,531,700
Interest expense.....	(220,000)	(3,146,200)	(137,900)	(13,879,700)
Net loss.....	\$(1,019,700)	\$(20,790,600)	\$(4,465,100)	\$(44,820,000)
Historical net loss per share:				
Basic and diluted....	\$ (1.48)	\$ (4.98)	\$ (2.78)	\$ (4.45)
Weighted average shares.....	688,028	4,172,879	1,607,159	10,063,266
Pro forma net loss per share (unaudited):				
Basic and diluted....		\$ (0.74)		\$ (0.98)
Weighted average shares.....		28,156,608		45,907,049

</TABLE>

See accompanying notes to consolidated financial statements.

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EQUINIX, INC.

Consolidated Statements of Stockholders' Equity (deficit)

Period from June 22, 1998 (inception) to June 30, 2000

<TABLE>

<CAPTION>

	Common stock		Additional	Deferred	Accumulated	Accumulated	Total
	Shares	Amount	paid-in	stock-based	other	deficit	stockholders'
			capital	compensation	comprehensive		equity
					income (loss)		
Issuance of common stock for cash.....	6,060,000	\$6,100	\$ (2,100)	\$ --	\$ --	\$ --	\$ 4,000
Issuance of common stock upon exercise of common stock options.....	90,000	100	5,900	--	--	--	6,000
Deferred stock-based compensation.....	--	--	1,135,700	(1,135,700)	--	--	--
Amortization of stock-based compensation.....	--	--	--	163,900	--	--	163,900
Net loss.....	--	--	--	--	--	(1,019,700)	(1,019,700)
Balances as of December 31, 1998.....	6,150,000	6,200	1,139,500	(971,800)	--	(1,019,700)	(845,800)
Issuance of common stock upon exercise of common stock options.....	5,522,196	5,500	1,280,100	--	--	--	1,285,600
Issuance of common stock warrants.....	--	--	22,181,200	--	--	--	22,181,200
Deferred stock-based compensation.....	--	--	19,361,000	(19,361,000)	--	--	--
Amortization of stock-based compensation.....	--	--	--	6,627,300	--	--	6,627,300
Comprehensive income (loss):							
Net loss.....	--	--	--	--	--	(20,790,600)	(20,790,600)
Unrealized appreciation on short-term investments.....	--	--	--	--	14,100	--	14,100
Net comprehensive loss..	--	--	--	--	14,100	(20,790,600)	(20,776,500)
Balances as of December 31, 1999.....	11,672,196	11,700	43,961,800	(13,705,500)	14,100	(21,810,300)	8,471,800
Issuance of common stock for cash (unaudited)....	50,213	100	252,700	--	--	--	252,800
Issuance of common stock upon exercise of common							

stock options (unaudited).....	1,159,394	1,200	1,868,700	--	--	--	1,869,900
Issuance of common stock upon exercise of common stock warrants (unaudited).....	352,500	300	352,200	--	--	--	352,500
Issuance of common stock warrants (unaudited)	--	--	20,934,800	--	--	--	20,934,800
Repurchase of common stock (unaudited).....	(165,594)	(200)	(10,800)	--	--	--	(11,000)
Deferred stock-based compensation (unaudited).....	--	--	46,605,100	(46,605,100)	--	--	--
Amortization of stock- based compensation (unaudited).....	--	--	--	10,029,700	--	--	10,029,700
Comprehensive income (loss):							
Net loss (unaudited)...	--	--	--	--	--	(44,820,000)	(44,820,000)
Unrealized depreciation on short-term investments (unaudited).....	--	--	--	--	(52,300)	--	(52,300)
Net comprehensive loss (unaudited).....	--	--	--	--	(52,300)	(44,820,000)	(44,872,300)
Balances as of June 30, 2000 (unaudited).....	13,068,709	13,100	113,964,500	(50,280,900)	(38,200)	(66,630,300)	(2,971,800)

</TABLE>

See accompanying notes to consolidated financial statements.

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EQUINIX, INC.

Consolidated Statements of Cash Flows

<TABLE>

<CAPTION>

	Period from June 22, 1998 (inception) to		Six months ended June 30,	
	December 31, 1998	Year ended December 31, 1999	1999	2000
			(unaudited)	
<S>	<C>	<C>	<C>	<C>
Cash flows from operating activities:				
Net loss.....	\$ (1,019,700)	\$ (20,790,600)	\$ (4,465,100)	\$ (44,820,000)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation.....	4,200	609,300	135,500	3,610,200
Interest charge on beneficial conversion of convertible debt.....	220,000	--	--	--
Amortization of deferred stock-based compensation...	163,900	6,627,300	1,124,400	10,029,700
Amortization of senior note discount.....	--	161,900	--	974,100
Amortization of debt facilities and capital lease obligation discount..	--	578,900	87,400	371,300
Amortization of debt issuance costs.....	--	67,600	--	550,200
Amortization of sales acquisition costs.....	--	201,000	--	301,600
Amortization of rent discount.....	--	--	--	76,500
Changes in operating assets and liabilities:				
Accounts receivable.....	--	(177,700)	--	(2,149,000)
Prepays and other current assets.....	(167,600)	(1,429,300)	800	(43,200)
Other assets.....	(156,400)	(1,243,900)	(296,800)	(792,300)
Accounts payable and accrued expenses.....	159,200	2,313,800	888,700	3,945,000
Accrued interest payable...	--	2,166,700	--	455,700
Other current liabilities..	--	204,600	82,300	864,400

Other liabilities.....	--	802,400	--	1,729,000
Net cash used in operating activities....	(796,400)	(9,908,000)	(2,442,800)	(24,896,800)
Cash flows from investing activities:				
Purchase of short-term investments.....	(5,000,000)	(22,812,300)	(2,233,000)	(16,136,700)
Sales and maturities of short-term investments....	--	8,017,800	5,122,200	25,519,700
Purchases of property and equipment.....	(486,200)	(28,241,400)	(1,394,800)	(34,811,000)
Additions to construction in progress.....	(30,700)	(14,145,100)	(7,596,700)	(139,102,800)
Accrued construction costs..	252,300	9,519,900	6,064,500	39,332,600
Purchase of restricted cash and short-term investments.....	--	(38,608,700)	--	(12,891,300)
Sale of restricted cash and short-term investments....	--	--	--	13,000,000
Net cash provided by (used in) investing activities.....	(5,264,600)	(86,269,800)	(37,800)	(125,089,500)
Cash flows from financing activities:				
Proceeds from issuance of common stock.....	4,000	--	--	252,800
Proceeds from exercise of stock options.....	6,000	1,285,600	172,300	2,222,400
Proceeds from issuance of debt facilities and capital lease obligations.....	--	16,114,500	--	1,929,200
Repayment of debt facilities and capital lease obligations.....	--	(988,000)	--	(2,734,800)
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)	--	--
Repurchase of common stock..	--	--	--	(11,000)
Proceeds from issuance of redeemable convertible preferred stock, net.....	9,995,500	84,886,000	2,000,000	94,352,700
Debt Issuance Costs.....	--	--	--	(250,000)
Net cash provided by (used in) financing activities.....	10,225,500	295,178,300	2,172,300	95,761,300
Net increase (decrease) in cash and cash equivalents...	4,164,500	199,000,500	(308,300)	(54,225,000)
Cash and cash equivalents at beginning of period.....	--	4,164,500	4,164,500	203,165,000
Cash and cash equivalents at end of period.....	\$ 4,164,500	\$203,165,000	\$ 3,856,200	\$ 148,940,000
Noncash financing and investing activities:				
Cash paid for taxes.....	\$ --	\$ 67,500	\$ --	\$ --
Cash paid for interest.....	\$ --	\$ 153,400	\$ --	\$ 13,674,000
Noncash financing and investing activities:				
Preferred stock warrants issued for financing commitments.....	\$ --	\$ 3,095,800	\$ 1,334,800	\$ --
Common stock warrants issued for strategic agreement....	\$ --	\$ 1,507,800	\$ --	\$ --
Common stock warrants issued for services.....	\$ --	\$ 4,466,200	\$ --	\$ 16,338,500
Revaluation of common stock warrants issued for services.....	\$ --	\$ --	\$ --	\$ 4,596,300

Conversion of notes payable to convertible preferred stock.....	\$ 440,000	\$ --	\$ --	\$ --
Unrealized appreciation/(depreciation) on investments.....	\$ --	\$ 14,100	\$ --	\$ (52,300)
Assets recorded under capital lease.....	\$ --	\$ 660,700	\$ --	\$ 383,000
Deferred compensation on grants of stock options....	\$ 1,135,700	\$ 19,361,000	\$ 5,547,100	\$ 48,411,900

</TABLE>

See accompanying notes to consolidated financial statements.

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EQUINIX, INC.

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.

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 redeemable convertible preferred stock, respectively, were exchanged for every two shares of common stock and redeemable convertible 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 11).

Unaudited Interim Results

The accompanying consolidated balance sheet as of June 30, 2000, the consolidated statements of income and of cash flows for the six months ended June 30, 1999 and 2000 and the consolidated statement of stockholders' equity for the six months ended June 30, 2000 are unaudited.

In the opinion of management, these statements have been prepared on the same basis as the audited financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the Company's financial position as of June 30, 2000 and the results of its operations and cash flows for the six month periods ended June 30, 1999 and 2000. The data disclosed in notes to the consolidated financial statements for these periods is unaudited.

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.

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EQUINIX, INC.

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 as of December 31, 1999 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. On June 1, 2000, the Company made its first interest payment of \$13,000,000 on the Senior Notes out of restricted cash and short-term investments. Restricted cash and short-term investments as of June 30, 2000 consists of \$23,702,800, plus accrued interest of \$1,409,800, deposited with an escrow agent to pay the second and third interest payments on the Senior Notes and restricted cash of \$13,315,600, plus accrued interest of \$71,800 for six standby letters of credit and an escrow account entered into and pursuant to 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 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.

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EQUINIX, INC.

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.

Included within construction in progress is the value attributed to the

unearned portion of warrants issued to certain fiber carriers and our contractor totaling \$4,136,300 as of December 31, 1999 and \$21,271,000 as of June 30, 2000 (see Note 6).

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 \$3,323,600 and \$177,400, respectively. Total interest cost incurred and total interest capitalized during the six months ended June 30, 2000, was \$15,847,100 and \$1,967,400, respectively.

Fair Value of Financial Instruments

The carrying value amounts of the Company's financial instruments, which include cash equivalents, short-term investments, accounts receivable, accounts payable, accrued expenses and long-term obligations approximate their fair value due to either the short-term maturity or the prevailing interest rates of the related instruments.

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 recurring fees for colocation and interconnection services at the IBX centers, service fees associated with the delivery of professional services and non-recurring installation fees. Revenues from colocation and interconnection services are billed

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

monthly and recognized ratably over the term of the contract, generally one to three years. Professional service fees are recognized in the period in which the services were provided and represent the culmination of the earnings process. Non-recurring installation fees are deferred and recognized ratably over the term of the related contract.

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

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

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.

Pro Forma Stockholders' Equity (unaudited)

Immediately prior to the effective date of the offering, all outstanding shares of Series A, Series B and Series C redeemable convertible preferred stock will convert into shares of common stock at a one-for-one conversion rate. The pro forma effects of these transactions are unaudited and have been reflected in the accompanying pro forma stockholders' equity as of June 30, 2000.

Historical and Pro Forma Net Loss Per Share

The Company computes net loss per share in accordance with SFAS No. 128, Earnings per Share, and SEC Staff Accounting Bulletin ("SAB") No. 98. Under the provisions of SFAS No. 128 and SAB No. 98 basic and diluted net loss per share are computed using the weighted average number of common shares outstanding. Options, warrants and preferred stock were not included in the computation of diluted net loss per share because the effect would be antidilutive.

Pro forma net loss per share has been computed using the weighted average number of common shares outstanding, including the pro forma effects of the automatic conversion of all outstanding shares of redeemable convertible preferred stock into shares of common stock as if such conversion occurred on January 1, 1999 or at the date of original issuance, if later.

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

The following table sets forth the computation of historical and pro forma basic and diluted net loss per share for the periods indicated.

<TABLE>
<CAPTION>

	Period from June 22, 1998 to December 31, 1998	Year ended December 31, 1999	Six months ended June 30, ----- 1999 2000 -----	
			(Unaudited)	
<S>	<C>	<C>	<C>	<C>
Numerator:				
Net loss.....	\$(1,019,700)	\$(20,790,600)	\$(4,465,100)	\$(44,820,000)
	=====	=====	=====	=====

Historical:

Denominator:				
Weighted average shares.....	3,174,917	8,751,001	6,490,742	15,924,925
Weighted average unvested shares subject to repurchase.....	(2,486,889)	(4,578,122)	(4,883,583)	(5,861,659)
	-----	-----	-----	-----
Total weighted average shares.....	688,028	4,172,879	1,607,159	10,063,266
	=====	=====	=====	=====
Net loss per share:				
Basic and diluted....	\$ (1.48)	\$ (4.98)	\$ (2.78)	\$ (4.45)
	=====	=====	=====	=====

Pro Forma:

Denominator:				
Shares used in computing net loss per share, basic and diluted.....		4,172,879		10,063,266
Adjustment to reflect assumed conversion of redeemable convertible preferred stock.....		23,983,729		35,843,783
		-----		-----
Shares used in computing pro forma net loss per share, basic and diluted....		28,156,608		45,907,049
		=====		=====
Pro forma net loss per share, basic and diluted (unaudited)...		\$ (0.74)		\$ (0.98)
		=====		=====

</TABLE>

The following table sets forth potential shares of common stock that are not included in the diluted net loss per share calculation above because to do so would be anti-dilutive for the periods indicated:

<TABLE>

<CAPTION>

	December 31,		June 30,	
	1998	1999	1999	2000

	(unaudited)			
	<C>	<C>	<C>	<C>
Series A redeemable convertible preferred stock.....	15,697,500	18,682,500	18,697,500	18,682,500
Series B redeemable convertible preferred stock.....	--	15,759,561	--	15,759,561
Series C redeemable convertible preferred stock.....	--	--	--	6,261,161
Series A preferred stock warrants.....	--	1,245,000	795,000	1,245,000
Common stock warrants.....	--	1,365,645	--	3,737,245
Common stock options.....	2,074,050	2,780,988	1,862,115	7,452,425

</TABLE>

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

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 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 engage in hedging activities.

In December 1999, the SEC issued Staff Accounting Bulletin ("SAB") 101, Revenue Recognition, which outlines the basic criteria that must be met to recognize revenue and provides guidance for presentation of revenue and for disclosure related to revenue recognition policies in financial statements

filed with the SEC. The adoption of SAB 101 did not have a material impact on the Company's financial position and results of operations.

In March 2000, the FASB issued Interpretation No. 44, ("FIN 44"), Accounting for Certain Transactions Involving Stock Compensation - an Interpretation of APB 25. This Interpretation clarifies (a) the definition of employee for purposes of applying Opinion 25, (b) the criteria for determining whether a plan qualifies as a noncompensatory plan, (c) the accounting consequence of various modifications to the terms of a previously fixed stock option or award, and (d) the accounting for an exchange of stock compensation awards in a business combination. This Interpretation is effective July 1, 2000, but certain conclusions in this Interpretation cover specific events that occur after either December 15, 1998, or January 12, 2000. The adoption of certain of the conclusions of FIN 44 covering events occurring during the period after December 15, 1998 or January 12, 2000 did not have a material effect on the Company's financial position and results of operations. The Company does not expect that the adoption of the remaining conclusion will have a material effect on the financial position or results of operations.

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.

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

Property & Equipment

Property and equipment is comprised of the following:

<TABLE>
<CAPTION>

	December 31,		June 30,
	1998	1999	2000
			(unaudited)
<S>	<C>	<C>	<C>
Leasehold improvements.....	\$240,600	\$16,664,200	\$44,291,700
IBX plant and machinery.....	--	8,235,400	8,895,000
Computer equipment and software.....	77,000	3,126,000	11,011,600
IBX equipment.....	--	658,700	2,237,800
Furniture and fixtures.....	168,600	373,200	979,400
	486,200	29,057,500	67,415,500
Less accumulated depreciation.....	(4,200)	(613,500)	(4,223,700)
	\$482,000	\$28,444,000	\$63,191,800
	=====	=====	=====

</TABLE>

Leasehold improvements, certain computer equipment, software and furniture and fixtures recorded under capital leases aggregated none as of December 31, 1998; \$660,700 as of December 31, 1999 and \$1,044,100 as of June 30, 2000. Amortization on the assets recorded under capital leases is included in depreciation expense.

Included within leasehold improvements is the value attributed to the earned portion of the WorldCom Warrant and Bechtel warrant totaling \$329,900 and none, respectively, as of December 31, 1999 and \$3,577,100 and \$299,500, respectively, as of June 30, 2000 (see Note 6). 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:

<TABLE>
<CAPTION>

	December 31,	June 30,
	1999	2000
		(unaudited)
<S>	<C>	<C>

United States treasury notes:		
Due within one year.....	\$ 25,110,400	\$25,112,600
Due after one year through two years.....	11,968,200	--
Restricted cash in accordance with security agreements.....	1,530,100	13,387,400
	-----	-----
	38,608,700	38,500,000
Less current portion.....	(25,110,400)	(26,816,800)
	-----	-----
	\$ 13,498,300	\$11,683,200
	=====	=====

</TABLE>

As of December 31, 1999 and June 30, 2000, cost approximated market value of restricted cash and short-term investments; unrealized gains and losses were not significant.

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EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

<TABLE>
<CAPTION>

	December 31,		June 30,
	1998	1999	2000
	-----	-----	-----
			(unaudited)
<S>	<C>	<C>	<C>
Accounts payable.....	\$ 33,800	\$1,978,200	\$5,944,900
Accrued preferred stock issuance costs.....	--	1,180,000	--
Accrued compensation.....	23,200	303,000	872,200
Deferred rent.....	42,400	18,000	1,800
Income taxes payable.....	39,800	--	--
Accrued debt issuance costs.....	--	490,200	877,900
Other.....	20,000	173,800	1,141,400
	-----	-----	-----
	\$159,200	\$4,143,200	\$8,838,200
	=====	=====	=====

</TABLE>

3. Debt Facilities and Capital Lease Obligations

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

<TABLE>
<S>

	<C>
Comdisco Loan and Security Agreement (net of unamortized discount of \$901,000).....	\$ 4,141,000
Venture Leasing Loan Agreement (net of unamortized discount of \$1,034,200).....	8,417,400
Comdisco Master Lease Agreement and Addendum (net of unamortized discount of \$11,800).....	644,600

	13,203,000
Less current portion.....	(4,394,600)

	\$ 8,808,400
	=====

</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, \$5,042,000 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 redeemable convertible preferred stock at \$0.67 per share (the "Comdisco Loan and Security Agreement

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

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 \$1.80, dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 5.0% and a contractual life of 10 years, was \$1,255,000. Such amount 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 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, \$612,300 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 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 redeemable convertible 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 \$3.00, dividend yield 0%, expected volatility of 80%, risk-free interest rate of 5.0% and a contractual life of 10 years, was \$79,800. Such amount 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, \$44,100 was outstanding under the Comdisco Master Lease Agreement Addendum.

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

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 redeemable convertible 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 \$4.80, dividend yield 0%, expected volatility of 80%, risk-free interest rate of 5.0% and a contractual life of seven years, was \$587,000. Such amount 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 IBX 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 redeemable convertible 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 \$4.80, dividend yield 0%, expected volatility of 80%, risk-free interest rate of 5.0% and a contractual life of seven years, was \$1,174,000. Such amount 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.

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

Maturities

Combined aggregate maturities for debt facilities and future minimum capital lease obligations as of December 31, 1999 are as follows:

<TABLE>
<CAPTION>

	Debt facilities	Capital lease obligations	Total
<S>	<C>	<C>	<C>
2000.....	\$ 4,220,300	\$ 214,100	\$ 4,434,400
2001.....	4,596,000	214,100	4,810,100
2002.....	4,534,600	214,100	4,748,700
2003 and thereafter.....	1,142,700	152,800	1,295,500
	-----	-----	-----
	14,493,600	795,100	15,288,700
Less amount representing interest..	--	(138,700)	(138,700)
	-----	-----	-----
	14,493,600	656,400	15,150,000
Less amount representing unamortized discount.....	(1,935,200)	(11,800)	(1,947,000)
	-----	-----	-----
	12,558,400	644,600	13,203,000
Less current portion.....	(4,220,300)	(174,300)	(4,394,600)
	-----	-----	-----
	\$ 8,338,100	\$ 470,300	\$ 8,808,400
	=====	=====	=====

</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, \$16,207,200 was allocated to additional

paid-in capital for the deemed 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 interest rate of 14.1% 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 \$183,954,700 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

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

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 \$7,125,800 as of December 31, 1999.

5. Redeemable Convertible Preferred Stock

Redeemable convertible preferred stock consists of the following:

<TABLE>
<CAPTION>

	Shares Authorized	Shares Issued and Outstanding December 31,		Amount Outstanding at December 31,		Liquidation Value
		1998	1999	1998	1999	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Series A.....	21,000,000	15,697,500	18,682,500	\$10,435,500	\$12,425,500	\$12,517,000
Series B.....	24,000,000	--	15,759,561	--	81,706,000	83,998,000
	45,000,000	15,697,500	34,442,061	\$10,435,500	\$94,131,500	\$96,515,000
	=====	=====	=====	=====	=====	=====

</TABLE>

Between May and June 2000, the Company completed its Series C redeemable convertible preferred stock financing. The Company issued 6,261,161 shares of Series C redeemable convertible preferred stock, at a price of \$15.08 per share (see Note 11). Also included in redeemable convertible preferred stock as of December 31, 1999 is the fair value of 1,245,000 Series A warrants issued in connection with various debt and capital lease facilities totaling \$3,095,800 (see Note 3).

On September 10, 1998, 15,037,500 shares of Series A redeemable convertible preferred stock were issued at a price of \$0.67 per share. Concurrent with the issuance of the Series A redeemable convertible preferred stock, promissory notes of \$220,000 were converted into 660,000 shares of Series A redeemable convertible 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 redeemable convertible preferred stock were issued, at a price of \$0.67 per share in the second closing of the Series A financing.

Between August and December 1999, the Company completed its Series B

redeemable convertible preferred stock financing. The Company issued 15,759,561 shares of Series B redeemable convertible preferred stock, at a price of \$5.33 per share.

The rights, preferences, and privileges of the Series A and Series B redeemable convertible 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. No dividends have been declared to date.
- . Holders of Series A and B redeemable convertible preferred stock have a liquidation preference of \$0.67 and \$5.33 per share, respectively, plus all declared but unpaid dividends. A consolidation, merger or sale of the Company will be declared to be a liquidation, dissolution or winding up of the Company for purposes of liquidation rights.

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

- . Each share of Series A and B redeemable convertible 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 redeemable convertible preferred stock has voting rights equal to that of common stock on an "as if converted" basis.
- . The holders of Series A and B redeemable convertible 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 redeemable convertible preferred stock originally issued remain outstanding.
- . Series A and B redeemable convertible preferred stock is not redeemable at any time, except in the case of our acquisition by another entity that results in the transfer of fifty percent or more of the outstanding voting power of the corporation or a sale of all or substantially all of the assets of the corporation. Effectively, this change in control would provide for the preferred stockholder to present their security for cash redemption.
- . Holders of greater than 1,500,000 shares of Series A and/or Series B redeemable convertible 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 redeemable convertible preferred stock have the right to veto:
 - . any increase in the number of Series B redeemable convertible preferred stock or the issuance of any securities with rights senior to those of the Series B redeemable convertible 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 redeemable convertible 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 redeemable convertible preferred stock have the right to receive financial and other information from the Company.

6. Stockholders' Equity

Common Stock

In August 1999, the Company amended and restated its Certificate of Incorporation to increase the authorized share capital to 112,500,000 shares of 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

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

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. In May 2000, the board of directors agreed to waive the repurchase right with respect to one of the founder's unvested shares (see Note 11). As of December 31, 1998 and 1999, and June 30, 2000, 4,772,250, 3,408,750 and 1,363,500 shares are subject to repurchase at a price of \$0.00033 per share, respectively.

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 and June 30, 2000, there were 45,000, 4,465,509 and 4,689,665 shares, respectively, subject to repurchase.

At December 31, 1999, the Company has reserved the following shares of authorized but unissued shares of common stock for future issuance:

<S>	<C>
Conversion of Series A redeemable convertible preferred stock.....	18,682,500
Conversion of Series B redeemable convertible preferred stock.....	15,759,561
Series A redeemable convertible preferred stock warrants....	1,245,000
Common stock warrants.....	4,742,145
Common stock options.....	2,816,208

	43,245,414
	=====

</TABLE>

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.

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EQUINIX, INC.

A summary of the Plan is as follows:

<TABLE>

<CAPTION>

	December 31,					
	1998		1999		June 30, 2000	
	(unaudited)					
	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of period.....	--	\$ --	2,074,050	\$0.07	2,780,988	\$0.64
Granted.....	2,164,050	0.07	6,404,040	0.46	6,060,925	4.91
Forfeited.....	--	--	(340,500)	0.06	(230,094)	0.11
Exercised.....	(90,000)	0.07	(5,356,602)	0.24	(1,159,394)	1.55
Outstanding at end of period.....	2,074,050	0.07	2,780,988	0.64	7,452,425	3.99
Shares available for future grant.....	6,098,760		35,220		954,389	
Exercisable at end of period.....	20,001		76,431		115,132	
Weighted-average grant date fair value of options granted to employees during the period at below deemed fair value.....		0.54		3.19		5.10
Weighted-average grant date fair value of options granted to non-employees during the period at below deemed fair value.....		0.58		2.63		1.27

</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	Weighted-average exercise price	Number of shares	Weighted-average exercise price	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
\$0.01 to \$0.13.....	1,548,738	9.23	\$0.07	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	--	--	
	2,780,988	9.53	0.67	76,431	0.07	

</TABLE>

The weighted-average remaining contractual life of options outstanding at December 31, 1999 and June 30, 2000 was 9.53 years and 9.68 years, respectively.

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 employee stock option grants in those instances in which the deemed fair value of the underlying common stock was subsequently determined to be greater than the exercise price of the stock options at the date of grant. The Company recorded deferred stock-based

EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

compensation related to employees of \$19,785,800 in respect to stock options granted through December 31, 1999, of which \$135,300 and \$6,067,300 has been amortized to stock-based compensation expense for the period and year ended December 31, 1998 and 1999, respectively, on an accelerated basis over the vesting period of the individual options, in accordance with FASB Interpretation No. 28. For the six months ended June 30, 2000, the Company recorded additional deferred stock-based compensation related to employees of \$46,084,300, in respect of stock option grants during the six months ended June 30, 2000. During the six months ended June 30, 2000, the Company amortized \$9,520,200 of compensation related to employees to stock-based compensation expense, on an accelerated basis 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	Six months ended June 30, 2000
	-----		-----	-----
				(unaudited)
<S>	<C>	<C>		<C>
Net loss:				
As reported.....	\$ (1,019,700)	\$ (20,790,600)	\$ (44,820,000)	
Pro forma.....	(1,021,600)	(20,844,500)	(44,893,100)	
Net loss per share:				
As reported.....	\$ (1.48)	\$ (4.98)	\$ (4.45)	
Pro forma.....	(1.48)	(5.00)	(4.46)	

</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 \$710,900 and \$520,800 through December 31, 1999 and for the six months ended June 30, 2000, respectively, of which \$28,600, \$560,000 and \$509,500 has been amortized to stock-based compensation expense for the period and year ended December 31, 1998 and 1999, respectively, and for the six months ended June 30, 2000, respectively, 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, the year ended December 31, 1999 and the six month period ended June 30, 2000: 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,

EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

5.48% in the year ended December 31, 1999 and 5.77% in the six month period ended June 30, 2000; 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 the date of grant. The NorthPoint Warrant was valued at \$1,507,800 using the Black-Scholes option-pricing model, which was capitalized on the accompanying consolidated balance sheet in other assets as a customer acquisition cost and is being amortized over the term of the agreement as a reduction of revenues recognized. The following assumptions were used in determining the fair value of the warrant: deemed fair market value per share of \$4.80, 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 WorldCom, whereby WorldCom 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 "WorldCom Warrant"). The WorldCom Warrant is immediately exercisable and expires five years from the date of grant. As of December 31, 1999, warrants for 600,000 shares are subject to repurchase at the original exercise price if WorldCom's performance commitments are not completed. The WorldCom Warrant was valued at \$2,969,000 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 WorldCom Warrant subject to repurchase are revalued at each balance sheet date to reflect their current fair value until WorldCom's performance commitment is complete. Any resulting increase in fair value of the warrants is recorded as a leasehold improvement. In addition, the following assumptions were used in determining the fair value of the warrant: deemed fair market value per share of \$4.80, 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 282,000 shares are subject to repurchase at the original exercise price, if Bechtel's performance commitments are not complete. The Bechtel Warrant was valued at \$1,497,200 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

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

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 a leasehold improvement. In addition, the following assumptions were used in determining the fair value of the warrant: deemed fair market value per share of \$4.80, 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
=====

<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
WorldCom Warrant.....	675,000	0.67
Bechtel Warrant.....	352,500	1.00

	4,742,145	
	=====	

</TABLE>

7. Income Taxes

No provision for federal income taxes was recorded from inception through December 31, 1999 as the Company incurred no operating losses during the period.

State tax expense is included in general and administrative expenses.

Actual income tax expense differs from the expected tax benefit computed by applying the statutory federal income tax rate of approximately 34% for the periods ended December 31, 1998 and 1999, primarily as a result of the change in valuation allowance and stock based compensation.

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EQUINIX, INC.

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:		
Start-up expenses.....	\$ 316,000	\$ 2,551,000
Net operating loss.....	--	3,134,000
Other.....	5,000	8,000
	-----	-----
Deferred tax assets.....	321,000	5,693,000
Deferred tax liability:		
Depreciation and amortization.....	(1,000)	(38,000)
	-----	-----
Net deferred tax assets.....	320,000	5,655,000
Valuation allowance.....	(320,000)	(5,655,000)
	-----	-----
	\$ --	\$ --
	=====	=====

</TABLE>

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 \$8,000,000 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.

Under the Tax Reform Act of 1986, the amounts of and the benefit from net operating losses that can be carried forward may be limited in certain circumstances. Events that may cause limitations in the utilization of net operating losses include a cumulative stock ownership change of more than 50% over a three year period and other events. Equinix has not yet determined the extent that its net operating loss benefit will be limited.

8. 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.

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

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>

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.

9. 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

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

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 \$1,507,800 using the Black-Scholes option-pricing model (see Note 6).

10. 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. 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.

11. Subsequent Events (unaudited)

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 redeemable convertible 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 redeemable convertible 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 expire 10 years from the date of grant. The warrants were valued at \$185,700 using the Black-Scholes option pricing model and will be recorded as additional rent expense over the life of the lease. The following assumptions were used in determining the fair value of the

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

warrants: deemed fair value per share of \$6.55, dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 6.0% and a contractual life of 10 years.

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.

In April 2000, the Company entered into a definitive agreement with a fiber carrier whereby the fiber carrier agreed to install high-bandwidth local connectivity services to a number of the Company's IBX centers in exchange for colocation space and related benefits in such IBX centers. In connection with this agreement, the Company granted the fiber carrier warrants to purchase up to 540,000 shares of the Company's common stock at

\$4.00 per share. The warrants are immediately exercisable and expire five years from date of grant. Warrants for 140,000 shares are immediately vested and warrants for 400,000 shares are subject to repurchase at the original exercise price if certain performance commitments are not completed by a pre-determined date. The fiber carrier is not obligated to install high-bandwidth local connectivity services and, apart from forfeiting the relevant number of warrants and colocation space, will not be penalized for not installing. The warrants were valued at \$5,371,800 using the Black-Scholes option-pricing model and has been recorded initially to construction in progress until installation is complete. The following assumptions were used in determining the fair value of the warrants: deemed fair market value per share of \$11.82, dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 6.56% and a contractual life of 5 years. Under the applicable guidelines in EITF 96-18, the underlying shares of common stock associated with these warrants subject to repurchase are revalued at each balance sheet date to reflect their current fair value until the performance commitment is complete. Any resulting increase in fair value of the warrant will ultimately be recorded as a leasehold improvement.

In April 2000, the Company entered into an operating lease agreement for its Amsterdam, The Netherlands, IBX center. The agreement is for a minimum of 15 years, with annual rent payments of 3,244,300 Dutch Guilders (approximately \$1,336,300), adjusted annually according to the consumer price index (the "CPI").

During the six months ended June 30, 2000, the Company granted additional stock options to employees to purchase 6,060,925 shares of common stock under the 1998 Stock Plan resulting in an additional deferred stock-based compensation charge of approximately \$46.6 million.

In May 2000, the Company amended and restated its Certificate of Incorporation to change the authorized share capital to 80,000,000 shares of common stock and 43,000,000 shares of redeemable convertible preferred stock, of which 20,000,000 has been designated as Series A, 16,000,000 has been designated as Series B and 7,000,000 has been designated as Series C.

In May 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 3,000,000 to a total of 15,012,810 shares.

In May and June 2000, the Company completed the closing of the Series C redeemable convertible preferred stock financing. The Company raised approximately \$94.4 million and issued 6,262,161 shares of Series C redeemable convertible preferred stock. The rights,

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

preferences and privileges of the Series C redeemable convertible preferred stock are consistent with those outlined for Series A and B in Note 5 except as follows:

- . Dividends are payable at a rate of \$1.21 per share
- . Holders have a liquidation preference of \$15.08 per share plus all declared but unpaid dividends.

On May 15, 2000, the board of directors agreed to waive the repurchase right with respect to all of Albert M. Avery, IV's unvested shares.

On May 16, 2000, Peter F. Van Camp joined Equinix as chief executive officer. His offer letter provides for the grant of an option to purchase 3,105,000 shares of common stock at the fair market value on the grant date vesting monthly over four years. The agreement also provides for a no-interest loan to Mr. Van Camp for up to \$3,000,000 to purchase a primary residence. The loan will be secured by Mr. Van Camp's primary residence and any shares of stock that Mr. Van Camp obtains by exercising the options described above. The agreement also details salary and caps the amount of relocation expenses. The agreement further provides for 12 months of severance pay if Mr. Van Camp is terminated by us for reasons other than cause or disability. The stock option agreement with Mr. Van Camp provides that the Company's right to repurchase unvested shares shall lapse upon certain changes in control of Equinix.

On May 26, 2000, the board of directors approved the 2000 Equity Incentive Plan under which 5,000,000 shares of common stock have been reserved. Any shares not yet issued under the 1998 Stock Plan will also be available for grant under this plan. On each January 1, commencing with the year 2001, the number of shares in reserve will automatically increase by

6% of the total number of shares of common stock that are outstanding at that time or, if less, by 6,000,000 shares. The board has elected to extend the change in control acceleration feature of the 2000 Equity Incentive Plan to all outstanding options and unvested shares. Previously, options granted under the 1998 Stock Plan provided that vesting of the shares would accelerate only if not assumed by the acquiring entity. This plan is subject to stockholder approval.

