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 September 30, 2005

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE 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	**77-0487526**
(State of incorporation)	**(I.R.S. Employer Identification No.)**

301 Velocity Way, Fifth Floor, Foster City, California 94404
(Address of principal executive offices, including ZIP code)

(650) 513-7000
(Registrant's telephone number, including area code)

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 ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b of the Exchange Act). Yes ☒ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes ☐ No ☒

The number of shares outstanding of the Registrant's Common Stock as of September 30, 2005 was 24,188,739.

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PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

EQUINIX, INC.
Condensed Consolidated Balance Sheets
(in thousands)

	September 30, 2005	December 31, 2004
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 42,573	$ 25,938
Short-term investments	41,248	64,499
Accounts receivable, net	16,199	11,919
Prepaids and other current assets	3,289	4,726
Total current assets	103,309	107,082
Long-term investments	24,469	17,655
Property and equipment, net	371,005	343,361
Goodwill	21,344	22,018
Debt issuance costs, net	2,621	3,164
Other assets	10,632	8,518
Total assets	$ 533,380	$ 501,798
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 22,567	$ 19,822
Accrued property and equipment	5,157	2,912
Current portion of accrued restructuring charge	2,115	1,952
Current portion of debt facility and capital lease obligation	955	675
Other current liabilities	8,428	6,877
Total current liabilities	39,222	32,238
Accrued restructuring charge, less current portion	11,848	12,798
Debt facility and capital lease obligation, less current portion	48,748	34,529
Convertible secured notes	1,962	35,824
Convertible subordinated debentures	86,250	86,250
Deferred rent and other liabilities	30,274	26,453
Total liabilities	218,304	228,092
Stockholders' equity:		
Preferred stock	2	2
Common stock	24	19
Additional paid-in capital	836,108	776,123
Deferred stock-based compensation	(7,458)	(260)
Accumulated other comprehensive income	843	2,257
Accumulated deficit	(514,443)	(504,435)
Total stockholders' equity	315,076	273,706
Total liabilities and stockholders' equity	$ 533,380	$ 501,798

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
	(unaudited)			
Revenues	$58,096	$42,439	$159,259	$118,682
Costs and operating expenses:				
Cost of revenues	40,955	34,310	116,639	102,245
Sales and marketing	4,829	4,433	14,793	13,498
General and administrative	12,078	8,294	33,594	24,544
Total costs and operating expenses	57,862	47,037	165,026	140,287
Income (loss) from operations	234	(4,598)	(5,767)	(21,605)
Interest income	1,075	335	2,644	819
Interest expense	(1,928)	(2,352)	(6,332)	(8,765)
Loss on debt extinguishment and conversion	—	—	—	(16,211)
Net loss before income taxes	(619)	(6,615)	(9,455)	(45,762)
Income taxes	(164)	—	(553)	(200)
Net loss	$ (783)	$ (6,615)	$ (10,008)	$ (45,962)
Net loss per share:				
Basic and diluted	$ (0.03)	$ (0.36)	$ (0.43)	$ (2.65)
Weighted-average shares	24,076	18,386	23,335	17,370

See accompanying notes to condensed consolidated financial statements.

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

	Nine months ended September 30,	
	2005	2004
	(unaudited)	
Cash flows from operating activities:		
Net loss	$ (10,008)	$ (45,962)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	46,504	41,911
Accretion of asset retirement obligation and accrued restructuring charge	1,043	258
Amortization of intangible assets and non-cash prepaid rent	240	1,668
Amortization of deferred stock-based compensation	6,291	1,019
Non-cash interest expense	1,451	6,046
Recovery of doubtful accounts	(457)	(106)
Deferred rent	1,603	4,030
Loss on disposal of assets	4	35
Loss on debt extinguishment and conversion	—	16,211
Changes in operating assets and liabilities:		
Accounts receivable	(3,823)	(2,591)
Prepaids and other current assets	1,437	44
Other assets	(790)	(1,479)
Accounts payable and accrued expenses	4,141	2,903
Accrued restructuring charge	(1,448)	(761)
Accrued interest payable	(539)	(60)
Other current liabilities	2,826	3,153
Other liabilities	561	(33)
Net cash provided by operating activities	49,036	26,286
Cash flows from investing activities:		
Purchases of investments	(100,693)	(155,481)
Sales of investments	13,360	5,010
Maturities of investments	103,344	132,840
Purchase of Los Angeles IBX property	(34,727)	—
Purchases of other property and equipment	(22,492)	(16,783)
Accrued property and equipment	2,245	551
Net cash used in investing activities	(38,963)	(33,863)
Cash flows from financing activities:		
Proceeds from exercise of warrants, stock options and employee stock purchase plans	11,217	3,631
Proceeds from convertible subordinated debentures	—	86,250
Repayment of debt facilities and capital lease obligations	(4,213)	(3,527)
Repayment of credit facility	—	(34,281)
Repayment of senior notes	—	(30,475)
Debt issuance costs	(342)	(3,242)
Debt extinguishment costs	—	(2,505)
Net cash provided by financing activities	6,662	15,851
Effect of foreign currency exchange rates on cash and cash equivalents	(100)	(63)
Net increase in cash and cash equivalents	16,635	8,211
Cash and cash equivalents at beginning of period	25,938	26,869
Cash and cash equivalents at end of period	$ 42,573	$ 35,080
Supplemental cash flow information:		
Cash paid for interest	$ 5,277	$ 2,657

See accompanying notes to condensed consolidated financial statements.

