

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES ACT OF 1934

For the transition period from _____ to _____

Commission File Number 000-31293

EQUINIX, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

77-0487526
(I.R.S. Employer Identification No.)

2450 Bayshore Parkway, Mountain View, California 94043
(Address of principal executive offices, including ZIP code)

(650) 316-6000
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last
report)

Indicate by check mark whether the registrant (1) has filed all
reports required to be filed by Section 13 or 15(d) of the Securities Exchange
Act of 1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports) Yes No and (2) has been
subject to such filing requirements for the past 90 days. Yes . No .

The number of shares outstanding of the Registrant's Common Stock as of
June 30, 2001 was 79,693,634.

EQUINIX, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

EQUINIX, INC.

Condensed Consolidated Balance Sheets
(in thousands)

<TABLE>
<CAPTION>

December 31, 2000	June 30, 2001	
	-----	-----
	(unaudited)	
Assets	<C>	<C>
<S>		
Current assets:		
Cash and cash equivalents.....	\$	124,003 \$
174,773		
Short-term investments.....		106,671
32,437		
Accounts receivable, net.....		6,305
4,925		
Current portion of restricted cash and short-term investments.....		536
15,468		
Prepays and other current assets.....		8,913
10,373		
	-----	-----
Total current assets.....		246,428
237,976		
Property and equipment, net.....		336,885
315,380		
Construction in progress.....		88,358
94,894		
Restricted cash and short-term investments, less current portion.....		20,921
21,387		
Debt issuance costs, net.....		11,394
11,916		
Other assets.....		4,802
1,932		
	-----	-----
Total assets.....	\$	708,788 \$
683,485		
	=====	
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses.....	\$	16,236 \$
13,717		
Accrued construction costs.....		23,253
89,343		
Current portion of debt facilities and capital lease obligations.....		7,000
4,426		
Accrued interest payable.....		2,167
2,167		
Other current liabilities.....		2,309
1,646		
	-----	-----

Total current liabilities.....	50,965	
111,299		
Debt facilities and capital lease obligations, less current portion.....	9,776	
6,506		
Senior secured credit facility.....	150,000	
-		
Senior notes.....	186,892	
185,908		
Other liabilities.....	6,773	
4,656		

Total liabilities.....	404,406	
308,369		

Stockholders' equity:		
Common stock.....	80	
77		
Additional paid-in capital.....	546,250	
553,070		
Deferred stock-based compensation.....	(20,021)	
(38,350)		
Accumulated other comprehensive income (loss).....	(933)	
1,919		
Accumulated deficit.....	(220,994)	
(141,600)		

Total stockholders' equity.....	304,382	
375,116		

Total liabilities and stockholders' equity.....	\$ 708,788	\$
683,485		
	=====	

</TABLE>

See accompanying notes to condensed consolidated financial statements.

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EQUINIX, INC.

Condensed Consolidated Statements of Operations
(in thousands, except per share data)

<TABLE>
<CAPTION>

	Three months ended June 30,		Six months ended June 30,	
	2001	2000	2001	2000
	(unaudited)			
<S>	<C>	<C>	<C>	<C>
Revenues.....	\$ 16,157	\$ 892	\$ 28,770	\$
1,028				

Costs and operating expenses:				
Cost of revenues (includes stock-based compensation of \$152, \$108, \$393 and \$214 for the three and six months ended June 30, 2001 and 2000, respectively)...	26,318	5,302	49,996	
8,623				
Sales and marketing (includes stock-based compensation of \$765, \$1,612, \$1,848 and \$2,970 for the three and six months ended June 30, 2001 and 2000, respectively).....	4,067	4,192	9,292	
8,708				
General and administrative (includes stock-based compensation of \$4,076, \$4,828, \$10,901 and \$6,846 for the three and six months ended June 30, 2001 and 2000, respectively).....	15,716	15,915	34,392	
22,169				
	-----	-----	-----	-----

	Total costs and operating expenses.....	46,101	25,409	93,680
39,500		-----	-----	-----

	Loss from operations.....	(29,944)	(24,517)	(64,910)
(38,472)				
	Interest income.....	3,212	3,870	7,159
7,532				
	Interest expense.....	(11,125)	(6,164)	(21,643)
(13,880)		-----	-----	-----

	Net loss.....	\$ (37,857)	\$ (26,811)	\$ (79,394)
(44,820)		=====	=====	=====
=====				
	Net loss per share:			
	Basic and diluted.....	\$ (0.48)	\$ (2.62)	\$ (1.03)
(4.45)		=====	=====	=====
=====				
	Weighted average shares.....	78,070	10,241	77,237
10,063		=====	=====	=====
=====				

</TABLE>

See accompanying notes to condensed consolidated financial statements.

EQUINIX, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands)

<TABLE>
<CAPTION>

		Six months ended June 30,	
		-----	-----
		2001	2000
		-----	-----
			(unaudited)
<S>		<C>	<C>
	Cash flows from operating activities:		
	Net loss.....	\$ (79,394)	\$ (44,820)
	Adjustments to reconcile net loss to net cash used in operating activities:		
	Depreciation.....	24,009	3,610
	Amortization of deferred stock-based compensation.....	13,142	10,030
	Amortization of debt-related issuance costs and discounts.....	3,664	2,274
	Allowance for doubtful accounts.....	394	--
	Changes in operating assets and liabilities:		
	Accounts receivable.....	(1,774)	(2,149)
	Prepays and other current assets.....	1,460	(43)
	Other assets.....	(2,870)	(792)
	Accounts payable and accrued expenses.....	2,519	3,944
	Accrued interest payable.....	--	456
	Other current liabilities.....	663	864
	Other liabilities.....	354	1,729
		-----	-----
	Net cash used in operating activities.....	(37,833)	(24,897)
		-----	-----
	Cash flows from investing activities:		
	Purchase of short-term investments.....	(133,815)	(16,137)
	Sales and maturities of short-term investments.....	59,670	25,520
	Purchases of property and equipment.....	(42,100)	(173,915)
	Accrued construction costs.....	(66,090)	39,333
	Purchase of restricted cash and short-term investments.....	(822)	(12,890)
	Sale of restricted cash and short-term investments.....	16,220	13,000
		-----	-----
	Net cash used in investing activities.....	(166,937)	(125,089)
		-----	-----

Cash flows from financing activities:		
Proceeds from exercise of stock options and employee stock purchase plan.....	1,510	2,475
Proceeds from issuance of debt facilities and capital lease obligations.....	158,004	1,929
Debt issuance costs.....	(395)	(250)
Repayment of debt facilities and capital lease obligations.....	(2,160)	(2,735)
Proceeds from issuance of redeemable convertible preferred stock, net.....	--	94,353
Repurchase of common stock.....	(18)	(11)
---	-----	-----
Net cash provided by financing activities.....	156,941	95,761
---	-----	-----
Effect of foreign currency exchange rates on cash and cash equivalents.....	(2,941)	--
Net decrease in cash and cash equivalents.....	(50,770)	(54,225)
Cash and cash equivalents at beginning of period.....	174,773	203,165
---	-----	-----
Cash and cash equivalents at end of period.....	\$ 124,003	\$ 148,940
=====	=====	=====
Supplemental cash flow information:		
Cash paid for interest.....	\$ 16,403	\$ 13,674
=====	=====	=====

</TABLE>

See accompanying notes to condensed consolidated financial statements.

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EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements have been prepared by Equinix, Inc. ("Equinix" or the "Company") and reflect all adjustments, consisting only of normal recurring adjustments, which in the opinion of management are necessary to present fairly the financial position and the results of operations for the interim periods presented. The balance sheet at December 31, 2000 has been derived from audited financial statements at that date. The financial statements have been prepared in accordance with the regulations of the Securities and Exchange Commission ("SEC"), but omit certain information and footnote disclosure necessary to present the statements in accordance with generally accepted accounting principles. For further information, refer to the Consolidated Financial Statements and Notes thereto included in Equinix's Form 10-K as filed with the SEC on March 27, 2001. Results for the interim periods are not necessarily indicative of results for the entire fiscal year.

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 condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

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 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.

2. Cash, Cash Equivalents and Short-Term Investments

On June 27, 2001, the Company drew down the \$25,000,000 revolving credit facility made available through the Senior Secured Credit Facility entered into by the Company on December 20, 2000 (see Note 6). On June 29, 2001, the Company received the \$5,000,000 proceeds from the Heller Loan (see Note 6).

3. Accounts Receivable

Accounts receivables, net, consists of the following (in thousands):

<TABLE>
<CAPTION>

June 30,

December 31,

	2001	2000
	-----	-----
	(unaudited)	
<S>	<C>	<C>
Accounts receivable.....	\$ 11,947	\$ 8,670
Unearned revenue.....	(5,248)	(3,137)
Allowance for doubtful accounts.....	(394)	(608)
	-----	-----
	\$ 6,305	\$ 4,925
	=====	=====

</TABLE>

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EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

4. Property and Equipment

Property and equipment is comprised of the following (in thousands):

	June 30, 2001	December 31, 2000
	-----	-----
	(unaudited)	
<S>	<C>	<C>
Leasehold improvements.....	\$ 280,468	\$ 243,851
IBX plant and machinery.....	51,474	51,305
Computer equipment and software.....	14,702	12,438
IBX equipment.....	24,923	21,960
Furniture and fixtures.....	3,042	1,241
	-----	-----
	374,609	330,795
Less accumulated depreciation.....	(37,724)	(15,415)
	-----	-----
	\$ 336,885	\$ 315,380
	=====	=====

</TABLE>

Leasehold improvements, certain computer equipment, IBX plant and machinery, software and furniture and fixtures recorded under capital leases aggregated \$5,999,000 at both June 30, 2001 and December 31, 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 several warrants issued to certain fiber carriers and our contractor totaling \$6,356,000 and \$5,761,000 as of June 30, 2001 and December 31, 2000, respectively. Amortization on such warrants within leasehold improvements is included in depreciation expense.

5. 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 \$2,535,000 as of June 30, 2001 and \$6,270,000 as of December 31, 2000.

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 three and six months ended June 30, 2001, was \$11,214,000 and \$89,000 and \$22,313,000 and \$670,000, respectively. Total interest cost incurred and total interest capitalized during the three and six months ended June 30, 2000, was \$7,938,000 and \$1,774,000 and \$15,847,000 and \$1,967,000, respectively.

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EQUINIX, INC.

6. Debt Facilities

Heller Loan

In June 2001, the Company obtained a \$5,000,000 loan from Heller Financial Leasing, Inc. (the "Heller Loan"). Repayments on the Heller Loan are made over 36 months and interest accrues at 13.0% per annum. The Heller Loan is secured by certain equipment located in the New York metro area IBX center currently under construction.

In connection with the Heller Loan, the Company granted Heller Financial Leasing, Inc. a warrant to purchase 37,500 shares of the Company's common stock at \$4.00 per share (the "Heller Warrant"). This warrant is immediately exercisable and expires in five years from the date of grant. The fair value of the warrant using the Black-Scholes option pricing model with the following assumptions: fair market value per share of \$1.13, dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 5% and a contractual life of 5 years, was \$18,000. Such amount was recorded as a discount to the applicable loan amount, and is being amortized to interest expense using the effective interest method, over the life of the loan.

Wells Fargo Loan

In March 2001, the Company obtained a \$3,004,000 loan from Wells Fargo Equipment Finance, Inc. (the "Wells Fargo Loan"). Repayments on the Wells Fargo Loan are made over 36 months and interest accrues at 13.15% per annum. The Wells Fargo Loan is secured by certain equipment located in the New York metro area IBX center currently under construction.

Senior Secured Credit Facility

On December 20, 2000 the Company, and a newly created, wholly-owned subsidiary of the Company, entered into a \$150 million Senior Secured Credit Facility ("Senior Secured Credit Facility") with a syndicate of lenders. The Senior Secured Credit Facility consists of the following:

- . Term loan facility in the amount of \$50,000,000. The outstanding term loan amount is required to be paid in quarterly installments beginning in March 2003 and ending in December 2005. The Company drew this down in January 2001.
- . Delayed draw term loan facility in the amount of \$75,000,000. The Company is required to borrow the entire facility on or before December 20, 2001. The outstanding delayed draw term loan amount is required to be paid in quarterly installments beginning in March 2003 and ending in December 2005. The Company drew this down in March 2001.
- . Revolving credit facility in an amount up to \$25,000,000. The outstanding revolving credit facility is required to be paid in full on or before December 15, 2005. The Company drew this down in June 2001.

The Senior Secured Credit Facility has a number of covenants, which include reaching certain minimum revenue targets and limiting cumulative EBITDA losses and maximum capital spending limits among others. The Company was in compliance with all covenants as of June 30, 2001 and December 31, 2000. The financial covenants contained in the Senior Secured Credit Facility get progressively more restrictive over time. If at any time in the future the Company is not in compliance and the lender does not modify the covenants, the amounts outstanding will become immediately due and payable.

Borrowings under the Senior Secured Credit Facility are collateralized by a first priority lien against substantially all of the Company's assets. The lenders under the Senior Secured Credit Facility have agreed that the liens which collateralize the Senior Secured Credit Facility may also collateralize an additional \$100,000,000 of additional borrowings in the event the Senior Secured Credit Facility is extended, but the lenders have no obligation to provide such additional financing.

Loans under the Senior Secured Credit Facility bear interest at floating rates, plus applicable margins, based on either the prime rate or LIBOR. At June 30, 2001, the Company's total indebtedness under the Senior Senior Secured Credit Facility was \$150,000,000 and had an effective interest rate of 8.37%.

The costs related to the issuance of the Senior Secured Credit Facility were capitalized and are being amortized to interest expense using the effective interest method, over the life of the Senior Secured Credit Facility. Debt

issuance costs, net of amortization, are \$5,868,000 and \$5,966,000 as of June 30, 2001 and December 31, 2000, respectively.

7. Stockholders' Equity

Stock Plans

On January 1, 2001, pursuant to the provisions of the Company's stock plans, the number of common shares reserved automatically increased by 4,618,731 shares for the 2000 Equity Incentive Plan, 600,000 shares for the Employee Stock Purchase Plan and 50,000 shares for the 2000 Director Stock Option Plan.

On January 31, 2001, a total of 222,378 shares were purchased under the Employee Stock Purchase Plan with total proceeds to the Company of \$1,122,000.

Warrants

In March 2001, holders of the NorthPoint Warrant, the Comdisco Loan and Security Agreement Warrant, the Comdisco Master Lease Agreement Warrant and the Comdisco Master Lease Agreement Addendum Warrant exercised such warrants pursuant to the cashless "net-exercise" provisions thereof. Upon such exercises, such warrant holders received an aggregate of 1,049,599 shares of the Company's common stock.

During the quarter ended March 31, 2001, certain holders of Senior Note Warrants exercised their warrants resulting in 1,283,069 shares of the Company's common stock being issued. A total of 1,755,781 shares underlying these Senior Note Warrants remain outstanding as of June 30, 2001.

8. Commitments and Contingencies

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of its business activities. The Company accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. In the opinion of management, there are no pending claims of which the outcome is expected to result in a material adverse effect in the financial position or results of operations of the Company.

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EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

9. Related Party Transactions

On February 27, 2001, the Company advanced an aggregate of \$1,512,000 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 February 27, 2006, but is subject to certain events of acceleration. The loan is non-interest bearing.

On June 18, 2001, the Company advanced an aggregate of \$900,000 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 June 18, 2006, but is subject to certain events of acceleration. The loan is non-interest bearing.

10. Comprehensive Loss

The components of comprehensive loss are as follows (in thousands) (unaudited):

<TABLE>
<CAPTION>

	Three months ended June 30,		Six months ended June 30,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Net loss.....	\$ (37,857)	\$ (26,811)	\$ (79,394)	\$ (44,820)
Unrealized gain (loss) on available for sale securities.....	25	(11)	89	(52)
Foreign currency translation loss.....	(62)	--	(2,941)	--
Comprehensive loss.....	\$ (37,894)	\$ (26,822)	\$ (82,246)	\$ (44,872)

</TABLE>

There were no significant tax effects on comprehensive loss for the three and six months ended June 30, 2001 and 2000.

11. Net Loss per Share

Basic and diluted net loss per share is 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 anti-dilutive.

The following table sets forth the computation of basic and diluted net loss per share for the periods indicated (in thousands, except per share data) (unaudited):

<TABLE>
<CAPTION>

	Three months ended June 30,		Six months ended June 30,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Numerator:				
Net loss.....	\$ (37,857)	\$ (26,811)	\$ (79,394)	\$ (44,820)
Historical:				
Denominator:				
Weighted average shares.....	81,432	16,207	80,895	15,925
Weighted average unvested shares subject to repurchase.....	(3,362)	(5,966)	(3,657)	(5,862)
Total weighted average shares.....	78,070	10,241	77,237	10,063
Net loss per share:				
Basic and diluted.....	\$ (0.48)	\$ (2.62)	\$ (1.03)	\$ (4.45)

</TABLE>

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EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

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>

	June 30,	
	2001	2000
<S>	<C>	<C>
Series A redeemable convertible preferred stock.....	--	18,682,500
Series B redeemable convertible preferred stock.....	--	15,759,561
Series C redeemable convertible preferred stock.....	--	6,261,161
Series A preferred stock warrants.....	--	1,245,000
Common stock warrants.....	4,217,381	2,492,245
Common stock options.....	14,981,988	7,452,425
Common stock subject to repurchase.....	3,657,341	5,861,659

</TABLE>

12. Segment Information

The Company and its subsidiaries 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. 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 June 30, 2001, all of the Company's operations and assets were based in the United States with the exception of \$32,623,000 of the Company's net identifiable assets based in Europe and \$3,774,000 and \$4,237,000 of the Company's total net loss was attributable to the development of its European operations for the three and six months ending June 30, 2001, respectively. As of June 30, 2000, all of the Company's operations and assets were based in the United States.

Revenues from one customer accounted for 14% of the Company's revenues for the three and six months ended June 30, 2001. No other single customer accounted for more than 10% of the Company's revenues for the three and six months ended June 30, 2001. Accounts receivables from one customer accounted

for 15% of the Company's gross accounts receivables as of June 30, 2001.

13. Recent Accounting Pronouncements

In September 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards, or SFAS, No. 133, Accounting for Derivative Instruments and Hedging Activities. In June 1999, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 137 ("SFAS 137"), "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133." In June 2000, the FASB issued SFAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an Amendment of FASB Statement No. 133." SFAS 133 establishes new standards of accounting and reporting for derivative instruments and hedging activities, and requires that all derivatives, including foreign currency exchange contracts, be recognized on the balance sheet at fair value. The adoption of SFAS 133, as amended by SFAS 137 and SFAS 138, did not have a material impact on our financial position and results of operations.