In May 2000, the Company adopted the employee stock purchase plan under which 1,000,000 shares have been reserved for issuance thereafter. On each January 1, the number of shares in reserve will automatically increase by 2% of the total number of shares of common stock outstanding at that time, or, if less, by 600,000 shares. The plan permits purchases of common stock via payroll deductions. The maximum payroll deduction is 15% of the employee's cash compensation. Purchases of the common stock will occur on February 1 and August 1 of each year. The price of each share purchased will be 85% of the lower of:

- . The fair market value per share of common stock on the date immediately before the first day of the applicable offering period (which lasts 24 months); or
- . The fair market value per share of common stock on the purchase date.

The value of the shares purchased in any calendar year may not exceed \$25,000. This plan is subject to stockholder approval.

In May 2000, the board of directors also adopted the 2000 directors' stock option plan and 200,000 shares of common stock were reserved for issuance under this plan. On each January 1, starting with the year 2001, the number of shares in reserve will automatically

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

increase by 50,000 shares. Non-employee members of the board of directors will be eligible for option grants under the 2000 directors' stock option plan. Each non-employee director who joins the board after the effective date of the plan will receive an initial option of 25,000 shares. The initial options vest in four equal annual installments following the date of grant. At each annual stockholder's meeting, beginning in 2000, each non-employee director will automatically be granted an annual option for 10,000 shares of the common stock. A new non-employee director who receives the initial option will not receive the 10,000 share annual option in the same calendar year. These options vest fully on the first anniversary of the date of the grant. The exercise price of the option will be equal to the fair market value of the common stock on the option grant date. The non-employee directors' options have a 10-year term, and expire one year after a director leaves the board. Upon a change of control of the Company, the options become fully vested. This plan is subject to stockholder approval.

On May 23, 2000, Equinix entered into an agreement to purchase approximately 80 acres of land in San Jose, California for approximately \$82.1 million. On June 21, 2000, before the closing on this property, the Company assigned its interest in the purchase agreement to iStar San Jose, LLC ("iStar"), and, concurrently, entered into a 20-year lease with iStar for the property. Under the terms of the lease, the Company has an option to extend the lease period for an additional 60 years, in six renewal terms of ten years each, for a total lease term of 80 years. In addition, the Company has an option to purchase the property from iStar after 10 years. The total rent payments during years one through five are approximately \$9,584,000. Beginning the sixth lease year and every five years thereafter, the rent payments will increase by the percentage increase in the CPI, but in no event will the annual cumulative increase exceed 3.5% per annum.

Concurrent with the execution of the lease, the Company posted a letter of credit in the amount of \$10.0 million. This letter of credit shall increase to \$35.0 million if the Company does not meet certain financing targets. This security deposit shall be reduced on a pro rata basis based on the status of construction activity. On the tenth anniversary and every tenth year thereafter, Equinix shall have the right to purchase the property at the then fair market value, but at no less than the original purchase price.

In June 2000, the Company entered into a memorandum of understanding with COLT Telecommunications ("Colt") whereby Colt agreed to install high-bandwidth local connectivity services to a number of the Company's European IBX centers in exchange for colocation space and related benefits in such IBX centers. In connection with this agreement, the Company granted Colt

warrants to purchase up to 250,000 shares of the Company's common stock at \$5.33 per share. The warrants are immediately exercisable and expire five years from the date of grant. The shares are subject to repurchase at the original exercise price if certain performance commitments are not completed by a pre-determined date. Colt is not obligated to install high-bandwidth local connectivity services and, apart from forfeiting the relevant number of warrants and colocation space, will not be penalized for not installing. The warrants were valued at \$2,795,000 using the Black-Scholes option-pricing model and has been recorded initially to construction in progress until installation is complete. The following assumptions were used in determining the fair value of the warrants: deemed fair market value per share of \$13.58, dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 6.23% and a contractual life of 5 years. Under the applicable guidelines in EITF 96-18, the underlying shares of common stock associated with these warrants subject to repurchase are revalued at each balance sheet date to reflect their current fair value until the performance commitment is complete. Any

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EQUINIX, INC.

Notes to Consolidated Financial Statements--(Continued)

resulting increase in fair value of the warrant will ultimately be recorded as a leasehold improvement.

We are currently having discussions with a group of lenders to obtain a \$100.0 million senior secured credit facility. Although we believe we will secure commitments for our contemplated credit facility, we do not know that we will receive satisfactory commitments from lenders or that we will be able to negotiate satisfactory terms for and ultimately enter into a credit facility. Moreover, we expect that our credit facility will contain financial covenants and borrowing limitations that may prevent some or all of the funds potentially available to us from actually becoming available to us. If we are not successful in entering into our contemplated credit facility, or if funds are not ultimately made available to us under our credit facility, we may have to obtain funds from an alternative source to pursue our plans for five additional IBX centers and expansion projects.

In June 2000, the Company entered into a strategic agreement with WorldCom and UUNET, an affiliate of WorldCom (the "UUNET Strategic Agreement"), which amends, supersedes and restates the definitive agreement entered into with WorldCom in November 1999 and the related WorldCom Warrant. Under the UUNET Strategic Agreement, WorldCom agreed to install high-bandwidth local connectivity services and UUNET agreed to provide high-speed data entrance facilities to a number of the Company's IBX centers in exchange for colocation services and related benefits in such IBX centers. In connection with this strategic agreement, the Company granted WorldCom Venture Fund a warrant (the "WorldCom Venture Fund Warrant") to purchase up to 650,000 shares of Company's common stock at \$5.33 per share. All but 37,500 of the shares under the earlier WorldCom Warrant are immediately vested under the UUNET Strategic Agreement. The WorldCom Venture Fund Warrant is immediately exercisable and expires five years from the date of grant. The warrant is subject to repurchase at the original exercise price if certain performance commitments are not completed by a pre-determined date. WorldCom and UUNET are not obligated to install high-bandwidth local connectivity services and provide high-speed data entrance facilities, respectively, and, apart from forfeiting the relevant number of warrants and colocation space, will not be penalized for not performing. The warrant was valued at \$7,254,800 using the Black-Scholes option-pricing model and has been recorded initially to construction in progress until installation is complete. The following assumptions were used in determining the fair value of the warrant: deemed fair market value per share of \$13.58, dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 6.23% and a contractual life of 5 years. Under the applicable guidelines in EITF 96-18, the underlying shares of common stock associated with this warrant subject to repurchase are revalued at each balance sheet date to reflect their current fair value until the performance commitment is complete. Any resulting increase in fair value of the warrant will ultimately be recorded as a leasehold improvement.

The Company's board of directors authorized management to file a registration statement with the Securities and Exchange Commission to permit the Company to sell shares of its common stock to the public.

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information or to represent anything not contained in this Prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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Through and including _____, 2000 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

20,000,000 Shares

Equinix, Inc.

Common Stock

 [Logo of Equinix]

Goldman, Sachs & Co.

Salomon Smith Barney

Chase H&Q

Epoch Partners

Representatives of the Underwriters

PART II

Information Not Required in Prospectus

Item 13. Other Expenses of Issuance and Distribution

The following table presents the costs and expenses, other than underwriting

discounts and commissions, payable by us in connection with the sale of common stock being registered. All amounts are estimates except the SEC registration fee, the NASD filing fees, and the Nasdaq National Market listing fee.

<u><TABLE></u>	<u><C></u>
<u><S></u>	
SEC registration fee.....	\$ 65,000
NASD filing fee.....	25,000
Nasdaq National Market listing fee.....	83,500
Printing and engraving expenses.....	450,000
Legal fees and expenses.....	650,000
Accounting fees and expenses.....	400,000
Road show expenses.....	50,000
Blue sky fees and expenses.....	5,000
Transfer agent fees.....	25,000
Miscellaneous fees and expenses.....	46,500

Total	1,800,000
	=====

</TABLE>

Item 14. 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 such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933 (the "Act"). Article VII, Section 7.6 of our bylaws provides for mandatory indemnification of our directors and officers and permissible indemnification of employees and other agents to the maximum extent permitted by the Delaware General Corporation Law. Our amended and restated certificate of incorporation provides that, pursuant to Delaware law, our directors shall not be liable for monetary damages for breach of the directors' fiduciary duty as directors to us and to our stockholders. This provision in the amended and restated certificate of incorporation does not eliminate the directors' fiduciary duty, and in appropriate circumstances equitable remedies such as 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 or our stockholders 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, such as 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 10.1 and incorporated by reference. The indemnification agreements provide our officers and directors with further indemnification to the maximum extent permitted by the Delaware General Corporation Law. We also maintain liability insurance for our directors and officers. Reference is also made to Section 7 of the underwriting agreement contained in Exhibit 1.1 to this registration statement, indemnifying our officers and directors against certain liabilities, and Section 1.9 of the amended and restated investors' rights agreement contained in Exhibit 10.6 to this registration statement, indemnifying some of our stockholders, including controlling stockholders, against certain liabilities.

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Item 15. Recent Sales of Unregistered Securities

Since inception, we have issued and sold the following securities:

1. We granted stock options to purchase 14,629,015 shares of common stock at exercise prices ranging from \$0.067 to \$7.00 per share to employees, consultants and directors pursuant to our 1998 Stock Option Plan.
2. From January 1999 through June 2000, we issued and sold an aggregate of 6,605,996 shares of common stock to employees, consultants and directors for aggregate consideration of approximately \$3,359,800 pursuant to exercises of options granted under our 1998 Stock Option Plan.
3. In September 1998 and January 1999, we issued and sold 18,682,500 shares of our Series A preferred stock for an aggregate purchase price of approximately \$12,455,000 to a group of investors under a stock purchase agreement.
4. On March 10, 1999 we issued a warrant to purchase 765,000 shares of our Series A preferred stock with an exercise price of \$0.67 per share to Comdisco, Inc. in connection with a Loan and Security Agreement dated March 10, 1999 between Comdisco, Inc. and ourselves.
5. On May 27, 1999 we issued a warrant to purchase 30,000 shares of our

Series A preferred stock with an exercise price of \$1.67 per share to Comdisco, Inc. in connection with a Master Lease Agreement dated May 27, 1999 between Comdisco, Inc. and ourselves.

6. In August, September, October, November and December 1999, we issued and sold 15,759,561 shares of our Series B preferred stock for an aggregate purchase price of approximately \$84,052,320 to a group of investors under a stock purchase agreement.

7. On August 16, 1999 we issued a warrant to purchase 150,000 shares of our Series A preferred stock with an exercise price of \$3.00 per share to Comdisco, Inc. in connection with a Master Lease Agreement dated May 27, 1999 between Comdisco, Inc. and ourselves.

8. On August 16, 1999 we issued warrants to purchase a total of 300,000 shares of our Series A preferred stock with an exercise price of \$3.00 per share to Venture Lending & Leasing, Inc. II and its designees in connection with a Loan Agreement dated August 16, 1999 between Venture Lending & Leasing, Inc. II and ourselves.

9. On August 31, 1999 we issued a warrant to purchase 338,145 shares of our common stock with an exercise price of \$0.53 per share to NorthPoint Communications, Inc. in connection with a Strategic Agreement dated August 31, 1999 between NorthPoint Communications, Inc. and ourselves.

10. On November 3, 1999 we issued a warrant to purchase 352,500 shares of our common stock with an exercise price of \$1.00 per share to Bechtel Corporation in connection with a Master Agreement dated November 3, 1999 between Bechtel Corporation and ourselves. The warrant was subsequently exercised and we issued 352,500 shares thereunder.

11. On November 16, 1999 we issued warrants to purchase 675,000 shares of our common stock with an exercise price of \$0.67 per share to WorldCom, Inc. in connection with that certain agreement dated November 16, 1999 between WorldCom, Inc. and ourselves.

12. In December 1999 we issued 200,000 units consisting of 13% senior discount notes due 2007 and warrants to purchase an aggregate of 3,376,500 shares of common stock with an exercise price of \$0.0067 per share to Salomon Smith Barney Inc., Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co., as initial purchasers, for resale to qualified institutional buyers, for an aggregate purchase price of \$200,000,000. Salomon Smith Barney Inc., Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co. received an aggregate discount of \$6,000,000 for acting as initial purchasers in connection with this transaction.

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13. On January 28, 2000 we issued a warrant to purchase 33,100 shares of our common stock with an exercise price of \$6.00 per share to Alexandria Real Estate Equities, L.P., in connection with the execution and delivery of the lease relating to property located in Mountain View, California.

14. On March 21, 2000 we issued and sold 31,211 shares of our common stock for an aggregate purchase price of approximately \$166,666.74 to a group of individuals under common stock purchase agreements.

15. On March 31, 2000 we issued a warrant to purchase 540,000 shares of our common stock with an exercise price of \$4.00 per share to AT&T in connection with a commercial agreement between AT&T and ourselves dated March 31, 2000 relating to our IBX centers.

16. On May 1, 2000 we issued a warrant to purchase 6,000 shares of our common stock with an exercise price of \$5.00 per share to Malcolm Brown in connection with that certain agreement dated May 1, 2000 between Malcolm Brown and ourselves.

17. In May and June 2000 we issued and sold 6,262,161 shares of our Series C preferred stock for an aggregate purchase price of approximately \$94,433,388 to a group of investors under a stock purchase agreement.

18. On June 21, 2000 we issued a warrant to purchase 250,000 shares of our common stock with an exercise price of \$5.33 per share to COLT Telecom Group plc, in connection with a strategic agreement.

19. On June 29, 2000 we issued a warrant to purchase 650,000 shares of our common stock with an exercise price of \$5.33 per share to WorldCom Venture Fund, in connection with a strategic agreement.

20. On July 5, 2000 we issued and sold 16,190 shares of our common stock for a purchase price of \$84,997.50 to Howard Fischer Associates International under a common stock purchase agreement.

The sale of the above securities was determined to be exempt from registration under the Securities Act in reliance on Rule 701 promulgated under

the Securities Act, Section 4(2) of the Securities Act or Regulation D promulgated thereunder as transactions by an issuer not involving any public offering or transactions under compensation benefit plans and contracts relating to compensation as provided under 701. In addition, the recipients of securities in each such transaction represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits

<TABLE>
<CAPTION>
Exhibit

No.	Description
<C>	<S>
1.1**	Form of Underwriting Agreement.
3.1*	Amended and Restated Certificate of Incorporation of the Registrant, as amended to date.
3.2*	Bylaws of the Registrant.
3.3***	Form of Amended and Restated Certificate of Incorporation to be filed upon the closing of the offering made under this Registration Statement.
3.4***	Amended and Restated Bylaws of the Registrant to be effective upon the closing of the offering made under this Registration Statement.
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3 and 3.4.
4.2**	Form of Registrant's Common Stock certificate.
4.6*	Common Stock Registration Rights Agreement (See Exhibit 10.3).
4.9*	Amended and Restated Investors' Rights Agreement (See Exhibit 10.6).

</TABLE>

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<TABLE>
<CAPTION>
Exhibit

No.	Description
<C>	<S>
5.1	Opinion of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP.
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.
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 May 8, 2000, by and between the Registrant, the Series A Purchasers, the Series B Purchasers, the Series C Purchasers and members of the Registrant's management.
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 WorldCom, Inc., dated November 16, 1999.

10.21* Customer Agreement between Equinix, Inc. and WorldCom, Inc., dated November 16, 1999.

10.22*+ Lease Agreement with GIP Airport B.V., dated as of April 28, 2000.

10.23* Purchase Agreement between International Business Machines Corporation and Equinix, Inc. dated May 23, 2000.

10.24*** 2000 Equity Incentive Plan.

10.25 2000 Director Option Plan.

10.26*** 2000 Employee Stock Purchase Plan.

10.27+ Ground Lease by and between iStar San Jose, LLC and Equinix, Inc., dated June 21, 2000.

16.1* Letter regarding change in certifying accountant.

21.1* List of Subsidiaries of the Registrant.

23.1 Consent of PricewaterhouseCoopers LLP, independent accountants.

23.2 Consent of Counsel. Reference is made to Exhibit 5.1.

24.1*** Power of Attorney.

27.1* Financial Data Schedule.

</TABLE>
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* Incorporated herein by reference to the exhibit of the same number in the Registrant's Registration Statement on Form S-4 (file No. 333-93749).

** 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.

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(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.

Item 17. Undertakings

We undertake to provide to the underwriters at the closing specified in the underwriting agreement certificates in the denominations and registered in the names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the Registrant under the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws, the underwriting agreement, or otherwise, we have 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 these liabilities, other than the payment by us of expenses incurred or paid by a director, officer, or controlling person of ours in the successful defense of any action, suit, or proceeding, is asserted by a director, officer, or controlling person in connection with the securities being registered in this offering, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether this indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of this issue.

We undertake that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by us under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered, and the offering of these securities at that time shall be deemed to be the initial bona fide offering.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Amendment No. 1 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 19th day of July, 2000.

Equinix, Inc.

/s/ Peter F. Van Camp

By: _____
 Peter F. Van Camp
 Chief Executive Officer and
 Director

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 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> /s/ Peter F. Van Camp	<C> Chief Executive Officer and Director (Principal Executive Officer)	<C> July 19, 2000
_____ Peter F. Van Camp		
Albert M. Avery, IV*	President, Chief Operating Officer and Director	July 19, 2000
_____ Albert M. Avery, IV		
/s/ Philip J. Koen	Chief Financial Officer Corporate Development Officer and Secretary (Principal Financial and Accounting Officer),	July 19, 2000
_____ Philip J. Koen		
	Director	July 19, 2000
_____ Scott Kriens		
	Director	July 19, 2000
_____ Dawn G. Lepore		
Andrew S. Rachleff*	Director	July 19, 2000
_____ Andrew S. Rachleff		
Michelangelo Volpi*	Director	July 19, 2000
_____ Michelangelo Volpi		
John G. Taysom*	Director	July 19, 2000
_____ John G. Taysom		

</TABLE>

/s/ Peter F. Van Camp

*By: _____

Peter F. Van Camp

Attorney-in-Fact

/s/ Philip J. Koen

*By: _____

Philip J. Koen

Attorney-in-Fact

<TABLE>
 <CAPTION>

Exhibit Number	Exhibit Title
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-----
<C>      <S>
1.1**    Form of Underwriting Agreement.
3.1*     Amended and Restated Certificate of Incorporation of the Registrant,
          as amended to date.
3.2*     Bylaws of the Registrant.
3.3***   Form of Amended and Restated Certificate of Incorporation to be filed
          upon the closing of the offering made under this Registration
          Statement.
3.4***   Amended and Restated Bylaws of the Registrant to be effective upon
          the closing of the offering made under this Registration Statement.
4.1      Reference is made to Exhibits 3.1, 3.2, 3.3 and 3.4.
4.2**    Form of Registrant's Common Stock certificate.
4.6*     Common Stock Registration Rights Agreement (See Exhibit 10.3).
4.9*     Amended and Restated Investors' Rights Agreement (See Exhibit 10.6).
5.1      Opinion of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian,
          LLP.
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.
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 May 8,
          2000, by and between the Registrant, the Series A Purchasers, the
          Series B Purchasers, the Series C Purchasers and members of the
          Registrant's management.
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 WorldCom, Inc., dated November
          16, 1999.
10.21*    Customer Agreement between Equinix, Inc. and WorldCom, Inc., dated
          November 16, 1999.
10.22**+ Lease Agreement with GIP Airport B.V., dated as of April 28, 2000.
10.23*    Purchase Agreement between International Business Machines
          Corporation and Equinix, Inc. dated May 23, 2000.
10.24***  2000 Equity Incentive Plan.
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Exhibit
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Exhibit Title
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10.25    2000 Director Option Plan.
10.26*** 2000 Employee Stock Purchase Plan.
10.27+   Ground Lease by and between iStar San Jose, LLC and Equinix, Inc.,
          dated June 21, 2000.
16.1*    Letter regarding change in certifying accountant.
21.1*    List of Subsidiaries of the Registrant.
23.1     Consent of PricewaterhouseCoopers LLP, independent accountants.
23.2     Consent of Counsel. Reference is made to Exhibit 5.1.
24.1***  Power of Attorney.

```

27.1* Financial Data Schedule.

</TABLE>

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* Incorporated herein by reference to the exhibit of the same number in the Registrant's Registration Statement on Form S-4 (file No. 333-93749).

**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.

July 19, 2000

Equinix, Inc.
901 Marshall Street
Redwood City, CA 94063

Re: Registration Statement on Form S-1

Ladies and Gentlemen:

We have examined the Registration Statement on Form S-1 (File No. 333-39752) originally filed by Equinix, Inc. (the "Company") with the Securities and Exchange Commission (the "Commission") on June 21, 2000, as thereafter amended or supplemented (the "Registration Statement"), in connection with the registration under the Securities Act of 1933, as amended, of up to 23,000,000 shares of the Company's Common Stock (the "Shares"). The Shares, which include an over-allotment option granted by the Company to the Underwriters to purchase up to 3,000,000 additional shares of the Company's Common Stock, are to be sold to the Underwriters by the Company as described in the Registration Statement for resale to the public. As your counsel in connection with this transaction, we have examined the proceedings taken and are familiar with the proceedings proposed to be taken by you in connection with the sale and issuance of the Shares.

It is our opinion that, upon completion of the proceedings being taken in order to permit such transactions to be carried out in accordance with the securities laws of the various states where required, the Shares being sold by the Company, when issued and sold in the manner described in the Registration Statement and in accordance with the resolutions adopted by the Board of Directors of the Company, will be legally and validly issued, fully paid and non-assessable.

We consent to the use of this opinion as an exhibit to said Registration Statement and further consent to the use of our name wherever appearing in said Registration Statement, including the prospectus constituting a part thereof, and in any amendment or supplement thereto.

Very truly yours,

/s/ GUNDERSON DETTMER STOUGH
VILLENEUVE FRANKLIN & HACHIGIAN, LLP

Gunderson Dettmer Stough
Villeneuve Franklin & Hachigian, LLP

Equinix, Inc.
2000 Director Option Plan
(As Adopted May 26, 2000)

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Equinix, Inc.
2000 Director Option Plan

ARTICLE 1. INTRODUCTION.

The Plan was adopted by the Board to be effective at the effectiveness of the IPO. The purpose of the Plan is to promote the long-term success of the Company and the creation of stockholder value by (a) encouraging Non-Employee Directors to focus on critical long-range objectives, (b) encouraging the attraction and retention of Non-Employee Directors with exceptional qualifications and (c) linking Non-Employee Directors directly to stockholder interests through increased stock ownership. The Plan seeks to achieve this purpose by providing for automatic and non-discretionary grants of Options to Non-Employee Directors.

The Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware (except their choice-of-law provisions).

ARTICLE 2. ADMINISTRATION.

2.1 Committee Composition. The Plan shall be administered by the Committee. The Committee shall consist exclusively of two or more directors of

the Company, who shall be appointed by the Board. In addition, the composition of the Committee shall satisfy such requirements as the Securities and Exchange Commission may establish for administrators acting under plans intended to qualify for exemption under Rule 16b-3 (or its successor) under the Exchange Act.

2.2 Committee Responsibilities. The Committee shall interpret the Plan and make all decisions relating to the operation of the Plan. The Committee may adopt such rules or guidelines as it deems appropriate to implement the Plan. The Committee's determinations under the Plan shall be final and binding on all persons.

ARTICLE 3. SHARES AVAILABLE FOR GRANTS.

3.1 Basic Limitation. shares of Common Stock issued pursuant to the Plan may be authorized but unissued shares or treasury shares. The aggregate number of shares of Common Stock subject to Options granted under the Plan shall not exceed (a) 200,000 plus (b) the additional shares of Common Stock described in Section 3.2. The limitations of this Section 3.1 shall be subject to adjustment pursuant to Article 6.

3.2 Additional Shares. If Options are forfeited or terminate for any other reason before being exercised, then the shares of Common Stock subject to such Options shall again become available for the grant of Options under the Plan. On January 1 of each year, commencing with January 1, 2001 the aggregate number of shares of Stock available for purchase during the life of the Plan shall automatically be increased by 50,000 shares (subject to adjustment pursuant to Article 6).

ARTICLE 4. AUTOMATIC OPTION GRANTS TO NON-EMPLOYEE DIRECTORS.

4.1 Eligibility. Only Non-Employee Directors shall be eligible for the grant of Options under the Plan.

4.2 Initial Grants. Each Non-Employee Director who first becomes a member of the Board after the date of the IPO shall receive a one-time grant of an Option covering 25,000 shares of Common Stock (subject to adjustment under Article 6). Such Option shall be granted on the date when such Non-Employee Director first joins the Board and shall become exercisable for 25% of the shares upon the optionee's completion of 12 months of service from the date of grant and as to the balance of the shares in annual installments over the three-year period thereafter. A Non-Employee Director who previously was an Employee or who previously received a stock option grant in the same year as the IPO shall not receive a grant under this Section 4.2.

4.3 Annual Grants. Upon the conclusion of each regular annual meeting of the Company's stockholders held in the year 2001 or thereafter, each Non-Employee Director who will continue serving as a member of the Board thereafter shall receive an Option covering 10,000 shares of Common Stock (subject to adjustment under Article 6), except that such Option shall not be granted in the calendar year in which the same Non-Employee Director received the Option described in Section 4.2. Options granted under this Section 4.3 shall become exercisable in full on the first anniversary of the date of grant. A Non-Employee Director who previously was an Employee shall be eligible to receive grants under this Section 4.3.

4.4 Accelerated Exercisability. All Options granted to a Non-Employee Director under this Article 4 shall also become exercisable in full in the event of a Change in Control with respect to the Company.

4.5 Exercise Price. The Exercise Price under all Options granted to a Non-Employee Director under this Article 4 shall be equal to 100% of the Fair Market Value of a Common Share on the date of grant, payable in one of the forms described in Article 5.

4.6 Term. All Options granted to a Non-Employee Director under this Article 4 shall terminate on the earliest of (a) the 10th anniversary of the date of grant, or (b) the date 12 months after the termination of such Non-Employee Director's service for any reason.

4.7 Affiliates of Non-Employee Directors. The Committee may provide that the Options that otherwise would be granted to a Non-Employee Director under this Article 4 shall instead be granted to an affiliate of such Non-Employee Director. Such affiliate shall then be deemed to be a Non-Employee Director for purposes of the Plan, provided that the service-related vesting and termination provisions pertaining to the Options shall be applied with regard to the service of the Non-Employee Director.

4.8 Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced by a Stock Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan.

ARTICLE 5. PAYMENT FOR OPTION SHARES.

5.1 Cash. All or any part of the Exercise Price may be paid in cash or cash equivalents.

5.2 Surrender of Stock. All or any part of the Exercise Price may be paid by surrendering, or attesting to the ownership of, shares of Common Stock that are already owned by the Optionee. Such shares of Common Stock shall be valued at their Fair Market Value on the date when the new shares of Common Stock are purchased under the Plan. The Optionee shall not surrender, or attest to the ownership of, shares of Common Stock in payment of the Exercise Price if such action would cause the Company to recognize compensation expense (or additional compensation expense) with respect to the Option for financial reporting purposes.

5.3 Exercise/Sale. All or any part of the Exercise Price and any withholding taxes may be paid by delivering (on a form prescribed by the Company) an irrevocable direction to a securities broker approved by the Company to sell all or part of the shares of Common Stock being purchased under the Plan and to deliver all or part of the sales proceeds to the Company.

5.4 Other Forms of Payment. At the sole discretion of the Committee, all or any part of the Exercise Price and any withholding taxes may be paid in any other form that is consistent with applicable laws, regulations and rules.

ARTICLE 6. PROTECTION AGAINST DILUTION.

6.1 Adjustments. In the event of a subdivision of the outstanding shares of Common Stock, a declaration of a dividend payable in shares of Common Stock, a declaration of a dividend payable in a form other than shares of Common Stock in an amount that has a material effect on the price of shares of Common Stock, a combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a lesser number of shares of Common Stock, a recapitalization, a spin-off or a similar occurrence, the Committee shall make such adjustments as it, in its sole discretion, deems appropriate in one or more of (a) the number of shares of Common Stock available for future grants under Article 3, (b) the number of Options to be granted to Non-Employee Directors under Article 4, (c) the number of shares of Common Stock covered by each outstanding Option or (d) the Exercise Price under each outstanding Option. Except as provided in this Article 6, an Optionee shall have no rights by reason of any issue by the Company of stock of any class or securities convertible into stock of any class, any subdivision or consolidation of shares of stock of any class, the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class.

6.2 Dissolution or Liquidation. To the extent not previously exercised, Options shall terminate immediately prior to the dissolution or liquidation of the Company.

6.3 Reorganizations. In the event that the Company is a party to a merger or other reorganization, outstanding Options shall be subject to the agreement of merger or reorganization. Such agreement shall provide for (a) the continuation of the outstanding Options by the Company, if the Company is a surviving corporation, (b) the assumption of the outstanding Options by the surviving corporation or its parent or subsidiary, (c) the substitution

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by the surviving corporation or its parent or subsidiary of its own options for the outstanding Options, or (d) settlement of the full value of the outstanding Options in cash or cash equivalents followed by cancellation of such Options.

ARTICLE 7. LIMITATION ON RIGHTS.

7.1 Stockholders' Rights. An Optionee shall have no dividend rights, voting rights or other rights as a stockholder with respect to any shares of Common Stock covered by his or her Option prior to the time he or she becomes entitled to receive such shares of Common Stock by filing a notice of exercise and paying the Exercise Price. No adjustment shall be made for cash dividends or other rights for which the record date is prior to such time, except as expressly provided in the Plan.

7.2 Regulatory Requirements. Any other provision of the Plan notwithstanding, the obligation of the Company to issue shares of Common Stock under the Plan shall be subject to all applicable laws, rules and regulations and such approval by any regulatory body as may be required. The Company reserves the right to restrict, in whole or in part, the delivery of shares of Common Stock pursuant to any Option prior to the satisfaction of all legal requirements relating to the issuance of such shares of Common Stock, to their registration, qualification or listing or to an exemption from registration, qualification or listing.

7.3 Withholding Taxes. To the extent required by applicable federal, state, local or foreign law, an Optionee or his or her successor shall make arrangements satisfactory to the Company for the satisfaction of any withholding

tax obligations that arise in connection with the Plan. The Company shall not be required to issue any shares of Common Stock or make any cash payment under the Plan until such obligations are satisfied.

ARTICLE 8. FUTURE OF THE PLAN.

8.1 Term of the Plan. The Plan, as set forth herein, shall become effective on effectiveness of the IPO. The Plan shall remain in effect until it is terminated under Section 8.2.

8.2 Amendment or Termination. The Board may, at any time and for any reason, amend or terminate the Plan. An amendment of the Plan shall be subject to the approval of the Company's stockholders only to the extent required by applicable laws, regulations or rules. No Options shall be granted under the Plan after the termination thereof. The termination of the Plan, or any amendment thereof, shall not affect any Option previously granted under the Plan.

ARTICLE 9. DEFINITIONS.

9.1 "Board" means the Company's Board of Directors, as constituted from time to time.

9.2 "Change in Control" means:

(a) The consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, if persons who were not stockholders of

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the Company immediately prior to such merger, consolidation or other reorganization own immediately after such merger, consolidation or other reorganization 50% or more of the voting power of the outstanding securities of each of (i) the continuing or surviving entity and (ii) any direct or indirect parent corporation of such continuing or surviving entity;

(b) The sale, transfer or other disposition of all or substantially all of the Company's assets;

(c) A change in the composition of the Board, as a result of which fewer than 50% of the incumbent directors are directors who either (i) had been directors of the Company on the date 24 months prior to the date of the event that may constitute a Change in Control (the "original directors") or (ii) were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the aggregate of the original directors who were still in office at the time of the election or nomination and the directors whose election or nomination was previously so approved; or

(d) Any transaction as a result of which any person is the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least 50% of the total voting power represented by the Company's then outstanding voting securities. For purposes of this Subsection (d), the term "person" shall have the same meaning as when used in sections 13(d) and 14(d) of the Exchange Act but shall exclude (i) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or of a Parent or Subsidiary and (ii) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company.

A transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

9.3 "Code" means the Internal Revenue Code of 1986, as amended.

9.4 "Committee" means a committee of the Board, as described in Article 2.

9.5 "Common Share" means one share of the common stock of the Company.

9.6 "Company" means Equinix, Inc., a Delaware corporation.

9.7 "Employee" means a common-law employee of the Company, a Parent or a Subsidiary.

9.8 "Exchange Act" means the Securities Exchange Act of 1934, as amended.

9.9 "Exercise Price" means the amount for which one Common Share may be purchased upon exercise of such Option, as specified in the applicable Stock Option Agreement.

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9.10 "Fair Market Value" means the market price of shares of Common Stock,

determined by the Committee in good faith on such basis as it deems appropriate. Whenever possible, the determination of Fair Market Value by the Committee shall be based on the prices reported in The Wall Street Journal. In the case of

options granted on the effectiveness of the IPO, means the price at which one share of stock is offered to the public. Such determination shall be conclusive and binding on all persons.

9.11 "IPO" means the initial offering of common stock of the Company to the public pursuant to a registration statement filed by the Company with the Securities and Exchange Commission.

9.12 "Non-Employee Director" means a member of the Board who is not an Employee.

9.13 "Option" means an option granted under the Plan and entitling the holder to purchase shares of Common Stock. Options do not qualify as incentive stock options described in section 422(b) of the Code.

9.14 "Optionee" means an individual or estate who holds an Option.

9.15 "Parent" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.

9.16 "Plan" means this Equinix, Inc. 2000 Director Option Plan, as amended from time to time.

9.17 "Stock Option Agreement" means the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to his or her Option.

9.18 "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Ground Lease

By and Between

iStar San Jose, llc,
a Delaware limited liability company

as Lessor

and

Equinix, Inc.,
a Delaware corporation

as Lessee

Dated June 21, 2000

EXHIBIT 10.27

*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

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EXHIBIT 10.27

*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Ground Lease

This Ground Lease ("Lease") is made and entered into as of June 21, 2000 (the "Effective Date"), by and between iStar San Jose, llc, a Delaware limited

liability company ("Lessor"), and Equinix, Inc., a Delaware corporation ("Lessee").

Recitals

A. Lessee is a party to that certain Purchase Agreement by and between International Business Machines Corporation, a New York corporation ("Seller"), as "Seller," and Lessee, as "Purchaser," dated as of May 23, 2000 (as amended from time to time, the "Purchase Agreement"), providing for, among other things, the sale by Seller and the purchase by Lessee of approximately 78.446 acres of unimproved real property, located in the City of San Jose, County of Santa Clara, State of California, and more particularly described in Exhibit A attached hereto (the "Premises").

B. Concurrently herewith, Lessee is assigning its entire right, title and interest in and to the Purchase Agreement to Lessor pursuant to an Assignment of Purchase Agreement by and between Lessee and Lessor, dated as of even date herewith (the "Assignment").

C. Lessee desires to lease the Premises from Lessor, and to develop, construct, occupy and operate the Premises for the Permitted Uses. Lessor desires to lease the Premises to Lessee for these purposes, subject to and in accordance with each and all of the terms and conditions set forth in this Lease.

D. Certain capitalized terms have the meanings set forth in Section 1 below.

Now Therefore, in consideration of these premises, and of the agreements, covenants and conditions contained herein, the parties agree as follows:

1. Definitions

Certain terms used in this Lease and the Exhibits hereto shall have the meaning set forth below for each such term. Certain other terms shall have the meaning set forth elsewhere in this Lease and the Exhibits hereto.

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"AAA" means the American Arbitration Association (or any successor or any alternative organization mutually acceptable to Lessor and Lessee).

"Actual Knowledge of Lessor" means, at any given time, the then-current actual knowledge, without any duty of inquiry or investigation, of specified individuals designated at such time by Lessor in writing, which individuals shall be employees of Affiliates of Lessor or designated representatives of Lessor.

"Additional Rent" is defined in Section 4.2.

"Adjustment Date" is defined in Section 4.1(b).

"Affiliate" means, with respect to any Person: (i) any constituent partner or member at any level holding a ten percent or greater equity or profit interest, voting power (whether direct or indirect) or other beneficial interest; (ii) any officer, director or shareholder holding a ten percent or greater equity or profit interest, voting power (whether direct or indirect) or other beneficial interest; (iii) any partnership in which the Person is a partner holding a ten percent or greater equity or profit interest, voting power (whether direct or indirect) or other beneficial interest, and any limited liability company in which the Person is a member holding a ten percent or greater equity or profit interest, voting power (whether direct or indirect) or other beneficial interest; (iv) any Person that is under the control of any Person described in clauses (i)-(iii) above; (v) any Person that controls any Person described in clauses (i)-(iii) above; and (vi) any Person that is under common control with any Person described in clauses (i)-(iii) above. For purposes of this definition, "control" means the direct or indirect ownership of fifty percent or more of the beneficial interest in a Person, or the direct or indirect power to control the management policies of such Person, whether through ownership, by contract or otherwise.

"Aggregate Permitted Square Footage" is defined in Section 9.1(c) (i) (A).

"Alterations" means any alterations, renovations, reconstructions, replacements or modifications of any Initial Improvements or any subsequently constructed Improvements.

"Annual Base Rent" is defined in Section 4.1(a).

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"Annual Base Rent Adjustment Percentage" is defined in Section 4.1(b).

"Applicable Initial Date" means the date on which Lessee delivers a Termination Notice pursuant to Section 17.7(a) or a Purchase Notice pursuant to Section 18.1(b).

"Applicable Laws" means all present and future laws, statutes, ordinances, resolutions, Entitlements, codes, orders, rules, regulations and requirements of all federal, state, and municipal governments, and the departments, commissions, boards and offices thereof, that are applicable at any time between the Term Commencement Date and the Surrender Date to Lessee, the Premises or the Project, as the context may require.

"Applicable Percentage" is defined in Section 9.1(c)(i)(B).

"Appropriation" (and derivatives thereof) means (i) any taking by exercise of the power of condemnation (direct or inverse) or eminent domain; (ii) any requisitioning by military or other public authority under power of eminent domain for any purpose arising out of a temporary emergency or other temporary circumstance; or (iii) any conveyance under threat of any such taking or requisitioning under power of eminent domain. As used herein, the effective date of any "Appropriation" shall be the first to occur of (x) the date of entry of the final order of condemnation pursuant to which title is vested in the condemning authority, (y) the date a deed or other instrument given under threat of eminent domain is recorded, or (z) the date that the condemning authority takes possession of the Premises.

"Appropriation Report" is defined in Section 17.2(b).

"Approved Development Plan" means the development plan for the Project approved by Lessor pursuant to Section 7.1(b).

"Arbitrator" is defined in Section 21(b).

"Assessment District" is defined in Section 5.3(d).

"Assignment Agreement" is defined in Recital B.

"Attornment Agreement" is defined in Section 13.7.

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"Augmented LC Amount" is defined in Section 9.1(b).

"Available Cash" means, as of any date, the sum of (i) Lessee's cash as of such date, (ii) Lessee's Cash Equivalents as of such date, (iii) Lessee's Borrowing Availability as of such date, and (iv) the total amount of cash, Cash Equivalents and Borrowing Availability that Lessee's subsidiaries could convey to Lessee as of such date, whether in the form of a shareholder distribution or a loan, in each case to the extent that the use of such cash and the availability of such distributions and loans would not be prohibited under any agreement to which the applicable subsidiary is a party or by which it is bound.

"Available Closing Date" is defined in Section 18.1(a).

"Award" means any and all awards and other compensation paid by the Appropriating authority as a result of an Appropriation, including, without limitation, any award for "just compensation" or other damages, interest and fees and costs (including attorneys' fees and costs).

"Base Amount" is defined in Section 20(b).

"Base Date" is defined in Section 20(b).

"Base FAR" is defined in Section 7.2(e)(iii).

"Beginning Index" is defined in Section 4.1(b).

"Borrowing Availability" means, as of any date, for Lessee or a subsidiary of Lessee, as applicable, the total amount of loans that Lessee or such subsidiary, as applicable, could request and receive under credit facilities with unaffiliated third party lenders for which Lessee or such subsidiary, as applicable, is a borrower, based on the unused but available commitments under such credit facilities, including amounts available under borrowing base formulas. The foregoing notwithstanding, "Borrowing Availability" in the case of a subsidiary of Lessee does not include the amount of unused commitments under such credit facilities to the extent that the proceeds of advances under such commitments must be used to finance the acquisition of property, such as

equipment.

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"Building" means any structure that is now or hereafter constructed or situated on the Premises and is intended to be used or occupied by Lessee or any other Person in connection with the operation of its business on the Premises.

"Business Day" means any day which is not a Saturday, Sunday, or official holiday declared by the United States of America or the State of California.

"Buyer" is defined in Section 7.3(a).

"Buyer Obligations" is defined in Section 7.3.

"Capital Requirement" is defined in Section 9.1(d).

"Cash Equivalents" means, as of any date, (i) marketable direct obligations issued by, or unconditionally guaranteed by, the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one (1) year from the date of acquisition, (ii) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits having maturities of six (6) months or less from the date of acquisition issued by any bank organized under the laws of the United States of America or any state thereof having combined capital and surplus of not less than Five Hundred Million Dollars (\$500,000,000.00), (iii) commercial paper of an issuer rated at least A-2 by Standard & Poor's Ratings Services ("S&P") or P-2 by Moody's Investors Service, Inc. ("Moody's"), or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally, and maturing within six (6) months from the date of acquisition, (iv) securities with maturities of one (1) year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any of the foregoing or any foreign government, the securities of which entity are rated at least A by S&P or A by Moody's, and (v) shares of money market mutual or similar funds that invest exclusively in assets satisfying the requirements of the foregoing clauses of this definition.

"Casualty" is defined in Section 17.2(a).

"Casualty Report" is defined in Section 17.2(a).

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"Change of Board Control" means, with respect to a Lessee, that Continuing Directors cease for any reason to constitute a majority of Lessee's Board of Directors.

"City" means the City of San Jose, California.

"Claims" is defined in Section 12.4.

"Closing" is defined in Section 18.1(d).

"Closing Date" is defined in Section 18.1(d).

"Code" means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

"Conditions of Title" is defined in Section 2.1.

"Construction Costs" is defined in Section 9.1(b).

"Continuing Directors" means, with respect to a Lessee, the individuals who, as of the date that the Lessee became Lessee hereunder, constituted Lessee's Board of Directors, together with any new directors whose election to such Board of Directors or whose nomination for election by the Lessee's stockholders was approved by a vote of the majority of the Lessee's directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved.

"County" means the County of Santa Clara, California.

"CPI" means the Consumer Price Index published by the U.S. Department of Labor Bureau of Labor Statistics (U.S. City Average, All Urban Consumers, All Items), or if such index is discontinued, such successor index measuring the

average rate of inflation in the United States as may be published by an agency of the United States, and if there is none, then such other index measuring the average rate of inflation in the United States as Lessor shall reasonably designate.

"CRESA" is defined in Section 23.14.

"CRESA Agreement" is defined in Section 23.14.

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"Default Rate" means [*] ([*]) basis points in excess of the Interest Rate,
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but in no event higher than the maximum rate to which the parties may lawfully agree by contract.

"Demolition Notice" is defined in Section 17.7(d).

"Design Documents" is defined in Section 11.2(c).

"Development Materials" means all engineering plans and specifications, development plans, site plans, architectural drawings, specifications and other plans prepared by Lessee, or any third party designer, architect, engineer or contractor, for the Project, surveys, soils tests, water and water well tests, zoning materials, title reports, instruments of record, architectural studies, endangered species studies, drainage studies, engineering studies and planning and zoning studies, engineering, design and other consulting and construction contracts relating to the Premises or the Project or any infrastructure improvements required under any Entitlements.

"Discounted Present Value" is defined in Section 20(b).

"Discounted Rent Value" is defined in Section 20(b).

"Discretionary Approvals" means all discretionary permits and approvals required from the City or any other governmental authority for the development of the Initial Improvements on the Premises.

"Effective Date" is defined in the introductory paragraph to this Lease.

"Effective Termination Date" is defined in Section 17.7(b).

"Election Notice" is defined in Section 3.3.

"Ending Index" is defined in Section 4.1(b).

"Engineer" is defined in Section 17.2(a).

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"Entitlement Ratio" is defined in Section 7.2(e) (ii) (B).

"Entitlements" means all present and future approvals, permits, licenses and other entitlements, including, without limitation, all development approvals, mitigation measures, and conditions of development, that are issued or to be issued by any federal, state, regional or municipal government or authority and are required at any time between the Effective Date and the Surrender Date in connection with the development, construction, use, ownership, management, operation or occupancy of the Premises or the Project.

"Entitlements Change" is defined in Section 7.2(d).

"Environmental Assessment" means the "Environmental and Geotechnical Investigation, Equinix Feasibility Study, IBM Property, San Jose, California," prepared for Lessee by Geomatrix Consultants, dated June 2000, Project No. 6384.000.

"Environmental Laws" means all present and future federal, state, regional and municipal laws, statutes, ordinances, regulations, rules, judicial and administrative orders and decrees, permits, licenses, approvals, authorizations and similar requirements of all federal, state, regional and municipal governmental agencies, bodies or officials or other governmental entities with legal authority pertaining to the protection of human or wildlife health and

safety or the environment, including, without limitation, any such laws, statutes, ordinances, regulations, rules, judicial and administrative orders and decrees, permits, licenses, approvals, authorizations and similar requirements regulating or relating to Hazardous Materials or to the generation, use, storage, release, presence, disposal, transport, or handling of any other substance, gas, element, or material which has the potential to pollute, contaminate or harm any land, subsurface area, water source or watercourse, air or other natural resource.

"Equipment Financing" is defined in Section 15.6.

"Equipment Lenders" is defined in Section 15.6.

"Event of Default" is defined in Section 14.1.

"Existing Arsenic Contamination" is defined in Section 12.4.

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"Expiration Date" shall be the day immediately preceding the twentieth (20th) anniversary of the Term Commencement Date, subject to extension in accordance with Section 3.3 below.

"Fair Market Value" is defined in Section 20(b).

"FAR" is defined in Section 7.2(e)(iii).

"Fee Lender" means any Person (and its successors and assigns) which may, on or after the date hereof, make a loan to Lessor that is secured, in whole or in part, by Lessor's fee interest in the Premises.

"Fee Mortgage" means any mortgage, deed of trust or other security instrument held by a Fee Lender and encumbering Lessor's fee interest in the Premises.

"Fiscal Quarter" means each successive three month period, commencing January 1, April 1, July 1 and October 1; provided, however, that the first Fiscal Quarter shall commence on the Term Commencement Date and the last Fiscal Quarter shall end on the Termination Date.

"Force Majeure Delays" means fire, earthquake, flooding, acts of God, wars, riots, legal challenges, unanticipated delays caused by the City or any other public agency with jurisdiction (but only to the extent that any such delay caused by the City or any other public agency is not attributable to the failure of the party whose performance is delayed to conform to submission or other timing requirements imposed by the City or such other public agency in connection with approvals or permits being sought by such party), delays caused by the other party's failure to comply with its obligations under this Lease, and other events or circumstances outside the reasonable control, prevention and foreseeability of the party affected by the delay.

"Full Insurable Replacement Value" is defined in Section 10.1(a).

"GAAP" means generally accepted accounting principles, consistently applied.

"Hazardous Materials" means any substance which is or at any time becomes: (i) defined under any Environmental Law as a hazardous substance, hazardous waste, hazardous material, pollutant or contaminant; (ii) a petroleum hydrocarbon, including crude oil or any fraction thereof; (iii) a hazardous, toxic, corrosive, flammable, explosive, infectious, radioactive,

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carcinogenic or a reproductive toxicant; or (iv) otherwise regulated pursuant to any Environmental Law.

"Hazardous Materials List" is defined in Section 12.1.

"IBM Easements" means those certain easements entitled "Easement Agreement (Existing Entrance Road)," "Easement Agreement (Utilities)," and Easement Agreement (White Plains Road)," each granted by Lessor in favor of Seller and dated as of the Effective Date, and that easement referred to in Section 6.6 of the Purchase Agreement to be known as the "Great Oaks Boulevard Extension Easement," if and when recorded against the Premises.

"Impositions" means all real property taxes and assessments; personal property taxes; use and occupancy taxes; privilege taxes; business and occupation taxes; gross sales taxes; occupational license taxes; water and sewer

charges; charges for public utilities; excises; levies; license and permit fees; transit taxes; and all other governmental impositions and charges of every name, kind and nature whatsoever, whether or not now customary or within the contemplation of Lessor and Lessee, and regardless of whether the same shall be extraordinary or ordinary, general or special, unforeseen or foreseen, or similar or dissimilar to any of the foregoing, which, at any time during the Term may be levied, assessed, charged or imposed or become due and payable upon or in connection with the ownership, development, construction, marketing, use, operation or occupancy of the Project or the Premises; or upon the rent or income of Lessee; or upon this transaction, this Lease or any document creating or transferring an estate or interest of Lessee in the Premises (including, without limitation, any documentary transfer taxes); or upon any Improvements; or upon the leasehold of Lessee or upon the estate hereby created; or upon Lessor by reason of its ownership of the fee underlying this Lease. If at any time during the Term, the present method of taxation or assessment shall be changed such that there shall be substituted for the whole or any part of the Impositions now or hereafter levied, assessed and/or imposed any capital levy or other tax or assessment, then the term "Impositions" also shall mean and include such capital levy or other tax or assessment. The term "Impositions" shall not include any municipal, state or federal income taxes levied against Lessor, any income, profits or revenues tax, assessment or charge imposed upon the Rent received by Lessor under this Lease (other than a gross receipts on gross rentals tax or charge), any estate, gift, succession,

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inheritance or transfer taxes of Lessor, or any business and occupational tax attributed and imposed upon Lessor for work, business or income not related or attributable to the Premises.

"Impound Account" is defined in Section 5.3(b).

"Improvements" means all Buildings, utilities, monuments, fences, walls, driveways, landscaping and other structures and facilities that are constructed, planted or installed on, under or within the Premises, whether as part of the Initial Improvements or subsequent Alterations.

"Initial Improvements" means all of the Improvements constituting the Project to be developed, designed, constructed, planted or installed pursuant to the Project Development Rider, including, without limitation, Buildings containing approximately [*] ([*]) gross square feet.

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"Initial Investment Amount" means [*] Dollars (\$[*]).

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"Initiation Date" is defined in Section 21(b).

"Interest Rate" means [*] percent above the discount rate announced from time

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to time by the Federal Reserve Bank of San Francisco or, if less, the maximum rate of interest to which the parties may lawfully agree by contract.

"LC Face Amount" is defined in Section 9.1(a).

"LC Issuer" is defined in Section 9.1(d).

"LC Termination Date" is defined in Section 9.1(a).

"Lease" is defined in the introductory paragraph to this Lease, and includes all Exhibits attached hereto.

*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

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"Lease Year" means a period of twelve (12) months commencing on the Effective Date and ending on the day immediately preceding the first anniversary of the Effective Date, and each successive twelve (12) month period thereafter.

"Leasehold Mortgage" means any deed of trust, mortgage, assignment, security interest, lien or other encumbrance of, in or against Lessee's interest in this Lease or the Improvements.

"Lender" is defined in Section 15.5.

"Lessee" is defined in the introductory paragraph to this Lease.

"Lessee Party" is defined in Section 13.1(b).

"Lessee Representatives" means Lessee's agents, employees, contractors and invitees.

"Lessor" is defined in the introductory paragraph to this Lease.

"Lessor Exceptions" is defined in Section 19.1(a).

"Lessor Indemnitees" means (i) Lessor; (ii) all Affiliates of Lessor; and (iii) all trustees, directors, officers, employees and agents of any of them.

"Lessor Representatives" means Lessor's agents, contractors and invitees.

"Lessor Transfer" is defined in Section 13.7.

"Letter of Credit" is defined in Section 9.1(d).

"Letter of Credit Proceeds" is defined in Section 9.1(a).

"Liens" is defined in Section 15.3.

"Loan" is defined in Section 15.5.

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*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

"Major Alteration" is defined in Section 11.2(b).

"Material Default" means (i) any default by Lessee in the payment of any Monetary Obligation pursuant to the terms of this Lease; or (ii) the failure of Lessee to (A) comply with all Applicable Laws affecting the Premises, the violation of which Applicable Laws (1) results in the imposition of liens or charges affecting the Premises, (2) materially adversely affects the value or use of the Premises or the Project, (3) poses a danger or threat of danger to persons or property, or (4) otherwise materially adversely affects Lessor's interest under this Lease, (B) substantially complete the Minimum Initial Improvements on a timely basis in accordance with Section 7.1(d), (C) restore the Letter of Credit to the LC Face Amount or the Augmented LC Amount, as applicable, pursuant to Section 9.1(a), increase the amount of the Letter of Credit to the Augmented LC Amount when required pursuant to Sections 9.1(b) or (c), or deliver to Lessor a modified or amended Letter of Credit when required in accordance with Section 9.1(d), (D) maintain in full force and effect the insurance required to be carried pursuant to Sections 10.1 and 10.2, (E) comply with the obligations of Lessee set forth in Section 12 respecting Hazardous Materials, (F) perform any indemnity obligation owed to Lessor or any Lessor Indemnitee pursuant to the terms of this Lease, or (G) rebuild and restore the Premises and the Project following a Casualty or Appropriation when required to so rebuild and restore in accordance with Section 17, in each of the foregoing cases subject to the expiration of any applicable cure period set forth in Section 14.1, or (iii) any Transfer of the Premises or any portion thereof or interest therein by Lessee except in accordance with Sections 7.2(e)(ii) and 13; or (iv) the creation of any Leasehold Mortgage except in accordance with Section 15.5 below, or (v) the occurrence of an Event of Default under Sections 14.1(e), (f) or (g) below.

"Maximum Reversion Value" is defined in Section 20(b).

"Memorandum of Lease" means the Memorandum of Lease, in the form attached hereto as Exhibit B, to be recorded promptly following the execution and delivery of this Lease by the parties.

"Minimum Available Cash Period" is defined in Section 9.1(b)(i).

"Minimum Initial Improvements" is defined in Section 7.1(d).

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"Monetary Event of Default" means any default in the payment of Rent or any other sums payable by Lessee under this Lease to Lessor or to any Lessor Indemnitee, which default is not cured within any applicable cure period provided in Section 14.1 below.

"Monetary Obligations" means (i) Rent and all other sums payable by Lessee under this Lease to Lessor or to any Lessor Indemnitee, (ii) Impositions, (iii)

premiums for insurance required to be maintained by Lessee under this Lease, and (iv) all sums payable by Lessee under this Lease to any Person other than Lessor or any Lessor Indemnitee, which sums, if not timely paid, results in the imposition of a lien or charge against the Premises.

"Net Proceeds" means the actual proceeds realized by Lessee from a public offering or a Secondary Offering, after subtracting all costs and expenses (including, without limitation, underwriters' fees and premiums, legal and accounting fees, and all other costs and expenses of any nature whatsoever) of such offering.

"Office-Related Solutions" means all cleaning or office-related solutions or agents of a type and in quantities typically used in the ordinary course of business within general offices.

"Option Purchase Price" is defined in Section 18.1(c).

"Original LC Face Amount" is defined in Section 9.1(c)(i)(C).

"Outside Initial IPO Date" is defined in Section 9.1(b)(i).

"Outside Secondary Offering Date" is defined in Section 9.1(b)(ii).

"Owner's Policy" means the ALTA Owner's Policy of Title Insurance issued by Title Company to Lessor concurrently with Lessor's acquisition of the Premises under the Purchase Agreement.

"Parcel" is defined in Section 7.2(e)(i).

"Permitted Alterations" is defined in Section 11.1.

"Permitted Exceptions" means (i) any liens, exceptions and restrictions on, against or relating to the Premises which (A) exist on the Effective Date, (B) are expressly permitted to be created

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by Lessee under the terms of this Lease, or (C) are hereafter consented to in writing by Lessor, but specifically excluding any Leasehold Mortgage unless such Leasehold Mortgage is fully released and reconveyed prior to the Surrender Date; and (ii) all Lessor Exceptions.

"Permitted Materials" is defined in Section 12.1.

"Permitted Uses" means internet business exchange (IBX) facilities ("IBX Facilities"), office, administrative, research and development, and training uses (but solely to the extent incidental to other Primary Uses), all as described in the Approved Development Plan, (collectively, the "Primary Uses"), and other uses incidental to the Primary Uses that are permitted under Applicable Laws (including applicable zoning and land use laws), including cafeterias and on-site retail sale of food items, storage, parking and loading facilities, day care, and buildings and facilities for maintenance and care of buildings and grounds on the Premises.