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EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

On July 20, 2001 the FASB issued SFAS No. 141, Business Combinations ("FAS 141") and SFAS No. 142, Goodwill and Other Intangible Assets ("FAS 142").

FAS 141 supercedes Accounting Principles Board Opinion No. 16 (APB 16), Business Combinations, and is effective for all business combinations initiated after June 30, 2001 and for all business combinations accounted for by the purchase method for which the date of acquisition is after June 30, 2001. One of the most significant changes made by FAS 141 is to require the use of the purchase method of accounting for all business combinations initiated after June 30, 2001.

FAS 142 supercedes Accounting Principles Board Opinion No. 17 (APB 17), Intangible Assets, but will carry forward provisions in APB 17 related to internally developed intangible assets. FAS 142 primarily addresses the accounting for goodwill and intangible assets subsequent to their acquisition and is effective for fiscal years beginning after December 15, 2001. However, early adoption of FAS 142 will be permitted for companies with a fiscal year beginning after March 15, 2001, provided their first quarter financial statements have not been previously issued. In all cases, FAS 142 must be adopted at the beginning of a fiscal year. The most significant changes made by FAS 142 are: (1) goodwill and indefinite lived intangible assets will no longer be amortized, (2) goodwill will be tested for impairment at least annually at the reporting unit level, (3) intangible assets deemed to have an indefinite life will be tested for impairment at least annually, and (4) the amortization period of intangible assets with finite lives will no longer be limited to forty years.

The Company does not expect the adoption of either FAS 141 or FAS 142 will have a material effect on its consolidated financial statements.

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Item 2.

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

The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, the words "believes," "anticipates," "plans," "expects," "intends" and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a discrepancy include, but are not limited to, those discussed in "Other Factors Affecting Operating Results" and "Liquidity and Capital Resources" below. All forward-looking statements in this document are based on information available to us as of the date hereof and we assume no obligation to update any such forward-looking statements.

Overview

Equinix, Inc. ("Equinix", the "Company", "we" or "us") designs, builds and operates neutral Internet Business Exchange ("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 totaling an aggregate of 611,000 gross square feet in the Washington, D.C. metropolitan area, the New York metropolitan area, Silicon Valley, Dallas, Los Angeles and Chicago. We intend to complete construction of one additional IBX center during the fourth quarter of 2001 in the New York metropolitan area, resulting in seven IBX centers covering six domestic markets in the United States.

We generate recurring revenues primarily from the leasing of cabinet space and power. In addition, we offer value-added services and professional services including direct interconnections between our customers and "Smart Hands" service for customer equipment installations and maintenance. Customer contracts for the lease of cabinet space, power, interconnections and switch ports are renewable and typically are for one to three years with payments for services made on a monthly basis. In addition, we generate non-recurring revenues, which are comprised of installation charges that are billed upon successful installation of our customer cabinets, power, interconnections and switch ports. Both recurring and non-recurring revenues are recognized ratably over the term of the contract.

Our cost of revenues consists primarily of lease 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. In addition, cost of revenues includes certain costs related to real estate obtained for future IBX facilities in the United States and Europe. We will continue to fund these costs and these costs will be expensed as incurred. We expect our cost of revenues to increase as we open our new IBX center currently under construction in the New York metropolitan area during the fourth quarter of 2001 and as our installed base of customers continues to grow.

Our selling, general and administrative expenses consist primarily of costs associated with recruiting, training and managing of employees, salaries and related costs of our operations, customer fulfillment and support functions costs, finance and administrative personnel and related professional fees. While the Company has initiated some cost-saving efforts due to current market conditions, and will continue to closely monitor and reduce its discretionary spending, our selling, general and administrative expenses are expected to increase over time as we continue to expand our operations.

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We recorded deferred stock-based compensation of approximately \$54.5 million, \$19.4 million and \$1.1 million in connection with stock options granted during 2000, 1999 and 1998, respectively, where the deemed fair market value of the underlying common stock was subsequently determined to be greater than the exercise price on the date of grant. Approximately \$5.0 million and \$13.1 million was amortized to stock-based compensation expense for the three and six months ended June 30, 2001, respectively. Approximately \$6.5 million and \$10.0 million was amortized to stock-based compensation expense for the three and six months ended June 30, 2000, respectively. The 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 \$20.0 million of deferred stock-based compensation will be amortized over the remaining vesting periods. We expect amortization of deferred stock-based compensation expense to impact our reported results through December 31, 2004.

Our adjusted net loss before net interest and other expense, income taxes, depreciation and amortization of capital assets, amortization of stock-based compensation and other non-cash charges ("Adjusted EBITDA") is calculated to enhance an understanding of our operating results. Adjusted EBITDA is a financial measurement commonly used in capital-intensive telecommunication and infrastructure industries. Other companies may calculate Adjusted EBITDA differently than we do. It is not intended to represent cash flow or results of operations in accordance with generally accepted accounting principles nor a measure of liquidity. We measure Adjusted EBITDA at both the IBX center and total company level.

Since inception, we have experienced operating losses and negative cash flow. As of June 30, 2001 we had an accumulated deficit of \$221.0 million and accumulated cash used in operating and construction activities of \$549.1 million. Given the revenue and income potential of our service offerings is still unproven and we have a limited operating history, we may not generate sufficient operating results to achieve desired profitability. We therefore believe that we will continue to experience operating losses for the foreseeable future. See "Other Factors Affecting Operating Results".

Results of Operations

Three Months Ended June 30, 2001 and 2000

Revenues. We recognized revenues of \$16.2 million for the three months ended June 30, 2001. Revenues consisted of recurring revenues of \$14.9 million primarily from the leasing of cabinet space and non-recurring revenues of \$1.3 million related to the recognized portion of deferred installation revenue and custom service revenues. Installation and service fees are recognized ratably over the term of the contract. Custom service revenues are recognized upon completion of the services. We recognized revenues of \$892,000 during the three months ended June 30, 2000.

Cost of Revenues. Cost of revenues increased from \$5.3 million for the three months ended June 30, 2000 to \$26.3 million for the three months ended June 30, 2001. These amounts include \$1.3 million and \$11.3 million, respectively, of depreciation and amortization expense. In addition to depreciation and amortization, 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 and security services. The increase in cost of revenues was due to additional leases and increased expenses related to our opening of additional IBX centers.

Sales and Marketing. Sales and marketing expenses decreased slightly from \$4.2 million for the three months ended June 30, 2000 to \$4.1 million for the three months ended June 30, 2001; however, these amounts include \$1.6 million and \$765,000, respectively, of stock-based compensation expense, resulting in a 28% increase in period over period cash spending. Sales and marketing expenses consist primarily of compensation and related costs for the sales and marketing personnel, sales commissions, marketing programs, public relations, promotional materials and travel. The increase in sales and marketing expense resulted from the addition of personnel in our sales and marketing organizations, reflecting our increased selling effort and our efforts to develop market awareness. While the Company is closely monitoring its discretionary marketing costs as the result of current market conditions, we

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anticipate that sales and marketing expenses will increase in absolute dollars as we ultimately increase our investment in these areas to coincide with the rollout of additional products, services and IBX centers and to further increase market awareness of the Company.

General and Administrative. General and administrative expenses decreased from \$15.9 million for the three months ended June 30, 2000 to \$15.7 million for the three months ended June 30, 2001. These amounts include \$4.8 million and \$4.1 million, respectively, of stock-based compensation expense and \$655,000 and \$2.2 million, respectively, of depreciation and amortization expense, resulting in a 9% decrease in period over period cash spending. General and administrative expenses consist primarily of salaries and related expenses, accounting, legal and administrative expenses, professional service fees and other general corporate expenses. The decrease in general and administrative expenses was primarily the result of several cost savings initiatives that the Company undertook, including staff reductions and an overall decrease in discretionary spending. While the Company will continue to closely monitor its discretionary spending going forward as a result of current economic conditions, we anticipate that general and administrative expenses will ultimately increase in absolute dollars as the Company continues to grow and expand its operations.

Adjusted EBITDA. Adjusted EBITDA loss decreased from \$16.0 million for the three months ended June 30, 2000 to \$11.5 million for the three months ended June 30, 2001. Although many factors affect EBITDA and costs vary from IBX market to IBX market, as of June 30, 2001, five of our six IBX centers have achieved positive EBITDA status. We believe that EBITDA losses peaked during the fourth quarter of 2000 and EBITDA losses will continue to decline in subsequent quarters as the Company approaches EBITDA breakeven.

Interest Income. Interest income decreased from \$3.9 million for the three months ended June 30, 2000 to \$3.2 million for the three months ended June 30, 2001 as a result of a decline in short-term interest rates.

Interest Expense. Interest expense increased from \$6.2 million for the three months ended June 30, 2000 to \$11.1 million for the three months ended June 30, 2001. The increase in interest expense was attributed to interest on the senior notes, interest related to an increase in our debt facilities and capital lease obligations, including the new senior secured credit facility, and amortization of the senior notes, senior secured credit facility, other debt facilities and capital lease obligations discount.

Six Months Ended June 30, 2001 and 2000

Revenues. We recognized revenues of \$28.8 million for the six months ended June 30, 2001. Revenues consisted of recurring revenues of \$26.6 million primarily from the leasing of cabinet space and non-recurring revenues of \$2.2 million related to the recognized portion of deferred installation revenue and custom service revenues. Installation and service fees are recognized ratably over the term of the contract. Custom service revenues are recognized upon

completion of the services. We recognized revenues of \$1.0 million during the six months ended June 30, 2000.

Cost of Revenues. Cost of revenues increased from \$8.6 million for the six months ended June 30, 2000 to \$50.0 million for the six months ended June 30, 2001. These amounts include \$2.3 million and \$20.4 million, respectively, of depreciation and amortization expense. In addition to depreciation and amortization, 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 and security services. The increase in cost of revenues was due to additional leases and increased expenses related to our opening of additional IBX centers.

Sales and Marketing. Sales and marketing expenses increased from \$8.7 million for the six months ended June 30, 2000 to \$9.3 million for the six months ended June 30, 2001; however, these amounts include \$3.0 million and \$1.8 million, respectively, of stock-based compensation expense, resulting in a 30% increase in period over period cash spending. Sales and marketing expenses consist

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primarily of compensation and related costs for the sales and marketing personnel, sales commissions, marketing programs, public relations, promotional materials and travel. The increase in sales and marketing expense resulted from the addition of personnel in our sales and marketing organizations, reflecting our increased selling effort and our efforts to develop market awareness. While the Company is closely monitoring its discretionary marketing costs as the result of current market conditions, we anticipate that sales and marketing expenses will increase in absolute dollars as we ultimately increase our investment in these areas to coincide with the rollout of additional products, services and IBX centers and to further increase market awareness of the Company.

General and Administrative. General and administrative expenses increased from \$22.2 million for the six months ended June 30, 2000 to \$34.4 million for the six months ended June 30, 2001. These amounts include \$6.8 million and \$10.9 million, respectively, of stock-based compensation expense and \$1.3 million and \$3.7 million, respectively, of depreciation and amortization expense, resulting in a 42% increase in period over period cash spending. General and administrative expenses consist primarily of salaries and related expenses, accounting, legal and administrative expenses, professional service fees and other general corporate expenses. The increase in general and administrative expenses was primarily the result of increased expenses associated with additional hiring of personnel in management, finance and administration, as well as other related costs associated with supporting the Company's expansion. During the second quarter of 2001, the Company implemented several cost-savings initiatives, including staff reductions and an overall decrease in discretionary spending. While the Company will continue to closely monitor its discretionary spending going forward as a result of current economic conditions, we anticipate that general and administrative expenses will ultimately increase in absolute dollars as the Company continues to grow and expand its operations.

Adjusted EBITDA. Adjusted EBITDA loss increased from \$24.8 million for the six months ended June 30, 2000 to \$27.8 million for the six months ended June 30, 2001. Although many factors affect EBITDA and costs vary from IBX market to IBX market, as of June 30, 2001, five of our six IBX centers achieved positive EBITDA status. We believe that EBITDA losses peaked during the fourth quarter of 2000 and EBITDA losses will continue to decline in subsequent quarters as the Company approaches EBITDA breakeven.

Interest Income. Interest income decreased from \$7.5 million for the six months ended June 30, 2000 to \$7.2 million for the six months ended June 30, 2001 as a result of a decline in short-term interest rates.

Interest Expense. Interest expense increased from \$13.9 million for the six months ended June 30, 2000 to \$21.6 million for the six months ended June 30, 2001. The increase in interest expense was attributed to interest on the senior notes, interest related to an increase in our debt facilities and capital lease obligations, including the new senior secured credit facility, and amortization of the senior notes, senior secured credit facility, other debt facilities and capital lease obligations discount.

Liquidity and Capital Resources

Since inception, we have financed our operations and capital requirements primarily through the issuance of senior notes, the private sale of preferred stock, our initial public offering and various debt financings, including our \$150.0 million senior secured credit facility, for aggregate gross proceeds of approximately \$844.2 million. As of June 30, 2001, we had approximately \$230.7 million in cash, cash equivalents and short-term investments. Furthermore, we have an additional \$21.5 million of restricted cash, cash equivalents and short-term investments to provide collateral under a number of separate security agreements for standby letters of credit and escrow accounts entered into and in accordance with certain lease agreements. Our principal sources of liquidity

consist of our cash, cash equivalent and short-term investment balances. As of June 30, 2001, our total indebtedness from our senior notes, senior secured credit facility and debt facilities and capital lease obligations was \$366.8 million.

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Net cash used in our operating activities was \$37.8 million and \$24.9 million for the six months ended June 30, 2001 and 2000, respectively. We used cash primarily to fund our net loss from operations.

Net cash used in investing activities was \$166.9 million and \$125.1 million for the six months ended June 30, 2001 and 2000, respectively. 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 \$156.9 million and \$95.8 million for the six months ended June 30, 2001 and 2000, respectively. Net cash generated by financing activities during the six months ended June 30, 2001 was primarily attributable to the full drawdown of our \$150.0 million senior secured credit facility. Net cash generated by financing activities during the six months ended June 30, 2000 was primarily attributable to the issuance of Series C redeemable convertible preferred stock.

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. As of June 30, 2001, these capital lease financings were fully drawn.

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. As of June 30, 2001, this loan agreement was fully drawn.

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 market value of the common stock warrants and recorded as a discount to the senior notes. Senior notes, net of the unamortized discount, are \$186.9 million as of June 30, 2001.

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

In May 2000, we entered into a purchase agreement regarding approximately 80 acres of real property in San Jose, California. In June 2000, before the closing on this property, we assigned our interest in the purchase agreement to iStar San Jose, LLC ("iStar"). 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.

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

In August 2000, we completed an initial public offering of 20,000,000 shares of common stock. In addition, in September 2000, the underwriters exercised their option to purchase 2,704,596 shares to cover over-allotments of shares. Total net proceeds from the offering and over-allotment were \$251.5 million.

In December 2000, we entered into a \$150.0 million senior secured credit facility. As of June 30, 2001, this facility has been fully drawn down.

In March 2001, we entered into a loan agreement in the amount of \$3.0 million. This loan agreement bears interest at 13.15% and is repayable over 36 months. As of June 30, 2001, this loan agreement was fully drawn.

In June 2001, we entered into a loan agreement in the amount of \$5.0 million. This loan agreement bears interest at 13.0% and is repayable over 36 months. As of June 30, 2001, this loan agreement was fully drawn.

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We expect that our cash on hand and anticipated cash flow from operations should be sufficient to complete our additional IBX center by the end of 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 our losses exceed our expectations, we may delay 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 our existing cash and the cash flow generated from the seven IBX centers, for which we will have obtained financing, will be sufficient to meet the working capital, debt service and corporate overhead requirements associated with those IBX centers.

Our \$150.0 million senior secured credit facility contains a number of financial ratios and covenants with which we must meet each quarter. We are in full compliance with all of these covenants and ratios at this time. Given that these ratios and covenants were set last year under a different economic climate, we are currently in discussions with our lenders to properly reflect the current business climate. Specifically, we have requested that the lenders adjust one covenant that we believe we may not meet commencing at the end of the third quarter 2001. This adjustment would be consistent with the financial guidance provided by us in our press release and on our earnings call for the quarter ended June 30, 2001. Although there can be no assurance that the lenders will make the requested adjustment, we believe that the requested adjustment is not material and is reasonable in light of current market conditions.

Recent Accounting Pronouncements

In September 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards, or SFAS, No. 133, Accounting for Derivative Instruments and Hedging Activities. In June 1999, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 137 ("SFAS 137"), "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133." In June 2000, the FASB issued SFAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an Amendment of FASB Statement No. 133." SFAS 133 establishes new standards of accounting and reporting for derivative instruments and hedging activities, and requires that all derivatives, including foreign currency exchange contracts, be recognized on the balance sheet at fair value. The adoption of SFAS 133, as amended by SFAS 137 and SFAS 138, did not have a material impact on our financial position and results of operations.

On July 20, 2001 the FASB issued SFAS No. 141, Business Combinations ("FAS 141") and SFAS No. 142, Goodwill and Other Intangible Assets ("FAS 142").

FAS 141 supercedes Accounting Principles Board Opinion No. 16 (APB 16), Business Combinations, and is effective for all business combinations initiated after June 30, 2001 and for all business combinations accounted for by the purchase method for which the date of acquisition is after June 30, 2001. One of the most significant changes made by FAS 141 is to require the use of the purchase method of accounting for all business combinations initiated after June 30, 2001.

FAS 142 supercedes Accounting Principles Board Opinion No. 17 (APB 17), Intangible Assets, but will carry forward provisions in APB 17 related to internally developed intangible assets. FAS 142 primarily addresses the accounting for goodwill and intangible assets subsequent to their acquisition and is effective for fiscal years beginning after December 15, 2001. However, early adoption of FAS 142 will be permitted for companies with a fiscal year beginning after March 15, 2001, provided their first quarter financial statements have not been previously issued. In all cases, FAS 142 must be adopted at the beginning of a fiscal year. The most significant changes made by FAS 142 are: (1) goodwill and indefinite lived intangible assets will no longer be amortized, (2) goodwill will be tested for impairment at least annually at the reporting unit level, (3) intangible assets deemed to have an indefinite life will be tested for impairment at least annually, and (4) the amortization period of intangible assets with finite lives will no longer be limited to forty years.