"Person" means any individual, trust, partnership, corporation, limited liability company or other entity, including any governmental body, agency, authority or official.

"Personal Property" is defined in Section 15.6.

"Plans" is defined in the Project Development Rider.

"Potential Default" means a condition or event which with the giving of notice or the passage of time, or both, would constitute an Event of Default hereunder.

"Preliminary Plan" is defined in Section 7.1(b).

"Premises" is defined in Recital A of this Lease.

"Proceeds" is defined in Section 17.6(b).

"Project" means the real estate development project to be developed on the Premises in accordance with this Agreement, which project shall be described in and shall be consistent with the Approved Development Plan.

"Project Costs" is defined in Section 5.2.

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"Project Development Rider" means the Rider, attached as Exhibit C to this Lease, that sets forth certain terms and conditions relating to the development, financing and construction of the Initial Improvements and the Project.

"Public Company" means a Lessee that is subject to the periodic reporting requirements of Sections 12(g) or 15(d) of the Securities Exchange Act of 1934, as amended, as a result of Lessee's sale of its equity securities to the public pursuant to a registration statement under the Securities Act of 1933, as amended.

"Purchase Agreement" is defined in Recital A to this Lease.

"Purchase Date" is defined in Section 19.1(b).

"Purchase Notice" is defined in Section 18.1(b).

"Purchase Offer" is defined in Section 17.7(b).

"Purchase Option" is defined in Section 18.1.

"Purchaser" is defined in Section 19.1(b).

"Qualified Transferee" means a Person (i) with (A) Real Estate Experience or who has retained a Person with Real Estate Experience to oversee the ownership, operation, management and, if applicable, development, of the Project or, in the case of a Specific Parcel Lease, the portion of the Project subject to such Specific Parcel Lease, (B) the financial ability to fully perform the obligations of Lessee under this Lease (or under the applicable Specific Parcel Lease, as appropriate) over the Term (including, without limitation, the payment of Monetary Obligations) and, except to the extent that the portion of the Premises being acquired by such Person has previously been developed in accordance with this Lease, to develop and construct the Improvements contemplated to be developed on such portion of the Premises, as described in the Approved Development Plan, and (C) in the case of a Person who is proposed as a Specific Parcel Lessee, an acceptable business reputation, as reasonably determined by Lessor, and (ii) whose acquisition of the leasehold estate hereunder (or under a Specific Parcel Lease, as

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applicable) would not cause the Lessor or any member of Lessor to realize any income not treated as "rents from real property" within the meaning of Section 856(d) of the Code.

"Qualifying Buildings" means a Building or Buildings (i) which have been approved by Lessor in accordance with Exhibit C hereto and any other express provisions of this Lease, and (ii) which contain, in the aggregate, not less than [*] ([*]) gross square feet.

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"Qualifying IPO" is defined in Section 9.1(b)(i).

"Qualifying Secondary Offering" is defined in Section 9.1(b)(ii).

"Rating Agency Requirements" is defined in Section 9.1(d).

"Real Estate Experience" means sufficient experience, as reasonably determined by Lessor, in the ownership, operation, management and, except to the extent that the portion of the Premises being acquired by such Person has previously been developed in accordance with this Lease, development, of real estate projects involving the Permitted Uses.

"Receiving Party" is defined in Section 23.2.

"Recipient Agencies" means the City, the County, the Santa Clara Valley Water District and any other governmental bodies, or public or private utilities.

"Reduction Amount" is defined in Section 9.1(c)(i)(D).

"Related Instruments" is defined in Section 16.1(b).

"Release" means any accidental or intentional spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migrating, dumping or disposing into the air, land, surface water, ground water or the environment of any Hazardous Materials (including, without limitation, the abandonment or discarding of receptacles containing any Hazardous Materials).

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"Relevant Amount" means, in the case of a sale of the Premises to Lessee pursuant to Section 18.1, the Option Purchase Price and, in the case of a sale of the Premises to Lessee pursuant to Section 17.7(b), the Termination Purchase Price.

"Relevant Data" is defined in Section 23.17.

"Relevant Date" means, in the case of a determination of Fair Market Value performed pursuant to Section 18.1(c), the date Lessor receives the Purchase Notice from Lessee and, in the case of a determination of Fair Market Value performed pursuant to Section 17.7(b), the date Lessor receives the Termination Notice from Lessee.

"Relevant Spread" means the amount in excess of the Treasury Rate that is used in determining the Discounted Present Value, as provided in Section 20 hereof.

"Renewal Election Period" is defined in Section 17.3.

"Renewal Option" is defined in Section 3.3.

"Renewal Term" is defined in Section 3.3.

"Rent" is defined in Section 4.2.

"Requesting Party" is defined in Section 23.2.

"Response Notice" is defined in Section 17.7(c).

"Restoration Work" is defined in Section 17.2(a).

"Reversionary Interest" is defined in Section 20(b).

"Reversionary Value" is defined in Section 20(c).

"Secondary Offering" is defined in Section 9.1(b)(ii).

"Selection Date" is defined in Section 21(b).

"Seller" is defined in Recital A.

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"Seller Post-Closing Obligations" is defined in Section 7.3(b).

"Separateness Criteria" is defined in Section 16.2(d).

"Specific Parcel Leases" is defined in Section 7.2(e)(ii).

"Specific Parcel Lessee" is defined in Section 7.2(e)(ii)(B).

"State" means the State of California, and all of its agencies, departments and divisions.

"Substantial Completion" means, with respect to any Improvements, the completion of the shell and core of such Improvements substantially in accordance with and without material deviation from approved plans, applicable contract requirements and the terms and conditions of this Lease.

"Surrender Date" means the later of: (i) the Termination Date; or (ii) the date Lessee fully quits and surrenders the Premises and the Project to Lessor in accordance with the applicable requirements of this Lease.

"Surviving Obligations" means any obligations of Lessee or Lessor under this Lease, actual or contingent, which arise on or prior to the Termination Date and which by their express terms survive the Termination Date.

"Term" is defined in Section 3.1.

"Term Commencement Date" is defined in Section 3.1.

"Termination Date" means the Expiration Date, or such earlier date as this Lease may be terminated in accordance with its terms.

"Termination Notice" is defined in Section 17.7(a).

"Termination Purchase Price" is defined in Section 17.7(b).

"Title Company" means First American Title Insurance Company.

"Total Appropriation" is defined in Section 17.4(a).

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"Transfer" means any sublease, sale, assignment, conveyance, exchange or other transfer, voluntary or involuntary, by operation of law or otherwise, of all or any portion of Lessee's estate or interest in the Premises, this Lease or the Project, other than a Leasehold Mortgage or an Equipment Financing complying with the requirements of Section 15.5 or Section 15.6, respectively. "Transfer" also shall mean and include any of the following transactions: (i) if (A) Lessee is not a Public Company and there has not been Substantial Completion of the Initial Improvements on the Parcel(s) that Lessee leases hereunder, there has been (1) an assignment, sale, conveyance, exchange or other transfer, either singly or cumulatively, of more than fifty percent (50%) of the stock or voting rights of Lessee, or (2) a Change of Board Control, and (B) if Lessee is a Public Company and there has not been Substantial Completion of the Initial Improvements on the Parcel(s) that Lessee leases hereunder, there has been a Change of Board Control; (ii) if Lessee is a trust, an assignment, sale, conveyance, exchange or other transfer, either singly or cumulatively, of more than fifty percent (50%) of the beneficial interest of Lessee; (iii) if Lessee is a limited liability company, any assignment, sale, conveyance, exchange or other transfer, either singly or cumulatively, of more than fifty percent (50%) of the membership interests of Lessee; (iv) if Lessee is a partnership, any assignment, sale, conveyance, exchange or other transfer of any general partnership interest of Lessee; or (v) if Lessee is a joint venture, any assignment, sale, conveyance, exchange or other transfer of any joint venture interest of Lessee.

"Transfer Notice" is defined in Section 13.2.

"Transferee" means and includes any sublessee (other than pursuant to a minor sublease), purchaser, assignee or other transferee or recipient of all or any portion of Lessee's estate or interest in the Premises, this Lease or the Project, pursuant to a Transfer.

"Treasury Rate" is defined in Section 20(b).

"TriNet" is defined in Section 16.2(b).

"Use Restriction" is defined in Section 12.5.

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2. Lease of Premises

2.1 Lease of Premises

Lessor hereby leases the Premises to Lessee, and Lessee hereby leases the Premises from Lessor, subject to each and all of the terms, conditions and reservations contained in this Lease, all Entitlements and other Applicable Laws, and all liens (including the lien for any Impositions), easements, encumbrances, restrictions, exceptions, rights and conditions now or hereafter affecting the Premises (collectively, "Conditions of Title"). The term "Conditions of Title" specifically includes the IBM Easements, but does not include any Lessor Exceptions.

2.2 Acceptance of the Premises

Lessee accepts the Premises "as-is," in its existing condition, with all faults, and assumes the risk of any and all latent or patent defects in the condition of the Premises. Lessee expressly acknowledges and agrees that Lessor has not made any express or implied representations or warranties, and that Lessor has disclaimed any warranties that otherwise may be implied by law, as to any matters relating to the Premises or the Project, including, without limitation, the suitability of the soils or subsoils; the presence, absence, location or character of any archaeological resources; the characteristics of the Premises or any Improvements thereon; the suitability of the Premises for Lessee's intended use; the validity or enforceability of any currently-existing

Entitlements; the economic feasibility of the Project; the condition of title to the Premises; or the presence, absence, location or character of any Hazardous Materials on, under, about or in the vicinity of the Premises. Lessee acknowledges that in determining to enter into this Lease, Lessee performed all investigations of the Premises and the Project that Lessee deemed were necessary or appropriate, including, without limitation, soils and environmental studies; zoning, utilities and drainage studies; physical site inspections and investigations; a thorough review of the Entitlements and Development Materials; appraisals; market and economic feasibility studies; and discussions with the City, County, State and other public agencies with jurisdiction over the Premises or the Project, and has satisfied itself as to suitability, feasibility and all other matters relating to the Premises or the Project based solely on its own investigations and analyses and not in reliance on the accuracy or completeness of any information provided by Lessor or any of its agents, consultants or contractors. Without limiting the generality of the foregoing, Lessee assumes the risk of any liens, easements, encumbrances

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or other restrictions, rights or conditions affecting the Premises (excluding, however, any Lessor Exceptions), regardless of whether the same would materially and adversely affect the development, financing, marketing or operation of the Project.

2.3 Quiet Enjoyment

So long as this Lease has not been terminated as the result of any Event of Default or the occurrence of any other event of termination hereof expressly provided herein, Lessee shall have the right to lawfully and quietly hold, occupy and enjoy the Premises during the Term, subject to the terms, conditions and reservations contained in this Lease, without hindrance, interruption, disturbance or molestation by anyone claiming by, through or under Lessor. Lessee's sole remedy for a breach of the covenant contained in this Section 2.3 shall be a suit for damages instituted against Lessor. By its execution of this Lease, Lessee expressly waives any and all rights at law or in equity to terminate this Lease or to withhold, setoff, abate or otherwise reduce or defer the payment of Rent or any other sums or charges payable by Lessee hereunder as a result of the breach by Lessor of the covenant of quiet enjoyment contained herein.

3. Lease Term

3.1 Lease Term

The term of this Lease (the "Term") shall commence on the Effective Date of this Lease, as set forth on the opening page hereof (the "Term Commencement Date") and shall end at 11:59 p.m. on the Expiration Date, or such earlier date as this Lease may be terminated in accordance with its terms.

3.2 Possession

Commencing on the Term Commencement Date, Lessee shall have possession of the Premises, subject to each and all of the terms, conditions and reservations contained in this Lease.

3.3 Options to Extend Term

Subject to the terms of this Section 3.3, Lessor hereby grants Lessee six (6) options (each, a "Renewal Option," and collectively, the "Renewal Options") to extend the Term of this Lease for

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successive periods of ten (10) years each beyond the Expiration Date (each, a "Renewal Term," and collectively, the "Renewal Terms"). The Renewal Options shall be personal to and may only be exercised by Lessee, any Person to whom Lessee assigns its entire right, title and interest in and to this Lease pursuant to Section 13.1 below (but specifically excluding any sublessee), any Lender who acquires and succeeds to the interest of Lessee under this Lease by virtue of any foreclosure sale, whether the foreclosure sale is conducted pursuant to court order or pursuant to a power of sale contained in a Leasehold Mortgage, or by assignment or other conveyance in lieu of foreclosure, and any transferee or other successor or assign of such Lender; provided, however, that each Specific Parcel Lease shall contain renewal options with terms identical to those set forth in this Section 3.3. The Renewal Options shall be effective only if no Material Default has occurred and is continuing (taking into account all applicable grace or cure periods) hereunder, either at the time of exercise of

the respective Renewal Option or at the time of commencement of the respective Renewal Term. Each Renewal Option commencing with the second (2nd) Renewal Option shall be effective only if Lessee has validly exercised all prior Renewal Option(s). The Renewal Options must be exercised, if at all, by written notice (each, an "Election Notice") from Lessee to Lessor given not more than twenty-four (24) months nor less than twelve (12) months prior to the then-current Expiration Date, subject to the provisions of Section 17.3. Any such Election Notice given by Lessee to Lessor shall be irrevocable. If Lessee fails to exercise a Renewal Option in a timely manner as provided for above, the Renewal Option shall be void. The Renewal Terms shall be upon the same terms and conditions as the initial Term, except that the Annual Base Rent shall be adjusted effective as of the commencement of the first (1st) Renewal Term and every five (5) years thereafter during such Renewal Term and all subsequent Renewal Terms, if any, in accordance with the procedure set forth in Section 4.1(b) below.

3.4 Memorandum of Lease

Concurrently with the execution and delivery of this Lease, Lessor and Lessee shall execute, acknowledge and record (at Lessee's sole cost) a Memorandum of Lease and Memorandum of Option in the form attached as Exhibit B (the "Memorandum of Lease").

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4. Rent

4.1 Annual Base Rent

(a) During the period commencing on the Term Commencement Date and continuing thereafter until the Expiration Date, Lessee shall pay Lessor annual base rent of [*] Dollars (\$[*]), adjusted in the manner provided in Section

4.1(b) below ("Annual Base Rent"). Lessee shall pay Annual Base Rent in advance in equal monthly installments commencing on the Term Commencement Date; provided, however, that Annual Base Rent for any partial month during the period between the Term Commencement Date and the Expiration Date shall be prorated on the basis of a thirty (30) day month.

(b) Annual Base Rent shall be adjusted on the [*] anniversary of the Term Commencement Date and every [*] years thereafter during the Term (each, an "Adjustment Date"), by multiplying the then-current Annual Base Rent by the Annual Base Rent Adjustment Percentage. For example, if the then-current Annual Base Rent were [*] Dollars (\$[*]) and the Annual Base Rent Adjustment Percentage were one hundred six and one-half percent (106.5%), the new Annual Base Rent would be [*] Dollars (\$[*]). For purposes of this Section 4.1(b), the following terms shall have the following meanings:

(i) The "Annual Base Rent Adjustment Percentage" shall be the sum of one hundred percent (100%) plus the increase (if any) in the Ending Index over the Beginning Index, expressed as a percentage; provided, however, that in no event shall the cumulative increase on any Adjustment Date in the Annual Base Rent payable hereunder exceed [*] percent ([*]%) per annum, compounded on an annual basis. Lessee expressly understands and agrees that the Annual Base Rent payable hereunder shall not be subject to reduction if on any Adjustment Date (including, without limitation, any Adjustment Date occurring during a Renewal Term) the Ending Index is lower than the Beginning Index.

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(ii) The "Ending Index" shall be the CPI for the second calendar month preceding the Adjustment Date. For example, if the Adjustment Date were June 21, 2010, the Ending Index would be the CPI for April, 2010.

(iii) The "Beginning Index" shall be the same as the Ending Index used to calculate the previous adjustment (for example, if the Adjustment Date were June 21, 2010, the Beginning Index would be the CPI for April, 2005); except that, for purposes of calculating the first adjustment to the Annual Base

Rent, the Beginning Index shall be the CPI for the month of April, 2000.

4.2 Rent and Additional Rent Defined

For purposes of this Lease: (a) "Rent" shall mean and include all amounts and charges Lessee is obligated to pay to Lessor or to any Lessor Indemnitee pursuant to this Lease, including, without limitation, Annual Base Rent; and (b) "Additional Rent" shall mean and include Impositions and all other amounts and charges, except Annual Base Rent, which are payable by Lessee under this Lease. Unless otherwise expressly provided in this Lease, Lessee shall pay Lessor any Additional Rent within thirty (30) days after receipt of Lessor's invoice therefor.

4.3 Payment of Rent

Lessee shall pay Rent to Lessor at the prescribed times by wire transfer of immediately available and lawful funds of the United States to such account or accounts located in the United States of America as Lessor may designate in writing from time to time. If Lessor fails to so designate an account for receipt of wire transfers of Rent, Lessee shall pay Rent to Lessor at the address provided in Section 23.1, or to such other person and/or at such other address as Lessor may designate in writing from time to time.

4.4 Lessee's Obligations Unconditional

To the maximum extent permissible under Applicable Laws, this Lease shall continue in full force and effect, and Lessee's obligations (including, without limitation, Lessee's obligation to pay Rent) shall not be released, discharged or otherwise affected by reason of: (a) any Casualty or Appropriation affecting all or any portion of the Premises, or the Improvements,

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except and solely to the extent expressly provided in Section 17 below; (b) any restriction on, prevention of or interference with any (i) use of all or any portion of the Premises, the Improvements or any personal property on the Premises, or (ii) the development of the Project or any portion thereof; (c) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other proceeding relating to Lessor or Lessee, or any action taken with respect to this Lease by a court, trustee or receiver in any proceeding; (d) any claim which Lessee or any other Person has or might have against Lessor; (e) any failure by Lessor to comply with any of its obligations under this Lease or any other agreement between Lessor and Lessee; (f) the failure of any person or entity using, occupying or otherwise present on the Premises to perform or comply with any of the terms of any agreement with Lessee; or (g) the termination of any or all of the Entitlements or any sublease or other agreement relating to or affecting the Premises or any Improvements, whether voluntarily or by operation of law. The obligations of Lessee under this Lease shall be separate and independent covenants; and Lessee hereby waives, to the maximum extent permitted by Applicable Laws, any rights that it may now or in the future have to quit or surrender the Premises, to terminate this Lease, or to any abatement (subject only to the provisions of Section 17 below), diminution, offset, reduction or suspension of Rent on account of any event or circumstance, including, without limitation, any events or circumstances described in clauses (a) through (g) of this Section 4.4 and any rights it might otherwise have under the provisions of California Civil Code Sections 1932 and 1933, or any amended, similar or successor laws. Notwithstanding any provision hereof to the contrary, Lessee reserves its right to bring an action for monetary damages as the result of any breach of this Lease by Lessor.

4.5 Late Charge

Notwithstanding any other provision of this Lease, Lessee hereby acknowledges that late payment to Lessor of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. If Lessee fails to pay any Rent owed to Lessor within five (5) days after the date any such payment is required to be made hereunder and, except as hereafter provided with respect to late payments of monthly installments of Annual Base Rent, fails to cure such default within two (2) days after receipt of notice (which notice may be telephone) from Lessor, then Lessee shall pay to Lessor a late

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charge equal to [*] percent ([*]%) of such overdue amount, plus any costs and attorneys' fees incurred by Lessor by reason of Lessee's failure to pay such

Rent when due hereunder. Notwithstanding the foregoing, with respect to late payments of monthly installments of Annual Base Rent, Lessee shall only be entitled to receive notice (which notice may be telephonic) two times during each twenty-four (24) month period under this Lease and, thereafter, Lessee shall owe a late charge to Lessor if any monthly installment of Annual Base Rent is not paid within five (5) days after the date such installment is due. Lessor and Lessee hereby agree that such late charges represent a fair and reasonable estimate of the costs that Lessor will incur by reason of Lessee's late payment and shall not be construed as a penalty. Lessor's acceptance of such late charges shall not constitute a waiver of Lessee's default with respect to such overdue amount or estop Lessor from exercising any of the other rights and remedies granted under this Lease.

Initials:

Lessor

Lessee

5. Net Lease; Taxes and Assessments

5.1 Net Lease

The Annual Base Rent and any Additional Rent payable to Lessor hereunder shall be absolutely net to Lessor and shall be paid without assertion of any counterclaim, setoff, deduction or defense and without any abatement, suspension, deferment or reduction, except as otherwise expressly provided in Section 17.4(c) of this Lease. Under no circumstances or conditions, whether now existing or hereafter arising, and whether within or beyond the present contemplation of the parties, shall Lessor be expected or required to make any payment of any kind whatsoever with respect to the Premises or the Project, or have under any obligation or liability with respect to the Premises or the Project except as otherwise expressly provided in Section 17.4(c) of this Lease.

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5.2 Project Costs

In addition to Annual Base Rent, Lessee shall pay or fund when due all Impositions (but subject to Lessee's right to contest pursuant to Section 5.3(c) below), insurance premiums and deductibles, debt service on any Leasehold Mortgage, reserves, permit and license fees, costs of utilities, design, construction, maintenance, repair, replacement, rebuilding, restoration, management, marketing, services, operations and other costs of any type whatsoever accruing at any time during the Term or any holdover period in connection with the development, ownership, marketing, leasing, operation, management, maintenance, repair, replacement, restoration, use, occupancy or enjoyment of the Premises or the Project (collectively, "Project Costs"). Lessee shall pay all Project Costs directly, and shall contract directly for all required services, utilities and other items described herein; provided, however, that Lessor shall have the right to contract for any such services, utilities or other items if Lessee has failed to do so, or has failed to make any payment of Project Costs which is due and owing, and: (a) such failure constitutes an uncured Event of Default; or (b) there is an imminent threat to the health or safety of persons or property on or about the Premises. Lessee shall provide Lessor, upon written request, with copies of invoices, receipts, canceled checks and/or other documentation reasonably substantiating Lessee's payment of all Project Costs.

5.3 Payment of Taxes and Assessments

(a) Lessee's Obligations to Pay. Without limiting the generality of Sections 5.1 and 5.2, but subject to Section 5.3(c) below, Lessee shall pay all Impositions allocable to the Premises during the Term or any holdover period on or before the date due, and in any event before delinquency and before any fine, interest or penalty may become due or be imposed by operation of law for nonpayment; provided, however, that: (i) Lessor shall pay or, if paid by Lessee, shall reimburse Lessee for any Impositions to the extent that the same are allocable to periods after the Expiration Date (provided that Lessee does not holdover following the Expiration Date); and (ii) if any assessment is permitted by law to be paid in installments without additional charge or penalty, Lessee may pay such assessments in installments, but in no event later than the actual due date for such installments.

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(b) Direct Payment. Lessee shall pay all Impositions directly to the applicable taxing authority, and shall deliver to Lessor, within thirty (30) days after payment, true and correct copies of the receipted bills or other reasonable evidence showing such payment of all Impositions required to have been paid as of such date. Lessor shall cooperate with Lessee to cause all bills for Impositions to be sent directly to Lessee, but if the tax collection agency will not so agree, then Lessor shall tender all bills to Lessee promptly upon Lessor's receipt. Notwithstanding the foregoing terms of this Section 5.3(b), (i) if any Fee Lender or Leasehold Mortgagee shall at any time require that Impositions be paid to such Fee Lender or Leasehold Mortgagee or to an escrowee designated by such Fee Lender or Leasehold Mortgagee in monthly or other installments or otherwise deposited into an "impound account" (an "Impound Account") maintained by or for the benefit of such Fee Lender or Leasehold Mortgagee, then Lessee shall comply with all such requirements of such Fee Lender or Leasehold Mortgagee and shall provide evidence of such compliance to Lessor from time to time upon request, and (ii) if Lessee shall at any time fail to pay any Impositions when due and shall fail to cure such default within the applicable period provided under Section 14.1(b) below, then Lessor shall have the right at any time thereafter to require that Lessee pay monthly installments of Impositions into an Impound Account maintained by Lessor or an escrowee designated by Lessor. If two or more of a Fee Lender, a Leasehold Mortgagee and Lessor shall make competing demands on Lessee for the establishment of an Impound Account, then Lessee shall be entitled to make the impound deposits as directed by the Leasehold Mortgagee, provided that the Leasehold Mortgagee agrees in writing that funds deposited in the Impound Account shall be used solely for the payment of Impositions and may not be applied against the indebtedness secured by the Leasehold Mortgage.

(c) Right to Contest. Lessee shall have the right, at its sole cost, to contest the full or partial amount or validity of any Imposition by appropriate administrative and legal proceedings, either in its own name or jointly with Lessor if Lessor so elects in its sole discretion. Lessor shall cooperate with Lessee in any reasonable manner requested by Lessee, provided that Lessee shall reimburse Lessor as Additional Rent hereunder for Lessor's actual out-of-pocket costs in connection with any such contest. Lessee may postpone payment of any contested Imposition pending prompt and diligent prosecution of any such proceedings and appeals, but only if Lessee

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takes such actions as Lessor may request (including, without limitation, the posting of a bond or other assurance of payment or performance with Lessor, an escrow designated by Lessor or, if acceptable to Lessor, the court or administrative agency or other legal authority having jurisdiction over the contest) to ensure payment of all sums ultimately determined to be due by Lessee. Lessee shall indemnify, defend and hold Lessor harmless from and against any and all claims, damages, liabilities and costs, including, without limitation, penalties, interest and attorneys' fees, costs and disbursements, arising from or related to any such contest, noncompliance or postponed compliance.

(d) Assessment Proceedings. If at any time during the Term any public or quasi-public authority proposes to create an improvement, special assessment or other like district which would or could impose assessments or other Impositions on the Premises (an "Assessment District"), the boundaries of which would or could include the Premises, Lessor shall not cast any votes allocable to the Premises in favor of creation of such Assessment District (as distinguished from votes allocable solely to other property of Lessor, which Lessor may cast in any manner it deems appropriate in its sole discretion) without Lessee's prior written consent. In the event Lessee requests that Lessor vote in favor of creation of an Assessment District which would include the Premises, Lessor shall be obligated to cast those votes that are allocable to the Premises in favor of creation of such Assessment District (as distinguished from those votes that are allocable solely to other property of Lessor, which Lessor may cast in any manner it deems appropriate in its sole discretion), but only in the event that the proposed Assessment District is created in accordance with the Approved Development Plan or is otherwise reasonably determined by Lessor to be beneficial to the development and operation of the Premises and the Project. Lessor shall cooperate with Lessee in all reasonable steps necessary to create any such Assessment District, provided Lessee shall reimburse Lessor for Lessor's actual out-of-pocket costs in connection therewith. Lessee shall have the right (but not the obligation), regardless of Lessor's position, to participate in any proceeding relating to the creation of an Assessment District which would result in additional Impositions being assessed against the Premises and seek to have the Premises excluded from or included in any proposed Assessment District. The party receiving any notice or other information relating to the proposed creation of any

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Assessment District the proposed boundaries of which would or could include the Premises shall promptly provide the other party with copies of all such notices and other information.

6. Use of Premises

6.1 Permitted Use

The Premises shall be used at all times during the Term solely for the Permitted Uses, together with such other uses as are reasonably ancillary or incidental to or supportive of such Permitted Uses, all in accordance with and subject to the terms and conditions of this Lease. Lessee shall not use or permit the Premises to be used for any other purpose without the prior written consent of Lessor, which Lessor may grant, condition or withhold in its reasonable discretion.

6.2 No Nuisance

Without limiting the applicability of Section 6.1 or any other provision of this Lease, Lessee shall not use or allow the Premises or the Project to be used for any unlawful purpose, nor shall Lessee cause, maintain or permit any nuisance, waste or dangerous condition in, on or about the Premises or the Project.

6.3 Applicable Requirements

(a) Compliance with Applicable Requirements. Lessee shall comply with, and the development, construction, use, occupancy, operation, maintenance, repair, reconstruction, restoration, marketing and management of the Premises and the Project shall comply with: (i) all Applicable Laws, including, without limitation, the Entitlements; (ii) the requirements of the Pacific Fire Rating Bureau, the American Insurance Association and any other insurer or insurance authority now or hereafter constituted to the extent required to obtain the insurance coverage required pursuant to the terms of this Lease; and (iii) the requirements of any liens, easements, encumbrances, restrictions, rights and conditions to which the Premises, the Project or any part thereof is at any time subject (other than any Lessor Exceptions, except as expressly provided herein). Lessee shall provide Lessor promptly with copies of any notices of violation or deficiency Lessee may receive respecting the Premises from any public agency with jurisdiction or insurance authority, and subject to its right to contest provided in Section 6.3(b)

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below, Lessee shall promptly and fully cure and correct at its sole cost any such violation or deficiency.

(b) Right to Contest. Lessee shall have the right, at its sole cost, to contest the application to the Premises or the Project of any law or legal requirement or other matter referred to in Section 6.3(a) above, by appropriate administrative and legal proceedings, either in its own name or jointly with Lessor if Lessor so elects in its sole discretion. Lessee may postpone compliance with any contested law or legal requirement or other such matter pending prompt and diligent prosecution of any such proceedings and appeals, but only if Lessee takes such actions as Lessor may request (including, without limitation, the posting of a bond or other assurance of payment or performance with Lessor, an escrow designated by Lessor or, if acceptable to Lessor, the court or administrative agency or other legal authority having jurisdiction over the contest) to suspend the application of the contested law or legal requirement or other such matter to the Premises or the Project and to ensure payment of all sums and performance of all obligations ultimately determined to be due by Lessee. Lessee shall indemnify, defend and hold Lessor harmless from and against any and all claims, damages, liabilities and costs, including, without limitation, penalties, interest and attorneys' fees, costs and disbursements, arising from or related to any such contest, noncompliance or postponed compliance.

(c) Lessor's Reserved Rights. Subject to the terms and conditions hereof, following reasonable prior notice to Lessee (except in the case of an emergency, in which event no notice shall be required), Lessor shall have the right to enter upon any part of the Premises or the Project from time to time during normal business hours for the purpose of ascertaining the condition of the Premises or the Project, exercising its rights under this Lease, posting notices of non-responsibility, ascertaining whether Lessee is complying with its obligations under this Lease or showing the Premises or the Project to prospective successors, lenders or underwriters. Lessor shall use reasonable efforts in exercising its entry rights to avoid or minimize interference with the construction and operation of the Project. Lessor shall have the right to use any and all means it deems necessary or appropriate under the circumstances in order to obtain entry to the Premises or the Project in case of an imminent threat or danger to persons or property, and such entry shall not be construed

or deemed to be a forcible or unlawful entry into the Premises, or an actual or constructive eviction of Lessee from the Premises or any portion thereof. Lessor shall

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permit an employee or other representative of Lessee to accompany any person entering upon the Premises and all persons entering the Premises on behalf of Lessor shall be required to comply with all reasonable security requirements and practices of Lessee.

6.4 Utility Easements Over Premises

Lessor shall cooperate with Lessee at no expense to Lessor in granting licenses, permits or easements over, across or under the Premises to Recipient Agencies, to the extent such licenses, permits or easements are reasonably necessary to enable Lessee to develop and operate the Project, or for the purpose of constructing, maintaining and (as necessary) replacing such sub-surface utilities or other sub-surface utility-related facilities (e.g., storm drainage and sanitary sewer facilities) as are necessary for the proper development and operation of the Project, provided that the licenses, permits and easements shall not be inconsistent with any of the provisions of this Lease. Notwithstanding anything herein to the contrary, Lessee shall not, without the prior written consent of Lessor, grant licenses, permits or easements over, across or under the Premises to Recipient Agencies for any non-utility-related facilities such as (but without limitation) open space, walkways, driveways, parking areas or public access; provided, however, that Lessor shall not withhold its consent to the granting of any such easements, licenses and permits that are required by the applicable authorities as a condition to the issuance of any Entitlements for the Project and that are (i) granted in accordance with the Approved Development Plan, or (ii) reasonably determined by Lessor to be beneficial to the development and operation of the Premises and the Project.

7. Project Operation

7.1 Initial Development of Project

(a) Project Development Rider. Lessee shall develop and finance the Project, and design and construct the Initial Improvements, in accordance with the terms and conditions of the Project Development Rider attached as Exhibit C hereto.

(b) Project Development Plan. Within a reasonable period of time after the Effective Date, Lessee shall submit to Lessor a detailed plan (the "Preliminary Plan") for the development of the Initial Improvements, including, without limitation, an area plan showing the proposed

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location of the Initial Improvements on the Premises and a detailed description of the proposed uses of the Initial Improvements (which uses shall be consistent with the Permitted Uses). Lessor shall have the right to approve or disapprove the Preliminary Plan in its reasonable discretion. The Preliminary Plan, as so approved by Lessor, shall be herein referred to as the "Approved Development Plan." Lessor shall not have the right to institute an unlawful detainer action or to terminate this Lease as a result of the failure of Lessee to deliver the Preliminary Plan to Lessor in accordance with this Section 7.1(b), but Lessor shall have all other rights and remedies hereunder, at law and in equity for such breach. Nothing contained herein shall be deemed to limit or otherwise affect Lessor's remedies in the event of a breach by Lessee of the covenant contained in Section 7.1(d) below.

(c) Entitlements. Lessee shall diligently seek to obtain all Entitlements necessary or desirable for the development of the Project as soon as reasonably practicable after the Effective Date; provided, however, that Lessor shall not have the right to institute an unlawful detainer action or to terminate this Lease as a result of the breach by Lessee of the covenant contained in this Section 7.1(c), but Lessor shall have all other rights and remedies hereunder, at law and in equity for such breach. Nothing contained herein shall be deemed to limit or otherwise affect Lessor's remedies in the event of a breach by Lessee of the covenant contained in Section 7.1(d) below.

(d) Minimum Initial Improvements. Without limiting the terms of Section 7.1(a) above, within sixty (60) months after the Effective Date, Lessee and any one or more Specific Parcel Lessees shall Substantially Complete, in the aggregate, Buildings containing not less [*] ([*]) gross square feet of

space (the "Minimum Initial Improvements"); provided, however, that if Lessee and, if applicable, such Specific Parcel Lessees, shall fail to Substantially Complete the Minimum Initial Improvements within the aforesaid sixty (60) month period solely due to Force Majeure Delays, then such period shall be extended on a day-for-day basis equal to the duration of such Force Majeure Delays. The failure of Lessee and the Specific Parcel Lessees, if any, to

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substantially complete the Minimum Initial Improvements within the aforesaid time period shall constitute an Event of Default hereunder.

7.2 Operation of Project

(a) Overview. The Project shall be comprised of one or more buildings containing approximately[*] ([*]) gross square feet.

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(b) Utilities, Services, Maintenance and Repairs. At all times during the Term and any holdover period, Lessee shall: (i) be responsible to procure all utilities and other services which in Lessee's discretion may be necessary or desirable in connection with Lessee's use, occupancy and enjoyment of the Premises and the Project (including, without limitation, water, gas, electricity, telephone, communications, cable, janitorial, trash removal, security and landscaping); (ii) keep, maintain and preserve the Premises and the Project in compliance with all Applicable Laws and in a good, safe condition and repair, and fit to be used for its intended use; and (iii) make all necessary repairs, replacements and Alterations (whether structural or nonstructural, foreseen or unforeseen, ordinary or extraordinary) in order to maintain the Project in accordance with the requirements of this Lease and comply with all Applicable Laws. Lessor shall not be obligated to make any repairs, replacements or Alterations of any kind, nature or description whatsoever, and Lessee hereby expressly waives any right to terminate this Lease (except as otherwise provided in Section 17 below) or make repairs at Lessor's expense pursuant to California Civil Code Sections 1932(1), 1941, 1942, or any amended, similar or successor laws. If Lessee fails to maintain or repair the Premises or the Project as required by this Lease, and if such failure is not cured within the applicable time period after notice from Lessor, then Lessor shall have the right, but not the obligation, to enter onto the Premises and perform such maintenance or repair for the account of Lessee, and in such event Lessor shall have no liability to Lessee for any loss or damage to the Premises, the Project or Lessee's personal property, or for any interference with the operation of the Project. If Lessor performs such repairs or maintenance, Lessee shall pay all costs thereof to Lessor on demand as Additional Rent.

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(c) Permits, As-Built and Other Items. Lessee shall maintain and make available for Lessor's review, inspection and copying at the Premises during regular business hours, copies of all Entitlements, as-built plans for the Improvements (accurate in all material respects), and such other items relating to the Premises or the Project as may be reasonably necessary to confirm Lessee's compliance with the terms of this Lease.

(d) Entitlements. At its own expense at any time during the Term, Lessee may apply to the City or other appropriate governmental entity for a zoning or general plan classification or modification or variance thereof, site development permit, environmental clearances, or other permits, approvals or other Entitlements consistent with and appropriate to the Permitted Use (collectively, "Entitlements Change"). Lessor hereby covenants that it will, upon the request of Lessee, reasonably cooperate with Lessee in the prosecution of any application for an Entitlements Change. Lessee agrees that it will promptly reimburse Lessor for any out-of-pocket expenses incurred in connection with such cooperation. Lessee shall provide Lessor with not less than thirty (30) days prior written notice of any requested Entitlements Change and, concurrently with the delivery of such notice, shall furnish Lessor with copies of all applications, site plans, drawings, and other materials relating thereto. To the extent required to obtain an Entitlements Change, Lessee shall have the

right to make reasonable and customary dedications of land (including the grant of conservation easements) that do not materially adversely affect the value of the Premises, as reasonably determined by Lessor. If required by the City, Lessor will execute any documents necessary to subject the Premises to such dedications, provided that such documents do not impose any covenants or obligations on Lessor. Lessee shall promptly reimburse Lessor for any out-of-pocket expenses incurred in connection with the review of such documents.

(e) Subdivisions; Specific Parcel Leases.

(i) Lessee contemplates that it may be useful or necessary to further subdivide the land comprising the Premises in connection with development and financing of the Project. Accordingly, subject to the last sentence of this Section 7.2(e)(i), Lessor agrees to cooperate with Lessee in connection with the preparation, filing and processing, at Lessee's sole cost and expense, of such applications as Lessee may require for approval of either lot line adjustments,

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parcel maps or a subdivision map or maps as necessary to cause the Premises to be divided into such legal parcels as may be necessary or desirable for Lessee's sale, leasing and financing of the Premises (each a "Parcel" and, collectively, "Parcels"). Lessor shall have the right to approve any lot line adjustments, parcel maps or subdivision maps proposed for the Premises by Lessee, provided that such approval shall not be unreasonably withheld and, in any event, shall be granted if the proposed lot line adjustments, parcel maps or subdivision maps are consistent with the Approved Development Plan.

(ii) Lessor acknowledges that in connection with Lessee's development of the Premises, Lessee shall have the right to request that Lessor enter into a replacement lease or leases (collectively, "Specific Parcel Leases") so as to divide the leasehold estate arising hereunder into separate and independent leasehold estates pertaining to each of the Parcels, and to concurrently modify this Lease so as to remove from the Premises demised hereunder the Parcels which are covered by the Specific Parcel Leases. The Specific Parcel Leases shall be subject to the following terms and conditions:

(A) No more than three (3) Specific Parcel Leases (in addition to this Lease) shall be created during the Term (including any Renewal Term) of this Lease.

(B) The Specific Parcel Leases shall be in form and substance equivalent to this Lease, except that such leases shall be modified so that (1) the Annual Base Rent will be prorated based on the ratio that the aggregate gross square footage of Buildings permitted to be constructed on the applicable Parcel pursuant to Entitlements issued by the City bears to the aggregate square footage of Buildings permitted to be constructed pursuant to such Entitlements on the entire Premises (the "Entitlement Ratio"), (2) the term "Premises" shall be modified to refer to the land that comprises the applicable Parcel or Parcels, (3) each Specific Parcel Lease shall require the lessee thereunder to be responsible only for those Impositions and Project Costs that pertain to the applicable Parcel, and (4) unless Lessee so desires (and subject to the limitations set forth in Section 7.2(e)(ii)(A) above), no Specific Parcel Lessee shall be entitled to further bifurcate the premises demised under its Specific Parcel Lease so as to create additional Specific Parcel Leases. Except with respect to access and utility easements (and other restrictions that run for the benefit of or burden the respective Parcels, if any) which are required

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by the City or other applicable governmental authorities in connection with subdivision of the Premises into separate Parcels, each Specific Parcel Lease shall be independent of all other Specific Parcel Leases. As between Lessor and Lessee, Lessee shall have the right to allocate to the Parcels and to the lessee of any Specific Parcel Lease (each, a "Specific Parcel Lessee") responsibility for completing or paying for the cost of onsite and offsite improvements and other infrastructure required in order to subdivide the Premises into separate Parcels or to obtain Entitlements Changes for such Parcels.

(C) Lessor shall have the right to approve the location and configuration of each Parcel subject to a Specific Parcel Lease, and any easements and covenants, conditions and restrictions to be imposed on any Parcels or any remaining portion of the Premises in connection with the creation of the Specific Parcel Leases.

(D) The Lessee under each Specific Parcel Lease shall be a Qualified Transferee who, except to the extent that the portion of the Premises to be covered by any such Specific Parcel Lease has previously been developed in

accordance with this Lease, is prepared to commence construction of one or more Buildings on the applicable Parcel or Parcels within a reasonable period after execution of the Specified Parcel Lease, taking into account the time required to obtain building permits and other governmental approvals required for the construction of Building(s) on such Parcel(s).

(E) No Specific Parcel Lease shall be permitted or created until Lessee has obtained a site development permit required from the City or any other governmental authority for the development of the Initial Improvements on the Premises (collectively, the "Discretionary Approvals").

(F) Each Specific Parcel Lease shall be coterminous with this Lease, and shall contain renewal options providing for renewal terms that coincide and are coterminous with the Renewal Terms under this Lease. Each Specific Parcel Lease shall contain an option to purchase the applicable Parcel or Parcels covered by such Specific Parcel Lease on the terms and conditions set forth in Section 18 below; provided, however, that (1) if one Person is the Lessee under two or more Specific Parcel Leases, such Person shall be entitled to exercise an option to purchase contained in any Specific Parcel Lease only if it concurrently and validly exercises the

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options to purchase contained in all of its Specific Parcel Leases, and (2) the Option Purchase Price for each Parcel shall be equal to the greater of (a) the Fair Market Value of the Parcel as of the date Lessor receives the applicable Purchase Notice, as determined pursuant to Section 20, or (b) a prorata portion of the Initial Investment Amount based on the Entitlement Ratio.

(G) The Parcel or Parcels to be covered by a Specific Parcel Lease, as well as the portion of the Premises remaining subject to this Lease, must each constitute a separate legal lot or parcel and comply in all respects with all applicable subdivision and lot split laws and ordinances. Prior to the creation of a Specific Parcel Lease, Lessee shall deliver to Lessor an ALTA survey reasonably acceptable to Lessor depicting the Parcel or Parcels to be affected by such Specific Parcel Lease, any other Parcels previously made subject to Specific Parcel Leases and the remaining portion of the Premises subject to this Lease.

(H) The bifurcation of the applicable Parcel or Parcels from the Premises demised under this Lease must not impair the ability or the right of the Premises remaining subject to this Lease or any Parcels previously made subject to Specific Parcel Leases to be served by all necessary utilities, including water, sewer, power, and all additional utilities required for the proper development of the Project in accordance with the Approved Development Plan.

(I) The bifurcation of the applicable Parcel or Parcels from the Premises demised under this Lease must not result in the loss by the Premises remaining subject to this Lease or any Parcels previously made subject to Specific Parcel Leases of reasonable access to a public street or the use of any other necessary easements.

(J) At the option of Lessor, Title Company or another title insurance company selected by Lessor shall provide such endorsements to Lessor's Owner's Policy as Lessor shall reasonably request in connection with the modification of this Lease and the creation of the Specific Parcel Leases.

(K) No Event of Default (or event or condition which with the giving of notice or the passage of time, or both would constitute an Event of Default) shall be occurring hereunder

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either at the time Lessee requests Lessor's consent to the creation of a Specific Parcel Lease or on the commencement date of such Specific Parcel Lease.

(L) Concurrently with the execution of a Specific Parcel Lease in accordance with the requirements of this Section 7.2(e)(ii), Lessee shall be released from all obligations hereunder relating to the applicable Parcel or Parcels covered by such Specific Parcel Lease and accruing from and after the commencement date thereof.

(M) Lessee will pay all costs and expenses incurred in connection with the modification of this Lease and the creation of any Specific Parcel Lease, including, without limitation, recording fees, premiums for title insurance endorsements, and legal fees and disbursements.

(iii) The parties acknowledge that the ratio that the gross floor area of improvements that may be constructed on the Premises bears to the area comprising the Premises ("FAR") under the existing zoning is 0.35 to 1.0 (the "Base FAR"). Lessee desires to seek permission from the City to obtain an Entitlements Change that would permit Lessee to construct, on a portion of the Premises, Improvements that may exceed the Base FAR, and Lessor hereby consents thereto, provided that no such increase shall result in any portion of the Premises having an FAR of less than 0.30 to 1.0.

7.3 Performance of Buyer Obligations and Enforcement of Post-Closing Seller Obligations Under Purchase Agreement

(a) Notwithstanding the assignment of the Purchase Agreement to Lessor pursuant to the Assignment Agreement, Lessee shall retain full responsibility for and shall perform or cause to be performed in a timely manner in accordance with the terms of the Purchase Agreement each and every obligation of the buyer thereunder (the "Buyer"), whether arising prior to, on or after the Effective Date, excluding only the obligation of the Buyer to purchase the Premises and pay the Purchase Price (as defined in the Purchase Agreement) in accordance with the terms of the Purchase Agreement. Without limiting the generality of the foregoing, Lessee shall retain full responsibility for (i) the timely performance of all indemnity obligations of the Buyer contained in the Purchase Agreement or in any other document or agreement executed by Lessee or Lessor, in its capacity as Buyer, in connection with the transaction contemplated under the Purchase

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Agreement and (ii) the covenants and obligations of the Buyer contained in Sections 6.2(d), 6.6, 6.8, 6.9, 9.1 and 9.2 of the Purchase Agreement (collectively, the "Buyer Obligations"). Lessee shall indemnify, defend and hold Lessor and the Lessor Indemnitees harmless from and against any and all claims, damages, losses, liabilities and costs (including, without limitation, attorneys' fees, costs and disbursements) arising from or relating in any manner, directly or indirectly, in whole or in part, to the failure of Lessee to fully perform the Buyer Obligations in accordance with the terms of the Purchase Agreement.

(b) In addition to the covenants set forth in Section 7.3(a) above, Lessee shall take all actions necessary to enforce the performance of the obligations of Seller under the Purchase Agreement to be performed from and after the Effective Date, including, without limitation, the obligations of Seller contained in Sections 6.1(d), 6.1(e), 6.1(f), 6.7 and 9.3(c) of the Purchase Agreement (collectively, the "Seller Post-Closing Obligations"). If for any reason whatsoever Seller fails to perform the obligations set forth in Sections 6.1(d), 6.1(e) or 6.1(f) of the Purchase Agreement in accordance with the terms and provisions thereof, then Lessee shall perform or cause such obligations to be performed prior to the commencement of construction of the Initial Improvements. Lessee shall indemnify, defend and hold Lessor and the Lessor Indemnitees harmless from and against any and all claims, damages, losses, liabilities and costs (including, without limitation, attorneys' fees, costs and disbursements) arising from or relating in any manner, directly or indirectly, in whole or in part, to the failure of Lessee to fully perform its obligations set forth in this Section 7.3(b).

7.4 Improvements and Alterations

(a) Initial Improvements. The Initial Improvements shall be designed and constructed in accordance with the terms and conditions set forth in Exhibit C attached hereto.

(b) Alterations. Alterations shall be designed and constructed, if at all, in accordance with the terms and conditions set forth in Section 11 below.

(c) Title to Improvements. Title to the Improvements shall be and remain in Lessee until the Termination Date, at which time title shall automatically pass to Lessor as provided in Section 8.2(a) below. The Improvements shall continue to have the character of real property

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notwithstanding that they are separate in title from the Premises, and the Improvements shall not be transferred separate and apart from a Transfer of Lessee's leasehold interest in the Premises. Any other purported Transfer shall be void and of no effect. Lessee may not remove any of the Improvements from the Premises except in accordance with Sections 11 and 17.

(d) Depreciation of Improvements. During the Term of this Lease, Lessee shall have the sole right to claim any available depreciation and other tax benefits with regard to the Improvements and the operation of the Project.

8. Surrender

8.1 Project Surrender

On the Expiration Date, the Premises and the Improvements shall be surrendered to Lessor free and clear of all tenancies, occupancies and other rights of any third parties, whether pursuant to written or oral agreements of any nature or otherwise (except only those rights and obligations contained in or created by the Permitted Exceptions), or any public agencies with jurisdiction (except those rights and obligations contained in or created by the Permitted Exceptions or that arise under Applicable Laws or under any Entitlements that are consented to in writing by Lessor), any Lenders, suppliers or equipment lessors, and any service providers or other third parties.

8.2 Surrender

(a) Condition of Premises on Surrender. On the Termination Date, Lessee shall peaceably quit and surrender the Premises and the Project to Lessor. Lessee shall leave the Premises and Improvements in their "as-is" condition, subject, however, to Lessee's obligations to maintain, repair and restore the Premises in accordance with and to the extent set forth in Section 7.2 above and Sections 17.3 and 17.4 below. Lessee shall deliver the Premises and Improvements to Lessor free and clear of all liens created or suffered by, under or through Lessee, excepting only the Permitted Exceptions. On the Termination Date, all of Lessee's rights, title and interest in and to the Premises and Improvements shall automatically be deemed transferred to and shall vest in Lessor, without payment of any additional consideration therefor

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by Lessor, free of any right, title, claim or interest therein on the part of Lessee or any other Persons claiming by, through or under Lessee.

(b) Delivery of Documents, etc. Lessee shall deliver to Lessor on the Termination Date:

(i) Such documents, assignments, instruments and conveyances as Lessor may request to confirm and implement the termination of all of Lessee's right, title and interest in and to the Premises and the Project, and the transfer of full, lien-free title to the Improvements (subject to the Permitted Exceptions), to Lessor as provided herein;

(ii) All Entitlements, Plans, surveys and other documents, and all keys and other items of personal property in Lessee's possession or control, that relate to or are necessary for the operation or occupancy of the Premises or the Project; and

(iii) An amount equal to any Impositions and other Project Costs which have accrued as of the Termination Date, prorated to the Termination Date.

If this Lease is terminated early due to an Event of Default, Lessee also shall deliver:

An assignment of Lessee's interest in all Subleases and such other assignable contracts and property rights relating to the Premises or the ownership, operation, management, maintenance or leasing of the Project or any part thereof, but only to the extent expressly requested by Lessor in its sole discretion or to the extent that Lessor has otherwise agreed under the terms of this Lease to recognize and keep in force such Subleases, assignable contracts and property rights following a termination of this Lease. Such assignment shall include: (A) Lessor's assumption of all obligations of Lessee thereunder accruing on and after the Termination Date (or, if Lessee holds over, the Surrender Date); and (B) Lessee's indemnification of Lessor for the performance and payment of any obligations of Lessee thereunder accruing prior to the Termination Date (or, if Lessee holds over, the Surrender Date).

(c) Lessor as Lessee's Attorney in Fact. Lessee hereby constitutes and appoints Lessor as its true and lawful attorney-in-fact, with full power of substitution and resubstitution, and with full power and authority to execute, acknowledge and deliver any instruments referred to in this Section 8.2 in the name and on behalf of Lessee which the attorney-in-fact shall deem necessary

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to transfer and convey to Lessor all of Lessee's right, title and interest in and to the Premises and the Project in accordance with this Section 8.2, and Lessee hereby further authorizes such attorney-in-fact to take any further action which the attorney-in-fact may consider necessary or advisable in connection with the foregoing. The power of attorney granted pursuant to the immediately preceding sentence is a special power of attorney, coupled with an interest, and shall be irrevocable. All parties dealing with the attorney-in-fact, including, without limitation, any title company insuring title to the Premises or the Project and any bank, depository, trustee or other financial institution holding deposits, rents or other funds described in, or connected with any contracts or agreements described in, this Section 8.2, may fully rely on the power and authority of the attorney-in-fact to do any and all things described in this power of attorney.

(d) Lessee Indemnity. Lessee shall indemnify, defend and hold Lessor harmless from and against any and all claims, damages, losses, liabilities and costs (including, without limitation, attorneys' fees, costs and disbursements) arising directly or indirectly, in whole or in part, out of any failure by Lessee to surrender the Premises or the Project to Lessor on the Termination Date. Except for those agreements to which Lessor is a party or which it expressly assumes in accordance with this Lease, as of the Termination Date, neither Lessor, the Premises nor the Project shall have any obligations or liabilities with respect to any contracts, agreements or other obligations of Lessee or anyone claiming under Lessee, except as and to the extent required to be assigned by Lessee to Lessor pursuant to the last paragraph of Section 8.2(b), and Lessee shall have the obligation to terminate or settle any and all such contracts, agreements or other obligations that are not so assigned.

8.3 Holding Over

If Lessee remains in possession of all or any part of the Premises or the Project after the Termination Date with Lessor's prior written consent: (a) Lessee's occupancy of the Premises shall be deemed a month-to-month tenancy (not a renewal or extension of the Term), terminable by either party upon thirty (30) days' written notice to the other; (b) unless otherwise hereafter agreed in writing by Lessor and Lessee, the Annual Base Rent during the holdover period shall be one hundred thirty percent (130%) of the Annual Base Rent in effect during the last month of the Term (and Lessor's acceptance of Rent without all or any part of the thirty percent (30%)

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increase shall not be deemed or construed as a waiver by Lessor of its right to collect the entire thirty percent (30%) increase in Rent); and (c) Lessee's use of the Premises otherwise shall be subject to all applicable terms and conditions of this Lease (except Lessee shall have no right to exercise any Renewal Option) as if the Term had not expired or this Lease had not been terminated, as the case may be. Nothing in this Section 8.3 shall be deemed or construed as a consent by Lessor to any holding over by Lessee. If Lessee remains in possession of all or any part of the Premises or the Project after the Termination Date without Lessor's prior written consent: (i) all revenues, receipts and rents otherwise payable to Lessee of or from the Premises or the Project and allocable to such period shall be the sole property of Lessor; (ii) Lessee's occupancy of the Premises shall be solely as a tenant at sufferance and no notice of termination shall be necessary in order to recover possession; (iii) Lessee's use of the Premises otherwise shall be subject to all applicable terms and conditions of this Lease (except Lessee shall have no right to exercise any Renewal Option); and (iv) in addition to such other remedies as may be available to Lessor at law or in equity, Lessee shall indemnify, defend and hold Lessor harmless from and against any and all claims, damages, losses, liabilities and costs arising from or related to Lessee's continued possession, including, without limitation, attorneys', brokers' and consultants' fees, costs and expenses, and damages arising from Lender's inability to relet or deliver the Premises to a succeeding tenant.

9. Security for Performance of Lease Obligations

9.1 Letter of Credit

(a) Concurrently with the execution of this Lease and the acquisition of the Premises by Lessor under the Purchase Agreement, Lessee shall deliver to Lessor, at Lessee's sole cost and expense, the Letter of Credit described below, and complying with the requirement of Section 9.1(d) below, in the initial amount of [*] Dollars ([*]) (the "LC Face Amount") as security for the performance of all

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of Lessee's covenants and obligations under this Lease. Lessee understands and agrees that neither the Letter of Credit nor any Letter of Credit Proceeds (as defined below) shall be deemed an advance rent deposit or an advance payment of

any other

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kind, or a measure of Lessor's damages upon a default on the part of Lessee. Subject to Section 9.1(c) below, the Letter of Credit shall be maintained in effect from the date hereof through the date that is sixty (60) days after the Expiration Date (the "LC Termination Date"). On the LC Termination Date, Lessor shall return to Lessee the Letter of Credit and any Letter of Credit Proceeds then held by Lessor (other than those Letter of Credit Proceeds Lessor is entitled to retain under the terms of this Section 9.1(a)); provided, however, that in no event shall any such return be construed as an admission by Lessor that Lessee has performed all of its obligations hereunder. Lessor shall not be required to segregate the Letter of Credit Proceeds from its other funds and no interest shall accrue or be payable to Lessee with respect thereto. Lessor may (but shall not be required to) draw upon the Letter of Credit and use the proceeds therefrom (the "Letter of Credit Proceeds") or any portion thereof (i) to the extent necessary to (A) cure any Event of Default by Lessee under this Lease and to compensate Lessor for any loss or damage Lessor incurs as a result of such Event of Default, and (B) reimburse Lessor for the payment of any amount which Lessor may for any other purpose spend or be required to spend by reason of an Event of Default on the part of Lessee, and (ii) for any other purpose authorized by this Lease, it being understood that any such draw upon the Letter of Credit or use of the Letter of Credit Proceeds shall not constitute a bar or defense to any of Lessor's remedies under this Lease, at law or in equity. In such event and upon written notice from Lessor to Lessee specifying the amount of the Letter of Credit Proceeds so utilized by Lessor and the particular purpose for which such amount was applied, Lessee shall promptly deliver to Lessor an amendment to the Letter of Credit or a replacement Letter of Credit in an amount equal to the LC Face Amount or Augmented LC Amount then required to be maintained hereunder. Lessee's failure to deliver such replacement Letter of Credit to Lessor within fifteen (15) days of Lessor's notice shall constitute an immediate Event of Default hereunder. In the event Lessor transfers its interest in this Lease, Lessor shall transfer the Letter of Credit and any Letter of Credit Proceeds then held by Lessor to Lessor's successor in interest, and thereafter Lessor shall have no further liability to Lessee with respect to such Letter of Credit or Letter of Credit Proceeds.

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(b) Notwithstanding the terms of Section 9.1(a) above, Lessee shall be required to increase the LC Face Amount to [*] Dollars (\$[*]) (the "Augmented LC Amount") on the terms and conditions set forth below:

(i) In the event that (A) Lessee does not complete an initial public offering of its equity securities (specifically excluding, however, any straight or convertible debt offering, any other form of debt or any securities that have a "put" feature exercisable by the holder thereof or any other characteristics of debt, as reasonably determined by Lessor) pursuant to which Lessee actually raises minimum Net Proceeds of One Hundred Fifty Million Dollars (\$150,000,000.00) (a "Qualifying IPO") on or before December 31, 2000 (the "Outside Initial IPO Date"), or (B) during any thirty (30) day period during the period commencing on the Effective Date and ending on the earlier of the closing of the Qualified IPO or the Outside Initial IPO Date (the "Minimum Available Cash Period"), Lessee has less than Seventy Five Million Dollars (\$75,000,000.00) in Available Cash, then Lessee shall increase the LC Face Amount to the Augmented LC Amount; and

(ii) If Lessee completes a Qualifying IPO within the time period provided in subsection (i) above, but does not, on or before December 21, 2001 (the "Outside Secondary Offering Date"), (A) complete a secondary public or private offering of its equity securities (specifically excluding, however, any straight or convertible debt offering, any other form of debt or any securities that have a "put" feature exercisable by the holder thereof or any other characteristics of debt, as reasonably determined by Lessor) (a "Secondary Offering") pursuant to which Lessee actually raises minimum Net Proceeds which, combined with the actual Net Proceeds generated by the Qualifying IPO, total Three Hundred Million Dollars (\$300,000,000.00) (a "Qualifying Secondary Offering"), and (B) commence actual physical construction of Qualifying Buildings on the Premises in full compliance with the terms and conditions of

Exhibit C hereto, and provide to Lessor evidence of the availability of financing sufficient in the aggregate to pay the total costs of such construction (together with a contingency in an amount reasonably acceptable to Lessor) (collectively, the "Construction Costs"), then

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Lessee shall increase the LC Face Amount to the Augmented LC Amount; for purposes of the foregoing clause (B), Lessee shall be deemed to have commenced physical construction of the Qualifying Buildings only if Lessee has completed grading of the applicable sites, has poured the slabs for the foundations of the Buildings and has demonstrated to Lessor's reasonable satisfaction that financing is in place sufficient to pay in full the Construction Costs of the Qualifying Buildings;

(iii) If Lessee satisfies the condition set forth in clause (A) of subsection (ii) above but fails to commence actual physical construction of Qualifying Buildings in accordance with clause (B) of said subsection (ii) on or before the Outside Secondary Offering Date, then Lessee shall increase the LC Face Amount to the Augmented LC Amount as required herein; provided, however, that if Lessee's failure to commence such physical construction on or before the Outside Secondary Offering Date is due to Force Majeure Delays, and if, notwithstanding such Force Majeure Delays, Lessee actually commences physical construction of Qualifying Buildings on the Premises in full compliance with the terms and conditions of Exhibit C hereto on or before the earlier of (y) June 21, 2002, or (z) the expiration date of the first Discretionary Approval for the Qualifying Buildings to expire, and provided that no Event of Default or Potential Default is then occurring hereunder, Lessee shall have the right to reduce the Augmented LC Amount to the LC Face Amount. If an Event of Default or Potential Default is occurring hereunder at the time Lessee seeks to reduce the amount of the Letter of Credit, then Lessee's right to so reduce the Letter of Credit shall be suspended until the Event of Default or Potential Default has been fully cured or waived by Lessor in writing; and

(iv) If Lessee (A) satisfies the conditions set forth in subsection 9.1(b)(ii) above within the time periods set forth therein, or (B) fails to commence actual physical construction of Qualifying Buildings in accordance with clause (B) of said subsection 9.1(b)(ii) on or before the Outside Secondary Offering Date due to Force Majeure Delays, but thereafter commences such construction on a timely basis pursuant to subsection (iii) above, and if, in either case, (1) construction of the Qualifying Buildings is not thereafter carried on diligently (excluding any Force Majeure Delays), or (2) Lessee fails to Substantially Complete the Qualifying Buildings within eighteen (18) months after the commencement of construction thereof, then Lessee shall increase the LC Face Amount to the Augmented LC Amount; provided, however, that if Lessee

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fails to Substantially Complete the Qualifying Buildings within the aforesaid eighteen (18) month period due to Force Majeure Delays, then such period shall be extended on a day-for-day basis equal to the duration of such Force Majeure Delays.

If Lessee is required to increase the LC Face Amount to the Augmented LC Amount pursuant to this Section 9.1(b), then Lessee shall deliver to Lessor an amendment to the Letter of Credit or a replacement Letter of Credit in an amount equal to the Augmented LC Amount and otherwise satisfying the requirements of this Section 9.1, said amendment or replacement Letter of Credit to be delivered to Lessor within ten (10) Business Days after (i) the occurrence of the event triggering the requirement for the increase in the LC Face Amount, if the increase is required as the result of the failure of Lessee to complete a Qualifying IPO or a Qualifying Secondary Offering on a timely basis in accordance with clauses (i)(A) and (ii)(A) of this Section 9.1(b) or to satisfy the requirement with respect to Available Cash set forth in clause (i)(B) of Section 9.1(b), or (ii) written notice from Lessor, if the increase is required as the result of the events described in clause (ii)(B) of Section 9.1(b) or clauses (iii)(A) or (B) of said Section 9.1(b).

(c) Notwithstanding the terms of Sections 9.1(a) and 9.1(b) above, Lessee shall be entitled to reduce the then-current LC Face Amount or Augmented LC Amount, as applicable, from time to time as Lessee constructs Buildings on the Premises, all on the terms and subject to the conditions set forth in

subsections (i) through (iii) below:

(i) Concurrently with the commencement of construction of each Building on the Premises, Lessee shall have the right to reduce the then-current LC Face Amount or Augmented LC Amount, as applicable, by the applicable Reduction Amount for such Building. For purposes of this clause (i), the following terms shall have the meanings set forth below:

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(A) "Aggregate Permitted Square Footage" means the greater of [*] ([*]) gross square feet or the aggregate gross square footage of Buildings permitted to be constructed on the Premises pursuant to Entitlements issued by the City as of the first date on which Lessee is entitled to reduce the LC Face Amount.

(B) "Applicable Percentage" means, with respect to any Building, the ratio (expressed as a percentage) that the gross square footage of such Building bears to the Aggregate Permitted Square Footage. By way of example only, if the Aggregate Permitted Square Footage is [*] ([*]) square feet, and if Lessee is commencing construction of a Building containing a total of [*] ([*]) square feet, the Applicable Percentage of such Building shall be [*] percent ([*]%).

(C) "Original LC Face Amount" means [*] Dollars (\$[*]); provided, however, that if Lessee is required to increase the LC Face Amount to the Augmented LC Amount pursuant to Section 9.1(b) above, then the "Original LC Face Amount" shall be deemed to be [*] Dollars (\$[*]).

(D) "Reduction Amount" means, with respect to any Building, an amount equal to such Building's Applicable Percentage of the Original LC Face Amount. An example of the calculation contemplated under this Section 9.1(c) is set forth on Exhibit D hereto.

(ii) If Lessee commences construction of any Building and reduces the LC Face Amount or Augmented LC Amount, as applicable, concurrently therewith as contemplated under subsection (i) above, and if Lessee does not thereafter Substantially Complete such Building within eighteen (18) months after the commencement of construction thereof, then Lessee shall be required to restore the LC Face Amount or Augmented LC Amount, as applicable, to the amount that would be in place if such reduction had not occurred; provided, however, that

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Lessee shall be entitled to again reduce the LC Face Amount or Augmented LC Amount, as applicable (as restored pursuant to the foregoing clause) at such time as Lessee actually Substantially Completes such Building.

(iii) Notwithstanding the terms of subsections (i) and (ii) immediately above, if an Event of Default or Potential Default is occurring hereunder at the time Lessee is entitled to reduce the amount of the Letter of Credit, then Lessee's right to so reduce the Letter of Credit shall be suspended until the Event of Default or Potential Default has been fully cured or waived by Lessor in writing.

(d) As used herein, Letter of Credit shall mean an unconditional, standby irrevocable letter of credit (herein referred to as the "Letter of Credit") issued by the New York City or San Francisco Bay Area office of a financial institution with a minimum capital and earned surplus of Five Hundred Million Dollars (\$500,000,000.00) (the "Capital Requirement") and otherwise satisfactory to Lessor (the "LC Issuer"), naming Lessor as beneficiary, in the amount of the LC Face Amount or Augmented LC Amount, as applicable, and otherwise in form and substance reasonably satisfactory to Lessor. In addition to the foregoing, if the interest of Lessor in and to the Premises and under

this Lease shall at any time be securitized or if any Fee Mortgage shall be securitized, then the Letter of Credit shall comply with such additional reasonable requirements as may be imposed from time to time by any rating agency involved in the securitization of such interest or Fee Mortgage (collectively, "Rating Agency Requirements"). Lessor shall have the right to require Lessee to replace the Letter of Credit with a Letter of Credit issued by another issuer which meets the Capital Requirement if at any time the then-current LC Issuer's minimum capital and earned surplus falls below the amount required to satisfy the Capital Requirement. Lessor shall additionally have the right to require Lessee to modify or amend the Letter of Credit from time to time to satisfy any Rating Agency Requirements. Lessee's failure to deliver any such replacement or modified Letter of Credit to Lessor within twenty (20) days of Lessor's notice shall constitute an immediate Event of Default. The Letter of Credit shall be for a minimum one-year term and shall provide: (i) that Lessor may make partial and multiple draws thereunder, up to the face amount thereof, (ii) that Lessor may draw

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upon the Letter of Credit up to the full amount thereof and the LC Issuer will pay to Lessor the amount of such draw upon receipt by the LC Issuer of a sight draft signed by Lessor and accompanied by a written certification from Lessor to the LC Issuer stating that: (A) an Event of Default has occurred and is continuing under this Lease and any applicable grace period has expired, or Lessor is otherwise entitled to draw upon the Letter of Credit pursuant to the terms of this Lease, or (B) Lessor has not received notice from the LC Issuer at least thirty (30) days prior to the then current expiry date of the Letter of Credit that the Letter of Credit has been renewed by the LC Issuer for at least one (1) year beyond the relevant annual expiration date or, in the case of the last year of the Term, sixty (60) days after the Expiration Date, together with a replacement Letter of Credit or a modification to the existing Letter of Credit effectuating such renewal, and Lessee has not otherwise furnished Lessor with a replacement Letter of Credit as hereinafter provided; and (iii) that, in the event of Lessor's assignment or other transfer of its interest in this Lease, the Letter of Credit shall be freely transferable by Lessor, without recourse and without the payment of any fee or consideration, to the assignee or transferee of such interest and the LC Issuer shall confirm the same to Lessor and such assignee or transferee. In the event that the LC Issuer shall fail to (y) notify Lessor that the Letter of Credit will be renewed for at least one (1) year beyond the then applicable expiration date (or, in the case of the last year of the Term, sixty (60) days after the Expiration Date), and (z) deliver to Lessor a replacement Letter of Credit or a modification to the existing Letter of Credit effectuating such renewal, and Lessee shall not have otherwise delivered to Lessor, at least thirty (30) days prior to the relevant annual expiration date, a replacement Letter of Credit in the amount required hereunder and otherwise meeting the requirements set forth above, or if Lessee shall otherwise fail to deliver to Lessor a replacement Letter of Credit whenever required under this Section 9.1, then Lessor shall be entitled to draw on the Letter of Credit as provided above, and shall hold the proceeds of such draw as Letter of Credit Proceeds pursuant to Section 9.1(a) above.

10. Insurance and Indemnity

10.1 Required Insurance

At all times during the Term and any holdover period, at its sole cost and expense, Lessee shall obtain and keep in force for the benefit of Lessee and Lessor as their respective interests may appear insurance against such risks and in such amounts as Lessor or any Fee Lender may

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require from time to time, or such greater amounts or additional risks as are required under any Leasehold Mortgage. Without limiting the generality of the foregoing, Lessee shall obtain and keep in force the following minimum levels of insurance:

(a) Property Insurance. From and after the commencement of construction of any Improvements on the Premises and thereafter at all times during the Term, Lessee shall maintain property insurance for the perils covered by a standard fire insurance policy, extended coverage perils, smoke damage, vandalism, malicious mischief, sprinkler leakage, boiler, machinery and pressure vessel, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke and earthquake, in an amount equal to the then-applicable Full Insurable Replacement Value. Lessee shall determine the proper deductible under each property insurance policy consistent with Lessee's

prudent business judgment. All such policies shall specify that proceeds shall be payable whether or not any Improvements are actually rebuilt, and shall include a "guaranteed amount" or "stipulated amount" endorsement of coverage in lieu of a coinsurance provision under the policy.

"Full Insurable Replacement Value" means one hundred percent (100%) of the actual cost to replace the Improvements (without deduction for depreciation but with standard exclusions such as foundations, excavations, paving and landscaping, as applicable to specific perils), including the costs of demolition and debris removal, an increased cost of construction endorsement and, in the case of builders risk insurance, materials and equipment not in place but in transit to or delivered to the Premises. The Full Insurable Replacement Value initially shall be determined at Lessee's expense by an appraiser selected by Lessee and reasonably approved by the insurer(s) and Lessor. The Full Insurable Replacement value shall be increased from time to time as construction of Improvements progresses on the Premises. Thereafter, at each annual renewal, the Full Insurable Replacement Value shall be raised by an amount not less than the percentage increase in construction costs in the region for the previous twelve (12) month period as reflected in the Marshall & Swift West Coast Cost Index (or a successor index reasonably acceptable to Lessor) using the Trend Multiplier for the San Francisco Area. Lessor or Lessee may at any time, but not more frequently than once in any three year period by written notice to the other, require the Full Insurable Replacement Value to be redetermined, at Lessee's expense, by an appraiser selected by Lessee and reasonably approved by the insurer(s) and Lessor.

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(b) Business Interruption Insurance. Lessee shall maintain insurance against loss of income, including loss of rental income from the Project, under a business interruption and extra expense policy covering risk of loss due to the perils insured against under Section 10.1(a) above, in an amount sufficient to cover at least twelve (12) months of Rent that would be payable to Lessor pursuant to Section 4 or Section 17.

(c) Worker's Compensation and Employer's Liability Insurance. Lessee shall maintain worker's compensation insurance in the amounts and coverages required under worker's compensation, disability and similar employee benefit laws applicable to Lessee or the Project, and employer's liability insurance, with limits of not less than One Million Dollars (\$1,000,000.00) for bodily injury by accident and One Million Dollars (\$1,000,000.00) for bodily injury by disease, or such higher amounts as may be required by law.

(d) General Liability. Lessee shall maintain comprehensive or commercial general liability insurance, through one or more primary and umbrella or excess coverage liability policies as determined by Lessee, insuring against claims for bodily injury or property damage occurring on or about the Premises or the Project, or the streets, curbs or sidewalks adjoining the Premises, with coverage limits of not less than Ten Million Dollars (\$10,000,000.00), combined single limit and annual aggregate for the Project.

The general liability insurance shall: (i) delete any employee exclusion on personal injury coverage; (ii) include employees as additional insureds; (iii) provide for broad form blanket contractual coverage, including, without limitation, coverage for Lessee's indemnification obligations under this Lease for bodily injury, death and/or property damage (provided that Lessee's liability under any such indemnification obligations shall not be limited to the amount of insurance so carried by Lessee); (iv) provide Products and Completed Operations and Independent Contractors coverage and Broad Form Property Damage liability coverage without exclusions for collapse, explosion, demolition, underground coverage and excavating, including blasting; (v) provide liability coverage on all mobile equipment used by Lessee; and (vi) include a cross-liability endorsement (or provision) permitting recovery with respect to claims of one insured against another. The general liability insurance coverage shall insure against any and all claims for bodily injury, including death resulting therefrom, and damage to or destruction of

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property of any kind whatsoever and to whomever belonging and arising from Lessee's operations hereunder, and whether arising from acts or omissions of Lessee, any of Lessee's officers, directors, partners, members, agents or employees, contractors, subcontractors, any other person or entity for whom Lessee may be responsible, or any additional insureds.

(e) Automobile Liability. Lessee shall maintain automobile liability insurance, through one or more primary and umbrella policies, providing aircraft

liability coverage, if applicable, and automobile liability coverage for owned, non-owned and hired vehicles, with coverage limits of not less than Five Million Dollars (\$5,000,000.00), combined single limit and annual aggregate.

(f) Builder's Risk. During the course of construction of any Alterations, Lessee shall maintain or cause the construction manager or general contractor to maintain comprehensive "all risk" builder's risk insurance, including vandalism and malicious mischief, covering all Improvements in place on the Premises, all materials and equipment stored at the Premises or an off-site storage facility and furnished under contract, and all materials and equipment that are in the process of fabrication at the premises of any third party or that have been placed in due course of transit to the Premises or an off-site storage facility when such fabrication or transit is at the risk of, or when title to or an insurable interest in such materials or equipment has passed to, Lessee or its construction manager, contractors or subcontractors (excluding any construction managers', contractors' and subcontractors' tools and equipment, and property owned by the employees of the construction manager, any contractor or any subcontractor), such insurance to be written on a completed value basis in an amount not less than the full estimated replacement value of the Alterations.

(g) Environmental Insurance. A policy of environmental insurance in substantially the form of American International Specialty Lines Insurance Company's form of Pollution Legal Liability Select Policy (form 72187 (11/98)), as amended by the terms of the Pollution Legal Liability Indication Binder Confirmation, Policy Number PLS808-6918, dated June 20, 2000.

(h) Required Coverage. Lessee shall maintain all other insurance that Lessee is required to maintain under Applicable Laws or the terms of any Leasehold Mortgage.

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10.2 Policy Form and General Requirements

(a) All of the insurance required under this Lease, and all renewals thereof, shall be issued by one or more companies of recognized responsibility admitted to sell insurance in California with a financial rating of at least Class A:X (or its equivalent successor) in the most recent edition of Best's Insurance Reports (or its equivalent successor, or, if there is no equivalent successor, an insurance rating service otherwise reasonably acceptable to Lessor). The proceeds of property and builder's risk policies of insurance required hereunder shall be payable in accordance with and subject to the terms of Section 17 below, and any loss adjustment or disposition of insurance proceeds by the insurer shall require the written consent of both Lessor and Lessee. All property insurance hereunder shall name Lessor as a loss payee, as its interests may appear, and all liability insurance policies shall name as additional insureds, with respect to any liability arising out of or relating to the ownership, maintenance, operation, occupancy or use of the Premises or the Project, all Lessor Indemnitees and such other parties as Lessor may request. Any deductibles or self-insurance retentions for insurance required to be carried by Lessee pursuant to this Section 10 shall be subject to Lessor's prior written approval. All deductibles and self-insurance retentions shall be paid by Lessee. All insurance of Lessee shall be primary coverage, and any insurance carried by Lessor shall be excess and non-contributory with Lessee's insurance.

(b) All policies provided for herein shall provide expressly that such policies shall not be canceled, terminated or altered without thirty (30) days' prior written notice to Lessor. Each policy, or a certificate of the policy executed by a properly qualified representative of the insurance company evidencing that the required insurance coverage is in full force and effect, shall be deposited with Lessor on or before the Term Commencement Date, shall be maintained throughout the Term and any holdover period, and shall be renewed at least thirty (30) days before the expiration of the term of the policy. Except for specific provisions described herein, no exclusion shall be permitted in any policy if it conflicts with any coverage required hereby, and, in addition, no policy shall contain any exclusion from liability for personal injury or sickness, disease or death or which in any way impairs coverage under the contractual liability coverage described above.