The Company does not expect the adoption of either FAS 141 or FAS 142 will have a material effect on its consolidated financial statements.

Other Factors Affecting Operating Results

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. We did not recognize any revenue until November 1999. 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, 2001, we had cumulative net losses of \$221.0 million and cumulative cash used in operating activities of \$116.6 million since inception. We expect to incur significant losses on a quarterly and annual basis in the foreseeable future. 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.

In addition, we may also use significant amounts of cash and equity to acquire complementary businesses, products, services and technologies, which could further increase our expenses and losses.

We expect our operating results to fluctuate.

We have experienced fluctuations in our results of operations on a quarterly and annual basis. We expect to experience significant fluctuations in the foreseeable future due to a variety of factors, many of which are outside of our control, including:

- . the timely completion of our IBX centers;
- . demand for space and services at our IBX centers;
- . our pricing policies and the pricing policies of our competitors;
- . the timing of customer installations and related payments;
- . customer retention and satisfaction;
- . the provision of customer discounts and credits;
- . competition in our markets;
- . the timing and magnitude of capital expenditures and expenses related to the expansion of sales, marketing, operations and acquisitions, if any, of complementary businesses and assets;
- . the cost and availability of adequate public utilities, including power;
- . growth of Internet use;
- . governmental regulation;
- . conditions related to international operations;
- . economic conditions specific to the Internet industry; and
- . general economic factors.

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In addition, a relatively large portion of our expenses is fixed in the short-term, particularly with respect to real estate and personnel expenses, depreciation and amortization, and interest expenses. Therefore, our results of operations are particularly sensitive to fluctuations in revenues.

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

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

- . the timely completion of our IBX centers;
- . demand for space and services at our IBX centers;
- . our pricing policies and the pricing policies of our competitors;
- . the timing of customer installations and related payments;
- . customer retention and satisfaction;
- . the provision of customer discounts and credits;
- . competition in our markets;
- . growth of Internet use;
- . governmental regulation;
- . conditions related to international operations;
- . economic conditions specific to the Internet industry; and
- . general economic factors.

Although we have experienced significant growth in revenues in recent quarters, this growth rate is not necessarily indicative of future operating results. It is possible that we may never achieve profitability on a quarterly or annual basis.

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, 2001, we had total indebtedness of \$366.8 million consisting primarily of the following:

- . our 13% senior notes due 2007;
- . our \$150.0 million senior secured credit facility; and
- . other outstanding debt facilities and capital lease obligations.

We expect to incur further debt to fund our IBX construction plans and operating losses. 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 continues or if our business experiences difficulties.

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In the past, we have experienced unforeseen delays and expenses 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 indebtedness, or if we breach any covenants under this 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.

We may be required to repay all or a portion of our \$150.0 million senior secured credit facility if we do not maintain specific financial ratios and do not comply with covenants in the credit agreement or if we are unable to amend these covenants.

Our \$150.0 million senior secured credit facility contains a number of financial ratios and covenants with which we must meet each quarter. We are in full compliance with all of these covenants and ratios at this time. Given that these ratios and covenants were set last year under a different economic climate, we are currently in discussions with our lenders to properly reflect the current business climate. Specifically, we have requested that the lenders adjust one covenant that we believe we may not meet commencing at the end of the third quarter 2001. This adjustment would be consistent with the financial guidance provided by us in our press release and on our earnings call for the quarter ended June 30, 2001. Although there can be no assurance that the lenders will make the requested adjustment, we believe that the requested adjustment is not material and is reasonable in light of current market conditions. If we fail to reach agreement with the lenders, under certain circumstances, the lenders may require prepayment of the \$150.0 million senior secured credit facility, which would adversely affect our business operations.

We are subject to restrictive covenants in our credit agreements that limit our flexibility in managing our business.

Our credit agreements require that we maintain specific financial ratios and comply with covenants containing numerous restrictions on our ability to incur debt, pay dividends or make other restricted payments, sell assets, enter into affiliate transactions and take other actions. Furthermore, our existing financing arrangements are, and future financing arrangements are likely to be, secured by substantially all of our assets.

In addition, we are restricted in how we use funds raised in our debt financings. As a result, from time to time we may not be able to meet some of our spending needs and this could harm our business.

The success of our business depends on the overall demand for data center space and services and Internet infrastructure services.

Our success depends on the growth of overall demand for data center services. In addition, a large percentage of our revenues are and will in the future be derived from companies providing internet infrastructure services, such as web hosting companies, managed service providers, storage service providers and performance enhancers. A softening of demand for data center services or Internet infrastructure services caused by a weakening of the global economy in general and the U.S. economy in particular may result in decreased revenues or slower growth for us.

We may continue to have customer concentration.

To date, we have relied upon a small number of customers for a majority of our revenue. We expect that we will continue to rely upon a limited number of customers for a significant percentage of our revenue. As a result of this concentration, a loss of or decrease in business from one or more of our large customers could have a material and adverse effect on our results of operations.

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

Our business depends on providing our customers with highly reliable service. We must protect our IBX infrastructure and our customers' equipment located in our IBX centers. 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;
- . water damage;
- . power loss; and
- . sabotage and vandalism.

Problems at one or more of our IBX centers, whether or not within our control, could result in service interruptions or significant equipment damage. To date, our aggregate customer uptime has been in excess of 99.99% across all our operational IBX centers; however, in the past, a very limited number of our customers have experienced temporary losses of power. If we incur significant financial commitments to our customers in connection with a loss of power, or our failure to meet other service level commitment obligations, our liability insurance may not be adequate to cover those expenses. In addition, any loss of services, equipment damage or inability to meet our service level commitment obligations, particularly in the early stage of our development, could reduce the confidence of our customers and could consequently impair our ability to obtain and retain customers, which would adversely affect both our ability to generate revenues and our operating results.

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

Our IBX centers are susceptible to regional costs of power, electrical power shortages and planned or unplanned power outages caused by these shortages, such as those currently occurring in California. The overall power shortage in California has increased the cost of energy, which we may not be able to pass on to our customers. To date, none of our customers have experienced any interruption in service as a result of any power shortage or power outage. We attempt to limit exposure to system downtime by using backup generators and power supplies. Power outages, which last beyond our backup and alternative power arrangements, could harm our customers and our business.

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

Our IBX center rollout plan has been developed from our current market data and research, projections and assumptions. If we are able to secure additional funds, 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 plan, 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, or 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.

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We rely upon Bechtel to complete our IBX center rollout plan 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, including Bechtel rendering services to our potential competitors, could have a material adverse affect on our ability to achieve our business objectives on a timely and cost-effective basis.

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

The presence of diverse Internet fiber from communications carriers' fiber networks to our IBX centers 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 rely primarily on revenue opportunities from our customers to encourage carriers to incur the expenses required to build facilities from their locations 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. In addition, there can be no assurance once a carrier has decided to provide Internet connectivity to our IBX centers that it will continue to do so for any period of time.

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 due to some of these factors. If the establishment of highly diverse Internet connectivity to our IBX centers does not occur or is materially delayed or is discontinued, our operating results and cash flow will be adversely affected.

We 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. In addition to competing with other neutral colocation providers, we will compete with traditional colocation providers, including local phone companies, long distance phone companies, Internet service providers and web hosting facilities. Most of these companies have longer operating histories and significantly greater financial, technical, marketing and other resources than we do. We believe our neutrality provides us with an advantage over these competitors. However, these competitors could offer colocation on neutral terms, and may start doing so in the same metropolitan areas where we have IBX centers. In addition, some of these competitors may provide our target customers with additional benefits, including bundled communication services, and may do so at reduced prices or in a manner that is more attractive to our potential customers than obtaining space in our IBX centers. If these competitors were to provide communication services at reduced prices together with colocation space, it may lower the total price of these services in a fashion that we cannot match.

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 the buildout of our IBX centers in a timely manner, other companies may be able to attract the same potential 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.

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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 that would adversely affect our ability to

generate revenues and adversely affect our operating results.

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

Our ability to maximize revenues depends on our ability to develop and grow a balanced customer base, consisting of a variety of companies, including 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.

We have experienced, and expect to continue to experience, rapid growth. This growth has placed, and we expect it to continue to place, a significant strain on our financial, management, operational and other resources. 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;
- . 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.

To date, we have experienced difficulties implementing and upgrading our management information systems. We have hired a permanent Chief Information Officer and may need additional information technology personnel to upgrade and operate our management information systems. If we are unable to hire and retain such personnel, and successfully upgrade and operate adequate management information systems to support our growth effectively, our business will be materially and adversely affected.

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

We may seek to acquire complementary businesses, products, services and technologies. As a result of these acquisitions, we may:

- . be required to incur additional debt and expenditures; and
- . issue additional shares of our stock to pay for the acquired business, product, service or technology, which will dilute existing stockholders' ownership interest in the Company.

In addition, if we fail to successfully integrate and manage acquired businesses, products, services and technologies, our business and financial results would be harmed. Currently, we have no present commitments or agreements with respect to any such acquisitions.

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

In the event we construct IBX centers outside of the United States, we will commit significant resources to our international sales and marketing activities. Our management has limited experience conducting business outside of the United States and we may not be aware of all the factors that affect our business in foreign jurisdictions. We will be subject to a number of risks associated with international business activities that may increase our costs, lengthen our sales cycles and require significant management attention. These risks include:

- . increased costs and expenses related to the leasing of foreign IBX 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 stock price has been volatile in the past and is likely to continue to be volatile.

The market price of our common stock has been volatile in the past and is likely to continue to be volatile. In addition, the securities markets in general, and Internet stocks in particular, have experienced significant price volatility and accordingly the trading price of our common stock is likely to be affected by this activity.

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If there is a change of control of Equinix, we may be required under our indenture and our senior secured credit facility to repurchase or repay the debt outstanding under those agreements.

Change of control provisions in our indenture and senior secured credit facility could limit the price that investors might be willing to pay in the future for shares of our common stock and significantly impede the ability of the holders of our common stock to change management because the change in control provisions of these agreements can trigger the repayment of the debt outstanding under those agreements.

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

In the past, securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities. We are a party to the securities class action litigation described in Part II, Item 1 - "Legal Proceedings" of this report. The defense of the litigation described in Part II, Item 1 may increase our expenses and divert our management's attention and resources, and an adverse outcome in this litigation could seriously harm our business and results of operations. In addition, we may in the future be the target of other securities class action or similar litigation.

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

Rapid growth in the use of and interest in the Internet has occurred only recently. Acceptance and use may not continue to develop at historical rates and a sufficiently broad base of consumers may not adopt or continue to use the Internet and other online services as a medium of commerce. Demand and market acceptance for recently introduced Internet services and products are subject to a high level of uncertainty and there are few proven services and products. As a result, we cannot be certain that a viable market for our IBX centers will emerge or be sustainable.

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

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

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

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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.

Item 3. Qualitative and Quantitative Disclosures about Market Risk

Market Risk

The following discussion about market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. We may be exposed to market risks related to changes in interest rates and foreign currency exchange rates and to a lesser extent we are exposed to fluctuations in the prices of certain commodities, primarily electricity.

Equinix attempts to net individual exposures on a consolidated basis, when feasible, to take advantage of natural offsets. In addition, we employ foreign currency forward exchange contracts for the purpose of hedging certain specifically identified net currency exposures. The use of these financial instruments is intended to mitigate some of the risks associated with fluctuations in currency exchange rates, but does not eliminate such risks. We do not use financial instruments for trading or speculative purposes.

Interest Rate Risk

Our exposure to market risk resulting from changes in interest rates relates primarily to our investment portfolio. Our interest income is impacted by 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 do not believe that we are subject to any material market risk exposure. An immediate 10% increase or decrease in current interest rates would not have a material effect on the fair market value of our investment portfolio. We would not expect our operating results or cash flows to be significantly affected by a sudden change in market interest rates in our investment portfolio.

An immediate 10% increase or decrease in current interest rates would

furthermore not have a material impact to our debt obligations due to the fixed nature of our long-term debt obligations. The fair market value of our 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. These interest rate changes may affect the fair market value of the fixed interest rate debt but does not impact earnings or cash flows of the Company.

The fair market value of our 13% senior notes due 2007 is based on quoted market prices. The estimated fair value of our 13% senior notes due 2007 as of June 30, 2001 is approximately \$100 million.

Foreign Currency Risk

To date, all of our recognized revenue has been denominated in U.S. dollars, generated mostly from customers in the United States, and our exposure to foreign currency exchange rate fluctuations has been minimal. We expect that future revenues may be derived from customers outside of the United States and may be denominated in foreign currency. As a result, our operating results or cash flows may be impacted due to currency fluctuations relative to the U.S. dollar.

Furthermore, to the extent we engage in international sales that are denominated in U.S. dollars, an increase in the value of the U.S. dollar relative to foreign currencies could make our services less competitive in the international markets. Although we will continue to monitor our exposure to currency fluctuations, and when appropriate, may use financial hedging techniques in the future to minimize the effect of these fluctuations, we cannot assure you that exchange rate fluctuations will not adversely affect our financial results in the future.

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We have entered into a number of lease agreements in Europe for which our liabilities are denominated in foreign currency. As of June 30, 2001, we also had foreign currency commitments relating to the initiation of our business within Europe. We use forward exchange contracts to hedge a portion of our liabilities which are denominated in foreign currencies. The Company's forward exchange contracts as of June 30, 2001, which mature during 2001, are represented below (in thousands):

<TABLE>
<CAPTION>

	Contract to receive currency / Pay US\$	Foreign Currency Contract amount	Contract Amount in US\$	Change in Fair Market Value as of June 30, 2001
<S>	British Pounds	(pounds) 560	\$830	\$42

</TABLE>

Assuming a 10% increase in the value of the U.S. dollar relative to the British Pound, and a 10% decrease in the value of the U.S. dollar relative to the British Pound, the aggregate fair value of these foreign currency commitments as hedged would be approximately \$747,000 and \$913,000, respectively.

Commodity Price Risk

Certain operating costs incurred by Equinix are subject to price fluctuations caused by the volatility of underlying commodity prices. The commodities most likely to have an impact on our results of operations in the event of significant price changes are electricity and building materials for the construction of our IBX centers such as steel. We are closely monitoring the cost of electricity, particularly in California. To the extent that electricity costs continue to rise, we are investigating opportunities to pass these additional power costs onto our customers that utilize this power. For building materials, we rely on Bechtel's expertise and bulk purchasing power to best manage the procurement of these required materials for the construction of our IBX centers. We do not employ forward contracts or other financial instruments to hedge commodity price risk.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

On July 30, 2001 and August 8, 2001, putative shareholder class action lawsuits were filed against Equinix, certain of its officers and directors, and several investment banks that were underwriters of our initial public offering. The cases were filed in the United States District Court for the Southern District of New York, purportedly on

behalf of investors who purchased our stock between August 10, 2000 and December 6, 2000. The suits allege that the underwriter defendants agreed to allocate stock in Equinix's initial public offering to certain investors in exchange for excessive and undisclosed commissions and agreements by those investors to make additional purchases in the aftermarket at pre-determined prices. Plaintiffs allege that the Prospectus for our initial public offering was false and misleading and in violation of the securities laws because it did not disclose these arrangements. It is possible that additional similar complaints may also be filed. Equinix and its officers and directors intend to defend the action vigorously. We believe that more than one hundred other companies have been named in nearly identical lawsuits that have been filed by some of the same plaintiffs' law firms.

Item 2. Changes in Securities and Use of Proceeds.

(a) Modification of Constituent Instruments.

None.

(b) Change in Rights.

None.

(c) Issuance of Securities.

On June 26, 2001, we issued a warrant to purchase 37,500 shares of our common stock with an exercise price of \$4.00 per share to Heller Financial Leasing, Inc. ("Heller") in connection with a Loan Agreement dated June 26, 2001 between Heller and the Company.

The sale of the above securities was determined to be exempt from registration under Section 4(2) of the Securities Act as transactions by an issuer not involving any public offering. 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. All recipients had adequate access, through their relationships with us, to information about us.

(d) Use of Proceeds.

The effective date of the Company's registration statement for our initial public offering, filed on Form S-1 under the Securities Act of 1933, as amended (Commission File No. 333-93749), was August 10, 2000. There has been no change to the disclosure contained in the Company's report on Form 10-Q for the quarter ended September 30, 2000 regarding the use of proceeds generated by the Company's initial public offering of its common stock.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

The Annual Meeting of Stockholders of the Company was held on June 1, 2001 in Mountain View, California. The table below presents the voting results of election of our Board of Directors:

<TABLE>
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	Affirmative Votes	Negative Votes	Votes Withheld	Broker's Non-Votes
<S>	<C>	<C>	<C>	<C>
Albert M. Avery IV.....	32,304,766	1,217,327	--	--
Peter F. Van Camp.....	32,309,796	1,212,297	--	--
Scott Kriens.....	31,888,888	1,633,205	--	--
Andrew S. Rachleff.....	33,438,108	83,985	--	--
John G. Taysom.....	33,442,758	79,335	--	--
Michelangelo Volpi.....	33,438,088	84,005	--	--

</TABLE>

The stockholders also approved the appointment of PricewaterhouseCoopers LLP as our independent auditors for the fiscal year ending December 31, 2001. The table below presents the voting results:

<TABLE>
<CAPTION>

	Affirmative Votes	Negative Votes	Votes Withheld	Broker's Non-Votes
<S>	<C>	<C>	<C>	<C>

Ratification of independent accountants.....	33,475,008	41,115	5,970	--
--	------------	--------	-------	----

</TABLE>

Item 5. Other Information.

Effective June 1, 2001, Dawn G. Lepore resigned from our Board of Directors and all subcommittees thereof.

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Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

Exhibit Number	Description of Document
3.1**	Amended and Restated Certificate of Incorporation of the Registrant, as amended to date.
3.2*	Bylaws of the Registrant.
4.1	Reference is made to Exhibits 3.1 and 3.2.
4.2**	Form of 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).
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 September 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.
10.28***	Lease Agreement with TrizecHahn Beaumeade Technology Center LLC, dated as of July 1, 2000.

10.29**** Lease Agreement with TrizecHahn Beaumeade Technology Center LLC, dated as of May 1, 2000.

10.30**** Lease Agreement with 600 Seventh Street Associates, Inc., dated as of August 24, 2000.

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10.31**** Lease Agreement with Burlington Associates III Limited Partnership, dated as of July 24, 2000.

10.32**** Lease Agreement with Naxos Schmirdelwerk Mainkur GmbH and A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung vorm. Seilwolff AG von 1890, dated as of August 7, 2000.

10.33**** Lease Agreement with Quattrocento Limited, dated as of June 1, 2000.

10.34**** Lease Agreement with ARE-2425/2400/2450 Garcia Bayshore, LLC, dated as of March 20, 2000.

10.35**** First Supplement to the Lease Agreement with Naxos Schmirdelwerk Mainkur GmbH and A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung vorm. Seilwolff AG von 1890, dated as of October 11, 2000.

10.36**** Credit and Guaranty Agreement for \$150,000,000 Senior Secured Credit Facilities, dated as of December 20, 2000.

10.37**** Lease Agreement with Quattrocento Limited, dated as of June 9, 2000.

10.38**** Lease Agreement with Compagnie des Entrepots et Magasins Generaux de Paris, dated as of July 28, 2000.

10.39**** Second Supplement to the Lease Agreement with Naxos Schmirdelwerk Mainkur GmbH and A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung vorm. Seilwolff AG von 1890, dated as of December 22, 2000.

10.40**** Third Supplement to the Lease Agreement with Naxos Schmirdelwerk Mainkur GmbH and A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung vorm. Seilwolff AG von 1890, dated as of March 8, 2001.

10.41+ Fourth Supplement to the Lease Agreement with Naxos Schmirdelwerk Mainkur GmbH and A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung vorm. Seilwolff AG von 1890, acting in partnership under the name Naxos-Union Grundstücksverwaltungsgesellschaft GbR, dated as of July 3, 2001.

10.42+ First Amendment to Deed of Lease with TrizecHahn Beaumeade Technology Center LLC, dated as of March 22, 2001.

10.43+ First Lease Amendment Agreement with Market Halsey Urban Renewal, LLC, dated as of May 23, 2001.

10.44+ First Amendment to Lease with Nexcomm Asset Acquisition I, L.P., dated as of April 18, 2000.

10.45+ Amendment to Lease Agreement with Burlington Realty Associates III Limited Partnership, dated as of December 18, 2000.

16.1* Letter regarding change in certifying accountant.

21.1**** Subsidiaries of Equinix.

24.1**** Power of Attorney.

- -----

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

** Incorporated herein by reference to the exhibit of the same number in the Registrant's Registration Statement in Form S-1 (Commission File No. 333-39752).

*** Incorporated herein by reference to the exhibit of the same number in the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000.

**** Incorporated herein by reference to the exhibit of the same number in the Registrant's Annual Report on Form 10-K for the year ended December 31, 2000.

+ Confidential treatment has been requested for certain portions which are omitted in the copy of the exhibit electronically filed with the Securities and Exchange Commission. The omitted information has been filed separately with the Securities and Exchange Commission pursuant to Equinix's application for confidential treatment.

(b) Reports on Form 8-K.

None.

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EQUINIX, INC.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EQUINIX, INC.

Date: August 14, 2001

By: /s/ PHILIP J. KOEN

Interim Chief Financial Officer and
Chief Operating Officer

/s/ KEITH D. TAYLOR

Vice President, Finance
(Principal Financial and Accounting Officer)

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

4/th/ Amendment
of July 3, 2001
of the

LEASE

of August 7, 2000

BETWEEN

- 1. Naxos Schmirgelwerk Mainkur GmbH, and
- 2. A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung vorm.
Seilwolff AG von 1890,
acting in partnership under the name
Naxos-Union Grundstücksverwaltungsgesellschaft GbR

"LANDLORD"

AND

EQUINIX, INC.,
a Delaware corporation

"TENANT"

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EXHIBIT B	DESCRIPTION OF PREMISES (4b Summary)
EXHIBIT C	PLAN OF PLOTS (4c Summary)
EXHIBIT D	WORK LETTER FOR OPTION SPACE (Article 1.3.1)
EXHIBIT E	STANDBY LETTER OF CREDIT (Article 4a.1)
EXHIBIT F	RKW LETTER OF JUNE 13, 2000 (Article 7.1)
EXHIBIT G	APPLICATION BY LANDLORD/TENANT TO REGISTER ENCUMBRANCE (Article 13.1)
EXHIBIT H	AGREEMENT WITH ALLGEMEINE HYPOTHEKENBANK (Article 13.2)

PRELIMINARY REMARK

The above-mentioned parties entered into the Lease of August 7, 2000 with regard to the property which is generally known as [*], located in the City of Frankfurt am Main, Fechenheim. This Lease was then modified by the modifications/supplements dated

October 11, 2000
December 22, 2000 and
March 8, 2001.

Furthermore, a number of the provisions of the Lease have become obsolete by passing of time and/or the performance of obligations by the Parties. Finally, the Tenant has granted his consent, to waive his contractual claim under the Lease to utilize the space [*] of [*]m/2/ (folio [*], plot [*]) as well as the further [*] m/2/ that are registered on folio [*] (plots [*],[*]).

The parties have agreed to incorporate these developments into a revised version of the Lease. They hereby agree on the following - in the German language - text of the Lease which shall enter into force on the day of its signing. This Lease is designated as "Lease of August 7, 2000 in the version of July 3, 2001".

LEASE

This Lease (the "Lease") made this 7/th/ day of August 2000 ("Effective Date"), by and between

1. the firm Naxos Schmirgelwerk Mainkur GmbH, GutleutstraBe 175, D-60327 Frankfurt, represented by its managing director Gunter Rothenberger,

2. A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung vorm. Seilwolff AG von 1890, GutleutstraBe 175, 60327 Frankfurt/M, represented by Mr. Gunter Rothenberger and Mr. Sven Rothenberger;

both companies acting in a German Civil Code Partnership (the Parties at 1. and 2. jointly called: "Landlord"), under the firm name Naxos-Union Grundstücksverwaltungsgesellschaft GbR, Frankfurt/M, and

3. Equinix, Inc., a Delaware corporation, 2450 Bayshore Parkway, Mountain View, CA 94043, USA, represented by Christopher L. Birdsong ("Tenant"),

SUMMARY OF BASIC LEASE INFORMATION

This Summary of Basic Lease Information ("Lease Summary") is a part of the Lease and describes the basic terms of the Lease. Each reference in this Lease to any provision in this Lease Summary shall be construed to incorporate all the terms provided under that provision of the Lease Summary. In the event of any conflict between a provision in this Lease Summary and a provision in the balance of the Lease, the latter shall control.

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The basic terms of this Lease are:

1. Effective Date: Date of Signing of Lease (see above).

2. Landlord: German Civil Code partnership (cf. above).

3. Tenant: Equinix, Inc., a Delaware corporation, or assignee or Permitted Transferee.

4. Property, Building, Premises:

 - (a) Property (Section 1.1): The real property ("Real Property") commonly

known as [*] and located in the City of Frankfurt am Main, Fechenheim, State of Hesse, as shown in Red on the Plan attached hereto as Exhibit A, [*] m/2/, which includes an office building of [*] m/2/ and Production Halls I and II of [*] m/2/ which are outlined on the Plan (Exhibit A).

 - (b) Building (Section 1.1): Production Halls I and II and one office

building located on the Property, which contain [*] square meters as outlined in yellow and described in the Description of Real Property attached hereto as Exhibit B; and Supplemental Equipment space as shown in Exhibit C.

(c) Premises: Property, Building, Supplemental Equipment space (cf. -----
Section 18.1.8 Lease).

5. Expansion of the Premises:

- (a) Option: Tenant has the right to elect to expand the Premises and to -----
cause the Landlord to create more floor space on the Property in increments of at least [*] m/2/ rentable area up to a total area of about [*] m/2/ (including the Building).
- (b) At the request of Tenant, parties will review the viability of the installation of a mezzanine floor in the center portion of the protected part of the Building if this is permissible pursuant to construction law.

Before carrying out the expansion pursuant to (a) or building the mezzanine floor, the Landlord shall submit the draft to Tenant to check and approve. If Tenant approves the planning documents and the Landlord builds the mezzanine, Tenant is not obligated to rent the mezzanine. If Tenant decides to rent the space, the parties agree on a rent of DM [*]/m/2/ for the mezzanine.

6. Handover:

Landlord has handed over to Tenant the Property including office space, Production Halls I and II on April 25, 2001 in the quality required by the Lease.

7. Lease Term:

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- (a) Duration (Section 2.1): Twenty (20) years from August 7, 2000. Term -----
ends without termination notice if extension options not exercised.

Termination for important cause by either party according to law.
- (b) Extension Options (Section 2.3): Tenant has two (2) Extension Options -----
following the fixed 20 year term of the Lease for a period of five (5) years each, as more particularly described in Section 2.3. Term -----
ends with lapse of first extension option unless second option exercised, or with lapse of second extension period.

8. Rent (Section 4.1):

(a) From February 1, 2001 through September 30, 2003

	DM
Office Space plus Production Halls I and II ([*] m/2/)	[*]
From February 1, 2001 through September 30, 2003 at a fixed amount of DM [*]/m/2/ per month	
Advance on service charge ([*] m/2/ at DM [*]/month)	[*]
VAT (at present 16 %)	[*]

Total	[*]
	=====

(b) As of October 1, 2003

As of October 1, 2003 the rent for the remaining term of the Lease, subject to indexation pursuant to Sec. 4a.2 Lease, is adapted to DM [*]/m/2/ per month. The rent thus will be the amount listed in Sec. 8 b) of the Lease Summary considering the final increase pursuant to

Subsec. 8 c) of the Lease Summary and Sec. 4a.2 Lease.

DM

As of October 1, 2003 for Office Space plus Production Halls I and II ([*] m/2/) [*] at DM [*]/m/2/ per month [*]

Advance on Service Charge ([*] m/2/ at DM [*]/ month) [*]

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VAT (at present 16 %) [*]

Total [*]

Rent and Service Charges to be paid monthly in advance of each month.

(c) Rent for Option Space

Start payment of Rent from beginning of [*] month after Handover of option space (Sec. 5 (a) above). Start payment of advance on Service Charges at Handover of option space. Amount of Rent, Service Charges and VAT per square meter of option space is the same as per square meter of the Production Halls (Sec. 4 (a) above) space, at the time of Handover of the option space.

9. Security:

(a) By Landlord: Easements (Article 13).

(b) By Tenant: (1) a security Letter of Credit (LC). The LC was issued by the London branch of Chase Manhattan Bank (copy is attached as Exhibit

E) for six (6) months' Rent plus Service Charges plus VAT for first

three years after signing of the Lease which LC shall be reduced to three months Rent, Service Charges and VAT after first three years after signing.

10. Permitted Use (Section 3.1): Any lawful use, including without limitation

general office use and use for installation and operation of telecommunications, electronic, optical, and associated equipment (such as local and long distance switches, nodes, customer collocation and related equipment, in connection with Tenant's fiber optic telecommunications system) (such telecommunications system being herein called "Tenant's System"), warehouse and parking, and all other similar activities associated with the internet. Lessor guarantees that this intended use is not in contradiction with the/a zoning plan.

11. Insurance (Section 9):

(a) Fire and Extended Coverage Insurance - Landlord: One hundred percent (100%) of the full replacement value of the Building subject to customary and reasonable deductible amounts; draft insurance contract to be approved by Tenant.

(b) Liability Insurance- Tenant: Comprehensive liability insurance policy of DM 1,000,000 combined single limit for each occurrence, including insurance for pollution caused by hazardous materials on property.

Business Liability Insurance of DM 5.000.000,00 property damage and DM 1.000.000,00 personal injury for death for each occurrence.

(c) Tenant shall request that its customers provide Fire and Extended Coverage Insurance for their Equipment on the Premises.

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12. Parking (Section 8): Landlord has provided, without charge to Tenant

parking spaces in the parking area for the exclusive use by Tenant.

13. Addresses for Notice (Section 19):

(a) Landlord's Address:

Naxos Schmirgelwerk Mainkur GmbH
GutleutstraBe 175
D-60327 Frankfurt/M

or

A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung vorm. Seilwolff
AG von 1890
GutleutstraBe 175
60327 Frankfurt/M

(b) Tenant's Address:

Equinix, Inc.
2450 Bayshore Parkway
Mountain View, CA 94043, USA
Attn: Director of Real Estate

or

Equinix, Inc.
c/o Baker & McKenzie
Attn.: Dr. Karl-Ludwig Koenen
Bethmannstrasse 50-54
60311 Frankfurt

14. Exhibits: A through H, inclusive, which Exhibits are attached to this
Lease and incorporated herein by this reference.

PRELIMINARY REMARKS

The Landlord owns the Property which is registered in folio [*], Fechenheim of the Frankfurt local court and consists of the following lots: Area ("Flur") [*], lots [*], [*], [*], [*], a total of [*] m/2/.

It is encumbered as follows:

Abt. II, 1 - 3 No. 3 not to be deleted. Present mortgages in Abt. III to be deleted. The Leases within the fence-line of Exhibit A were terminated.

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Landlord wants to lease and Tenant wants to rent the Property which is outlined in red on the Plan which is attached hereto as Exhibit A. The two Buildings on

the Property are Production Hall I, a protected building dating from approximately 1925 and Production Hall II of (together) [*] m/2/. Furthermore, there is office space of [*] m/2/ in a building contiguous to Production Hall I.

Tenant intends to use the Building for the purposes described in Sec. 10 Lease Summary. For this purpose, Tenant will invest a very important sum into the improvement and fittings of the Building and machines in the Building. Tenant expects an original demand of approx. [*] m/2/. If business volume developed as Tenant expects, the Tenant shall need up to [*] m/2/ of space. The Landlord agrees to plan and produce the Expansion Space on the Property in cooperation with the Tenant in case that Tenant exercises its option rights.

Landlord agrees to give all the permits and support necessary to have Tenant to get the necessary utilities, in particular telecom lines.

In view of these premises, the Parties hereto agree to enter into the Lease at the following conditions:

ARTICLE 1

PROPERTY, BUILDING, AND PREMISES

1.1 Lease of Premises. Landlord hereby leases to Tenant and Tenant leases from Landlord the Property described in Paragraph 4 of the Lease Summary with the Building.

In addition, during the Lease Term, Tenant shall lease and have the right to use at no Rental Charge, the Roof Space and the Supplemental Equipment Space around the Building, as depicted in Exhibit C. Tenant shall also have right of access to the Building's shafts, conduits, ducts, raceways, risers and roof for the purpose of installing and maintaining Tenant's System.

1.2 Single Tenant Building. Tenant shall have exclusive rights of use

throughout the Lease Term of all common stairways, elevators, sidewalks, plazas and walkways, easements and service alleys surrounding the Building, delivery and loading areas and facilities of the Building, telephone equipment rooms and all other common facilities in or about the Building and the Property, and the appurtenances thereto, as the same may exist from time to time. Such use shall be for Tenant and its customers, agents, employees, assignees, subtenants, licensees and invitees.

1.3 Space Expansion - Option

1.3.1 Option to Expand. Landlord grants to Tenant the option to expand

the Premises by a building or buildings to be constructed by Landlord on the Property. The Tenant may choose to have the expansion performed in one or several increments of at least [*] m/2/.

- -----
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Tenant may only exercise the option to expand if the Lease term is at least still 10 (ten) years at the time that the Tenant exercises the option - if necessary by exercising an option to extend the term pursuant to Sec. 7 (b) Lease Summary -. The parties expect that up to [*] m/2/ additional space can be constructed on the Property.

Upon Tenant's exercise of the option, the Option Space shall be constructed by Landlord at Landlord's expense pursuant to the Work Letter for Option Space (Exhibit D) within 18 (eighteen) months after the exercise of the option by

Tenant and submission of the preliminary design criteria which are sufficient for the Landlord to carry out the above and below-ground-construction work complying with the Hesse Building Code and shall be leased to Tenant pursuant to the provisions of this Lease. The Parties shall cooperate to clear any design discrepancies.

Rent for the Option Space shall be the Rent per square meter of Rentable Area in effect under this Lease at the commencement of Tenant's occupancy of the Option Space. This additional rent shall be payable after the end of the [*] months rent-free period after the handover in question. The Rent payable under this Lease shall be increased by the amount of Rent attributable to the Option Space that is leased by Tenant. The parties shall immediately execute an amendment to this Lease stating the addition of the Option Space to the Premises.

Upon receipt of Tenant's notice to exercise the option, Landlord shall design and construct such space in accordance with the terms set forth in Exhibit D.

The Rentable Area of the Option Space shall be subject to verification as provided in Section 1.3.2.

1.3.2 Verification of Rentable Area. The size of the leased building space

on which the rent has been computed is determined pursuant to DIN 277 (NGF). Within thirty (30) days after completion of any expansion, Landlord's architect shall calculate and certify in writing to Landlord and Tenant the Rentable Area of the expansion. Corridors, staircases and mezzanine floors (including floors constructed by Tenant) to be part of rentable space. Modifications of building or fit-out by Tenant not to be considered.

On this final determination of the Rentable Area of the Building Rent shall be recalculated in accordance with that final determination. The parties shall execute an amendment to this Lease stating the recalculated Rent.

1.3.3 For clarification purposes, the Parties state their agreement that the Tenant is free to either not exercise any option or to exercise one, two or all of the options.

1.4 Assignment of Rights and Obligations of Landlord under Development

Contracts

1.4.1 Landlord shall enter into one or several Development Contracts

with a third party ("Developer") providing that the construction of the new building(s) after the exercise of the option shall be performed pursuant to this Sec. 1.4.

1.4.2 At Tenant's request, Landlord shall involve Tenant and its architects and engineers in the planning, engineering and construction of the buildings and shall provide Tenant with copies of the Development Contract(s).

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1.4.3 In case that the Developer discontinues the performance of the Development Contract for reasons inherent in the Landlord, the Tenant shall be entitled but not obliged to take over all rights and obligations of Landlord under the Development Contract (including the right to termination) and request performance of the Contract by the Developer, at Tenant's expense. In such case, the rent that would be payable hereunder would be reduced by the costs thus incurred by Tenant plus interest thereon at the rate of Libor plus [*]% spread evenly over the remaining term of the lease.

1.5 In the event Tenant finances the development of the additional space upon terms and conditions of a loan agreement to be acceptable to the parties, the amount of financing plus interest at the rate of Libor plus [*]% thereon shall be repaid by reducing the rent that will be payable hereunder spread evenly over five years.

1.6 In the event that Landlord does not perform or is late in performing by at least two months, any of construction obligations under this Lease or its obligations to obtain permits by the authorities, Tenant shall be entitled, in addition to any other rights that this Lease grants the Tenant in such case, to have the construction performed and/or to have the permit obtained by a third party, at Tenant's cost. Tenant then shall be entitled to the repayment of the costs plus a [*] ([*]) % surcharge for Tenant's administrative expenses plus interest thereon at the rate of Libor plus [*] % spread evenly over the remaining term of the lease.