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(c) Lessee waives all rights of subrogation and recovery against all Lessor Indemnitees on account of any loss or damage arising from any cause to the extent covered by any insurance required to be carried by Lessee pursuant to this Section 10. Lessee shall give notice to its insurance carrier or carriers that the foregoing waiver is contained in this Lease, and shall procure waiver of subrogation endorsements to all policies described in Section 10.1.

The parties acknowledge that Lessor has no obligation under this Lease to carry or provide any insurance. If Lessor otherwise elects in its sole discretion to carry any insurance coverage through an independent third party commercial insurer and such insurance is applicable to the Premises or the Project, such insurance shall be excess and non-contributory with Lessee's insurance. If such insurance is carried, Lessor waives all rights of subrogation and recovery against Lessee on account of any loss or damage arising from any cause to the extent actually covered by such insurance.

(d) On or before the Term Commencement Date, and on each anniversary of the Term Commencement Date thereafter during the Term, Lessee shall provide Lessor with the certificate of a person knowledgeable in insurance matters (who may be an officer or employee of Lessee) stating that all insurance policies required by this Lease are in full force and effect and that such policies, and the insurance provided thereby, comply with the requirements of Sections 10.1 and 10.2.

(e) No approval by Lessor of any insurer, the terms or conditions of any policy, or any coverage or amount of insurance or any deductible amount, shall be construed as a representation by Lessor of the solvency of the insurer or the sufficiency of any policy or any coverage or amount of insurance or deductible, and Lessee assumes full risk and responsibility for any inadequacy of insurance coverage or any failure of insurers. Lessor's approval shall only constitute Lessor's acknowledgment that, as to Lessor, the item or matter so approved satisfies the requirements of this Lease.

10.3 Lessee's Indemnity

Lessee shall indemnify, defend and hold Lessor and all other Lessor Indemnitees harmless from and against any and all claims, damages, losses, liabilities and costs (including, without

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limitation, attorneys' fees, costs and disbursements) arising from or relating to in any manner, directly or indirectly, in whole or in part: (a) any failure by Lessee to timely and properly perform each of its obligations under this Lease; (b) any acts or omissions of Lessee, any Affiliate of Lessee, or any officers, directors, employees, guests, invitees, agents or contractors of any of them, on or relating to the Premises or the Project; (c) the development, financing, design, construction, marketing, operation, management, use, occupancy, maintenance, repair and improvement of the Premises or the Project at any time during the Term or any holdover period (including, without limitation, the design, construction, maintenance and repair of any Improvements or Alterations, and any liability to any federal, state or local taxing authority); and (d) any accident occurring or other circumstance existing on or about the Premises at any time during the Term or any holdover period due to any cause whatsoever. The foregoing shall not require Lessee to indemnify, defend, protect or hold harmless Lessor or any Lessor Indemnitee to the extent of any claims, damages, losses, liabilities and costs arising from or relating to the gross negligence or willful misconduct of Lessor or Lessor's Representatives, except to the extent that such claims, damages, losses, liabilities and costs are covered by any insurance required to be carried by Lessee pursuant to this Section 10.

Lessee shall promptly assume its defense and indemnification obligations upon written notice from any Lessor Indemnitee. Lessor shall provide and shall cause each Lessor Indemnitee to provide prompt written notice of any claim for which defense or indemnification is sought, but any delay by Lessor or any Lessor Indemnitee in delivering such notice shall not limit or otherwise affect the rights of Lessor and the Lessor Indemnitees under this Section 10.3. Lessor Indemnitees may participate in the defense of any such claim at Lessee's expense. Lessee shall not settle any claim without the consent of all Lessor Indemnitees who would incur any liability for such claim under or following such a settlement. The provisions of this Section 10.3 shall survive the expiration or earlier termination of this Lease. The provisions of Section 10.1 shall not limit in any way Lessee's obligations under this Section 10.3.

10.4 Lessee's Assumption of Risk and Waiver

As a material part of the consideration to Lessor for entering into this Lease, Lessee agrees that no Lessor Indemnitee shall be liable to Lessee for, and Lessee expressly assumes the risk of

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and waives, releases and discharges all Lessor Indemnitees from, any and all

claims, damages, losses, liabilities, costs and expenses of any kind or nature arising from or relating to in any manner, directly or indirectly, in whole or in part, the Premises, the Project or this Lease, whether resulting from any act or omission of Lessor or from any other cause, including, without limitation: (a) the performance of any public or quasi-public works on or near the Premises; (b) any injury to or death of any person, or loss or damage of any property, occurring on or about the Premises or the Project; (c) any and all matters described or referred to in Section 2.2 or 4.4 above; and (d) any act or omission of any Recipient Agency, or any member of the public accessing the Premises pursuant to an easement or right of entry reserved under this Lease. The provisions of this Section 10.4 shall survive the expiration or earlier termination of this Lease. The foregoing shall not require Lessee to waive any claims for damages, losses, liabilities and costs arising from or relating to the gross negligence or willful misconduct of Lessor or Lessor's Representatives, except to the extent that such claims, damages, losses, liabilities and costs are covered by any insurance required to be carried by Lessee pursuant to this Section 10.

11. Alterations

11.1 Permitted Alterations

Lessee may make any Alterations which will not (a) violate, or cause or require a modification in (1) the permitted use prescribed in Section 6.1, (2) any other provision of this Lease, or (3) any Entitlements, and (b) materially adversely affect the value or use of the Project or any Building (collectively, "Permitted Alterations"). If Lessee desires to make any Alterations which could have any of the effects described in clauses (a) or (b) of the immediately preceding sentence (any such Alteration being herein referred to as a "Major Alteration"), Lessee shall first obtain Lessor's prior written consent, which consent shall not be unreasonably withheld, except that Lessor shall have the right to approve or disapprove, in its sole discretion, any Alterations which could have the effects described in clause (a)(2) or clause (b).

11.2 Design of Alterations

(a) General Requirements. The design of all Alterations shall: (i) provide for the construction of Improvements that are first class in quality and appearance; and (ii) satisfy the requirements of the Entitlements applicable to the Premises, the Project and all Applicable Laws.

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(b) Architects' Qualifications. Lessee shall engage only design professionals who are licensed, reputable, financially capable, experienced in the design of projects similar to the Project and, if applicable, experienced in making effective public presentations for similar projects. Lessee shall provide Lessor with copies of all contracts with design professionals upon execution.

(c) Lessor's Review and Approval. Prior to making any application or submittal to the City, State or any other public agency with jurisdiction for any architectural review, design or site review, building permit or any other governmental approval, Lessee shall submit to Lessor: (i) two duplicate sets of all plans, drawings, specifications, studies, renderings and related design documents that are required by the public agency as a part of such application or submittal ("Design Documents"); and (ii) copies of the application and any other items to be submitted to the public agency with the application. Lessee shall not submit the application until after obtaining Lessor's written approval of the Design Documents, except that Lessor's approval of Design Documents shall not be required for any Alterations that constitute Permitted Alterations and that will not affect the shell or core of any Building.

Copies of all submittals to the City, State or any other public agency with jurisdiction concerning the design of any Alteration shall be submitted concurrently to Lessor for its information. Subsequent Design Documents shall be submitted to Lessor in two duplicate sets upon which any material change from design elements previously approved (including, without limitation, any material design element not shown in previously approved documents) shall be indicated, and Lessor shall have the right to review and approve or disapprove such modified Design Documents, except to the extent that such Design Documents relate to Alterations that constitute Permitted Alterations and that will not affect the shell or core of any Building.

If Lessor disapproves any aspect of the Design Documents or related submittals to the extent that it has the right to approve or disapprove the same pursuant to this Section 11.2, Lessor shall specify in reasonable detail the reasons for such disapproval and Lessee shall take such steps as may reasonably be necessary to correct any objections by Lessor made in accordance with the applicable standards set forth in this Lease. Any disputes shall be resolved by arbitration in accordance with Section 21 of this Lease by an Arbitrator having at least ten

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years of professional design experience, at least half of which shall be in the design of commercial properties similar to the Project.

Lessee shall pay all third party costs incurred by Lessor in reviewing any request for approval of a proposed Alteration or the Design Documents for any Alteration for which Lessor's approval is required pursuant to Section 11.1 above. No approval by Lessor shall be deemed a representation of any sort with respect to the quality of the design, or a waiver of any rights Lessor may have other than with respect to Lessee's obligation to seek approval of the Alteration.

11.3 Construction of Alterations

(a) Preconditions. Before commencing construction of any Alterations, Lessee shall: (i) procure all Entitlements that may be required by Applicable Laws as a condition to the start of construction; (ii) obtain the consent of the City, State and any other public agencies with jurisdiction from whom consent is required, if any; and (iii) provide Lessor with certified copies of all insurance policies required by Section 11.3(d) below and with evidence of the availability of financing to pay in full the Construction Costs of such Alterations. Lessee shall give Lessor at least fifteen (15) days' written notice before commencing construction of any Alterations so that Lessor may post and record one or more notices of non-responsibility, and Lessee shall maintain the notice(s) in the location(s) reasonably designated by Lessor.

(b) General Requirements. All Alterations shall be constructed in a first class manner, substantially in accordance with and, to the extent that Lessor has the right to approve the same pursuant to this Section 11.3, without material deviation from, the approved Design Documents, and subject to the requirements of all Entitlements applicable to the Premises or the Project and all other requirements of Applicable Laws and this Lease, using workmanship and materials of a quality consistent with the first class nature of the Project, all at no cost or liability to Lessor. Once construction is commenced, Lessee shall prosecute the work diligently and continuously to Substantial Completion, subject to Force Majeure Delays. Lessee shall at no cost to Lessor correct, or cause its contractor to correct, any defects in any construction work performed in connection with the Alterations.

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(c) Selection of Contractor and Contracts. Lessee shall engage only general contractors and construction or project managers who are licensed, reputable, have strong financial capability and are experienced in the construction of projects similar to the Alterations. All such general contractors and construction or project managers shall be required to: (i) carry worker's compensation insurance, commercial general liability insurance naming all Lessor Indemnitees as additional insureds with minimum coverage limits of at least Five Million Dollars (\$5,000,000.00), and automobile and employer's liability insurance; and (ii) comply with all applicable requirements of the approved Design Documents (to the extent that Lessor has the right to approve the same pursuant to this Section 11.3), Entitlements and Applicable Laws. Lessee shall provide Lessor with copies of all contracts upon execution.

(d) Insurance and Bonds. Without limiting any of the provisions of Section 10 above, Lessee shall maintain or cause to be maintained the builder's risk insurance described in Section 10.1(f) above at all times during the construction of any Alterations. All contractors shall be bondable, and if Lessee or any Lender requires performance and/or payment bonds from any contractor, such bonds shall name Lessor as an additional obligee.

(e) Observation. Lessee shall provide Lessor with copies of all contractors' regular progress reports, by facsimile, e-mail or other similarly timely means, immediately upon receipt. Lessee may satisfy this obligation by contractually requiring its contractors to provide Lessor with such reports at the same time and in the same manner that such reports are provided to Lessee, and by taking steps to enforce these contractual requirements if Lessee becomes aware that any contractor is not complying with such requirements. If any Lender requires independent third party construction oversight, Lessee shall request that the construction monitor provide Lessor with copies of all reports and other materials he or she generates. If no such independent oversight is implemented by the Lender, or if the Lender refuses to provide copies of its oversight reports, Lessor shall have the right (but not the obligation) to engage at Lessee's cost an independent third party construction monitor to provide periodic observation of any construction-related activities. In addition, Lessor

shall have the right, but not the obligation, upon reasonable advance written notice to Lessee, to be present at the Premises and observe all aspects of construction at any time during construction of the Alterations. No observation by a third party or by Lessor, whether performed or not performed, shall: (i) impose upon or be

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deemed to impose upon Lessor any responsibility or liability with respect to the design or construction of the Alterations; (ii) be construed as an approval or acceptance of the design or construction of the Alterations; or (iii) constitute or be deemed to constitute a waiver of any rights Lessor may have.

(f) Completion Requirements. Upon Substantial Completion of any Alterations, Lessee shall: (i) record a notice of completion in the Official Records of the County; (ii) provide Lessor with reasonable evidence (e.g., copies of lien releases) that no Liens have resulted from the construction work, subject to Lessee's right to contest such Liens pursuant to Section 15.4 below; (iii) as soon as available, provide Lessor with a certificate of occupancy for the Alterations; and (iv) provide Lessor with a complete set of as-built drawings for the Alterations showing (to the extent customarily included in as-built drawings for comparable projects) all field changes, substitutions and other deviations from the approved Design Documents, on a CAD electronic file and on mylar or another high quality reproducible medium.

12. Hazardous Materials

12.1 Use of Hazardous Materials; Compliance with Environmental Laws

Lessee may use, store and generate Hazardous Materials at the Premises only to the extent that such Hazardous Materials constitute Office-Related Solutions or Permitted Materials and are, in either case, used, stored and generated in full compliance with the requirements of all Applicable Laws. Upon demand by Lessor, Lessee shall immediately cease the use, storage and generation on the Premises of any Hazardous Materials which Lessor believes do not constitute Office-Related Solutions or Permitted Materials or are not being used in full compliance with all Applicable Laws. No later than thirty (30) days before the commencement of construction of the Initial Improvements on the Premises, Lessee shall provide Lessor with a full and complete list of all Hazardous Materials which Lessee or Lessee's contractors or any occupant of the Project may propose to use, store or generate, or which may be contained in any products or materials which Lessee or Lessee's contractors or any such occupant will use, store or generate, on or about the Premises (other than Office-Related Solutions) (the "Hazardous Materials List"). The Hazardous Materials List shall contain the common name of each product or material, and both the scientific name and the CAS number of all chemical substances contained in such product or

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material. Lessee shall notify Lessor, by providing an updated Hazardous Materials List, if: (a) Lessee or any of Lessee's contractors or any occupant of the Project proposes to begin using, storing or generating any new Hazardous Material, excluding Office-Related Solutions; or (b) Lessee or any of Lessee's contractors or any such occupant determines that a product or material it is using, storing or generating contains a Hazardous Material (excluding Office-Related Solutions) which was not previously described in the Hazardous Materials List. Any Hazardous Materials contained in the Hazardous Materials List that are approved in writing by Lessor shall be deemed "Permitted Materials." Lessee shall at all times comply with all applicable Environmental Laws applicable to the Premises. Lessee shall promptly provide Lessor with copies of any notices that it may receive, whether or not from public agencies with jurisdiction or pursuant to any Environmental Law, concerning the presence or Release of any Hazardous Materials on, under, about or beneath the Premises or the Project.

12.2 Releases

Lessee shall not cause or permit to occur at any time during the Term or any holdover period any Release of a Hazardous Material, excluding only Office-Related Solutions disposed of in full compliance with all applicable Environmental Laws. On or before the Surrender Date, Lessee shall have removed or caused to be removed, at no cost to Lessor, from the Premises and the Project any Hazardous Materials existing on, under or about the Premises to the extent such removal is required by any public agency with jurisdiction or pursuant to any Environmental Laws, and Lessee shall have complied with any additional requirements of Lessor that are reasonably necessary to protect the value of the Premises or the Improvements. Lessee shall promptly undertake, in accordance with the provisions set forth in Section 12.3 below, all remedial measures

required by Lessor or by any public agency with jurisdiction or pursuant to any Environmental Laws to investigate, monitor, clean up, abate or otherwise respond to any Release of a Hazardous Material, regardless of the source or cause of origination, at no cost to Lessor and in strict accordance with all applicable Environmental Laws.

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12.3 Remediation

If Lessee is obligated pursuant to Section 12.2 above to remediate any Hazardous Materials, the following additional provisions shall apply:

(a) There shall be no cost to Lessor in connection with the remediation.

(b) Lessee shall proceed with diligence and continuity to develop and carry out an appropriate response plan consistent with the requirements of this Section 12 (including obtaining approval of such response plan from all public agencies with jurisdiction).

(c) The response plan: (i) shall be prepared by a licensed environmental consultant engaged by Lessee and approved in writing by Lessor; (ii) shall satisfy the requirements of all applicable Environmental Laws and public agencies with jurisdiction and any additional requirements of Lessor that are reasonably necessary to protect the value of the Premises or the Improvements; (iii) shall achieve a long-term solution for the Premises that will permit the use of the Premises for the Permitted Uses without the imposition of restrictive covenants or other provisions that would restrict or limit the use of any portion of the Premises; and (iv) shall not require the retention of any monitoring or other facilities on the Premises past the end of the Term (except if and to the extent no other alternative is permitted by Environmental Law, and then such monitoring and other facilities shall be maintained and operated at Lessee's sole cost and expense for the shortest period reasonably allowed by applicable Environmental Laws, and thereafter shall be removed, and the Premises restored to its original condition as expeditiously as is feasible, at Lessee's sole cost and expense, which obligations shall survive the termination of this Lease), cause the imposition of any restriction on the use or occupancy of any Improvements on the Premises following completion of the remediation, or impose any material obligation or liability on Lessor.

(d) The remediation work shall be performed by a licensed environmental contractor (such contractor to be subject to Lessor's approval) under the supervision of the environmental consultant, and shall be conducted and completed in accordance with all applicable Environmental Laws and the approved response plan.

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(e) Lessor may engage, at Lessor's cost, an independent environmental consultant to observe the remediation work at any or all times.

(f) Lessee shall be solely responsible for complying with, and Lessor shall not be named under, any and all manifest and disposal requirements relating to any Hazardous Materials to be disposed of off-site.

12.4 Lessee's Environmental Indemnity

Without limiting the generality of the indemnity provided by Lessee pursuant to Section 10.3 above, Lessee shall indemnify, defend, and hold Lessor and all Lessor Indemnitees harmless from and against any and all claims, suits, causes of action, demands, losses, damages, diminution of property value, liabilities, fines, penalties, costs, taxes, charges, administrative and judicial proceedings, orders, judgments, remedial actions and compliance requirements, including, without limitation, enforcement and clean-up actions, third-party tort and property claims, natural resource damages and other expenses (including, without limitation, attorneys' and consultants' and experts' fees and costs of defense) (collectively, "Claims") arising, directly or indirectly, in whole or in part, out of: (a) any non-compliance by Lessee, its Affiliates or any of their officers, directors, employees, guests, invitees, agents or contractors, with any Environmental Laws or with any of Lessee's other obligations under this Section 12; (b) any use, storage, generation, production, Release, disposal or transportation by Lessee, its Affiliates, or any of their officers, directors, employees, guests, invitees, agents or contractors, of any Hazardous Materials at, on, in, about or under the Premises or the Project at any time during the Term or any holdover period; or (c) the presence of any Hazardous Materials on, under or about the Premises or the Project at any time during the Term or any holdover period, regardless of the source or cause of

origination and irrespective of whether such Hazardous Materials first became present on, under or about the Premises or the Project prior to or during the Term. Notwithstanding the foregoing, Lessee shall not be required to indemnify Lessor under the aforesaid clause (c) against Claims arising out of the mere presence of arsenic on the Premises on the Effective Date as described in the Environmental Assessment (the "Existing Arsenic Contamination"); provided, however, that (i) said indemnification shall cover and extend to any Claims arising out of, resulting from or relating to (A) the handling of the arsenic or the removal

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or remediation of the Arsenic Contamination by Lessee or any of the Lessee Representatives or any increase, spread, migration or other exacerbation of the existing Arsenic Contamination arising out of or resulting from, directly or indirectly, the acts of Lessee or any of the Lessee Representatives, and (B) any failure of Lessee to perform the obligations set forth in Section 12.5 below, and (ii) except as expressly set forth herein, nothing contained in this sentence shall be deemed to limit, modify or otherwise affect Lessee's obligations under this Lease, including, without limitation, Lessee's obligation to remediate Hazardous Materials (including, without limitation, the Arsenic Contamination) to the extent set forth in Sections 12.2 and 12.3 above.

Lessee shall promptly assume its defense and indemnification obligations upon written notice from any Lessor Indemnitee. Lessor Indemnitees may participate in the defense of any such claim at Lessee's expense. Lessee shall not settle any claim without the consent of all Lessor Indemnitees who would incur any liability for such claim under or following such a settlement. The provisions of this Section 12.4 shall survive any termination of this Lease. The provisions of Section 10.1 shall not limit in any way Lessee's obligations under this Section 12.4. The indemnification set forth in this Section 12.4 is in addition to, and shall not diminish, modify or substitute for, any common law, statutory or other rights that Lessor or any Lessor Indemnitee may have against Lessee regarding environmental issues.

12.5 Special Provisions regarding Arsenic Contamination.

Lessee shall take all actions necessary throughout the Term to prevent the imposition on the Premises or any portion thereof of a deed restriction, restrictive covenant or any other restriction (collectively, a "Use Restriction") arising out of or relating to, in any manner, the Arsenic Contamination. Without limiting the foregoing, Lessee shall take all actions during the grading of the Premises and the development of the Project to prevent a Use Restriction from being imposed upon the Premises as a result of the Arsenic Contamination, including, without limitation, if necessary, excavating and disposing of the affected soils in full compliance with all Environmental Laws and performing any other remediation deemed necessary or appropriate by Lessor or any public agency with jurisdiction over the Premises.

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12.6 Final Closure of Storage Tanks.

Lessee shall take all actions necessary and appropriate to obtain, within one hundred eighty (180) days after the Effective Date, a final closure letter and certification from the applicable public agencies (including, without limitation, the Regional Water Quality Control Board, San Francisco Bay Region, and the City of San Jose Fire Department) with regard to the removal of the above-ground and underground storage tanks performed by Harding Lawson & Associates for the benefit of Seller on or about March 2, 1988, as referenced in that certain report titled "Services During Removal of Lester Brothers Tanks, IBM General Products Division, San Jose, California," dated July 5, 1988, Project No. 9733,421.02. Lessee shall indemnify, defend and hold Lessor and the Lessor Indemnitees harmless from and against any and all claims, damages, losses, liabilities and costs (including, without limitation, attorneys' fees, costs and disbursements) arising from or relating in any manner, directly or indirectly, in whole or in part, to the failure of Lessee to fully perform its obligations set forth in this Section 12.6.

12.7 Waiver and Release.

Without limiting the provisions of Section 2.2 or 4.4 above, Lessee on behalf of itself and its successors and assigns waives and releases Lessor and its successors and assigns from any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, attorneys' fees and costs), whether direct or indirect, known or unknown,

foreseen or unforeseen, arising from or relating to the presence, or alleged presence, at any time of any Hazardous Materials in, on, under or about the Premises, including, without limitation, any claims under or on account of (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as the same may have been or may be amended from time to time, and similar state statutes, and any regulations promulgated thereunder, (ii) any other federal, state or local law, ordinance, rule or regulation, now or hereafter in effect, that deals with or otherwise in any manner relates to, environmental matters of any kind, or (iii) this Lease or the common law. Consequently, Lessee expressly waives all rights under California Civil Code Section 1542, which provides that:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of

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executing the release, which if known by him must have materially affected his settlement with the debtor."

The foregoing release shall not apply with respect to any Claims arising from or relating to any release of Hazardous Materials caused by Lessor, any Lessor Indemnitee or Lessor's Representatives. The terms and provisions of this paragraph shall survive Closing hereunder.

<TABLE>

<S>	<C>
Initials:	_____ Lessee

</TABLE>

13. Assignment and Subletting

13.1 Lessor's Consent

(a) Lessee shall not effect a Transfer without Lessor's prior written consent, which consent shall not be unreasonably withheld, provided that (i) no Event of Default (or event which with the giving of notice or the passage of time, or both, would constitute an Event of Default) is occurring hereunder either on the date Lessee delivers the applicable Transfer Notice (as hereinafter defined) to Lessor or on the effective date of such Transfer, and (ii) there would be no change in the Permitted Uses of the Premises following such Transfer. Without otherwise limiting the criteria upon which Lessor may withhold its consent, Lessor shall be entitled to consider all reasonable criteria including, without limitation, the level of experience of the proposed Transferee in the ownership, development, management, and operation of projects similar in character and quality to the Project, and the creditworthiness and financial stability of the proposed Transferee in light of the responsibilities involved. Any Transfer without Lessor's prior written consent shall be void at Lessor's sole option.

(b) Notwithstanding the terms of Section 13.1(a) above, Lessee shall have the right to (i) enter into minor subleases of space within Buildings, and (ii) Transfer its entire right, title and interest in and to this Lease to a Lessee Party, in either case, upon not less than thirty (30) days' prior written notice to, but without the consent of, Lessor. As used herein, "Lessee Party" means (i) any partnership, corporation, limited liability company or other entity that controls, is controlled by or is under common control with, Lessee, and (ii) any entity that acquires (whether by merger, asset acquisition or other reorganization) all or substantially all of the business and assets of Lessee; and "control" means (A) the direct ownership of fifty-one percent (51%) or

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more of the partnership interests, voting stock, limited liability company membership interests or other beneficial interests of such entity, and (B) the actual power to control the management policies of such entity.

13.2 Approval of Transfer Documentation

Except as expressly provided in Section 13.1(b) above, Lessee shall provide Lessor with: (a) written notice of any proposed Transfer (a "Transfer Notice"); (b) documentation regarding the proposed Transferee's experience and background, financial condition, reputation, references and capability; (c) the economic and other material terms of the proposed Transfer; and (d) such other information as Lessor may reasonably request in order to permit Lessor to make an informed judgment regarding satisfaction of the conditions of approval for such proposed

Transfer set forth in Section 13.1. Lessor's consent to any proposed Transfer shall be conditioned upon Lessor's review and approval of both the qualifications of the proposed Transferee and the form of Transfer documentation, which shall contain an assumption of all the obligations of the Lessee under this Lease with respect to the portion of the Premises affected by such Transfer, and Lessor's subsequent receipt of a fully executed copy thereof. Lessor's consent to one Transfer shall not waive the requirement of its consent to any subsequent Transfer.

13.3 Administrative Costs

If Lessee requests Lessor's consent to a Transfer, Lessee shall pay, as Additional Rent, all attorneys' fees and other costs incurred by Lessor in connection with its review of, and response to, Lessee's proposed Transfer.

13.4 Continuing Responsibility

Subject to Section 7.2(e)(ii)(L) above, except to the extent that Lessor shall agree in writing, in its sole and absolute discretion, that Lessee shall be released from its obligations under this Lease from and after the date of such Transfer, no Transfer (including, without limitation, a Transfer to a Lessee Party) shall release Lessee from any of its obligations under this Lease and Lessee and the Transferee shall be and remain jointly and severally liable for the payment of Rent and due performance of all other obligations of the Lessee under this Lease, regardless of

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whether this Lease is subsequently terminated; provided, however, that upon an assignment of this Lease by any Lender that has acquired its interest in this Lease through foreclosure or a deed or assignment in lieu thereof, the Lender shall be relieved from any further liability hereunder with respect to all obligations first accruing on or after the date of such assignment.

13.5 Successors

Each and every successor in interest to the Lessee herein named, including, without limitation, any purchaser of Lessee's leasehold interest pursuant to a foreclosure of any Leasehold Mortgage (who also shall be deemed a Transferee) but subject to the provisions of Section 15.7 below, shall be liable for the payment of Rent and due performance of all other obligations of the Lessee under this Lease from and after the date of the Transfer with the same force and effect as though such Transferee were the Lessee named in this Lease.

13.6 Right to Collect Rent

If this Lease is Transferred without first procuring Lessor's consent in accordance with Section 13.1, Lessor shall have the right, but not the obligation, to collect the Rent provided for in this Lease from the Transferee. In such event, Lessor may apply the amount received by it to the Rent due hereunder, but no such collection or application of proceeds shall be deemed: (a) a waiver of the restriction against Transfer; (b) Lessor's consent to the purported Transfer or acceptance of the purported Transferee as Lessee under this Lease; or (c) a release of Lessee from any of its obligations under this Lease.

13.7 Lessor's Right to Mortgage or Encumber

Lessor may at any time and from time to time pledge, assign, transfer, mortgage or encumber its interest in this Lease, the Rent, and/or its fee estate in the Premises (individually and collectively, a "Lessor Transfer"); provided, however, that: (a) any such transaction shall be made subject to this Lease and Lessee's leasehold estate in the Premises, and any loan, indebtedness or other obligation secured by Lessor's interest in this Lease or fee interest in the Premises shall be and remain subordinate to this Lease and Lessee's leasehold estate in the Premises; (b) the lien of any Fee Mortgage shall not attach to the Lessee's interest in the Premises, and Lessee's right of quiet possession of the Premises and other rights arising out of

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this Lease shall not be materially and adversely affected thereby so long as this Lease has not been terminated following the occurrence of an Event of Default; (c) any party acquiring Lessor's fee interest in the Premises pursuant to a transfer from Lessor shall be required to recognize Lessee's interests hereunder and shall assume and agree to perform Lessor's obligations under this Lease arising on and after the date such party acquires Lessor's interest in the

Premises; and (d) Lessor shall promptly deliver to Lessee written notice of the consummation of such Lessor Transfer, and until Lessee receives such notice Lessee shall be fully protected in making all payments and tendering all performance required of Lessee under this Lease to Lessor and not to Lessor's transferee, and in relying on all consents and approvals given by Lessor pursuant to this Lease. If requested by any Fee Lender, Lessee shall promptly execute and deliver to such Fee Lender a commercially reasonable attornment agreement (an "Attornment Agreement") providing for, among other things, the delivery to Fee Lender of notices of default provided to Lessor hereunder concurrently with the delivery of such notices to Lessor, and the agreement of Lessee to attorn to Fee Lender or any purchaser of the interest of Lessor hereunder upon the exercise by such Fee Lender of its remedies under a Fee Mortgage, including, without limitation, a foreclosure of such Fee Mortgage or a conveyance in lieu of foreclosure. Except as provided in the immediately preceding sentence with respect to the furnishing of notices, no Attornment Agreement shall increase the obligations or decrease the rights of Lessee under this Lease.

14. Events of Default; Lessor's Remedies

14.1 Events of Default

The occurrence of any one or more of the following shall constitute an event of default ("Event of Default") and breach of this Lease by Lessee:

(a) If Lessee fails to pay any installment of Annual Base Rent when due and if such failure continues for two (2) days after notice (which notice may be telephonic) to Lessee; provided, however, that Lessor shall only be required to deliver such notice to Lessee two (2) times during any twenty-four (24) month period and, after Lessor has provided such notices to Lessee, an Event of Default shall be deemed to have occurred hereunder if during the remainder of such period Lessee fails to pay any installment of Annual Base Rent payable hereunder when due;

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(b) If Lessee fails to make any payment of Rent or any other Monetary Obligation (other than any installment of Annual Base Rent) and if such failure continues for five (5) days after notice (which notice may be telephonic) from Lessor;

(c) If Lessee fails to timely and properly perform any of its other obligations under this Lease, and such failure continues for thirty (30) days after Lessor gives written notice to Lessee of non-performance; provided, however, that if the nature of the obligation is such that more than thirty (30) days is reasonably required for its proper performance, Lessee shall not be deemed in default if it commences performance within the thirty (30) day period and thereafter diligently prosecutes such cure to completion within a reasonable time, and in any event within not more than one hundred eighty (180) days. No such notice shall be deemed a forfeiture or a termination of this Lease unless Lessor expressly so elects in the notice;

(d) If Lessee fails to restore the Letter of Credit to the LC Face Amount or the Augmented LC Amount, as applicable, pursuant to Section 9.1(a) above, increase the amount of the Letter of Credit to the Augmented LC Amount when required pursuant to Sections 9.1(b) or (c) above, or deliver to Lessor a modified or amended Letter of Credit when required pursuant to Section 9.1(d) above.

(e) If any material representation or warranty made by Lessee in or pursuant to this Lease is knowingly false or knowingly misleading in any respect;

(f) If any petition is filed against Lessee in any court, whether or not under any statute of the United States of America or of any state, in any bankruptcy, reorganization, composition, extension, arrangement, insolvency or debtor-relief proceedings, and Lessee is thereafter adjudicated bankrupt or insolvent, or if such proceedings are not dismissed within sixty (60) days after the institution of same, or if any such petition is so filed by Lessee or a liquidator;

(g) If, in any proceedings, a receiver, receiver and manager, trustee or liquidator is appointed for all or substantially all of Lessee's property, and such receiver, receiver and manager, trustee or liquidator is not discharged within sixty (60) days after the appointment of such receiver, receiver and manager, trustee or liquidator; and

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(h) If Lessee shall admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy, insolvency, reorganization, readjustment of debt, dissolution or liquidation under any law or statute of any government or any subdivision thereof either now or hereafter in effect, make any assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver of itself or of the whole or any substantial part of the Premises or the Project.

Any notice required to be given by Lessor to Lessee pursuant to this Section 14.1 shall be in addition to, and shall not be deemed to satisfy, the requirements for notice under California Code of Civil Procedure Section 1161, and Lessor shall be required to provide any additional notice required under C.C.P. Section 1161 in order to be entitled to commence an unlawful detainer proceeding.

14.2 Lessor's Remedies

In addition to such other remedies as may be available to Lessor under this Lease, at law or in equity (including, without limitation, the right to enforce indemnities and recover damages), but subject to the provisions of Section 15.7 below, Lessor shall have right, upon the occurrence of an Event of Default, to exercise any or all of the following remedies:

(a) Termination. Lessor may elect to terminate this Lease immediately, or at any time thereafter while the Event of Default remains uncured. If Lessor terminates this Lease, Lessor shall have the right to recover from Lessee:

(i) The worth at the time of award of any unpaid Rent which had 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 unpaid Rent which Lessee proves reasonably could have been avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such unpaid Rent which Lessee proves reasonably could be avoided; plus

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(iv) Any other amount necessary to compensate Lessor for all detriment proximately caused by Lessee's failure to perform its obligations under this Lease or which, in the ordinary course of things, would be likely to result therefrom, including, without limitation, attorneys' fees and costs, brokers' commissions, the costs of refurbishment, alterations, renovation and repair of the Premises and the Project and removal (including the repair of any damage caused by such removal) and storage (or disposal) of Lessee's personal property.

As used in Sections 14.2(a) (i) and (ii), the "worth at the time of award" shall be computed by allowing interest at the Interest Rate. As used in Section 14.2(a) (iii), the "worth at the time of award" shall be computed by discounting such amount at a rate equal to the sum of the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent.

(b) Re-Entry. Lessor may re-enter the Premises, with or without terminating this Lease, and remove any or all persons and property from the Premises, subject only to any provisions of this Lease which expressly require Lessor to recognize the occupancy rights of such persons. Without limiting the generality of the foregoing, Lessor shall have the remedy described in Civil Code Section 1951.4 and any amended, similar or successor laws. Lessee's personal property may be removed and stored in a public warehouse or elsewhere, and may be disposed of at Lessee's cost in accordance with any procedures permitted by law. No re-entry or taking possession of the Premises by Lessor pursuant to this Section 14.2(b) shall be construed as an election to terminate this Lease unless Lessor delivers a written notice of such termination to Lessee. Acts of maintenance or preservation, efforts to relet the Premises or the appointment of a receiver at Lessor's initiative to protect its interest under this Lease shall not constitute a termination of Lessee's right to possession. Lessee shall reimburse Lessor for all costs and expenses incurred in connection with such actions, including, without limitation, consultants', contractors' and attorneys' fees and costs, within ten (10) days after receipt of Lessor's invoice.

(c) Re-Letting. Lessor shall have the right, without terminating this Lease, to either recover all Rent from Lessee as it becomes due or relet the Premises and the Project or any part thereof to third parties for the account and at the expense of Lessee for all or any part of the Term. Lessor may re-let on such terms and conditions as Lessor in its sole discretion may deem advisable, and Lessor shall have the right, but not the obligation, at the cost and expense of

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Lessee, to make any necessary or appropriate (as determined by Lessor in good faith) alterations and repairs to the Premises and the Project. If Lessor elects to so relet, rents received by Lessor from such reletting shall be applied as follows: (i) first, to the payment of any indebtedness, other than Rent due hereunder, from Lessee to Lessor; (ii) second, to the payment of any cost of such reletting; (iii) third, to the payment of the cost of any alterations and repairs to the Premises or the Project; (iv) fourth, to the payment of Rent due and unpaid hereunder; and (v) the residue, if any, shall be held by Lessor and applied to payment of future Rent as the same may become due and payable. Should that portion of the rents received from any reletting and applied to the payment of Rent be less than the Rent then due and payable by Lessee, Lessee shall pay the deficiency to Lessor within ten (10) days after receipt of Lessor's invoice. Lessee also shall reimburse Lessor for any costs and expenses incurred by Lessor in such reletting or in making any alterations and repairs not covered by the rents received from such reletting, including, without limitation, consultants', contractors' and attorneys' fees and costs, within ten (10) days after receipt of Lessor's invoice.

(d) Performance for Lessee. To the extent permitted by Applicable Laws, Lessor shall have the right, without waiving or releasing Lessee from any of its obligations, to make any payment or perform any other obligation on Lessee's behalf and at Lessee's expense. Without limiting the generality of the foregoing, upon and during the continuance of an Event of Default, Lessor may, but shall not be required to, pay any Imposition payable by Lessee hereunder, discharge any Lien, take out, pay for and maintain any insurance required under Section 10, or do or perform or cause to be done or performed any such other act or thing (entering upon the Premises for such purposes, if Lessor shall so elect), and Lessor shall not be or be held liable or in any way responsible for any loss, disturbance, inconvenience, annoyance or damage resulting to Lessee on account thereof. Lessor may act upon shorter notice or no notice at all if necessary in Lessor's reasonable judgment to meet an emergency situation or governmental or municipal time limitation or to protect Lessor's interest in the Premises. Lessor shall not be required to inquire into the correctness of the amount or validity of any Imposition or Lien or other amount which may be paid by Lessor and Lessor shall be duly protected in paying the amount of any such Imposition or Lien claimed and in such event Lessor shall also have the full authority, in Lessor's sole judgment and discretion and without prior notice to or approval by Lessee, to settle