ARTICLE 2

TERM

2.1 Term. The term of this Lease ("Lease Term") commenced on August 7, ----
2000 and shall end upon the expiration of twenty (20) years following said date, subject to any option, renewal or extension rights of Tenant as provided for in this Lease, unless this Lease is earlier terminated as provided in this Lease.

2.2 Delay beyond the Day of Completion of the Option Space:.

If Landlord, for any reason whatsoever, fails to complete the option space within the 18 (eighteen) months allowed by Sec. 1.3.1 above, the Handover Date and the date as of which rent shall be payable shall be appropriately adjusted and the Tenant may withhold from the first rental payment and subsequent rental payments as may be necessary, as liquidated damages, an amount equal to [*] times the Rent otherwise due for each commenced day after the Scheduled Completion Date.

2.3 Options To Extend Term.

Landlord grants to Tenant two (2) options to extend the Lease Term ("Extension Option") for a period of five (5) years each ("Option Term"). The Extension Option may be exercised with respect to all Property, only. If Tenant properly exercises the Extension Option, the Lease Term, as it applies to the entire Premises then leased by Tenant, shall be extended for the Option Term.

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2.3.1 Option Rent. The rent payable by Tenant during any Option Term

shall be equal to whichever is the greater of (1) the rent payable hereunder plus or minus the index; or (2) the Fair Market Rental Value of the Premises, excluding value of Tenant improvements, as of the commencement of the Option Term. Fair Market Rental Value of the Premises shall be the rental rate, including all escalations, at which tenants lease comparable space as of the commencement of the applicable Option Term. For this purpose, "comparable space" shall be space that is: (a) not subleased; (b) not subject to another tenant's expansion rights; (c) not leased to a tenant that holds an ownership interest in

the landlord; (d) not leased to a tenant under a renewal or an extension of a lease; (e) comparable in size, location, and quality to the Premises; (f) leased for a term comparable to the Option Term; and (g) located in comparable buildings with similar zoning.

2.3.2 Exercise of Option. To exercise its Extension Option, Tenant shall

deliver written notice to Landlord which must be put into the mail no less than one hundred fifty (150) days before the expiration of the initial Lease Term or Option Term that has been exercised by Tenant, stating Tenant's intent to exercise its option. The parties shall have thirty (30) days after Landlord receives the option notice in which to agree on the Rent for the applicable Option Term. If the parties agree on the Rent for the Option Term during such thirty (30) day period, they shall promptly execute an amendment in accordance with Subsection 2.3.4.

If the parties are unable to agree on the Rent in accordance with Subsection

2.3.1 within such thirty (30) day period, then within ten (10) days after the
- ----
expiration of such thirty (30) day period each party, at its cost and by giving notice to the other party, shall appoint a real estate broker with at least ten (10) years recent and continuous full-time commercial brokerage experience in the area and market segment in which the Premises are located to set the rent for the applicable Option Term. If a party does not appoint a broker within ten (10) days after the other party has given notice of the name of its broker, the single broker appointed shall be the sole broker and shall set the rent for the applicable Option Term.

If the two brokers are appointed by the parties as stated in this Section, they shall meet promptly and attempt to set the rent. If they are unable to agree within thirty (30) days after the second broker has been appointed, they shall attempt to select a third broker meeting the qualifications stated in this Section within ten (10) days after the last day the two brokers are given to set the rent. If they are unable to agree on the third broker, either of the parties to this Lease by giving ten (10) days notice to the other party can file a petition with the President of the IHK Frankfurt, solely for the purpose of selecting a third broker who meets the qualifications stated in this Section. Each party shall bear half the cost of the President's appointment of the third broker and payment of the third broker's fee. The third broker, however selected, shall be a person who, directly or indirectly, has not previously provided services, been employed by or acted in any capacity for either party or any affiliate of a party.

Within thirty (30) days after the selection of the third broker, a majority of the brokers shall set the rent for the applicable Option Term. If a majority of the brokers are unable to set the rent within the stipulated period of time, the three appraisals shall be added together and their total divided by three; the resulting quotient shall be the rent for the Premises during the applicable Option Term. In setting the minimum monthly rent for the Option Term, the broker or brokers shall consider the use to which the Premises are restricted under this Lease and shall not consider the highest and best use for the Premises without regard to the restriction on use of the Premises contained in this Lease. If, however, any determination of the rent is more than five percent (5%) higher or lower than the middle determination of the rent, such

determination shall be disregarded. If a determination is disregarded, the remaining two determinations shall be added together and their total divided by two; the resulting quotient shall be the rent for the Premises during the applicable Option Term.

2.3.3 Withdrawal from Option by Tenant. After the rent for the

Option Term has been set, the brokers shall immediately notify the parties. If Tenant objects to the rent that has been set, Tenant shall have the right to have the Lease expire at the end of the then current term. Tenant's election to allow this Lease to expire at the end of the then current term must be exercised within thirty (30) days after receipt of notice from the brokers of the rent by letter to the Landlord which must be posted before the end of the thirtieth (30/th/) day.

2.3.4 Amendment to Lease. If Tenant timely exercises its Extension

Options, Landlord and Tenant shall promptly execute an amendment to this Lease extending the Lease Term on the terms and conditions set forth in this Section

2.3.

2.4 Holding Over. Any holding over by Tenant shall not be nor be

construed to be a renewal of the term of this Lease but shall constitute a

month-to-month tenancy which may be terminated by either party upon thirty (30) days prior written notice to the other party, and shall otherwise be on the same terms and conditions herein set forth.

Section 568 German Civil Code shall not apply.

ARTICLE 3

USE OF PREMISES, RESTRICTION ON ADVERTISING

3.1 Tenant's Use. The Premises shall be used and occupied by Tenant for

the purposes described in Sec. 10 Lease Summary. Landlord warrants to Tenant that the premises are acceptable for Tenant's use according to the zoning plan for the area and that Landlord will obtain all building and utilization permits both for the Buildings which Landlord will improve and later expansions.

3.2 Any essential changes of the intended or actual utilization of the Premises by Tenant require the Landlord's prior written consent which may be given on condition that Tenant obtains any necessary permits by the authorities, at Tenant's expense.

3.3 Landlord's Obligations. Landlord shall lease space on parts of the

property Wachtersbacher Strasse 83 to third parties only for purposes consistent with the maintenance of a first class commercial building of the kind and character of the Building as of the date hereof.

Landlord shall not allow any advertising for the above competitors on the Property.

ARTICLE 4

RENT

4.1 Monthly Base Rent. Tenant shall pay to Landlord the base rent plus an

advance on Service Charges plus VAT ("Monthly Base Rent") in equal monthly installments as set forth in the Schedule of Monthly Base Rent set forth in the Lease Summary. Rent shall be paid in advance, after the end of the rent-free period, on or before the third workday of

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every calendar month during the Lease Term. Payment shall be made to the following accounts:

a) Approximately DM [*] (exact amount shall be notified by Landlord, without delay) to account of A.A.A. Aktiengesellschaft Allgemeine Anlagenverwaltung vorm. Seilwolff AG von 1890 no. 107922 with Allgemeine Hypothekenbank AG Frankfurt , pursuant to Exhibit H,

b) the rest to another account to be given by Landlord, in writing.

As long as the property is charged with the land charge described under Chapter 13 hereof, at least an amount that corresponds to the monthly payment obligations of the Landlord to the owner of the land charge shall be paid to the creditor (at present: AHB) each month. This amount shall be set-off against the rent; the Landlord hereby so instructs the Tenant irrevocably.

4.2 Default. In case of default of payment by the Tenant, the Landlord

shall be entitled to charge default interest of [*] % ([*] percent) p. a. above the respective basic interest rate pursuant to the Transitory Law on Discount Rates and/or, as of January 1, 2002, at the interest rate replacing the basic interest rate unless the Landlord proves a higher or the Tenant proves a lower damage in each case. This shall not affect any right of termination of the Landlord.

4.3 Initial Payment; Proration. If any Rent payment is for a period

shorter than one calendar month, the Rent for that fractional calendar month shall accrue on a daily basis for each day of that fractional month at a daily rate equal to 1/365 of the total annual Rent. All other payments or adjustments that are required to be made under the terms of this Lease and that require proration on a time basis shall be prorated on the same basis.

4.4 Service Charges. Service Charges (ancillary costs and administration

costs) shall be levied in the form of monthly advance payments and shall be counted for by the landlord on an annual basis. The conciliation of the prepaid with the payable costs shall be done in the form of an additional payment by the Tenant or a credit by the Landlord on the rental payment day that follows the month on which the landlord had submitted the computation to the Tenant.

4.4.1 Service Charges within the meaning of this Lease Agreement shall be charges, contributions, fees and costs arising or accruing now or in the future to the Landlord from the Site (not all of the Real Property) Building or economic unit (the latter includes ancillary buildings, garages/underground garages, equipment and fit outs) and/or its intended utilisation, in particular the costs

- for all current public charges, real estate tax, garbage removal, chimney sweeping, sewage, water supply and drainage (including rain water/surface water);

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- for road cleaning, removal of snow and ice/strewing, cleaning and maintenance of pavements, roads, parking lots as well as upkeeping and cleaning of all outside facilities, green and garden areas;
- for cleaning of common areas of the buildings, cleaning and upkeeping of outside glass and facade areas as well as vermin control;
- for the operation and lighting of common areas of the buildings and outside facilities, including replacement of used means of lighting as well as regular safety control;
- for the operation and maintenance of common technical equipment and facilities as well as for the utilisation of general communication systems (high frequency cable etc.);
- for all reasonable risk insurance coverage of the property (not including insurance against loss of rental), for all necessary third-party liability insurances as well as for the safety controls demanded under the insurance contracts;
- for housekeeper or for housekeeper services rendered by other parties as well as supervision services and doorkeeper;
- for the property management. As regards these costs, a monthly lump-sum in the amount of [*] percent ([*]%) of the rent (without advance for ancillary costs plus statutory Value Added Tax is agreed upon ("Lump-Sum Management Fee"). The Lump-Sum Management Fee in respect of which no further proof of costs is required shall also be owed if the Landlord manages the object himself;
- all other operating cost pursuant to Appendix 3 to Sec. 27, 2nd Berechnungs Ordinance;
- additional costs for 24 hour service pursuant to Sec. 6.1 below;
- all insurances wished by the Tenant;
- water costs pursuant to Sec. 6.2.

4.4.2 To the extent such costs arise anew or are increased in connection with a proper management, they may be apportioned by the Landlord to the Tenant as of the time they arise or are increased and adequate advance payments may be determined in this respect. To the extent that the Landlord does not have any up-to-date real estate tax assessments, the anticipated charges for real estate tax shall be calculated.

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4.4.3 The proper removal of refuse, that will not be picked up as house refuse (in particular special refuse and hazardous material as well as bulky refuse such as packaging etc.), shall be the responsibility of Tenant. Tenant shall also be responsible for properly storing such refuse temporarily until same has been disposed of. Landlord shall, however, endeavour to assist in this respect to the extent possible.

4.4.4 If the accounting of the Landlord should show an increase or a

reduction of the costs, the advance payments for the next following accounting period shall be adequately increased and/or reduced.

4.4.5 Statement of Actual Direct Expenses and Payment by Tenant.

Landlord shall give to Tenant on or before the first day of April following the end of each Expense Year a statement ("Statement") stating the Service Charges incurred or accrued for that preceding Expense Year and indicating the amount, if any, of any excess of costs over advance payments or vice versa ("Excess"). The Statement shall be prepared in accordance with Generally Accepted Accounting Principles ("GAAP") and this Lease, and shall be certified to be true and correct by Landlord.

On receipt of the Statement for each Expense Year ending during the Lease Term for which an Excess exists, Tenant shall pay, with its next installment of Monthly Base Rent due, the full amount of that Excess or Landlord shall repay the Excess to Tenant.

4.4.6 Landlord's Books and Records; Tenant's Audit Rights. Tenant

and its authorized representatives may examine, inspect, audit, and copy the records of Landlord regarding each Statement at Landlord's office during normal business hours at any time during the Lease Term. The payment of the amounts shown on the Statement by Tenant shall not preclude Tenant from questioning the correctness of any item of the Statement subject to the rights in this Section

4.4.

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Tenant and its authorized representatives shall have the right, at Tenant's cost and on no less than ten (10) days' prior written notice to Landlord and during Landlord's normal Business Hours, to audit Landlord's records regarding service charges, at Landlord's principal accounting offices. Tenant shall bear all fees and costs of the audit, unless the parties determine that service charges and Tax Expenses taken as a whole as respects the Premises for any calendar year were overstated by two percent (2%) or more. In that event, Landlord shall pay for the reasonable costs of that audit.

4.5 Payment of VAT. Tenant shall pay VAT on rent and service charges at

the rate in force from time to time, at present 16 %.

Tenant states that Tenant will perform entrepreneurial activities in the premises within the meaning of the German Turnover Tax Act and that Tenant will exclusively utilize the premises for turnovers which are subject to deduction of prior tax. Tenant shall deliver to Landlord, upon the latter's substantiated request a written declaration, for submission to the competent tax office by Landlord, to the effect that Tenant utilizes the premises exclusively for turnovers which do not exclude the deduction of prior tax. To the extent that Landlord must furnish further proof in this regard to the tax authorities, Tenant shall be obligated to furnish the pertinent proof to Landlord or directly to the tax authorities.

Tenant agrees its intention that it will continue the entrepreneurial activities within the meaning of the Turnover Tax Law during the term hereof. In case it turns out during the term

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hereof, that the entrepreneurial activities of Tenant within the meaning of the Turnover Tax Act have ceased to be performed, Tenant shall be liable to compensate the damage to Landlord which is caused to Landlord by the fact that the tax authorities do not accept the fact that Tenant continues its entrepreneurial activities and, for this reason, Landlord can deduct prior tax.

Landlord agrees to provide Tenant any documents which Tenant may require in order to deduct the turnover tax paid by Tenant to Landlord as pretax.

4.6 Set-off, Right of Retention: Tenant shall pay part of the rent on the

account of the secured creditor, pursuant to Sec. 4.1 above. Tenant and secured creditor have irrevocably agreed that the creditor shall credit to the loan account the part of the rent that corresponds to the amount of approx. DM [*] that the Landlord is obliged to pay back on his loan, each month. The Tenant agrees that he will set-off or retain any counter-claims against the Landlord only against the part of the rent, which remains at Landlord's free disposal.

ARTICLE 4a

SECURITY, INDEXATION

4a.1 Security. Tenant has furnished to the Landlord the security (LC) per

Section 9 Lease Summary (Exhibit E) amounting to [*] ([*]) times the monthly

Base Rent plus Service Charges plus VAT. The LC shall be reduced to [*] months' rent after the lapse of the first three years after signing of this contract, in the form of a "Standby LC" in the form of Exhibit E by a U.S. Bank with a branch in Germany.

Aforementioned surety shall be renewed annually since pursuant to American banking practice Tenant cannot issue bank guarantees longer than for a period of 12 months. Surety to provide that it will not expire before Landlord has received replacement surety.

4a.2 Indexation

4a.2.1 In case that the monthly price index for the cost of living of all private households in Germany (1995 = 100) as determined by the Federal Bureau of Statistics, Wiesbaden, every month, has gone up or down by more than 10 % compared to its level on 7/th/ February 2001 or in the month of any adaptation of the rent pursuant to this Sec. 4.a.2.1, the rent shall be increased or decreased by the same percentage. The change of the rent shall enter into effect as of the first day of the month which follows the month in which the Federal Bureau of Statistics has publicised the 10 % change of the said index.

4a.2.2 The foregoing adjustments shall be made automatically so that the amount adjusted to the index change is owed without special demand as of the beginning of the month in question. For as long as the Tenant has not received a written new calculation from the Landlord, a default in payment cannot occur.

4.a.2.3 The Parties hereto jointly assume that the above mentioned index clause shall be deemed to have been approved in accordance with (S) 4 para. (1) of the Regulation on Price Clauses of September 23, 1998 and does not constitute an inadequate disadvan-

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tage to either party hereto within the meaning of (S) 2 of the Regulation on Price Clauses. If (S) 4 para. (1) of the Regulation on Price Clauses should not apply and/or a required approval should not be granted, the parties hereto undertake to agree on clauses which can be approved and which come as close as possible, economically, to the above index clause.

4a.3 Financing by Landlord. In case Tenant assists Landlord in the financing of the build out costs, the letter of credit (Sec. 4a.1) shall be returned to Tenant.

ARTICLE 5

MAINTENANCE

5.1 Maintenance of Building and Premises. Except as otherwise provided in -----

this Lease, during the Lease Term, Landlord, at its expense, agrees to maintain the Building and the Property in first class condition. This obligation shall include the maintenance and repair of any elevator, sewage, electrical, telecom (except for Tenant's individual electrical water and telecom equipment and systems, which shall be maintained by Tenant), water supply, foundation, superstructure, structural roof, roofing membrane, exterior walls and glazing (including, without limitation, curtain wall), and other structural members and parts of the Building, all ordinary maintenance of the exterior portions of the Building such as painting and/or washing the exterior walls and windows, maintaining the exterior portions of the Building, polishing or waxing any exterior components, rubbish removal. In addition, Landlord's obligation to maintain the Building and Premises shall include the cleaning and maintaining of all exterior lighting, signage, sidewalks, hardscape, parking lot surface, fencing, irrigation, landscaping and loading docks located on the Real Property, except for Tenant's Supplemental Equipment Space, which shall be maintained by Tenant. In performing its maintenance obligations hereunder, Landlord shall take all reasonable efforts to minimize any interference with Tenant's operations.

Tenant shall be responsible for repairs to Tenants improvements inside the buildings.

Landlord shall be exclusively responsible for the Real Property outside the Site.

5.2 Maintenance by Tenant. Tenant shall be responsible for the -----

maintenance, including repair and/or replacement desired by Tenant, of its Supplemental Equipment and all other equipment, fixtures, and other personal property owned by Tenant and used in connection with the Premises as well as for decorative repairs inside the Building.

5.3 Floorload. Landlord guarantees that the ground floors of the

buildings can bear loads of 2,500 kg/square meter, with the exception of the Office which will bear 500 kg/square meter. This load may only be exceeded after prior written consent of Landlord.

5.4 Visitors. Tenant shall be responsible for damage to Landlord's

property caused by visitors, suppliers and craftsmen of Tenant, at least negligently.

ARTICLE 6

UTILITIES AND SERVICES

6.1 Standard of Operations. Landlord shall operate the Premises, Building

and Real Property in accordance with the standard of operation at least commensurate with the

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general standard of operation of other buildings and building projects located in Frankfurt/Main that are comparable in age, location, quality of construction, services and amenities to the Property and Building.

In addition, Landlord shall provide, for the use by Tenant and its customers, agents and employees on a 24 hour by 365 days basis, ("Business Hours"), building utility services and building maintenance personnel who shall be on duty in the Building or reasonably available to Tenant and capable of performing any services or work required, without delay.

6.2 Landlord to Provide Utilities. Landlord shall furnish unheated water

from mains for drinking, lavatory and toilet purposes drawn through fixtures installed by Landlord, or by Tenant with Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed, and heated water for lavatory purposes from regular building supply in such quantities as required for the comfortable and normal use of the Premises. Tenant shall pay Landlord, as Additional Rent, for any additional water which is furnished for any other purposes. The amount that Tenant shall pay Landlord for such additional water shall be the average price per liter charged to the Landlord for the Building by the entity providing water.

Landlord hereby agrees that Tenant takes groundwater which is needed for Tenant's operations from a well to be drilled by Tenant on the Property, at Tenant's own expense. Landlord makes Tenant aware of the fact that Tenant needs a permit of the authorities for the drilling of the well and the taking of groundwater which permit, in the experience of Landlord, may not be granted. Landlord will support Tenant's application to the competent authority but does not accept any warranty that the permit will be granted.

6.3 Tenant Services.

6.3.1 Heating and air conditioning ("HVAC") service in the Premises

will be provided by Tenant, at Tenant's sole cost and expense, through separate package units which shall be subject to the direct control of Tenant. Subject to Landlord's prior written approval of Tenant's plans and specifications, such approval not to be unreasonably withheld or delayed, Tenant shall have the right at its option to install in a location or locations within the Building Space, Roof Space and/or Supplemental Equipment Space, and have direct control over, "Tenant's HVAC Equipment" and other equipment as described in Article 18

below. The acquisition and operation of Tenant's HVAC Equipment (including without limitation the purchase, installation, and maintenance thereof) shall be at Tenant's sole cost and expense, and the electrical consumption resulting from Tenant's usage of Tenant's HVAC Equipment as well as the costs of availability's of the electricity shall be separately metered, billed to Tenant and paid by Tenant.

6.3.2 Tenant shall have the right, at Tenant's sole cost and expense and subject to Landlord's prior approval of the plans and specifications, which approval shall not be unreasonably withheld or delayed, to install at Tenant's expense and have direct control over transformer(s) to obtain an electrical supply for the Premises providing up to 45,000 amps at 400 volts or as otherwise required, three-phase wiring, through a number of separate cables run to the Premises. The cost of such electrical supply as well as the costs of availability and all other electricity provided to the Premises shall be

separately metered to the Premises at Tenant's sole cost and expense (including without limitations, the cost of any metering equipment or the installation cost thereof).

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Tenant shall pay directly to Supplier when due the cost of all electricity provided to and/or consumed in the Premises and by all of Tenant's equipment (including without limitation Tenant's HVAC Equipment);

In addition, Tenant shall bear the cost of replacement of lamps, starters and ballasts for lighting fixtures within the Premises. In the event Tenant desires electric power in excess of the level set forth in the first sentence in this Section 6.3.2 or available from Landlord ("Additional Electrical Supply"),

Tenant may, at its own expense, elect to make direct arrangements with an electrical supplier to obtain such Additional Electrical Supply directly. Landlord agrees to cooperate with Tenant and the Supplier, reasonably and in good faith in this regard.

6.3.3 Landlord shall not provide janitorial or security services to the Premises other than those listed in Section 6.1 above. Tenant shall be solely responsible, at Tenant's sole cost and expense, for keeping all areas used by Tenant, in a neat, clean, safe and secure condition, and for performing all janitorial services and other cleaning of the Premises appropriate to maintain the Premises in a manner consistent with the quality of the Building.

6.4 Failure to Furnish Utilities. Rent of any kind provided in this Lease

shall be equitably abated in the event Tenant, for whatever reason, is unable to obtain any of the Building's utility systems serving the Premises for a period of twenty-four (24) hours, unless the damage or defective condition relating to such systems is caused by Tenant, its employees, licensees or invitees. The amount of abatement shall be determined according to the extent such unavailability interferes with Tenant's normal business operations on the Premises. In the event of any stoppage or interruption of services, Landlord shall use its best efforts to restore said services as soon as possible. Notwithstanding anything stated to the contrary herein, Tenant shall have the right, at its option, to terminate this Lease if any such stoppage or interruption of said services continues for any reason for more than thirty (30) consecutive days and such stoppage or interruption materially interferes with Tenant's use of the Premises.

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ARTICLE 7

ALTERATIONS AND IMPROVEMENTS

7.1 Alterations to Premises by Tenant. During the Lease Term, except as

set forth in the Work Letter, Tenant shall make no alterations, installations, additions, or improvements to the Premises that materially affect or impair the structural integrity of the Building without submitting to Landlord plans and specifications therefor and obtaining Landlord's written consent, which consent will not be unreasonably withheld or delayed.

The Tenant modifies or replaces the existing roof at its own expense and at his own risk not to receive the necessary permit which would allow him to keep his construction criteria and his time schedule. In case that the Tenant has problems with the authorities and if the authorities do not allow him to construct the roof according to the paragraph "Dach" on page 2 of the RKW-letter of June 13, 2000 (attached hereto as Exhibit F) the Landlord shall support the

Tenant and shall obtain all necessary permits for the roof work which shall be performed in compliance with the Hesse Construction Code.

During all of the above-mentioned work of the Tenant on the roof, the Landlord shall assure that there is a new and secure access to the roof from inside the building. Furthermore the Landlord shall remove all existing ladders to the roof.

Landlord, without any cost to itself, shall cooperate with Tenant in securing building and other permits and authority necessary from time to time for any work permitted under this Lease.

Tenant may at any time remove any equipment and trade fixtures installed by Tenant in the Premises and replace the same with equipment or fixtures of the same general type, size and configuration without the consent or approval of the Landlord. Improvements made by Tenant at any time to the Premises during the Lease Term shall be and remain the property of Tenant.

Upon the expiration or earlier termination of this Lease, with respect to improvements made by Tenant hereunder or under the Work Letter, as well as installations, equipment and fixtures including Supplemental Equipment (Art.

18), Tenant shall have the option of: (1) leaving all or part of such improvements etc., in which case they shall be deemed to be the property of Landlord upon the date of termination; or (2) removing all or part of such improvements etc. before termination of the Lease and Tenant repairs any damage caused to the Premises from removing such improvements, ordinary wear and tear excepted. Alternative (1) only to apply in case of Landlord's consent.

7.2 Consent. To the extent the Landlord's consent is required pursuant to -----

this Section 7, Landlord shall within five (5) days after its receipt of written notice from Tenant requesting Landlord's consent, which such request shall include information necessary for Landlord to render such consent (including, without limitation, plans and specifications, permits and licenses, as necessary), either (i) give its written consent to the alteration, or (ii) deny its consent to the alteration setting forth the reasons for such denial. If Landlord fails to respond within such five (5) day period, then Landlord shall be deemed to have consented to the alterations.

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7.3 Landlord's Right to Modify the Premises. Except as otherwise expressly -----
provided in this Lease (including its obligations for maintenance and repair in Article 5), Landlord shall make no change to the Property (including the parking - ----- areas) or to the Building without the prior written approval of the Tenant.

ARTICLE 8

PARKING

Included in Tenant's Rent is the right of Tenant's employees, independent contractors, customers and invitees to have the right to use free of charge the parking spaces depicted on Exhibit C.

ARTICLE 9

INSURANCE AND INDEMNITY

9.1 Fire and Extended Coverage Insurance. At all times during the term of -----
this Lease, Landlord shall keep the Building (excluding the land) insured against damage and destruction by fire, vandalism, and other perils covered by the broadest extended coverage endorsement obtainable in the amount of One Hundred Percent (100%) of the full replacement value of the Building (excluding the land) in its entirety, including debris removal, subject to customary and reasonable deductible amounts. The insurance policies required above shall provide that the replacement cost of the Building (excluding the land) shall be redetermined by Landlord subject to approval by Tenant in intervals of no more than one year. Such insurance shall insure the interests of both Landlord and Tenant in the Building, as their respective interests may appear from time to time, and shall name Tenant as additional insured.

Tenant shall himself insure the Supplemental Equipment (Article 18 hereof) and shall request that its customers insure their Equipment on the Premises.

Prior to Handover the Parties shall insure its own installations.

9.2 Proceeds. All moneys collected from the insurance company or companies -----
from damage or destruction to the Building, or any part thereof, shall be held by Landlord in trust to be used and applied exclusively in accordance with Article 10 ("Destruction and Untenantability of Premises").

9.3 Liability Insurance - Tenant. Tenant agrees to purchase at its own -----
expense and to keep in force during the term of this Lease, a policy or policies of comprehensive liability insurance, including public liability and property damage (but excepting from the policy coverage, injuries or damage to persons or property resulting from the negligence of Landlord or from Landlord's breach of any of Landlord's covenants in this Lease). Tenant agrees to purchase special environmental liability insurance in order to adequately cover any risk which is caused, by Tenant's operations.

9.4 Waiver of Subrogation. The parties release each other, and their -----
respective authorized representatives, from any claims for damage to any person or to the Premises and the Building and other improvements in which the Premises are located, and to the fixtures, personal property, tenant's improvements, and alterations of either Landlord or Tenant in or on the Premises and the Building and other improvements in which the Premises are located

that are caused by or result from risks insured against under any insurance policies carried by the parties and in force at the time of any such damage. Each party shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by any policy. Neither party shall be liable to the other for any damage caused by fire or any of the risks insured against under any insurance policy required by this Lease.

9.5 Other Insurance Matters. In the event either party receives a thirty

(30) day written notice of cancellation concerning any of the required policies, or should either party fail to have in effect the required coverage at anytime during this Lease, the party for whose benefit such insurance is carried may give notice to the other party to reinstate or acquire the affected coverage. Should the party required to carry such insurance fail to reinstate or acquire the affected coverage within ten (10) days of the other party's notice to reinstate or acquire such coverage, the other party shall have the right to obtain such insurance and reinstate or acquire the affected coverage, and the party required to carry such insurance shall reimburse the other party for the cost thereof.

A copy of each policy, or a certificate of the policy, together with evidence of payment of premiums, shall be deposited with the other party at least twenty (20) days prior to the Handover, and on renewal of the policy, not less than twenty (20) days before expiration of the term of the policy. The cost of all insurance required to be carried by Landlord hereunder shall be a Direct Expense for which Tenant shall be obligated to pay its Tenant's Share thereof.

ARTICLE 10

DESTRUCTION AND UNTENANTABILITY OF PREMISES

10.1 Loss - Insured or Uninsured. If during the Lease Term, the Premises

or any portion thereof is damaged by fire, earthquake or other casualty or other peril, Landlord shall with all due diligence repair or rebuild the Building and the Premises to the condition at least equal to that existing immediately prior to said damage. In connection therewith, Landlord shall use any such insurance proceeds for such purpose, together with any insurance proceeds received by Tenant by reason of insurance on improvements made by it in excess of the actual amount needed to replace or restore Tenant's improvements, fixtures and equipment, provided that any such proceeds received by Tenant shall only be used for the replacement or restoration of Tenant's improvements, fixtures and equipment.

10.2 Major Damage. "Major damage" to the buildings is defined as damage to

such extent that the estimated cost of full repair of such damage is greater than fifty percent (50%) of the then full replacement value of the buildings. Any other damage to the buildings from any such casualty or risks shall be deemed to be "non-major."

10.3 Tenant's Option to Terminate in Certain Events. If during the Lease

Term the buildings or any portion thereof receives damage the effect of which is to render the Premises untenable, in Tenant's opinion, for continued occupancy for a period of one hundred and eighty (180) days or more, then Tenant shall have the option to terminate this Lease upon thirty (30) days' notice to Landlord. This right of termination shall be independent from, and in addition to, any other right of termination Tenant has under the Lease or under law.

10.4 Landlord's Option to Terminate in Event of Major Damage to Buildings.

If during the Lease Term the buildings or any portion thereof receives major damage, Landlord shall have the option to terminate this Lease on sixty (60) days' written notice to Tenant. Notwithstanding the foregoing, Landlord shall have the absolute obligation to rebuild the buildings after major damage in the manner set forth in Section 10.1 if either (a) the insurance proceeds are

sufficient to pay for such rebuilding and Tenant does not elect to terminate this Lease under Section 10.3 above, or (b) Tenant gives notice, in writing,

prior to the expiration of the sixty (60)-day period set forth above, that it desires to have the buildings, or so much thereof as may be necessary to constitute a complete architectural unit, restored to a condition which will provide Tenant with suitable facilities, satisfactory in Tenant's sole opinion for its continued use of the Premises, and that Tenant will supply additional funds, if any, that may be necessary, in addition to any insurance proceeds, to pay for such partial rebuilding. If Tenant gives such notice to Landlord, Tenant

and Landlord shall each agree upon the plans and specifications for such rebuilding, the cost thereof, and the method by which Tenant shall supply to Landlord the additional funds necessary for such rebuilding, and the Rent necessary for such rebuilding, and the Rent paid by Tenant shall be equitably reduced in accordance with its contribution of additional funds toward such rebuilding by amortizing such contribution over the then remaining Lease Term.

10.5 Abatement of Rent. In the event that after any damage or destruction

this Lease is not terminated in accordance with its provisions, Rent shall be equitably prorated and abated during the period commencing with the date of the casualty and continuing until such repairs are completed in the proportion that the Rent of the part usable by Tenant for the normal operation of Tenant's business on the Premises bears to the rental of the total space then leased by Tenant, taking into consideration the rental rate per square foot of Rentable Area of the Premises for which the proration is made and any adverse effects and disruptions to Tenant's business caused during the period of such repairs.

ARTICLE 11

SURRENDER

Tenant covenants that on the last day of the Lease Term or on the last day of a renewal or extension of this Lease, it will peaceably and quietly leave and surrender the Premises in as good condition as they are on the Commencement Date (or the date such individual Unit is delivered to Tenant), ordinary wear and tear, repairs and replacements required to be made by Landlord, loss by fire, casualty and causes beyond Tenant's control, and alterations, additions and improvements herein permitted, excepted.

ARTICLE 12

TRANSFER OF TENANT'S INTEREST

12.1 Assign, Sublet.

12.1.1 Except with respect to Customers and affiliates or assigns (as that term is defined below), Tenant shall not either voluntarily, or by operation of law, assign, this Lease or any interest therein, and shall not sublet the Premises or any part thereof, or allow any other person (the employees, agents, servants and invitees of Tenant excepted) to occupy or use the Premises, or any portion thereof, without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld or delayed.

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It is reasonably withheld, for example, if (a) a proposed assignee or subtenant refuses to enter into a written assignment agreement or sublease, reasonably satisfactory to Landlord, which provides that it will abide by and assume all of the terms and conditions of this Lease for the term of any assignment or sublease and containing such other terms and conditions as Landlord reasonably deems necessary; (b) the use of the Premises by the proposed assignee or subtenant will not be for the use permitted by this Lease.

12.1.2 Tenant shall have the right, without Landlord's consent, upon thirty (30) days advance written notice to Landlord, to assign the Lease or sublet the whole or any part of the Premises to any entity that controls, is controlled by or is under common control with Tenant or to which substantially all of the assets of Tenant may be transferred (each of the transactions referenced above in this subparagraph (i) are hereinafter referred to as a "Permitted Transfer" and each surviving entity shall hereinafter be referred to as a "Permitted Transferee"); provided that such Permitted Transfer is subject to the following conditions:

- (i) Tenant, to the extent Tenant survives such transaction, shall remain fully liable under the terms and conditions of the Lease;
- (ii) Any such Permitted Transferee shall be subject to all of the terms, covenants, and conditions of the Lease except as otherwise specifically provided in this Lease;
- (iii) Any such Permitted Transferee expressly assumes the obligations of Tenant under the Lease;
- (iv) Such Permitted Transferee has a net worth at least equal to the net worth of Tenant as of the date of this Lease.

Landlord and Tenant are in agreement that Equinix, Inc. transfers its rights and obligations under this Lease to Equinix GmbH, Frankfurt, a subsidiary of Equinix Netherlands B.V. The transfer of the rights and obligations under the Lease from

Equinix, Inc. to GmbH shall be done in the form of a supplement to this Lease. The Landlord agrees that he will sign a correct supplement to the Lease after receipt of the following documents:

- written guaranty by the parent company (Equinix Netherlands B.V.) for all obligations of GmbH under this Lease to the Landlord, and
- a guaranty of a European bank (similar to the one which the Tenant has already granted) with branches in Germany (the amount of which shall still be agreed by the parties in a supplement to this Lease) for all obligations of GmbH under this Lease to the Landlord. The Landlord agrees, at the same time, that Equinix, Inc. shall become free from all obligations under the Lease and that the Landlord will return the surety that Equinix Inc. has granted pursuant to Sec. 4a.1 (1) hereof.

12.2 Co-Location Agreements. Landlord acknowledges that Tenant's business

to be conducted on the Premises requires the installation on the Premises of certain communications equipment by telecommunications customers of Tenant ("Customers") in order for such Customers to interconnect with Tenant's terminal facilities or to permit Tenant to manage or operate their equipment. Notwithstanding anything contained elsewhere in this Arti-

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cle 12, Landlord hereby consents in advance to any sublease, license agreement,

"Co-Location Agreement" or like agreement (collectively, "Co-Location Agreements") between Tenant and such a Customer for the purpose of permitting such an arrangement as is described in this Section 12.2. The effectiveness of

such advance consent as to a particular Customer's Co-Location Agreement is conditioned on Tenant not giving such Customer any rights not given Tenant under this Lease.

ARTICLE 13

EASEMENT

13.1 Landlord agrees to take all necessary steps in order to register an Easement ("beschränkte persönliche Dienstbarkeit") in favor of Tenant as per Exhibit G on the Property. Tenant agrees to take all necessary steps in order to

deregister the Easement upon termination of this Lease.