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or compromise any such Lien or Imposition. Any act or thing done by Lessor pursuant to the provisions of this Section 14.2(d) shall not be or be construed as a waiver of any Event of Default by Lessee, or as a waiver of any term, covenant, agreement or condition herein contained or of the performance thereof. If Lessor cures a failure to perform on behalf of Lessee, Lessee shall reimburse Lessor for all costs incurred in connection with such cure, including, without limitation, consultants', contractors' and attorneys' fees and costs, within ten (10) days after receipt of Lessor's invoice.

(e) Security. Lessor shall have the right, but not the obligation, to draw on and apply the proceeds of the Letter of Credit against any Rents, damages or other amounts that Lessor would be entitled to recover pursuant to this Lease.

(f) Receivership. Lessor may have a receiver appointed, upon application, to take possession of the Project and to collect the rents or profits therefrom and to exercise all other rights and remedies available to Lessor pursuant to this Section 14.

(g) Injunctive Relief. Lessor may seek to enjoin any breach of this Lease, seek specific performance of any obligation under this Lease, or pursue any other remedy or right now or hereafter available to a lessor against a defaulting lessee under the laws of the State of California or the equitable powers of its courts, and not otherwise specifically reserved herein.

14.3 Late Payment

In the event Lessee fails to make any payment to Lessor when due, and if such failure continues for ten (10) days after notice (which notice may be telephonic) to Lessee, then Lessee shall pay Lessor interest on the unpaid amount from the date due until the date paid at the Default Rate. The parties agree that the Default Rate represents a fair and reasonable estimate of the detriment that Lessor will suffer by reason of late payment by Lessee. Acceptance of any such interest shall not constitute a waiver of Lessee's

default with respect to the overdue amount, or preclude Lessor from exercising any of its other rights and remedies.

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14.4 Waiver of Notice and Redemption

Except as otherwise expressly provided in Section 14.1, Lessee hereby expressly waives, to the maximum extent permitted by law, the service of any notice of intention to enter or re-enter provided for in any statute, or of the institution of legal proceedings to that end, and Lessee, for and on behalf of itself and all persons claiming through or under Lessee, also waives any right of redemption if Lessee is evicted or Lessor takes possession of the Premises by reason of any Event of Default.

14.5 Rights Cumulative

The various rights and remedies reserved to Lessor and Lessee, including those not specifically described herein, shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity. The exercise of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity shall not preclude the simultaneous or later exercise by Lessor of any or all other rights or remedies.

15. Impairment of Lessor's Title; Leasehold Mortgage

15.1 No Encumbrance on Lessor's Title

Lessor and Lessee expressly agree that in no event shall Lessor's fee title to the Premises or its interest as Lessor under this Lease (including, without limitation, its right to receive Rents), be encumbered, impaired or subordinated for the benefit of Lessee or any Lender, and Lessee shall not enter into (and Lessor shall have no obligation to approve or consent to) any agreement or transaction that would, could or might deprive Lessor of its fee title to the Premises or Lessor's right to receive Rents, or impair any of Lessor's rights and remedies under this Lease. Nothing contained in this Lease, and no action or inaction by Lessor (other than a separate agreement in writing hereafter signed by Lessor), shall be deemed or construed to mean that Lessor has granted to Lessee any right, power or permission to do any act or to make any agreement which may create, give rise to, or be the foundation for, any right, title, interest, lien, charge or other encumbrance upon the estate of Lessor in the Premises or its interest in this Lease or the Project.

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15.2 Adverse Claims

In amplification and not in limitation of the provisions of Section 15.1 above, Lessee shall not permit any portion of the Premises to be used by any person or persons, or by the public, as such, at any time or times during the Term or any holdover period in such manner as may give rise to the creation of prescriptive rights or adverse possession, dedication (except as expressly permitted herein), or other similar claims of, in, to or with respect to the Premises or any part thereof.

15.3 Lessor's Notice of Nonresponsibility

Notice is hereby given that Lessor shall not be liable for any labor or materials furnished or to be furnished to Lessee, or to any occupant or user of the Premises or the Project, and that no mechanic's, materialmen's or other liens, stop notices or encumbrances (collectively, "Liens") for any such labor or materials shall attach to or affect the estate or interest of Lessor in and to the Premises. Nothing in this Lease shall be deemed or construed in any way as constituting the consent or request of Lessor, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or furnishing of any materials in connection with the construction, repair or replacement of the Improvements, or as giving Lessee any right, power or authority to contract for or to permit, on Lessor's behalf or as to Lessor's interest, the rendering of any services or the furnishing of any materials. Lessor shall have no obligation to Lessee or to any contractor, subcontractor, supplier, materialman, worker or other Person who engages in or participates in any construction of any work unless Lessor expressly undertakes such obligation in writing.

15.4 Mechanics' and Other Liens

Lessee shall not permit or suffer any Lien against all or any part of the Premises, except that it shall not be an Event of Default hereunder if Lessee's interest in the Premises becomes subject to an involuntary Lien as long as Lessee contests such Lien and provides a bond or other security for satisfaction of such Lien as requested by Landlord in accordance with this Section 15.4. If any claim or notice of Lien is filed, Lessee shall have the right to contest the Lien in accordance with Applicable Law, but at Lessor's written request, Lessee shall promptly cause the Lien to be bonded over, at no cost to Lessor, so that the Lien shall have no further effect on the Premises. If

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Lessee fails to so remove the effect of the claim or notice of Lien within fifteen (15) days after receiving Lessor's written request, Lessor shall have the right, but not the obligation, without waiving any other rights and remedies it may have against Lessee and without further notice to Lessee, to cause the Lien to be removed from record by any means Lessor deems proper in its sole discretion, including, without limitation, making full payment to the Lien claimant without regard to the validity of its claim. In the event Lessor causes a Lien to be removed from record, Lessee shall pay Lessor on demand, as Additional Rent, all costs and expenses incurred in connection therewith, including, without limitation, attorneys' fees, costs and disbursements. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

15.5 Leasehold Financing

Lessee shall obtain Lessor's written consent before procuring any loan and/or entering into any other arrangement (singly or collectively, a "Loan") which would have the effect of creating a Leasehold Mortgage, except for a Loan which meets each of the following requirements:

(a) The proceeds of the Loan shall be used by Lessee to provide construction or permanent financing for the Improvements;

(b) The Loan shall be with a commercial bank or other institutional or private lender ("Lender") with assets of over Five Hundred Million Dollars (\$500,000,000.00);

(c) The Loan shall be for a maximum aggregate principal amount (including any optional or mandatory advances) that does not exceed the lesser of seventy-five percent (75%) of the Full Insurable Replacement Value or seventy-five percent (75%) of the value of Lessee's leasehold interest in this Lease at the time of Loan closing (inclusive of Lessee's ownership interest in the Improvements);

(d) The Leasehold Mortgage securing the Loan shall encumber Lessee's entire leasehold interest in the Premises and ownership interest in the Improvements, and the Lender shall expressly agree for the benefit of Lessor that the Premises and the Project are a single integrated project and there shall be no partial foreclosure, deed in lieu or other Transfer of anything less than Lessee's entire leasehold interest in the Premises and ownership interest in the Improvements; and

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(e) The Loan shall not be cross-defaulted with the obligations of any Affiliate of Lessee or any other Person, except for any guaranty or other credit enhancement that may be provided by an Affiliate of Lessee to the Lender in consideration of the Loan.

If requested by Lessee, Lessor agrees to execute its written consent to a Leasehold Mortgage which meets the foregoing requirements, provided that such consent shall be in form and content reasonably satisfactory to Lessor.

Lessee may encumber its leasehold interest in this Lease and its ownership interest in the Improvements only in accordance with this Section 15.5. There shall be no modification of a Loan or Leasehold Mortgage that would be inconsistent with any of the requirements of this Lease without Lessor's prior written consent, which may be granted or withheld in Lessor's sole discretion.

15.6 Equipment Financing

In addition to Leasehold Mortgages obtained by Lessee in accordance with Section 15.5 above, Lessee shall have the right to obtain financing ("Equipment Financing") for the acquisition of items of equipment (including, solely in the case of IBX Facilities, equipment which may be deemed to constitute fixtures)

and other personal property (collectively, "Personal Property") with vendors or third party lenders ("Equipment Lenders") so long as the security interest provided to such Equipment Lenders is limited to the Personal Property so financed and does not constitute a Leasehold Mortgage or any other lien on the leasehold estate of Lessee or Lessee's ownership interest in the Improvements. Any other purported encumbrance shall be void and of no effect. The parties acknowledge that, notwithstanding anything to the contrary contained herein, the grant of a security interest by Lessee in IBX Facilities will not, by itself, be deemed to constitute a Leasehold Mortgage solely by virtue of the fact that such IBX Facilities may be deemed to constitute fixtures. Lessee shall have the right to obtain Equipment Financing for up to one hundred percent (100%) of the cost of the Personal Property so financed. In connection with any Equipment Financing, Lessor shall execute such agreements reasonably required by the Equipment Lenders pursuant to which, among other things, (a) Lessor shall disclaim any interest in the Personal Property being financed, (b) the Equipment Lenders shall have rights of entry upon the Premises and the Improvements upon reasonable prior written notice to Lessor for

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purposes of inspecting, evaluating, removing and disposing of the Personal Property (provided that the Equipment Lenders agree to restore any damage to the Improvements occasioned by such removal and to indemnify Lessor from and against any Claims arising out of or resulting from such damage or removal), and (c) in the event of a termination of this Lease, with respect to Personal Property other than IBX Facilities, the Equipment Lenders agree to remove the Personal Property from the Premises within ten (10) days after receipt of written notice from Lessor, and, solely with respect to IBX Facilities, the Equipment Lenders shall have the option to either remove the IBX Facilities from the Premises within thirty (30) days after receipt of written notice from Lessor or to abandon their interest in such IBX Facilities.

15.7 Lender Protections

Lessor and Lessee expressly agree that a Lender making a Loan secured by a Leasehold Mortgage shall have the following rights and protections:

(a) Lessor shall send to the Lender a duplicate copy of any and all notices Lessor may from time to time give to or serve on Lessee pursuant to this Lease to the extent such notices relate to a threatened or claimed Event of Default, to any purported modification or amendment of this Lease, or to any dispute between Lessor and Lessee. Such duplicate copy shall be sent to the Lender concurrently with the notice given to or served on Lessee, but only if and for so long as Lessee or the Lender shall keep Lessor informed, in writing, of the name and mailing address of the Lender and any changes in the Lender's mailing address. As between Lessor and Lender only, no notice of default shall be effective unless and until Lessor gives to the Lender a copy of its notice to Lessee. Any notices or other communications required or permitted by this or any other provision of this Lease or by law to be served on or given to the Lender by Lessor may be delivered in the manner specified in Section 23.1. Lessee shall deliver to Lessor, promptly after execution, true and complete copies of the Leasehold Mortgage and all other documents given to evidence or secure the Loan, and any subsequent amendments, modifications or extensions thereof.

(b) If the terms of the applicable loan documents so provide, Lessee and Lessor shall not modify or consensually terminate this Lease without the prior written consent of the Lender and any such modification or consensual termination of this Lease without the Lender's consent shall

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not be binding upon the Lender, provided that, if the proposed modification of this Lease will not limit or impair the rights or security of the Lender, then the Lender shall not arbitrarily or unreasonably withhold its consent to such modification. No voluntary termination or surrender of this Lease by Lessee shall be effective without the written consent of the Lender. No merger of this Lease and the fee estate in the Premises shall occur on account of the acquisition by the same or related parties of the leasehold estate created by this Lease and the fee estate in the Premises without the prior written consent of the Lender.

(c) Lessor agrees that, but only to the extent agreed by Lessee and the Lender (as evidenced by a writing delivered to Lessor), the Lender shall have the right at any time during the Term to:

(i) do any act or thing permitted or required of Lessee under this Lease, including any act or thing which, if not timely performed, could

constitute an Event of Default, and any such act or thing done and performed by such Lender shall be as effective to prevent a termination of this Lease and a forfeiture of Lessee's rights under this Lease as if done by Lessee itself; and/or

(ii) realize on the security afforded by the leasehold estate by exercising foreclosure proceedings or power of sale or other remedy afforded at law or in equity, or under any Leasehold Mortgage, and pursuant to such proceedings to: (A) transfer, convey or assign Lessee's leasehold interest to any Qualified Transferee at any foreclosure sale, whether the foreclosure sale is conducted pursuant to court order or pursuant to a power of sale contained in the Leasehold Mortgage; or (B) acquire and succeed to the interest of Lessee under this Lease by virtue of any foreclosure sale, whether the foreclosure sale is conducted pursuant to court order or pursuant to a power of sale contained in the Leasehold Mortgage, or by assignment or other conveyance in lieu of foreclosure.

Foreclosure of a Leasehold Mortgage or any sale thereunder to Lender or any Qualified Transferee, whether by judicial proceedings or pursuant to any power of sale contained therein, or any assignment or other conveyance to Lender or any Qualified Transferee in lieu of foreclosure, shall not require the consent of Lessor or constitute an Event of Default under this Lease. Upon any such foreclosure, sale, assignment or other conveyance, Lessor shall recognize

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Lender, any grantee of a conveyance in lieu of foreclosure who is a Qualified Transferee, or any foreclosure sale purchaser who is a Qualified Transferee, as the Lessee hereunder.

(d) Before Lessor may terminate this Lease because of any Event of Default, Lessor shall give written notice of the Event of Default to the Lender (which notice of default may be given at the same time as the notice of default given to Lessee) and afford the Lender the opportunity after service of the notice to: (i) cure any Event of Default involving nonpayment of Rent or any other sum to be paid hereunder within fifteen (15) days after receipt of notice of default from Lessor; or (ii) cure any non-monetary Event of Default under this Lease within thirty (30) days after receipt of Lessor's notice of default, or within such longer period of time as may be reasonably required to cure such Event of Default (including such period as may be required to foreclose the lien of the Leasehold Mortgage in accordance with and to the extent provided in Section 15.7(e) below), provided that Lender commences such cure within thirty (30) days after receipt of notice from Lessor and thereafter diligently prosecutes such cure to completion within a reasonable time.

(e) Lessor agrees that, to the extent agreed by Lessee and the Lender (as evidenced by a writing delivered to Lessor), the Lender may forestall termination of this Lease by Lessor by commencing foreclosure proceedings (whether judicially or by exercise of a power of sale) within forty-five (45) days after Lessor gives Lender a notice of default, so long as: (i) Lender, following commencement of such foreclosure proceedings, diligently pursues such proceedings to completion within a reasonable time (taking into account any bankruptcy filings by Lessee or any other actions by Lessee in any insolvency proceedings which may, as a matter of law, and despite the exercise of all diligence by Lender, delay or postpone Lender's foreclosure proceedings); and (ii) Lender or a receiver appointed by a court of competent jurisdiction upon the application of Lender performs all of the terms and conditions of this Lease requiring payment or expenditure of money by Lessee, including the payment of all unpaid Rent due hereunder, and all other terms and conditions of this Lease which may be performed by Lender or such receiver, until the foreclosure proceedings are complete or are discharged by redemption, satisfaction, payment or conveyance of the leasehold estate to Lender or to any other person or party.

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(f) Lender shall not be liable to Lessor as Transferee of Lessee's interest under this Lease unless and until such time as Lender acquires the rights of Lessee under this Lease through foreclosure or other proceedings in the nature of foreclosure, by deed or voluntary assignment in lieu thereof, or as a result of some other action or remedy provided by law or by any Leasehold Mortgage. At no time shall the Lender be liable for any breach or default by Lessee prior to the time Lender acquires all rights of Lessee hereunder; provided, however, that Lessor shall have the right to exercise all remedies available as the result of any such breach or default unless Lender cures or causes all such breaches and defaults to be cured in accordance with Section 15.7(e)(ii) above. Subject to compliance with the provisions of Section 13.1 relating to a subsequent Transfer by the Lender, in its capacity as a successor Lessee, of its interest in this

Lease, the Lender shall remain liable to Lessor for the obligations of the Lessee under this Lease only for and with respect to obligations arising under this Lease while the Lender remains the owner of the leasehold estate. In the event that Lender subsequently Transfers its interest under this Lease in accordance with the terms hereof after acquiring all rights of Lessee hereunder and in connection with any such Transfer Lender takes back a mortgage, deed of trust, security agreement, lien or other encumbrance in or against the Lessee's interest in this Lease and the Improvements to secure a portion of the purchase price payable to Lender for such Transfer, then such mortgage, deed of trust, security agreement, lien or other encumbrance shall also constitute a Leasehold Mortgage and the Lender shall be entitled to the benefits of this Lease intended for the benefit of the holder of a Leasehold Mortgage.

(g) If this Lease is terminated prior to the Expiration Date for any reason other than a termination pursuant to Section 17, including, without limitation, the termination by Lessor on account of an Event of Default or the rejection by a trustee of Lessee in bankruptcy or by Lessee as a debtor-in-possession, or if Lessee's interest under this Lease shall be sold, assigned or transferred pursuant to the exercise of any remedy of the Lender, or pursuant to foreclosure or deed or assignment in lieu thereof, then Lessor shall execute a new lease for the Premises with the Lender as Lessee, if so requested by the Lender within ten (10) days following the date of the termination, subject to the following:

(i) the new lease shall: (A) be for a term beginning on the date this Lease was so terminated and ending on the same date the Term of this Lease would have ended had not this

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Lease been terminated (it being agreed that the Lender or other purchaser of the leasehold estate shall have the same rights to exercise Renewal Options as are granted to Lessee hereunder); (B) provide for the payment of Rent at the same rate that would have been payable under this Lease during the remaining Term of this Lease (including all Renewal Terms) had this Lease not been terminated; and (C) otherwise contain the same terms and conditions as are contained in this Lease (except for any requirements or conditions which have been fully satisfied by Lessee prior to the termination);

(ii) upon execution of the new lease by Lessor, Lender shall pay to Lessor any and all sums that would, at the time of the execution of the new lease, be due under this Lease if this Lease had not been terminated, and shall also pay all sums and remedy, or agree in writing to remedy, as promptly as practicable, any other defaults under this Lease committed by the former Lessee that can possibly be remedied by a party other than the former Lessee;

(iii) upon execution of the new lease, Lender shall pay all costs and expenses, including, without limitation, attorneys' fees and court costs, incurred by Lessor in preparing the new lease;

(iv) as between Lessor, Lessee and Lender, and with respect to all third parties having actual or constructive notice of the terms of this Lease, the new lease shall have the same priority as this Lease, and shall be transferable by Lender to the extent expressly provided in this Lease;

(v) Any new lease made pursuant to this paragraph shall be prior to any mortgage or other lien, charge or encumbrance on the fee title to the Premises created by Lessor and shall contain express provisions to the effect that (i) such lien, charge or encumbrance shall be subordinate to any such new lease, and (ii) the mortgagee or other beneficiary thereof shall, upon request, confirm to the Lessee under the new lease and any Leasehold Mortgagee such subordination;

(vi) The ownership of the Improvements now or hereafter located on the Premises shall be deemed to have been transferred directly to such transferee of Lessee's interest in this Lease and any provisions hereof causing such improvements to become the property of Lessor in the event of a termination of this Lease shall be ineffective as applied to any such termination.

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Lessor shall execute such deed or other instrument of conveyance as may be necessary for title to the improvements to be insured in such transferee of Lessee's interest;

(vii) Upon the execution and delivery of such new lease, the Lender, in its own name or in the name of Lessor, may take all appropriate steps as may be necessary to remove Lessee from the Premises. Lender shall be solely

responsible for bringing such actions and proceedings as shall be required to obtain possession of the Premises, and possession of and title to the Improvements, from any third parties which are not lawfully occupying the Premises, and if Lessor shall be required by applicable law to be or become a party to any such action or proceeding, Lender shall pay all costs and expenses of Lessor, including, without limitation, attorneys' fees and costs, incurred in connection therewith and indemnify Lessor against any and all liabilities arising by reason of such action or proceeding;

(viii) together with the execution and delivery of the new lease, Lessor shall confirm and acknowledge, by such means as is customary or may be reasonably required by a reputable title insurance company to insure the leasehold estate of Lender created by the new lease and Lender's ownership of the Improvements for the term of the new lease, that as between the Lender and Lessor, and all Persons claiming by, through or under Lessor (including, without limitation, the holder of any mortgage or other encumbrance against Lessor's fee interest in the Premises), Lender has title to the Improvements for the term of the new lease; provided, however, that such confirmation and acknowledgment of title shall not negate or otherwise adversely affect Lessor's reversionary interest in the Improvements; and

(ix) In the event that there is more than one Leasehold Mortgage at the time such new lease is to be executed and delivered, the Lender which is first in lien priority shall be entitled to such new lease.

The provisions of this Section 15.7(g) shall survive any termination of this Lease prior to the Expiration Date for any reason other than a termination pursuant to Section 17 for a period of ten (10) days following the date of the termination, and shall constitute a separate agreement by Lessor for the benefit of and enforceable by the Lender.

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(h) The Lender whose Leasehold Mortgage would be senior in priority if there were a foreclosure shall prevail if two or more Lenders exercise their rights hereunder, and there is a conflict which renders it impossible to comply with all such requests. Lessor shall have the right to rely on a preliminary title report or other document obtained by a reputable title insurance company in determining the relative priority among multiple Leasehold Mortgages. Any Lender who pays any rent or other sums due hereunder which relate to periods other than during its actual ownership of the leasehold estate shall be subrogated to any and all rights which may be asserted against Lessee by Lessor with respect to such period of time.

(i) As used in this Lease, the term "Lender" shall include the entity that loaned money to Lessee and is named as beneficiary, mortgagee, assignee, secured party or security holder in any Leasehold Mortgage, and also all subsequent assignees and holders of the security interest created by such instrument. As used in this Section 15.7, the term "Lender" shall not be deemed to include any Fee Lender or Equipment Lender.

(j) Any Leasehold Mortgage shall by its terms provide that all proceeds of any property insurance covering the Premises and/or the Improvements, and all Awards, shall be paid, held and applied in a manner consistent with the provisions of this Lease, and that the holder of the Leasehold Mortgage shall give Lessor written notice of any default of Lessee under such Leasehold Mortgage contemporaneously with the giving of such notice to Lessee; provided, however, that no failure by the Lender to give such notice shall deprive it of any rights or benefits provided by this Section 15.7 or elsewhere in this Lease. Lessee shall give Lessor a copy of any notice of default received from any Lender promptly after receipt thereof.

(k) If Lessor receives a notice of default from a Lender based on Lessee's failure to make payment when due on a Loan, and Lessee fails to cause the Lender to rescind the notice of default within ten (10) business days after the date Lessor gives Lessee a copy of the notice of default, then Lessor shall have the right, but not the obligation, to cure such default of Lessee on the Loan by payment to the Lender of the amount in default, and in such event Lessee shall repay such amount to Lessor on demand, and until repayment is made the amount owing to Lessor shall bear interest at the Default Rate; provided, however, that the failure by Lessee to make such repayment shall not entitle Lessor to terminate this Lease or exercise any other remedy that

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would require the Lender to return or otherwise pay over such amount to Lessor, but Lessor shall have all other remedies available at law or in equity in order to enforce Lessee's obligation to make such repayment to Lessor, including,

without limitation, the right (but not the obligation) to draw on and apply the proceeds of the Letter of Credit for such purpose.

(l) Within ten (10) days after receipt of a written request from time to time, Lessor shall execute and deliver to any Lender a written statement certifying: (i) the Expiration Date; (ii) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, and stating the date and nature of such modifications); (iii) the date to which Rent has been paid; (iv) that, to the Actual Knowledge of Lessor, there are no current defaults under this Lease by either Lessor or Lessee (or, if defaults are asserted, so describing with reasonable specificity); and (v) such other matters as may be reasonably requested by the Lender. Lessor intends that any statement delivered pursuant to this section may be relied upon by any auditor, Lender, prospective Lender, or prospective purchaser of or investor in the Premises or any interest therein.

16. Representations, Warranties and Covenants

16.1 Lessee's Representations, Warranties and Covenants

Lessee hereby represents, warrants and covenants to Lessor as follows:

(a) Lessee is a corporation, duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified to transact business in the State of California.

(b) Lessee has taken all necessary action to authorize the execution, delivery and performance of this Lease and all other agreements and instruments relating to the transactions contemplated by this Lease (collectively, the "Related Instruments"). This Lease and the Related Instruments constitute the legal, valid and binding obligations of Lessee.

(c) Lessee has the right, power, legal capacity and authority to enter into and perform its obligations under this Lease and the Related Instruments, and no approval or consent of any Person is required in connection with Lessee's execution and performance of this Lease and the Related Instruments which has not been obtained (other than any Entitlements required to be

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obtained to construct any Improvements). The execution and performance of this Lease and the Related Instruments will not result in or constitute any default or event that would be, or with notice or lapse of time or both would be, a default, breach or violation of the organizational instruments governing Lessee or any agreement or any deed restriction or order or decree of any court or other governmental authority to which Lessee is a party or to which it is subject.

Lessee shall take all actions necessary to ensure that each of the representations, warranties and covenants contained in this Section 16.1 remain true and correct in all material respects at all times during the period between the Effective Date and the expiration of the Term and any holdover period.

16.2 Lessor's Representations, Warranties and Covenants.

Lessor represents, warrants and covenants to Lessee as follows:

(a) Lessor is a limited liability company organized, validly existing and in good standing under the laws of the State of Delaware.

(b) TriNet Corporate Realty Trust, Inc., a Maryland corporation ("TriNet"), owns all membership interests in Lessor.

(c) Lessor's charter documents limit and, so long as this Lease is in effect, will limit Lessor's purpose to acquiring, owning, holding, selling, assigning, leasing, mortgaging and otherwise dealing with the Premises, and other lawful activities incidental thereto, including entering into and performing its obligations hereunder.

(d) Lessor has taken, and, so long as this Lease is in effect, will take, the following steps to ensure that it operates and maintains its legal status as an independent entity separate and distinct from TriNet ("Separateness Criteria"):

(i) maintain bank accounts separate from those of TriNet and any Affiliate and shall prepare and maintain its financial statements in accordance with GAAP;

(ii) conduct its business in its own name;

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(iii) maintain financial statements separate from TriNet;

(iv) pay any liabilities out of its own funds and directly manage its own liabilities;

(v) not guarantee or become obligated for the debts of any other entity, including TriNet and any Affiliate or hold out its credit as being available to satisfy the obligations of others;

(vi) hold itself out as an entity separate from TriNet and any Affiliate.

(e) Lessor's only material assets, on and after the date hereof, will be the Premises and cash obtained by Lessor from TriNet by way of capital contribution and from Lease payments.

(f) TriNet, in connection with organizing and capitalizing Lessor and in each transaction relating to the acquisition of the Premises, did not and will not have the actual intent to hinder, delay or defraud any entity to which TriNet was, or became on or after the date of such transfer, indebted.

17. Casualty or Appropriation

17.1 No Termination; No Effect on Rental Obligation

Except to the extent expressly provided in this Section 17, no Appropriation, loss, damage or destruction of the Premises, Improvements, or any other aspect of the Project shall cause a termination of this Lease, or relieve or discharge Lessee from the full and timely payment of Rent or performance of any of Lessee's other obligations under this Lease. Lessee hereby expressly waives the provisions of Sections 1932(2) and 1933(4) of the California Civil Code, and any amended, similar or successor laws.

17.2 Evaluation of Extent and Effect of Casualty or Appropriation

(a) Casualty. Upon the occurrence of any fire, flood, earthquake or other event or casualty adversely affecting the physical condition of the Premises and/or the Improvements (a "Casualty"), Lessee shall promptly engage an independent architect or engineer reasonably acceptable to Lessor (the "Engineer"), and Lessee and the Engineer shall prepare a detailed written report (the "Casualty Report") describing and addressing: (i) the extent of any damage or

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destruction to the Premises and Improvements; (ii) the legal right, and the estimated cost and time required, to repair, replace, reconstruct and/or restore the Premises and Improvements to a physical and operating condition consistent with the requirements of this Lease (collectively, "Restoration Work"); and (iii) the likely extent and availability of insurance proceeds. Lessee shall provide Lessor with the Casualty Report as soon as reasonably practicable, but not later than sixty (60) days after the occurrence of the Casualty.

(b) Appropriation. Upon receipt of written notice that any Appropriation of less than the entire Premises is pending or contemplated, Lessee shall promptly engage an Engineer, and Lessee and the Engineer shall prepare a detailed written report (the "Appropriation Report") describing and addressing: (i) the effect of such pending or contemplated Appropriation on the remaining portion of the Premises and the operation and occupancy of the Project; (ii) the legal right, and the estimated cost and time required, to perform all Restoration Work that may be necessary in order for the Project to be operated and occupied in accordance with the requirements of this Lease; and (iii) the likely extent and availability of an Award. Lessee shall provide Lessor with the Appropriation Report as soon as reasonably practicable, but not later than sixty (60) days after receipt of written notice that the Appropriation is pending or contemplated.

17.3 Effect of Casualty

(a) Obligation to Perform Restoration Work. Except as expressly provided in Section 17.3(b) below, if all or any portion of the Premises or the Improvements are damaged or destroyed at any time during the Term, Lessee shall perform all Restoration Work that may be necessary to restore the Premises and Improvements as nearly as possible to their value, condition and character immediately prior to such event (assuming the Premises to have been in the condition required by this Lease), or to such other condition and character as may be approved by

Lessor, taking into account uses of similarly-situated buildings, that are then common in the vicinity of the Premises, and otherwise consistent with the requirements of this Lease, at no cost to Lessor, regardless of whether any insurance proceeds are available or the amount of any such insurance proceeds, as promptly as reasonably practicable and with all commercially reasonable diligence.

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(b) Damage or Destruction During Last Two Years of Term. Notwithstanding the terms of Section 17.3(a) above, if all or substantially all of the Improvements are damaged or destroyed during the final two (2) years of the Term (taking into account any Renewal Options that have been exercised by Lessee pursuant to Section 3.3 above prior to the date of such Casualty), then Lessee shall have the right, but not the obligation, to perform the Restoration Work; provided, however, that if Lessee elects not to perform the Restoration Work, then Lessee shall (i) promptly demolish and remove, at Lessee's sole cost and expense, all damaged or destroyed Improvements from the Premises, together with all other Improvements which Lessor requires to be so demolished and removed, and restore the portion of the Premises where such Improvements have been removed to a clean, level and usable condition, (ii) continue to pay the full Rent due hereunder (without setoff, reduction or abatement) for the remainder of the Term, and (iii) have no further right to exercise any remaining Renewal Options hereunder.

(c) No Right to Terminate Lease. Under no circumstances shall Lessee be entitled to terminate this Lease or to any abatement of Rent for or in respect of any Casualty. If any such Casualty occurs during the last twelve (12) months of the then-current Term (that is, after the period (the "Renewal Election Period") has expired during which Tenant may deliver an Election Notice to Landlord pursuant to Section 3.3 above), then subject to clause (iii) of Section 17.3(b) above, the Renewal Election Period shall automatically be deemed extended to the earlier of (i) the tenth (10th) Business Day after the occurrence of the Casualty, or (ii) the then-current Expiration Date.

17.4 Effect of Appropriation

(a) Total Appropriation. If the entire Premises is Appropriated at any time during the Term (a "Total Appropriation"), this Lease shall terminate as provided in Section 17.7 effective on the earlier of the date that title to the Premises is obtained by the Appropriating authority or the date that the Appropriating authority takes possession of the Premises, and the Award shall be divided between Lessor and Lessee in the manner provided in Section 17.5(a) below.

(b) Major Appropriation. Lessee shall have the right to terminate this Lease, in accordance with the procedures set forth in Section 17.7, if at any time during the Term a substantial portion of the Premises or the Improvements is Appropriated, and either (i) there are

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fewer than three (3) years remaining in the maximum permitted Term of this Lease (that is, after giving effect to all possible extensions and renewals of this Lease, whether or not exercised), or (ii) then-existing laws would not permit the repair, replacement, reconstruction and/or restoration of the Premises and Improvements to substantially the same condition and use as at the time immediately preceding the Appropriation, or otherwise to a condition that would produce an economically feasible project of substantially the same use, consistent with the requirements of this Lease. In the event Lessee exercises its right to terminate, Lessee shall vacate and surrender the Premises to Lessor in the manner required by Section 17.7 below. The effective date of any such termination shall be the earlier of the date that the Appropriating authority obtains title to the Appropriated portion of the Premises or Improvements or the date that the Appropriating authority takes possession of the Appropriated portion of the Premises or Improvements. In the event this Lease is terminated by Lessee pursuant to this Section 17.4(b), any Award shall be divided between Lessor and Lessee in the manner provided in Section 17.5(a) below.

(c) Partial Appropriation. If less than the entire Premises or Improvements are Appropriated and this Lease is not terminated pursuant to Section 17.4(b) above: (A) this Lease shall be deemed amended, effective as of the earlier of the date that the Appropriating authority obtains title to the Appropriated portion of the Premises or Improvements or the date that the Appropriating authority takes possession of the Appropriated portion of the Premises or Improvements, such that the definition of the "Premises" shall include only that portion of the land described in Exhibit A attached that is not Appropriated;

(B) Lessee, as promptly as reasonably practicable and with all commercially reasonable diligence, shall perform all Restoration Work that may be necessary to restore the Project consistent with the requirements of this Lease, to the maximum extent feasible; (C) Annual Base Rent shall be equitably reduced based upon the ratio that the gross square footage of the Improvements that are the subject of the Appropriation bears to the Aggregate Permitted Square Footage (calculated for purposes of this Section 17.4(c) with reference to Entitlements issued by the City as of the date this Lease is deemed amended pursuant to clause (A) of this Section 17.4(c)), and (D) any Award shall be divided between Lessor and Lessee in the manner provided in Section 17.5(b) below.

(d) Temporary Appropriation. If the Premises or any portion thereof or any Improvements are Appropriated for a limited period ending no later than the Expiration Date,

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this Lease shall not terminate and Lessee shall continue to perform and observe all of its obligations hereunder as though such Appropriation had not occurred, including, without limitation, the payment of all Rent for the period of such Appropriation as the same shall become due and payable under this Lease, whether or not the amount of any Award payable to Lessee on account of such Appropriation is sufficient to make full payment of the Rent, except only to the extent that Lessee may be prevented or substantially impeded from performing any non-monetary obligations under this Lease by reason of such Appropriation. In the event of such a temporary Appropriation, subject to Section 17.6(b) and the rights of any Lender under a Leasehold Mortgage, Lessee shall be entitled to receive the entire amount of any Award made for such Appropriation. In the event that the Appropriation would end later than the Expiration Date, then the Appropriation shall be deemed a Total Appropriation and all of the provisions of this Section 17 that are applicable to a Total Appropriation shall apply.

17.5 Allocation of Award

(a) Total Appropriation; Major Appropriation. In the event of any Appropriation which results in the termination of this Lease pursuant to Section 17.4(a) or (b) above, all Awards therefor shall be payable in the following order of priority:

(i) Lessee and Lessor shall first be entitled to payment for all out of pocket third party costs and expenses, including, without limitation, attorneys' fees, costs and disbursements, reasonably incurred in collecting the Awards.

(ii) Lessor shall next be entitled to payment for the amount of the Discounted Rent Value (specifically excluding, however, the value of Lessor's reversionary interest in the improvements or any portion of the Award made for severance damages); provided, however, that if the sum received by Lessor pursuant to this clause (ii) is less than the Initial Investment Amount, then Lessor shall be entitled to receive such additional sum as shall be sufficient to pay to Lessor in the aggregate an amount equal to the Initial Investment Amount, and such additional sum shall be paid to Lessor out of any remaining portion of the Award, or otherwise out of Lessee's own funds.

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(iii) Any Lender who is the holder of a Loan approved by Lessor pursuant to Section 15.5 above shall next be entitled to payment of all sums secured by its Leasehold Mortgage, as and to the extent required thereby.

(iv) Lessee shall next be entitled to reimbursement of all sums reasonably incurred by Lessee pursuant to any Demolition Notice to demolish, remove or restore any Improvements.

(v) Lessor shall next be entitled to payment of the Reversionary Value, plus any portion of the Award made for severance damages.

(vi) The balance of the Award shall be paid to Lessee.

(b) Partial Appropriation. In the event of any Appropriation of the nature covered by Section 17.4(c) above, all Awards therefor shall be payable in the following order of priority:

(i) Lessee and Lessor shall first be entitled to payment for all out of pocket third party costs and expenses, including, without limitation, attorneys' fees, costs and disbursements, reasonably incurred in collecting the Awards.

(ii) Lessor shall next be entitled to payment for the amount of the Discounted Rent Value of the future Rent to be received by Lessor pursuant to this Lease which is fairly allocable to the land so Appropriated (specifically excluding, however, the value of Lessor's reversionary interest in any Improvements affected by such Appropriation); provided, however, that if the sum received by Lessor pursuant to this clause (ii) is less than the portion of the Initial Investment Amount allocated by Lessor in its sole, good faith discretion to the Appropriated land, then Lessor shall be entitled to receive such additional sum as shall be sufficient to pay to Lessor in the aggregate an amount equal to such allocated portion of the Initial Investment Amount, and such additional sum shall be paid to Lessor out of any remaining portion of the Award, or otherwise out of Lessee's own funds.

(iii) Lessee shall next be entitled to reimbursement of all sums reasonably incurred by Lessee in restoring, repairing and replacing the Premises and the Improvements that were not Appropriated.