13.2 The Easement shall rank before all encumbrances other than Encumbrances II 1, 2 and 3 (limited personal servitudes for the City of Frankfurt) and, in principle, also before a land charge in the amount of DM 15.000.000,00 on the basis of a loan agreement of May 18/22, 2001 in favor of Allgemeine Hypothekenbank AG, Frankfurt. A prerequisite for the consent of the Tenant to allow the Tenant's easement to rank behind such land charge is that the parties have entered into the agreement with Allgemeine Hypothekenbank AG a draft of which is attached hereto as Appendix H; otherwise, the land charge must

be registered behind the servitude. The tenant shall bear the costs of registering the servitude.

13.3 Landlord shall submit the application for registration to the Frankfurt Local Court - land register - within one month after the signing of this modification. If the Easement is not registered with proper priority within the said period, the obligation to pay rent shall be reduced by two days rent for each day of delay of filing.

13.4 Landlord agrees not to sell the Property before the Easement has been registered.

13.5 The Parties are in agreement that the Western right of way for cables on plots [*] and [*] shall run under or next to the existing road and that the Eastern right of way for cables shall run in the area along the Eastern border of the lots which is hatched in blue, according to an agreement that the Parties shall still enter into.

ARTICLE 14

ENVIRONMENTAL REPRESENTATIONS

14.1 Definition of "Hazardous Materials"

"Hazardous Material" shall mean any (a) oil, flammable substances, explosives, -----
radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Project or to persons on or about the Project or (ii) cause the Project

to be in violation of any Hazardous Materials Laws; (b) as

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bestos in any form, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) chemical, material or substance defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous waste", "restricted hazardous waste", or "toxic substances" or words of similar import under any applicable law or under the regulations adopted or publications promulgated pursuant thereto; (d) other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the occupants of the Project or the owners and/or occupants of property adjacent to or surrounding the Project, or any other Person coming upon the Project or adjacent property; and (e) other chemicals, materials or substances which may or could pose a hazard to the environment.

14.2 Compliance with Laws. Landlord represents and warrants ("sichert ----- zu") to Tenant that at the Handover Dates (and as respects Option Space, at the date of delivery of any respective Option Space to Tenant), the Premises, the Building and the Property are in compliance with all Hazardous Materials Laws. Landlord shall take all commercially reasonable action to keep the Project, the Building and the Premises in compliance with Hazardous Materials Laws during the term of the Lease; in particular, Landlord shall be responsible for any additional clean-up of hazardous materials which existed on the Property at the time of the Handover which may be required by new environmental local or other legislation.

14.3 In case that unexploded ordinance or graves are found in the course of Tenant's excavation work, Landlord shall be responsible for their removal. Landlord shall pay the reasonable costs of any site survey by "Kampfmittelraumdienst".

ARTICLE 15

INSPECTION AND ENTRY BY OWNER

15.1 Landlord's Right of Entry. Landlord and its agents shall have the ----- right, upon at least seven (7) days written notice to Tenant, to enter upon and escorted by Tenants representative the Premises so long as it does not interfere with the business activities of Tenant on the Premises, for the purpose of inspection, serving or posting notices, maintaining the Premises, making any necessary repairs, alterations or additions to any portion of the Premises to the extent required or permitted to Landlord under this Lease.

15.2 Restrictions on Entry. Except in an emergency, when accompanied by ----- an authorized representative of Tenant or with the express prior written approval of Tenant, Landlord shall not enter Tenant's special security areas ("Special Security Areas"), and any other security areas so designated by notice from Tenant in the future. Landlord shall observe any and all reasonable rules and regulations that Tenant may adopt as respects access to the Special Security Areas.

15.3 Emergency Entry. For purposes of Section 15.2, an emergency situation ----- is one that poses a threat of imminent bodily harm or substantial property damage. If Landlord makes an emergency entry onto the Premises when no authorized representative of Tenant is present, Landlord shall provide prompt telephone notice to Tenant after that entry and shall

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take reasonable steps to secure the Premises until a representative of Tenant arrives at the Premises.

ARTICLE 16

NOTICE

16.1 Notices. All notices (including requests, demands, approvals, or ----- other communications) under this Lease shall be in writing.

16.1.1 Method of Delivery. Notice shall be sufficiently given for -----

all purposes as follows:

- (a) When personally delivered to the recipient, notice is effective on delivery.
- (b) When mailed first class to the last address of the recipient known to the party giving notice, notice is effective on delivery.
- (c) When mailed by certified mail with return receipt requested, notice is effective on receipt if delivery is confirmed by return receipt.
- (d) When delivered by courier with charges prepaid or charged to the sender's account, notice is effective on delivery if delivery is confirmed by the delivery service.
- (e) When sent by fax to the last fax number of the recipient known to the party giving notice, notice is effective on receipt as long as (1) a duplicate copy of the notice is promptly given by certified mail or by courier or (2) the receiving party delivers a written confirmation of receipt. Subject to the foregoing requirements, any notice given by fax shall be considered to have been received on the next business day if it is received after 5 p.m. (recipient's time) or on a nonbusiness day.

16.2 Refused, Unclaimed, or Undeliverable Notices. Any correctly

addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be considered to be effective as of the first date that the notice was refused, unclaimed, or considered undeliverable by the postal authorities, messenger, or overnight delivery service.

16.3 Addresses. Addresses for purposes of giving notice are as set forth

in the Lease Summary or such other address as a party may designate from time to time.

ARTICLE 17

SIGNAGE

Tenant shall have the exclusive right throughout the term of this Lease, at Tenant's sole cost and expense, to erect signage on the exterior of the Building, and on the Real Property, provided, however that such signage shall conform with all applicable Laws and Orders.

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ARTICLE 18

SUPPLEMENTAL EQUIPMENT

18.1 Supplemental Equipment. Tenant shall have the right to install, on

the terms and conditions set forth herein, at Tenant's sole cost and expense, the following:

18.1.1 A heating, ventilating and air conditioning system and related connections to the Premises (the "Tenant's HVAC Equipment") within the Building Space and/or on the Roof and/or outside on the Supplemental Equipment Space.

18.1.2 A dry-pipe, FM 200 or gas-based fire suppression system (the "Fire-Suppression System") in the Premises. In connection with Tenant's installation of the Fire Suppression System, Tenant shall have the right to disconnect and cap, if necessary, in compliance with applicable law, any existing fire-suppression system in the Premises.

18.1.3 Emergency generators within the Building and/or on the Roof or on the Supplemental Equipment Space ("Tenant Generators") together with, if required, corresponding remote radiators ("Radiators"). Tenant shall install Tenant's Generators and Radiators in compliance with all applicable law, and shall be solely responsible for all costs and expenses incurred in connection with the installation, maintenance and operation thereof.

In addition, from and after expansion of the Premises in accordance with the terms of this Lease, Landlord shall permit Tenant to install, at Tenant's sole cost and expense additional emergency generators (the "Expansion Generators") In addition, in the event Tenant elects to install the Expansion Generators, Tenant shall, subject to the requirements of this Section 18, be permitted to install at its sole cost and expense, additional Fuel Tanks and Radiators.

18.1.4 The Electrical Equipment and other items required.

18.1.5 Such connection equipment, such as conduits, cables, risers, feeders and materials (collectively, the "Connecting Equipment") in the shafts, ducts, conduits, chases, utility closets and other facilities of the Building as is reasonably necessary to connect Tenant's HVAC Equipment, Tenant's Generator Equipment, the Generator Fuel Tank, the Electrical Equipment and the Fire-Suppression System to Tenant's System and other machinery and equipment in the Premises.

18.1.6 Aluminum conduits ("Conduit") running from and within the Premises and two (2) minimum points of entry in the Building to connect with the fiber optic network of Tenant's chosen fiber optic service providers. Tenant may also install conduit through trenches as described in section 13.2.

18.1.7 New telecommunications lines and related equipment (collectively "Lines") in the Tenant's Conduit.

18.1.8 All of the above items are sometimes collectively referred to as the "Supplemental Equipment."

18.2 Tenant shall obtain any required permits for its works at its own risk and expense.

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ARTICLE 19

MISCELLANEOUS

19.1 Entire Agreement. This Lease, including all exhibits, contains all -----
of the terms, covenants, conditions and agreements between Landlord and Tenant relating in any manner to the rental, use and occupancy of the Premises. No prior agreement or understanding pertaining to the same shall be valid or of any force or effect. All references herein, directly or indirectly, to the term of this Lease shall also be deemed to include any extensions or renewals thereof provided Tenant herein, unless expressly provided to the contrary.

19.2 Governing Law. This Lease shall be governed exclusively by its -----
express provisions and by the laws of the Federal Republic of Germany.

19.3 Invalidity. If any term or provision of this Lease is fully or -----
partly invalid, the remainder of this Lease shall not be affected thereby. The Parties agree to replace the invalid by a valid provision, the economic effect of which is as close as possible to the invalid provision.

19.4 Written Form. Oral side agreements do not exist. Amendments of and -----
supplements to this Lease as well as any other statements of one party to the other party are only valid if in writing on a document that both parties have signed. In case that a written statement has to be made by a certain date, it shall be sufficient if it is put into the mail by registered letter by such date.

The parties hereto agree to take all action and make all statements required in order to meet the statutory requirement of the written form, in particular in connection with the conclusion of amendments and supplements and not to terminate this Lease on the basis of the grounds that the statutory written form may not have been complied with. The parties hereto furthermore agree that any non-observance of the written form as required by Section 126 Second Sentence German Civil Code shall not affect the validity of this agreement.

19.5 Euro Clause. All DM-amounts mentioned in this lease may also be paid -----
in the equivalent Euro amounts at any time. As of January 1, 2002 all payments shall be made in Euro.

ARTICLE 20

RIGHT TO BE GIVEN THE OPPORTUNITY OF A FIRST OFFER

20.1 If the Landlord wants to sell all or part of the Premises in the future or to grant a hereditary building right, he shall so notify the Tenant by registered letter of his intention informing the Tenant of the essential conditions of the purchase contract that he would like to achieve.

20.2 If the Tenant does not notify the Landlord by registered letter, within two months after receipt of the Landlord's letter, that the Tenant would like to acquire the part or all of the premises, the Landlord is free to offer the part in question or all of the premises to third parties.

20.3 The Landlord may only sell the premises to a third party at (seen from the position of the Landlord) worse conditions than those that the Landlord has notified to the Tenant, after the Landlord has given the Tenant another opportunity to make an offer for the part in question or the whole premises at the changed conditions. The Tenant then has six weeks time in order to notify the Landlord of its intention to acquire the premises. If the Tenant does not do so, the Landlord is free to offer the premises to third parties.

ARTICLE 21

MULTIPLE LANDLORDS

In case that (following a sale) several landlords own the Property, the following shall apply:

- - The landlords shall appoint one landlord to be responsible for the maintenance of the whole Property. They shall be jointly and severally liable for the performance of all obligations under the Lease.
- - The landlords shall jointly insure the Property.
- - In case of destruction and/or untenability of Premises (Article 10), the Premises shall be regarded as being one building.
- - Any notice pursuant to Article 16 if given by Tenant to one landlord is deemed as also have been given to the other landlord(s).
- - The lease term is the same for all landlords.
- - The rent and service charges shall be split between the landlords in the proportion of the office and colocation areas that are let to Tenant by either landlord.

IN WITNESS WHEREOF, the parties have executed this Lease the day and year first above written.

I. LANDLORD:

1.1 Naxos Schmirgelwerk Mainkur GmbH

By: _____
 Name: _____
 Its: _____

1.2 A.A.A. Aktiengesellschaft Allgemeine Anlagenverwaltung vorm. Seilwolff AG von 1890

By: _____
 Name: _____
 Its: _____

II. TENANT:

EQUINIX, INC., a Delaware Corporation

By: _____
 Name: _____
 Its: _____

FIRST AMENDMENT TO DEED OF LEASE

THIS FIRST AMENDMENT TO DEED OF LEASE ("First Amendment") is made this 22nd/ day of March, 2001, by and between TRIZECHAHN [*] LLC, a Delaware limited liability company ("Landlord"), and EQUINIX, INC., a Delaware corporation ("Tenant").

W I T N E S S E T H:

WHEREAS, by that certain Deed of Lease dated July 1, 2000 (the "Lease"), Landlord leased to Tenant, and Tenant leased from Landlord, approximately [*] square feet of rentable area comprising the entire building located at [*], Ashburn, Virginia, upon the terms and conditions set forth in the Lease;

WHEREAS, the Base Rent Per Square Foot Per Annum upon which the parties agreed is correctly set forth in Section 4.A. of the Lease, but the Base Rent Per Annum and Monthly Base Rent which are based upon such Base Rent Per Square Foot Per Annum were incorrectly stated therein, because during the course of negotiation of the Lease the square footage of the Premises changed, and, while the Base Rent Per Square Foot Per Annum did not change and has always reflected the agreement of the parties, the computation of the Base Rent on an annual and monthly basis did not reflect the change in square footage of the Premises,

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

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which resulted in discrepancies among the respective amounts of the Base Rent Per Square Foot Per Annum set forth in said Section 4.A., on the one hand, and the Base Rent Per Annum and Monthly Base Rent set forth in said Section 4.A., on the other hand; and

WHEREAS, Landlord and Tenant desire to amend the Lease in order to correct the aforesaid discrepancy, as more particularly set forth herein.

NOW, THEREFORE, for and in consideration of the mutual promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto mutually agree as follows:

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1. Any capitalized terms used in this First Amendment and not otherwise defined herein shall have the meanings ascribed to them in the Lease.

2. Section 4.A. of the Lease is hereby amended by (i) deleting therefrom the following language:

"Time Period -----	Base Rent Per Square Foot Per Annum -----	Base Rent Per Annum -----	Monthly Base Rent -----
Lease Commencement Date - May 31, 2001	\$[*]	\$[*]	\$[*]
June 1, 2001- May 31, 2002	\$[*]	\$[*]	\$[*]
June 1, 2002- May 31, 2003	\$[*]	\$[*]	\$[*]
June 1, 2003- May 31, 2004	\$[*]	\$[*]	\$[*]
June 1, 2004- May 31, 2005	\$[*]	\$[*]	\$[*]
June 1, 2005- May 31, 2006	\$[*]	\$[*]	\$[*]
June 1, 2006- May 31, 2007	\$[*]	\$[*]	\$[*]
June 1, 2007- May 31, 2008	\$[*]	\$[*]	\$[*]
June 1, 2008-			

May 31, 2009	\$[*]	\$[*]	\$[*]
June 1, 2009-			
May 31, 2010	\$[*]	\$[*]	\$[*]";

and (ii) inserting the following language in lieu thereof:

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"Time Period -----	Base Rent Per Square Foot Per Annum -----	Base Rent Per Annum -----	Monthly Base Rent -----
Lease Commencement Date - May 31, 2001	\$[*]	\$[*]	\$[*]
June 1, 2001-			
May 31, 2002	\$[*]	\$[*]	\$[*]
June 1, 2002			
May 31, 2003	\$[*]	\$[*]	\$[*]
June 1, 2003-			
May 31, 2004	\$[*]	\$[*]	\$[*]
June 1, 2004-			
May 31, 2005	\$[*]	\$[*]	\$[*]
June 1, 2005-			
May 31, 2006	\$[*]	\$[*]	\$[*]
June 1, 2006-			
May 31, 2007	\$[*]	\$[*]	\$[*]
June 1, 2007-			
May 31, 2008	\$[*]	\$[*]	\$[*]
June 1, 2008-			
May 31, 2009	\$[*]	\$[*]	\$[*]
June 1, 2009-			
May 31, 2010	\$[*]	\$[*]	\$[*]".

3. Landlord and Tenant represent and warrant to each other that the person signing this First Amendment on its behalf has the requisite authority and power to execute this First Amendment and to thereby bind the party on whose behalf it is being signed.

4. Landlord and Tenant represent and warrant to each other that neither of them has employed any broker in procuring or carrying on any negotiations relating to this First Amendment. Landlord and Tenant shall indemnify and hold each other harmless from any loss, claim or damage relating to the breach of the foregoing representation and warranty by the indemnifying party.

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

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5. Except as expressly amended and modified herein, all terms, conditions and provisions of the Lease shall remain unmodified and in full force and effect. In the event of any conflict between the terms and conditions of the Lease and the terms and conditions of this First Amendment, the terms and conditions of this First Amendment shall govern and control.

IN WITNESS WHEREOF, Landlord and Tenant have executed this First Amendment to Deed of Lease as of the day and year first hereinabove written.

WITNESS:

LANDLORD

TRIZECHAHN [*] LLC, a Delaware
limited liability company

/s/ [signature illegible]

By: /s/ Paul L. Schulman

Name: Paul L. Schulman

Its: Vice President

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

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[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

ATTEST: TENANT

[Corporate Seal]

EQUINIX, INC., a Delaware corporation

By: _____

By: /s/ Keith D. Taylor

Name: _____

Name: Keith D. Taylor

Its: _____

Its: VP Finance

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

FIRST LEASE AMENDMENT AGREEMENT

(MEET POINT ROOM AGREEMENT)

This First Lease Amendment (this "Amendment") is made as of May 23, 2001, between MARKET HALSEY URBAN RENEWAL, LLC, a New Jersey limited liability company having an office at 1 Penn Plaza - Suite 1514, New York, New York 10119 ("Landlord"), and EQUINIX, INC., a Delaware corporation, having a principal office at 2850 Bayshore Parkway, Mountain View, CA 94043 ("Tenant").

WHEREAS, Landlord and Tenant have entered into a Lease Agreement dated as of May 3, 1999 (the "Lease") for a portion of the eighth (8th) floor in the building known as [*], Newark, NJ, as more particularly shown and described in the Lease (the "Demised Premises").

WHEREAS, Landlord and Tenant desire to amend the Lease as provided herein.

In consideration of the mutual covenants herein expressed, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. ADDITIONAL PREMISES - MEET POINT ROOM SPACE

Commencing on the date (the "Additional Premises Commencement Date")

which is the earlier of (i) June 1, 2001 and (ii) the date that Tenant commences to conduct business in the Additional Premises, Landlord shall lease to Tenant and Tenant shall rent from Landlord space enclosed in a lockable wire mesh cage (cage "G"), (the "Cage") whose area is approximately [*]' x [*]' (the

"Additional Premises") in Landlord's "Meet Point Room" which is located on the

ninth (9th) floor of the building of which the demised premises are a part, as shown on Exhibit A attached hereto and made a part hereof and the Additional

Premises shall be added to the Premises for the purposes of the Lease and this Amendment. Except as otherwise provided herein, from and after the date of this Agreement, all of the terms, covenants, conditions, and provisions of the Lease shall apply to the Additional Premises. The term of the Lease with respect to the Additional Premises shall be coterminous with the Lease Term for the Demised Premises; provided that during the sixty (60) days immediately following the fourth (4th) anniversary of the Additional Premises Commencement Date, Tenant shall have the right to terminate the Lease with respect to the Additional Premises only by providing Landlord with written notice within such sixty (60) day period (the "Termination Notice") of its election to terminate the Lease

with respect to the Additional Premises. Following Tenant's delivery of the Termination Notice, the Lease with respect to the Additional Premises shall terminate as of the

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

date set forth in the Termination Notice. Tenant's failure to deliver the Termination Notice within such sixty (60) day period shall be deemed Tenant's election not to terminate its Lease with respect to the Additional Premises.

2. USE

Tenant shall have to right to install, operate, replace, and remove, at Tenant's sole expense and risk, wires, communications and security equipment, cabinets and conduits within the Additional Premises, and a hand scanner at the Cage entrance, together with the right to install, maintain, operate, and replace, cables conduits, inner ducts and connecting hardware in order to interconnect with other entities within the Meet Point Room who have entered into agreements with Landlord for the use of the Meet Point Room and to interconnect the Demised Premises including without limitation any of Tenant's Specialty Equipment, and the Equipment located therein, by using such conduits and/or core drilling of the slab as are reasonably necessary to make such connection with the Additional Premises, provided that plans and specifications for such are approved in advance by Landlord, which approval shall not be

unreasonably withheld conditioned or delayed. Landlord and Tenant agree that Section 56 of the Lease shall apply to the Additional Premises.

3. RIGHT TO RELOCATE ADDITIONAL PREMISES

Landlord reserves the right to require Tenant, at Landlord's expense, to relocate within the Building the Cage and connecting conduits, cables, and equipment associated therewith, provided that any substitute cage shall contain at least as much area as the Cage from which Tenant is being relocated, shall be suitable, in Tenant's reasonable judgment, for Tenant's installations, and no interruption or unreasonable interference in Tenant's operations in the Additional Premises or Demised Premises occurs.

4. RENT FOR ADDITIONAL PREMISES

Commencing on the Additional Premises Commencement Date, Tenant shall pay monthly rent for the Additional Premises, in addition to and together with the monthly base rent for the Demised Premises, in accordance with the following schedule:

<TABLE>
<CAPTION>

From	To	Monthly Rent for Additional Premises
----	--	-----
<S>	<C>	<C>
Additional Premises Commencement Date	June 30, 2002	\$[*]
July 1, 2002	June 30, 2003	\$[*]
July 1, 2003	June 30, 2004	\$[*]
July 1, 2004	June 30, 2005	\$[*]
July 1, 2005	June 30, 2006	\$[*]
July 1, 2006	June 30, 2007	\$[*]
July 1, 2007	June 30, 2008	\$[*]

</TABLE>

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

<TABLE>

<S>	<C>	<C>
July 1, 2008	June 30, 2009	\$[*]
July 1, 2009	June 30, 2010	\$[*]
July 1, 2010	June 30, 2011	\$[*]
July 1, 2011	June 30, 2012	\$[*]
July 1, 2012	June 30, 2013	\$[*]
July 1, 2013	June 30, 2014	\$[*]
July 1, 2014	September 30, 2014	\$[*]

</TABLE>

Landlord represents to Tenant that there shall be no additional charges or fees payable in connection with Tenant's use and operation of the Additional Premises other than as set forth herein.

5. OPERATING EXPENSES FOR ADDITIONAL PREMISES

Tenant shall pay as additional rent, [*]% ("Tenant's Pro-Rata Share")

of the total annual Operating Expenses for the Meet Point Room, which shall consist of the reasonable annual costs of operating, maintaining, repairing, cleaning, supervising, and securing the Meet Point Room, including, without limitation, costs incurred by Landlord for electricity (which is not separately metered to each of the Cage users), gas, security systems, and personnel, cleaning, and managerial fees and salaries (e.g. engineers, architects) which are not incurred in the Operating Expenses of the Building ("Meet Point Room

Operating Expenses"). Tenant Pro-Rata Share of Operating Expenses shall be

payable in monthly installments, together with the base rent. The Meet Me Room Operating Expenses shall not be included in "Operating Expenses" as that term is defined in Article 2 of the Lease. Landlord and Tenant agree that Operating Expenses for the Meet Point Room shall not include any monthly base rent payable or deemed to be payable by Landlord with respect to the space occupied by the Meet Point Room.

6. PAYMENT FOR CONSTRUCTION OF MEET POINT ROOM

Upon execution of this Agreement, Tenant shall pay Landlord a one time non-refundable reimbursement of \$[*] for Landlord's cost in planning, constructing, renovating, altering, and improving the Meet Point Room, including, but not limited to, costs and expenses incurred by Landlord for demolition (including removing existing ceiling), constructing demising walls (including vapor seal and insulation), flooring, HVAC, electrical work, cages, overhead racks, racks in ceilings and shafts, lighting, painting, security,

architects' and engineers' fees, construction and supervisory fees, and pre-action sprinkler. Landlord represents that it will collect the same contribution from each other user of the Meet Point Room. Landlord agrees to operate, maintain and repair the Meet Point Room and related facilities in a first class manner consistent with telecommunications standards of similar facilities .

7. ADDITIONAL 4" CONDUITS FROM PREMISES TO MEET POINT ROOM

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

In addition to the conduits permitted to be installed by Tenant under Section 7 (B) (iv) (1) of the Lease, Tenant shall be entitled to install four (4) four-inch (4") conduits (with each 4" conduit) from the Demises Premises to the Additional Premises (the "Additional Tenant Conduits"), subject, however, to -----

all of the terms and provisions of the Lease.

8. ELECTRIC DEMAND METER

In the event Tenant elects to utilize electricity in the Meet Point Room to run its equipment located in the Additional Premises, Tenant shall install, at Landlord's cost and expense, an electrical "demand" meter which measures Tenant's electric usage for equipment within the Cage; Tenant shall pay, within thirty (30) days of receipt of invoice therefor, the actual charges (i.e. without mark-up by Landlord) for electric service to the Additional Premises based on said demand meter reading.

9. LANDLORD ENTRY

Neither Landlord nor its representatives shall enter the Additional Premises without giving Tenant 24 hours prior notice.

10. LEASE TERMS

Except as amended above, the terms and conditions of the Lease, including, without limitation, the expiration date of the Lease with respect to the Demised Premises, shall remain unmodified and in full force and effect.

11. INCORPORATION

Except as otherwise provided herein, the terms and conditions of the Lease shall be incorporated herein with respect to Tenant's lease of the Additional Premises.

12. CONFLICT

In the event of any conflict between this Amendment and the Lease, the terms of this Amendment shall control.

[Signatures on Following Page]

IN WITNESS WHEREOF, Landlord and Tenant have signed this Amendment as of the day and year first above written.

MARKET HALSEY URBAN RENEWAL, LLC,
Landlord

By: /s/ Samuel Jemal

Samuel Jemal, Member

EQUINIX, INC., a Delaware corporation,
Tenant

By: /s/ Philip J. Koen

Name: Philip J. Koen
Tenant:

[Graphic Description of Meet-Me Room Layout]

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

FIRST AMENDMENT TO LEASE

LEASE EXPANSION

THIS FIRST AMENDMENT TO LEASE ("Amendment") by and between NEXCOMM ASSET ACQUISITION I, LP, a Texas limited partnership ("Landlord"), and EQUINIX, INC., a Delaware corporation ("Tenant"), is executed as of the 18th day of April 2000 ("Execution Date").

WITNESSETH

WHEREAS, Landlord and Tenant have heretofore entered into that certain Lease dated January 21, 2000, (the "Lease"), under the terms of which Landlord leased to Tenant certain "Premises" located in the "Building" (as those terms are defined in the Lease);

WHEREAS, Tenant desires to expand the Premises (currently identified as Suite [*]), to include Suite [*] ("Expansion Space") which includes approximately [*] "Rentable Square Feet" (as that term is defined in the Lease) in the Building as outlined on the floor plan attached hereto as Exhibit "A" and incorporated herein by reference for all purposes. The Premises, after the addition of the Expansion Space, shall contain a total of approximately [*] Rentable Square Feet ("Expanded Premises");

NOW, THEREFORE, for and in consideration of the Premises, the mutual covenants contained herein and in the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confessed, Landlord and Tenant hereby covenant and agree as follows:

1. DEFINED TERMS. Terms defined in the Lease and delineated herein by initial ----- capital letters shall have the same meaning ascribed thereto in the Lease, except to the extent that the meaning of such term is specifically modified by the provisions hereof. In addition, other terms not defined in the Lease but defined herein will, when delineated with initial capital letters, have the meanings ascribed thereto in this Amendment. Terms and phrases which are not delineated by initial capital letters shall have the meanings commonly ascribed thereto.
2. EXPANSION OF PREMISES. From and after the Execution Date, the Premises ----- shall mean the Expanded Premises and Landlord shall commence the work required to demolish the improvements as required to return the Expansion Space to shell condition.

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

Tenant, within two (2) weeks following the Execution Date, shall be deemed to commence occupancy of the Expansion Space for the purpose of equipping, furnishing, and improving the Expansion Space.

3. EXPANSION RENTAL COMMENCEMENT DATE. The Expansion Rental Commencement Date ----- shall mean the earlier of June 1, 2000 or the issue date of the Certificate of Occupancy for the Premises. Base Rent shall be adjusted accordingly if the Expansion Rental Commencement Date is other than June 1, 2000. In that regard, after delivery of Expansion Space, Landlord shall have no obligation to make any improvements or modifications to the Expansion Space.
4. LEASE TERM. From and after the Expansion Rental Commencement Date, the ----- Lease Term shall mean a term commencing on the Expansion Rental Commencement Date and continue for one hundred twenty (120) full calendar months.
5. BASE RENT. From and after the Execution Date, Section 1.1a of the Lease ----- shall be amended as follows with respect to the amount of Base Rent payable with respect to the Expansion Space:

From the Execution Date until the Expansion Rental Commencement Date, Base Rent shall be increased by [*] Dollars (\$[*]),

From the Expansion Rental Commencement Date through May 31, 2002, Base Rent shall be increased by [*] Dollars (\$[*]) per month,

From June 1, 2002 through May 31, 2004, Base Rent shall be increased by [*] Dollars (\$[*]) per month,

From June 1, 2004 through May 31, 2006, Base Rent shall be increased by [*] Dollars (\$[*]) per month,

From June 1, 2006 through May 31, 2008, Base Rent shall be increased by [*] Dollars (\$[*]) per month, and

From June 1, 2008 through May 31, 2010, Base Rent shall be increased by [*] Dollars (\$[*]) per month.

6. TENANT'S PROPORTIONATE SHARE as defined in Section 1.17 under this Lease is -----
hereinafter increased by [*] percent in regards to the Expansion Space for a total of [*] percent with regards to the Expanded Premises.

7. RENTABLE SQUARE FEET. Section 1.1.o of the Lease "Rentable Square Feet" is -----
deleted in its entirety and hereinafter replaced with the following:

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

shall mean the Usable Square Feet within the Premises, together with an additional amount representing a portion of the Common Areas, Service Areas and other non-tenant space on floors one (1) through six (6) in the Building. For purposes of this Lease, the parties have agreed that the Expanded Premises shall be deemed to consist of [*] Rentable Square Feet and floors one (1) through six (6) of the Building shall be deemed to consist of [*] Rentable Square Feet. However, both Landlord and Tenant acknowledge that neither of these figures was calculated by measuring the Common Areas, Service Areas and other non-tenant spaces in the Building and that neither Landlord nor Tenant shall have a right to demand remeasurement or recalculation of the Rentable Square Feet applicable to the Premises or the Building

8. EXHIBITS. The Exhibits attached to this Amendment are hereby incorporated -----
herein and hereby made a part of this Amendment.

9. COMMISSIONS. Landlord and Tenant hereby indemnify and hold each other -----
harmless against any loss, claim, expense or liability with respect to any commissions due or brokerage fees claimed on account of the execution of this Amendment due to any action of the indemnifying party.

10. EFFECT OF AMENDMENT. Except as expressly amended by the provisions hereof, -----
the terms and provisions contained in the Lease shall continue to govern the rights and obligations of the parties; and all provisions and covenants in the Lease shall remain in full force and effect as stated therein, except to the extent specifically modified by the provisions of this Amendment. This Amendment and the Lease shall be construed as one instrument.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the day and year first above written.

LANDLORD
NEXCOMM ASSET ACQUISITION I, LP,
a Texas limited partnership

By: NeXcomm GP I, Inc., a Texas corporation,
Its general partner

By: /s/ Phillip J. Wise

Name: Phillip J. Wise
Title: President

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TENANT
EQUINIX, INC., a Delaware corporation

By: /s/ Albert M. Avery

Name: Albert M. Avery

Title: CEO

Exhibit "A" - Designation of Expansion Space

EXHIBIT "A"

To FIRST Amendment to Lease ("Amendment") By and Between NEXCOMM ASSET
ACQUISITION I, LP, as Landlord and EQUINIX, INC., as Tenant

DESIGNATION OF EXPANSION SPACE

(For illustrative purposes only)

[Graphic of Floor Plan of Expansion Space]

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

AMENDMENT TO LEASE AGREEMENT

This Amendment to Lease Agreement (this "Amendment") is made as of December 18, 2000, between BURLINGTON REALTY ASSOCIATES III LIMITED PARTNERSHIP, a Delaware limited partnership (the "Landlord"), and EQUINIX, INC., a Delaware corporation (the "Tenant").

RECITALS

A. Landlord and Tenant are parties to a Lease Agreement dated as of July 24, 2000 (the "Lease"), with respect to certain premises located at [*], Secaucus, New Jersey (the "Premises").

B. Tenant is or will become a party to a Credit and Guaranty Agreement, dated as of December 20, 2000 (as it may hereafter be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among (i) Tenant and certain affiliates of Tenants as borrowers or guarantors, (ii) CIT Lending Services Corporation, as the collateral agent ("Agent"), (iii) certain banks, financial institutions and other entities listed therein, as Lenders, (iv) Goldman Sachs Credit Partners L.P., as joint lead arranger, joint book runner and syndication agent, and documentation agent, (v) Salomon Smith Barney Inc., as joint lead arranger and joint book runner, (vi) Citicorp USA, Inc. as Administrative Agent, and (vii) certain other parties (capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement), pursuant to which the Lenders will be making certain loans (the "Loans").

C. The Loans will be secured by, among other things, a leasehold mortgage, or deed of trust or deed to secure debt (as amended and from time to time in effect, the "Leasehold Mortgage") encumbering the interests of Tenant in and to the Premises (the "Personal Property Collateral").

D. Landlord has consented to the Leasehold Mortgage in accordance with, and subject to, the terms and conditions set forth in that certain Consent To Mortgage Agreement dated December 19, 2000 among Landlord, Tenant and Agent.

E. Landlord and Tenant have agreed to amend the Lease upon the terms and conditions set forth herein.

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

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NOW, THEREFORE, in consideration of the foregoing, and for good and valuable consideration, the receipt and adequacy of which are hereby conclusively acknowledged, Landlord and Tenant hereby agree as follows:

1. Agent shall have the right but not the obligation to cure defaults under the Lease. Landlord shall endeavor to give Agent copies of any written notice sent to Tenant of any defaults by Tenant under the Lease concurrently with the Landlord's delivery of such notice of default to Tenant under the Lease, but any failure on the part of Landlord to so deliver such a notice shall not impair or affect Landlord's rights and remedies under the Lease with respect to such default by the Tenant thereunder. Agent shall have the right, but not the obligation, to cure such default at any time prior to the expiration of the Tenant's cure period with respect to such default, if any, it being expressly agreed and understood that any period within which Agent may cure a default shall run currently with (and not consecutively after) Tenant's cure period.

2. Landlord and Tenant hereby covenant and agree that so long as the Leasehold Mortgage shall remain of record and shall not have been released, no surrender (except a surrender upon the expiration of the term of the Lease or upon a termination by Landlord pursuant and subject to the provisions of the Lease) to Landlord of the Lease, or of the Premises, or any part thereof, or any interest therein shall be valid or effective without the prior written consent of Agent.

3. Tenant hereby agrees to reimburse Landlord (or pay directly) within thirty (30) days after request for all attorneys' fees and out-of-pocket costs incurred by Landlord in connection with the review of the Leasehold Mortgage, any consent to mortgage requested by Agent, and this Amendment.

4. All notices to Agent under this Agreement shall be in writing and sent to Agent at its address set forth below by telefacsimile, by United States certified mail, or by reputable overnight delivery, addressed as follows:

CIT Lending Services Corporation,
as Collateral Agent
c/o The CIT Group, Inc. - Structured Finance Group
44 Whippany Road, Suite 160
Morristown, NJ 07962-4558
Attention: Vice-President - Credit
Telecopier: (973) 401-6715

Copy to: Vice-President - Legal, John P. Sirico, II
Telecopier: (973) 401-6762

5. This Amendment and the rights and obligations of the parties hereunder shall be governed by, and shall be construed and enforced in accordance with, the internal laws of the State of New Jersey, without regard to conflicts of laws principles.

6. Except as expressly set forth herein, all of the terms and conditions of the Lease shall remain unmodified and in full force and effect and are hereby ratified and confirmed in their entirety.

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7. Tenant hereby represents to Landlord that (i) to Tenant's actual knowledge, there is no default by Landlord or Tenant of any of their respective obligations under the Lease, (ii) it has full power and authority to execute this Amendment, and (iii) it has taken all action necessary to authorize the execution of this Amendment.

8. This Amendment may be executed in counterparts with the same force and effect as if all parties signed the same document.

9. The Lease and this Amendment contain the entire agreement of the parties hereto, and no representations, inducements, promises or agreements, oral or otherwise, between the parties, not embodied herein or therein, shall be of any force and effect.

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IN WITNESS WHEREOF, this Amendment has been executed and delivered as of the date first set forth above.

LANDLORD:

BURLINGTON REALTY ASSOCIATES
LIMITED PARTNERSHIP, a Delaware limited
partnership

By: Burlington Realty Associates
Corporation, a Maryland corporation,
its sole general partner

By: /s/ Janene P. Behler

Name: Janene P. Behler

Title: Regional Director

TENANT:

EQUINIX, INC., a Delaware corporation

By: /s/ Philip J. Koen

Name: Philip J. Koen

Title: CFO

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