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(iv) Any Lender who is the holder of a Loan approved by Lessor pursuant to Section 15.5 above shall next be entitled to payment of all sums secured by its Leasehold Mortgage which reasonably reflect the loss in value of the Lender's security attributable to any Improvements so Appropriated, as and to the extent required thereby.

(v) Lessor shall next be entitled to payment of the Reversionary Value, plus any portion of the Award made for severance damages.

(vi) The balance of the Award shall be paid to Lessee.

17.6 Restoration Work; Disbursement of Proceeds

The following provisions shall apply in the event of a Casualty and any Appropriation that does not give rise to a termination of this Lease:

(a) All Restoration Work shall be subject to and performed in accordance with the requirements of Section 11 of this Lease.

(b) Subject to the provisions of any Leasehold Mortgage which may require that Casualty Proceeds and Awards (collectively, "Proceeds") be held by the Lender or an insurance trustee for application in accordance with the terms of this Lease, all Proceeds received by or payable to any party with respect to any Casualty or Appropriation, less actual out of pocket third party costs and expenses reasonably incurred in connection with the collection thereof, shall be held by Lessor and, subject to the provisions of Section 17.5(b) above, shall be applied to the costs of the Restoration Work (including, without limitation, the cost of any emergency repairs made by Lessee pursuant to Section 17.8) in accordance with the provisions of this Section 17.

(c) All Proceeds shall be disbursed by Lessor in accordance with standard construction loan practices as the Restoration Work progresses. If the Proceeds, less the costs and expenses incurred in connection with the collection thereof, are insufficient to pay the entire cost of the Restoration Work, Lessee shall pay the entire amount of the shortfall. If at any time the amount of the Proceeds held by Lessor pursuant to this Section 17.6 shall be less than the total remaining unpaid cost of the Restoration Work, Lessee shall deposit the amount of the shortfall with Lessor

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to ensure payment of the shortfall, and such deposit shall be a condition to any subsequent disbursement of Proceeds to Lessee.

17.7 Termination

The following provisions shall apply in the event of an Appropriation described in Sections 17.4(a) or 17.4(b) above:

(a) In the case of an Appropriation described in Section 17.4(a) above, Lessee shall be obligated, within thirty (30) days after Lessee receives the Appropriation Report, and in the case of an Appropriation described in Section 17.4(b) above, Lessee shall have the option, within thirty (30) days after Lessee receives the Appropriation Report, to give to Lessor written notice of the Lessee's election to terminate this Lease (a "Termination Notice") in the form described in Section 17.7(b) below.

(b) A Termination Notice shall contain (i) notice of Lessee's intention to

purchase the Premises as provided in Section 19 and to terminate this Lease subject to and as of the closing of such purchase on the first Annual Base Rent payment date which occurs at least sixty (60) days after the date on which Lessor receives the Termination Notice (the "Effective Termination Date"), and (ii) a binding and irrevocable offer (the "Purchase Offer") of Lessee to pay to Lessor as the purchase price for the Premises (the "Termination Purchase Price") an amount equal to the greater of (A) the Fair Market Value of the Premises, calculated as of the date of the Termination Notice, or (B) the Initial Investment Amount.

(c) In the case of an Appropriation described in Section 17.4(b) above, Lessor shall have the right, exercisable in its sole and absolute discretion, to accept or reject Lessee's Purchase Offer. Lessor shall notify Lessee in writing (such writing being herein referred to as a "Response Notice") of its election to so accept or reject the Purchase Offer within thirty (30) days after Lessor's receipt of the Purchase Offer; provided, however, that if for any reason Lessor does not provide a Response Notice to Lessee within the aforesaid time period, then Lessor shall be deemed to have rejected the Purchase Offer. If Lessor elects to accept the Purchase Offer as provided herein, then the purchase and sale of the Premises shall be consummated in accordance with Section 19 below.

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(d) If Lessor elects to reject Lessee's Purchase Offer in accordance with Section 17.7(c) above, Lessor shall have the right to require, by written notice ("Demolition Notice") given to Lessee within thirty (30) days after the date a Response Notice is given or Lessor is otherwise deemed to have rejected the Purchase Offer, that Lessee demolish and remove all damaged or destroyed Improvements designated by Lessor in such Demolition Notice, and any rubble and related debris, leaving the Premises in a safe, clean and orderly condition, all at Lessee's cost and expense. Such demolition, restoration and removal work shall be completed by Lessee within ninety (90) days of Lessor's delivery of the Demolition Notice or, in the event such demolition, removal and restoration cannot reasonably be completed within such ninety (90) day period, such later date as may reasonably be required to complete such work.

(e) In addition, if Lessor requests in the Demolition Notice that Lessee restore certain Improvements on the Premises to a useable condition in lieu of demolishing and removing them, Lessee shall perform such restoration work with respect to any such Improvements that are reasonably susceptible to restoration within a period of ninety (90) days (exclusive of the time required to obtain all governmental permits and approvals required for such restoration). Lessee shall use commercially reasonable efforts to complete any such restoration work within ninety (90) days (exclusive of the time required to obtain all governmental permits and approvals required for such restoration) following Lessor's delivery of the Demolition Notice or, in the event such restoration cannot reasonably be completed within said ninety (90) day period, such later date as may reasonably be required to complete such work.

(f) Notwithstanding any provision of this Lease to the contrary, the Premises shall be vacated and surrendered to Lessor in the condition described in Section 8.2(a) above.

(g) Except as otherwise provided in Sections 17.4(a), 17.4(b) and 17.4(c), if Lessor elects to reject Lessee's Purchase Offer in accordance with Section 17.7(c) above, the date on which Lessee surrenders the Premises to Lessor in the condition required by Sections 17.7(d), 17.7(e) (if applicable) and 17.7(f) above shall be the Termination Date, and shall fix the date after which Lessee shall no longer be obligated for the further payment of Rent.

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17.8 Emergency Repairs

Notwithstanding any other provision of this Section 17, Lessee shall promptly undertake all such emergency repair work after a Casualty as is necessary or appropriate under the circumstances to eliminate, or provide adequate protection against loss, damage or injury due to defective or dangerous conditions and to comply with Applicable Laws.

17.9 No Extension of Term; Rent Obligations Continue

There shall be no extension of the Term on account of any Casualty or Appropriation. Except as expressly provided in Section 17.4 above, following any Casualty or Appropriation, Lessor shall continue to receive Annual Base Rent in monthly installments at the same times and in the same amounts as would be payable had there been no Casualty or Appropriation.

17.10 Right to Participate in Settlement

Lessor and Lessee shall both have the right to participate in the negotiation, settlement or compromise of any insurance claims and in all Awards, except to the extent otherwise provided in Section 17.4(d) with respect to temporary Appropriation Awards. Lessee shall have the sole right to negotiate, settle and compromise any Award for a temporary Appropriation (so long as the temporary Appropriation is not deemed a Total Appropriation pursuant to Section 17.4(d)).

17.11 Disputes

In the event the parties are unable to agree upon: (a) the equitable reduction of Annual Base Rent pursuant to Section 17.4(c), (b) whether the conditions provided in this Section 17 for the termination of this Lease have been satisfied; or (c) the amount of Proceeds to be paid to either party under this Section 17, the matter(s) in dispute shall be decided through arbitration in accordance with the provisions of Section 21 of this Lease by an Arbitrator having at least ten years of experience in commercial ground lease transactions.

17.12 Survival

Lessor's, Lessee's and any Lender's rights and obligations under this Section 17, including, without limitation, their rights to receive Proceeds, shall survive any termination of this Lease.

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18. Option to Purchase

18.1 Lessee's Option to Purchase

Lessor hereby grants to Lessee an option (the "Purchase Option") to purchase all of Lessor's right, title and interest in and to the Premises, which Purchase Option and purchase shall be on the following terms and conditions:

(a) Subject to Section 18.1(d) below, and provided that no Monetary Event of Default is occurring hereunder either on the date Lessee delivers a Purchase Notice to Lessor or on the Closing Date, Lessee shall have the right to purchase the Premises on the date which is the tenth (10th) anniversary of the Commencement Date and on the date which is every ten (10) years thereafter during the term (each such anniversary date being herein referred to as an "Available Closing Date");

(b) The Option shall be exercised by Lessee by giving written and irrevocable notice thereof (a "Purchase Notice") to Lessor at least one hundred eighty (180) days prior to the Available Closing Date on which Lessee desires to complete the acquisition of the Premises (time being of the essence). It shall be a condition precedent to Lessor's obligation to convey to Lessee title to the Premises that Lessee shall cure any Monetary Events of Default occurring prior to the Closing Date.

(c) The purchase price (the "Option Purchase Price") for the Premises shall equal the greater of (i) the Fair Market Value of the Premises as of the date Lessor receives the Purchase Notice, as determined pursuant to Section 20, or (ii) the Initial Investment Amount. The purchase price shall be payable in full at the closing by federal funds wire transfer to Lessor.

(d) The closing of the purchase (the "Closing") shall take place at the offices of a title insurance company or escrow agent in Santa Clara County, California, at 10:00 a.m. on the date that is the later of (i) the applicable Available Closing Date, or (ii) the tenth (10th) day after the Fair Market Value of the Premises has been determined, or at such other time and place as reasonably may be agreed upon by Lessor and Lessee and subject to postponement as expressly provided in this Section; provided, however, that if the date set for the Closing shall be a

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Saturday, Sunday or legal holiday, the Closing shall take place on the next business day at the same time and place.

(e) At the Closing, Lessor shall transfer title to the Premises to Lessee, as provided in Section 19.1.

(f) If Lessor or its successors or assigns shall be subject to any

inheritance, estate, franchise, license or other similar tax which might constitute a lien against the Premises or any portion thereof or interest therein, then title company or companies employed by Lessee shall, without additional charge therefor, insure against collection of the same out of the property.

(g) If on the Closing date Lessor is unable to transfer the Premises subject to and in accordance with the provisions of this Lease, Lessor shall be entitled to adjourn the closing for a single period of sixty (60) days in order to cure or discharge any Lessor Exception; provided, however, that if the closing is adjourned to a date subsequent to the Expiration Date, this Lease and the relationship of the parties as Lessor and Lessee shall continue in full force and effect upon all of the terms and conditions (including the payment of Rent at the amount that was payable immediately prior to the Expiration Date, without any requirement of payment of any increased Rent or holdover rental) as herein contained until the actual date of Closing, upon which date this Lease shall terminate with the same effect as if such date were the Expiration Date.

(h) If Lessee shall default in its obligations to purchase the Premises and, after ten (10) days' notice from Lessor, shall wrongfully fail to take title on the closing date as same may have been adjourned in accordance with Section 18.1(g) above, then Lessor, by notice to Lessee, may rescind Lessee's election to purchase the Premises and, in such event, Lessee shall have no further option to purchase the Premises or to renew this Lease, but Lessor shall have the right to assert any claim for damages on account of Lessee's default which it may possess hereunder, at law or in equity.

(i) The Purchase Option shall be personal to and may only be exercised by Lessee, any Person to whom Lessee assigns its entire right, title and interest in and to this Lease pursuant to Section 13.1 above (but specifically excluding any sublessee), any Lender who acquires and

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succeeds to the interest of Lessee under this Lease by virtue of any foreclosure sale, whether the foreclosure sale is conducted pursuant to court order or pursuant to a power of sale contained in a Leasehold Mortgage, or by assignment or other conveyance in lieu of foreclosure, and any transferee or other successor or assign of such Lender. Notwithstanding the foregoing, each Specific Parcel Lease shall contain a purchase option containing terms identical to those set forth in this Section 18.1, except as specifically provided to the contrary in Section 7.2(e)(ii) above.

19. Procedures Upon Purchase

19.1 Procedures Upon Purchase

(a) If the Premises are purchased by Lessee pursuant to any provision of this Lease, Lessor shall convey title thereto as that which was conveyed to Lessor, and Lessee or its designee shall accept such title, subject, however, to all Conditions of Title, but free and clear of the following matters (herein referred to as "Lessor Exceptions"): (i) the lien of and any security interest created by any mortgage or deed of trust held by a Fee Lender; and (ii) any liens, exceptions and restrictions on, against or relating to the Premises which have been created by or resulted solely from acts of Lessor after the date and in violation of the terms of this Lease, unless the same were created with the written concurrence of Lessee or as a result of a default by Lessee under this Lease. Lessor agrees to convey title to the Premises as provided in the preceding sentence, and for such purpose, Lessor shall make reasonable efforts to cure or discharge any Lessor Exceptions. If at the closing there is any Lessor Exception which Lessor is obligated to pay and discharge, Lessor may use any portion of the purchase price to satisfy the same, provided that Lessor shall deliver to Lessee at the closing an instrument in recordable form and sufficient to satisfy such Lessor Exception of record, together with the cost of recording or filing said instrument. The existence of any such Lessor Exception shall not be deemed an objection to title if Lessor shall comply with the foregoing requirements. If Lessor fails to do so, Lessee may apply any portion of the purchase price (after payment of all sums due to any Fee Lender) to cure or discharge such Lessor Exceptions.

(b) Upon the date fixed for any such purchase of the Premises pursuant to any provision of this Lease (any such date the "Purchase Date"), Lessee shall pay to Lessor, or to any Person to whom Lessor directs payment, the Relevant Amount therefor specified herein, by wire transfer,

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in federal funds, less a credit for the amount of any Award that has been received and retained by Lessor or a Fee Lender in connection with an Appropriation which gave rise to Lessee's right to purchase the Premises, and Lessor shall deliver to Lessee (i) a grant deed which describes the premises being conveyed and conveys the title thereto to Lessee or such other Person designated by Lessee as the grantee (collectively, "Purchaser") as provided in Section 19.1(a), (ii) reasonable and customary documentation, consistent with this Section 19.1, required by the title insurance company insuring the Purchaser's title, including evidence that the sale has been duly authorized by Lessor and that the deed and other transaction documents have been duly authorized, executed and delivered by Lessor, and (iii) such other instruments as shall be reasonably necessary to transfer to Lessee or its designee any other property (or rights to any Award not yet received by Lessor or a Fee Lender) then required to be sold by Lessor to Lessee pursuant to this Lease. If on the Purchase Date any Rent remains outstanding, then Lessee shall also pay to Lessor on the Purchase Date the amount of said Rent, as a condition to Lessor's obligation to sell the Premises. Upon the completion of such purchase, this Lease and all obligations and liabilities of Lessee hereunder shall terminate, except for any Surviving Obligations.

(c) If the completion of such purchase shall be delayed by Lessor beyond the date scheduled for such purchase as provided in Section 18.1(g), this Lease shall be extended and Rent shall continue to be due and payable until completion of such purchase, calculated as if the Term had continued as provided in this Lease.

(d) Any prepaid Rent paid to Lessor shall be prorated as of the Purchase Date, and the prorated unapplied balance shall be deducted from the Relevant Amount due to Lessor, provided that no apportionment of any Impositions shall be made upon any such purchase. At the Closing, the Letter of Credit and any Letter of Credit Proceeds then held by Lessor and not otherwise applied by Lessor in accordance with the terms of this Lease shall be returned to Lessee.

(e) The provisions of Section 18.1(d) through (h) shall apply to a purchase of the Premises pursuant to Section 17.7(b) as well as pursuant to Section 18.

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20. Determination of Fair Market Value

(a) Whenever a determination of Fair Market Value is required pursuant to any provision of this Lease, such Fair Market Value shall be determined in accordance with the procedures set forth in this Section 20.

(b) For purposes of this Lease, "Fair Market Value" means the sum of (i) the Discounted Present Value (as hereinafter defined) of all Annual Base Rent that would have accrued hereunder for the then-remaining maximum permitted Term of this Lease (assuming for purposes of this calculation that (A) Lessee exercises all available Renewal Options hereunder and (B) Annual Base Rent is increased over the then-remaining Term (including all Renewal Terms) pursuant to Section 4.1 above at a rate equal to the average annual percentage increase in Annual Base Rent for the ten (10) year period immediately prior to Closing (but in no event to exceed a per annum rate of three and one-half percent (3.5%)), compounded on an annual basis (collectively, the "Discounted Rent Value"), and (ii) the value of Lessor's reversionary interest in the Improvements, assuming that Lessee exercises all available Renewal Options hereunder (the "Reversionary Value"); provided, however, that in no event shall the Reversionary Value exceed the Maximum Reversion Value. Fair Market Value shall not take into account the effect of any Casualty as to which restoration of the Improvements has not been completed. For purposes of this Section 20(b), "Discounted Present Value" of the amounts due under clause (i) above means the present value of such amounts as calculated by Lessor using a discount rate equal to the Treasury Rate plus the Relevant Spread, and the "Treasury Rate" shall be determined by Lessor and shall mean the annualized yield to maturity on securities issued by the United States Treasury having a maturity closest to the final day of the Term (assuming the exercise by Lessee of all available Renewal options), but in no event to exceed thirty (30) years, which yield shall be that established as of the close of business on the Business Day immediately prior to the date calculation of such rate is required hereunder, as published in the Wall Street Journal (or a comparable publication selected by Lessor if the Wall Street Journal ceases publication of such yield). If more than one United States Treasury security matures on the final day of the Term (or, if earlier, the date that is thirty (30) years after the date Lessor receives the Termination Notice or the Purchase Notice, as applicable), the Treasury Rate shall be the average yield to maturity on all securities maturing on such day. If there are Treasury securities having maturities

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equally close to the final day of the Term (or, if earlier, the date that is thirty (30) years after the date Lessor receives the Purchase Notice), the Treasury Rate shall be the yield to maturity of the security maturing prior to such final day. For purposes of this Section 20(b), "Maximum Reversion Value" shall mean (i) as of the tenth (10th) anniversary of the date hereof (the "Base Date"), Three Million Five Hundred Thousand Dollars (\$3,500,000.00) (the "Base Amount"), and (ii) as of any date after the Base Date, the sum of the Base Amount and the amount of interest that would accrue on the Base Amount from the Base Date to the measuring date, at eleven percent (11%) per annum, compounded annually; provided, however, that if the Maximum Reversion Value is being determined prior to the Base Date, it shall be the amount obtained by discounting, at eleven percent (11%) per annum, the Base Amount from the Base Date to the measuring date.

(c) The Fair Market Value shall be determined as follows:

(i) Lessor and Lessee shall endeavor to agree upon the Relevant Spread and the Reversionary Value within thirty (30) days after the Applicable Initial Date. Upon reaching such agreement, the parties shall execute an agreement setting forth the amount of the Fair Market Value.

(ii) If the parties shall not have signed such agreement within thirty (30) days after the Applicable Initial Date, either party may select an appraiser and notify the other party in writing of the name, address and qualifications of such appraiser. Within thirty (30) days thereafter, the other party shall select an appraiser and notify the first party of the name, address and qualifications of such appraiser. If the second party fails to notify the first party of the appointment of its appraiser within the time above specified, the appraiser selected by the first party shall determine the Fair Market Value. Provided that two appraisers are selected in the manner provided herein, such two appraisers shall endeavor, within forty-five (45) days after the appointment of the latter appraiser, to agree upon the Fair Market Value based on an appraisal made by each of them of the Relevant Spread and the Reversionary Value as of the Relevant Date.

(iii) If the two appraisers shall agree upon the Fair Market Value, the Fair Market Value as so agreed shall be binding and conclusive upon Lessor and Lessee. If the

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determinations of Fair Market Value by the two appraisers differ by less than ten percent (10%) of the higher of the two, then the determinations shall be averaged and the resulting figure shall be the Fair Market Value. If the determinations differ by ten percent (10%) or more of the higher of the two, then the two appraisers shall select a third appraiser to make a determination of the Fair Market Value.

(iv) If such two appraisers shall be unable to agree upon the designation of a third appraiser within twenty (20) days after the expiration of the forty-five (45) day period referred to in clause (ii) above, or if such third appraiser does not make a determination of the Fair Market Value (as provided below in this clause (iv)) within forty-five (45) days after his or her selection, then such third appraiser or a substituted third appraiser, as applicable, shall, at the request of either party hereto, be appointed by the President or Chairman of the AAA (or any organization successor thereto) in San Francisco, California in accordance with its rules then prevailing or if the AAA (or such successor organization) shall fail to appoint said third appraiser within fifteen (15) days after such request is made, then either party may apply, on notice to the other, to a state court in Santa Clara County, California with jurisdiction. The determination of the Fair Market Value made by the third appraiser appointed pursuant hereto shall be made within forty-five (45) days after such appointment. The determination made by the third appraiser shall be averaged with the closer of the two prior determinations and the resulting figure shall be the Fair Market Value. Such determination shall be binding and conclusive upon Lessor and Lessee.

(v) All appraisers selected or appointed pursuant to this Section 20 shall (A) be independent qualified MAI appraisers, (B) have no right, power or authority to alter or modify the provisions of this Lease, (C) utilize the definition of Fair Market Value hereinabove set forth, and (D) be registered in the State of California if the State of California provides for or requires such registration. Lessor and Lessee shall each have the right to submit to the appraisers an opinion from a reputable investment banking firm as to the appropriate Relevant Spread to be used in calculating the Discounted Present Value.

(vi) The fees of the appraisers and the other costs and expenses of the procedure described in this Section 20 shall be borne entirely by Lessee.

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(d) If for any reason Fair Market Value is not determined by the expiration or termination of the then current Term, then the date on which the Term would otherwise expire or terminate shall be extended and Rent shall continue to be due and payable until completion of the applicable purchase, calculated as if the Term had continued as provided in this Lease.

21. Arbitration of Specified Disputes

(a) Scope of Obligation to Arbitrate. Those disputes which the parties are expressly required or authorized to resolve through arbitration shall be subject to the procedures prescribed in this Section 21(a). This arbitration provision is expressly limited to those matters as to which arbitration is expressly required or authorized elsewhere in this Lease and no other matter shall be subject to arbitration unless the parties, each in the exercise of its sole discretion, mutually agree in writing. The Arbitrator (as defined in Section 21(b)) shall dismiss any matter submitted to it for determination if such determination is not expressly required or authorized elsewhere in this Lease or in another written agreement executed by both parties.

(b) Arbitration Procedure. A party shall initiate arbitration by written notice to the other. The date such notice is given shall be the "Initiation Date." Except as expressly modified herein, the arbitration proceeding shall be conducted by a single neutral arbitrator (the "Arbitrator") in accordance with the provisions of Section 1280 et seq. of the California Code of Civil Procedure (including, without limitation, the provisions of Section 1283.05 concerning discovery), as amended or replaced by any successor laws. Unless the parties mutually agree otherwise, the Arbitrator shall be selected by mutual agreement of the parties from a panel provided by the San Francisco office of the AAA, and if the parties fail to agree within forty-five (45) days after the Initiation Date, or if the AAA does not offer a selection of potential arbitrators having the requisite qualifications, either party may apply to the Santa Clara County Superior Court for the appointment of the Arbitrator. The date on which the Arbitrator is selected or appointed is referred to as the "Selection Date." The Arbitrator shall set the matter for hearing within thirty (30) days after the Selection Date, and shall try any and all issues of law or fact that are the subject of the arbitration, and report a statement of decision upon them, if possible, within fifteen (15) days after the hearing or as soon thereafter as is practicable. The following time periods set forth in the California Code of Civil Procedure shall be shortened as follows:

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Section 1288 - four years to 90 days, and 100 days to 30 days; Section 1288.2 - 100 days to 30 days. The Arbitrator shall be empowered, subject to any limitations on the availability of any particular remedies or relief expressly set forth in this Lease, to: (i) enter equitable as well as legal relief; (ii) provide all temporary and/or provisional remedies; and (iii) enter equitable orders that will be binding upon the parties. The Arbitrator shall issue a single written decision at the close of the arbitration proceeding which shall dispose of all of the claims of the parties that are the subject of the arbitration, and an order or judgment upon that decision may be obtained by either party in a court of competent jurisdiction. The parties expressly reserve their appeal rights under California Code of Civil Procedure Sections 1294(b), (c) and (d), and any amended, similar or successor laws.

The parties hereby acknowledge that any determination of the Fair Market Value by the appraisers pursuant to Section 20 hereof shall be conducted in accordance with Section 19 and not by the arbitration procedure set forth in this Section 21(b), notwithstanding that such determination may be construed to constitute a method of arbitration subject to Section 1298 of the California Code of Civil Procedure.

(c) Notice. BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS "ARBITRATION OF SPECIFIED DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THIS "ARBITRATION OF SPECIFIED DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING

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Initials: _____
 Lessor Lessee

22. Financial Information

Throughout the Term of this Lease, Lessee shall furnish or cause to be furnished to Lessor such information and data about the financial condition and operations of Lessee and the Project as Lessor may reasonably request, including, but not limited to, the following information, which shall be furnished without request:

(a) within fifteen (15) days after the end of each calendar month falling within the Minimum Available Cash Period, (A) a certificate of the Chief Financial Officer or Chief Accounting Officer of Borrower confirming that, throughout such month, Lessee had not less than Seventy Five Million Dollars (\$75,000,000.00) in Available Cash, and (B) such financial statements as Lessor may reasonably request to confirm the amount of Lessee's actual Available Cash during such month;

(b) as soon as available and in any event within forty-five (45) days after the end of each calendar quarter, financial statements of Lessee, including, without limitation, a balance sheet of Lessee as of the end of such calendar quarter and statements of income and expense and cash flow of Lessee (with accompanying footnotes) for such calendar quarter, all of which shall be prepared in accordance with GAAP, shall set forth in comparative form the corresponding figures for the previous calendar quarter, shall be in such detail as may be reasonably approved by Lender, and shall be certified by the Chief Financial Officer or Chief Accounting Officer of Lessee as being true, correct and complete;

(c) as soon as available and in any event within one hundred twenty (120) days after the end of each calendar year, financial statements of Lessee, including, without limitation, a balance sheet of Lessee as of the end of such calendar year and statements of income and expense and cash flow of Lessee (with accompanying footnotes) for such calendar year, all of which shall be prepared in accordance with GAAP and shall be audited by a "Big 6" accounting firm or another firm of certified public accountants reasonably acceptable to Lessor, shall set forth in comparative form the corresponding figures for the previous calendar year, and shall be in such detail as may be reasonably approved by Lessor; and

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(d) within thirty (30) days after the end of each calendar year, a certificate of the Chief Financial Officer or Chief Accounting Officer of Lessee, acting on behalf of Lessee and not in his or her personal capacity, confirming that, throughout such year, Lessee was in compliance with all material terms of this Lease.

Notwithstanding the terms of Sections 22(b) and (c) above, during the period that Lessee is a Public Company, Lessee shall only be required to deliver to Lessor, in lieu of the information required pursuant to said sections (b) and (c), such quarterly and annual financial statements as Lessee provides to the SEC, which statements shall be delivered to Lessor promptly upon being filed with the SEC.

23. General Provisions

23.1 Notices

All notices, requests, approvals and invoices required or permitted under this Lease: (a) shall be in writing; (b) shall be delivered, given or made to the following addresses, or to such other addresses as the parties may designate in writing from time to time; and (c) shall be deemed to have been duly delivered, given or made: (i) upon delivery; or (ii) upon the date delivery was attempted, if delivery is prevented by the refusal of the addressee to accept delivery or the failure by the addressee to be open for business at the specified address during regular business hours on Business Days:

If to Lessor: iStar San Jose, llc
 1114 Avenue of the Americas
 Twenty-Seventh Floor

New York, New York 10036
Attention: General Counsel

with a copy to: iStar San Jose, llc
One Embarcadero Center, Thirty-Third Floor
San Francisco, California 94111
Attention: Asset Manager, West Coast Region

and a copy to: Morrison & Foerster llp
425 Market Street
San Francisco, California 94105
Attention: Peter Aitelli, Esq.

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If to Lessee: Equinix, Inc.
901 Marshall Street
Redwood City, California 94063
Attention: Chief Financial Officer

with a copy to: Gray Cary Ware & Freidenrich llp
400 Hamilton Avenue
Palo Alto, California 94301
Attention: Craig M. Tighe, Esq.

23.2 Estoppel Certificates

Within ten (10) days after receipt of a written request from Lessee or Lessor, as the case may be (each, a "Requesting Party"), from time to time, the party receiving such request (the "Receiving Party") shall execute and deliver to the Requesting Party a written statement certifying: (a) the Expiration Date; (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, and stating the date and nature of such modifications); (c) the date to which Rent has been paid; (d) that there are no current defaults under this Lease by either Lessor or Lessee (or, if defaults are asserted, so describing with reasonable specificity) (provided, however, that if such estoppel is being delivered by Lessor, the statement contained in this clause (d) shall be made to the Actual Knowledge of Lessor); and (e) such other matters as may be reasonably requested. Each party intends that any statement delivered by a Receiving Party pursuant to this Section 23.2 may be relied upon by any auditor, prospective Lender or Fee Lender or prospective purchaser of or investor in the Premises or any interest therein.

23.3 Nonrecourse to Lessor

Lessor shall have no personal liability under this Lease, and Lessee shall look solely to the value of Lessor's interest in the Premises (as encumbered by this Lease) and Lessor's reversionary interest in the Improvements for the satisfaction of any claim Lessee may have against Lessor.

23.4 Attorneys' Fees

In the event of any legal or equitable proceeding in connection with this Lease, the prevailing party in such proceeding, or the nondismissing party where the dismissal occurs other

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than by reason of a settlement, shall be entitled to recover its reasonable costs and expenses, including, without limitation, reasonable attorneys' fees, costs and disbursements paid or incurred in good faith at the arbitration, pre-trial, trial and appellate levels, and in enforcing any award or judgment granted pursuant thereto. Any award, judgment or order entered in any such proceeding shall contain a specific provision providing for the recovery of attorneys' fees and costs incurred in enforcing such award or judgment, including, without limitation: (a) post-award or post-judgment motions; (b) contempt proceedings; (c) garnishment, levy, and debtor and third party examinations; (d) discovery; and (e) bankruptcy litigation. The "prevailing party," for purposes of this Agreement, shall be deemed to be that party which obtains substantially the result sought, whether by dismissal, award or judgment.

23.5 No Waiver

No delay or omission by Lessor in exercising or enforcing any right, remedy,

election or option accruing upon the noncompliance or failure of performance by Lessee under the provisions of this Lease, and no acceptance of full or partial Rent by Lessor during the period of any such non-compliance or failure of performance, shall constitute an impairment or waiver of any such right, remedy, election or option. No alleged waiver shall be valid or effective unless it is set forth in a writing executed by Lessor. A waiver by Lessor of any of the covenants, conditions or obligations to be performed by Lessee shall not be construed as a waiver of any subsequent breach of the same or any other covenants, conditions or obligations.

23.6 Amendment

This Lease may not be amended by oral agreement. It may be amended only by a written agreement signed by both Lessor and Lessee.

23.7 Successors and Assigns

Subject to and without affecting the limitations herein with respect to Transfers, this Lease shall be binding on and inure to the benefit of the parties and their respective successors and assigns.

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23.8 No Joint Venture or Loan Transaction

Nothing contained herein shall be construed as creating a joint venture, agency, lender-borrower, or any other relationship between the parties hereto other than that of landlord and tenant.

23.9 Severability

If any term or condition of this Lease, or the application thereof to any particular person or circumstance, is found by a court of competent jurisdiction to be invalid or unenforceable, then all other terms and conditions of this Lease, and the application of the term or condition in question to persons or circumstances other than those as to which it was held invalid or unenforceable, shall not be affected thereby, and shall be valid and enforceable to the full extent permitted by law.

23.10 No Recordation; Quitclaim

This Lease shall not be recorded. Lessee shall deliver to Lessor, within ten (10) days after the Termination Date, a duly executed and acknowledged quitclaim deed sufficient to release to Lessor all of Lessee's rights, title and interest in the Premises, the Improvements, and the Memorandum of Lease. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

23.11 Interpretation

The provisions of this Lease shall be construed as a whole, according to their common meaning, and not strictly for or against either party. The parties acknowledge that each party and its counsel have reviewed and participated in the drafting of this Lease, and therefore that the rule of construction that any ambiguities are to be resolved against the drafting party shall not be employed or applied in the interpretation of this Lease. The captions inserted in this Lease are for convenience only and shall not in any way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

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23.12 Entire Agreement

This Lease, with exhibits, is a fully-integrated agreement which contains all of the parties' representations, warranties, agreements and understandings with respect to the Premises. All correspondence, memoranda, discussions, negotiations, drafts and agreements originating before the Term Commencement Date with respect to the Premises, whether written or oral, including, without limitation, that certain letter of intent dated May 17, 2000, are superseded and replaced in their entirety by this Lease. No prior drafts of this Lease shall be used or referred to in resolving any questions arising as to the parties' intent.

23.13 Governing Law and Forum

This Lease shall be governed by and construed in accordance with the laws of

the State of California, without giving effect to any conflicts of laws principles that would cause the application of the laws of any other jurisdiction. Any action brought by any party against the other arising out of this Lease shall be brought in the Superior Court of Santa Clara County, State of California, or in the United States District Court for the Northern District, California. Lessor and Lessee hereby consent to the jurisdiction of such courts, and waive any objection to venue based on forum non conveniens or any other grounds, provided that the right of either party to commence any action or proceeding in any court of competent jurisdiction as provided above shall be subject to the arbitration provisions of Section 21 where applicable.

23.14 Brokers

Except for any commissions payable to CRESA Partners, llc ("CRESA") pursuant to a separate written agreement between Lessee and CRESA (the "CRESA Agreement"), each party represents and warrants for the benefit of the other that it has not engaged the services of any broker, finder or other person who may claim any commission, fee or other compensation in connection with this Lease or the Purchase Option contained herein. Each party shall indemnify, defend and hold the other harmless from and against any claims, damages, losses, liabilities or costs (including, without limitation, reasonable attorneys' fees, costs and disbursements) arising out of any agreement or action alleged on the part of such first-mentioned party to entitle any broker, finder or other person to a commission, fee or other compensation in connection with this Lease or the Purchase Option. Lessee shall indemnify, defend and hold Lessor harmless from

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EXHIBIT 10.27

*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

and against any claims, damages, losses, liabilities or costs (including, without limitation, reasonable attorneys' fees, costs and disbursements) arising out of any claim by CRESA to a fee or commission in connection with this Lease or the Purchase Option, including, without limitation, any commissions payable pursuant to the CRESA Agreement.

23.15 No Dedication

This Lease shall not be, nor be deemed or construed to be, a dedication to the public of all or any portion of the Premises, any Improvements or any areas in which the Premises are located.

23.16 No Third Party Beneficiaries

Except for the rights of the Lender provided in Section 15.7 above and the rights of any Fee Lender, this Lease shall not be deemed or construed to confer any rights, title or interest upon any person or entity other than the parties hereto, including, without limitation, any third party beneficiary status or right to enforce any provision of this Lease.

23.17 Lessor's Consent Rights

Except to the extent that a specific time period is provided in any provision of this Lease or the Project Development Rider, whenever Lessor's consent is required for the taking of an action by Lessee hereunder or under the Project Development Rider, Lessor shall have seven (7) Business Days to consent or deny its consent to such action after receipt of written notice from Lessee requesting such consent, together with such additional documents and information as Lessor may reasonably require (the "Relevant Data") to make an informed decision concerning the matter submitted to it for review. The failure of Lessor to respond to Lessee's request for consent within such seven (7) Business Day period shall be deemed to constitute Lessor's approval of the particular matter submitted to it for review, but not of any other matters, whether similar or dissimilar. Notwithstanding the foregoing, Lessor shall have fourteen (14) Business Days after receipt of Lessee's written notice and the Relevant Data to determine whether or not a Person constitutes a "Permitted Transferee" under any provision of this Lease.

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23.18 Limitation on Effect of Approvals

All rights of Lessor to review, comment upon, approve, inspect or take any other action with respect to the Premises or the Project are specifically for the benefit of Lessor and no other party. No review, comment, approval or inspection, right or exercise of any right to perform Lessee's obligations, or similar actions required or permitted by, of, or to Lessor hereunder, or actions or omissions of Lessor's employees, agents or trustees, or other circumstances, shall give or be deemed to give Lessor any liability, responsibility or

obligation for, in connection with, or with respect to, the design, construction, maintenance or operation of the Premises, the Project or any Improvements, nor shall any such approval, actions, information or circumstances relieve or be deemed to relieve Lessee of any of its obligations under this Lease, other than the matter so approved.

23.19 Time of the Essence

Time is of the essence in the performance of each party's obligations under this Lease.

23.20 Termination Not Merger

The voluntary sale or other surrender of this Lease by Lessee to Lessor, mutual cancellation of this Lease or termination of this Lease by Lessor pursuant to any provision contained herein shall not work a merger unless Lessor so elects in its sole discretion and each Lender has consented thereto in writing.

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IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease by proper persons thereunto duly authorized as of the date first above written.

Lessor: iStar San Jose, llc,
a Delaware limited liability company
By: TriNet Corporate Realty Trust, Inc.,
a Maryland corporation,
Its: Sole Member

By: _____
Name: _____
Title: _____

Lessee: Equinix, Inc.,
a Delaware corporation

By: _____
Name: _____
Title: _____

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EXHIBIT A

DESCRIPTION OF PREMISES

That certain real property located in the City of San Jose, County of Santa Clara, State of California, described as follows:

The Premises also includes all present and future rights, privileges, hereditaments and easements appurtenant to the above-described real property and not expressly reserved by Lessor pursuant to this Lease, including, without limitation, all entitlements, development rights and credits and air rights relating to the above-described real property to the extent contemplated by this Lease and not expressly reserved by Lessor, and any rights-of-way or other appurtenances now or hereafter used in connection with the beneficial use and enjoyment of the above-described real property to the extent contemplated by this Lease and not expressly reserved by Lessor.

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EXHIBIT B

MEMORANDUM OF LEASE

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EXHIBIT C

PROJECT DEVELOPMENT RIDER

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CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of our report dated May 31, 2000, relating to the consolidated financial statements of Equinix, Inc., which appear in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

PricewaterhouseCoopers LLP

San Jose, California

July 19, 2000