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 fairly state the financial position and the results of operations for the interim periods presented. The balance sheet at December 31, 2004 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 10, 2005. 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.

As of September 30, 2005, the Company had $108,290,000 of cash, cash equivalents and short-term and long-term investments. The Company believes that this cash, coupled with anticipated cash flows generated from operations, will be sufficient to meet the Company's capital expenditure, working capital, debt service and corporate overhead requirements within the Company's currently identified business objectives. In addition, as of September 30, 2005, as a result of the Silicon Valley Bank Credit Line Amendment (see Note 9), the Company had $44,828,000 of additional liquidity available to the Company in the event it needs additional cash to pursue attractive strategic opportunities that may become available in the future. In October 2005, the Company drew down $30,000,000 of the Silicon Valley Bank Credit Line Amendment reducing the amount available for the Company to borrow to $14,828,000 (see Note 16).

Reclassifications

Certain auction rate securities have been reclassified from cash equivalents to short-term investments as of December 31, 2003 and September 30, 2004. This resulted in a reclassification from cash and cash equivalents to short-term investments of $33,559,000 and $7,504,000 on the December 31, 2003 and September 30, 2004 consolidated balance sheets, respectively. In addition, purchases and sales of investments, included in the accompanying consolidated statement of cash flows for the nine months ended September 30, 2004, have been revised to reflect the purchase and sale of auction rate securities during this period. Auction rate securities are variable rate bonds tied to short-term interest rates with maturities on the face of the securities in excess of ninety days. Auction rate securities have interest rate resets through a modified Dutch auction, at pre-determined short-term intervals, usually every seven, twenty-eight or thirty-five days. They trade at par and are callable at par on any interest payment date at the option of the issuer. Interest paid during a given period is based upon the interest rate determined during the prior auction. Although these securities are issued and rated as long-term bonds, they are priced and traded as short-term instruments because of the liquidity provided through the interest rate reset. The Company had historically classified these instruments as cash equivalents if the period between interest rate resets was ninety days or less, which was based on our ability to either liquidate our holdings or roll our investment over to the next reset period.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Based upon the Company's re-evaluation of these securities, the Company has reclassified its auction rate securities, previously classified as cash equivalents, as short-term investments. The Company accounts for its marketable securities in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Such investments are classified as "available-for-sale" and are reported at fair value in the Company's consolidated balance sheets. The short-term nature and structure, the frequency with which the interest rate resets and the ability to sell auction rate securities at par and at the Company's discretion indicates that such securities should more appropriately be classified as short-term investments with the intent of meeting the Company's short-term working capital requirements.

Revenue Recognition and Allowance for Doubtful Accounts

Equinix derives more than 90% of its revenues from recurring revenue streams, consisting primarily of (1) colocation services, such as from the licensing of cabinet space and power; (2) interconnection services, such as cross connects and Equinix Exchange ports and (3) managed infrastructure services, such as Equinix Direct, bandwidth and other managed services such as mail service and managed platform solutions. The remainder of the Company's revenues are from non-recurring revenue streams, such as from the recognized portion of deferred installation revenues, professional services, contract settlements and equipment sales. Revenues from recurring revenue streams are billed monthly and recognized ratably over the term of the contract, generally one to three years. Fees for the provision of other managed services are recognized progressively as the services are rendered in accordance with the contract terms, except where the future costs cannot be estimated reliably, in which case fees are recognized upon the completion of services. Non-recurring installation fees, although generally paid in a lump sum upon installation, are deferred and recognized ratably over the longer of the term of the related contract or expected customer relationship. Professional service fees are recognized in the period in which the services were provided and represent the culmination of the earnings process as long as they meet the criteria for separate recognition under EITF Abstract No. 00-21, "Revenue Arrangements with Multiple Deliverables." Revenue from bandwidth and equipment is recognized on a gross basis in accordance with EITF Abstract No. 99-19, "Recording Revenue as a Principal versus Net as an Agent", primarily because the Company acts as the principal in the transaction, takes title to products and services and bears inventory and credit risk. To the extent the Company does not meet the criteria for gross basis accounting for bandwidth and equipment revenue, the Company records the revenue on a net basis. Revenue from contract settlements is recognized on a cash basis when no remaining performance obligations exist to the extent that the revenue has not previously been recognized.

The Company occasionally guarantees certain service levels, such as uptime, as outlined in individual customer contracts. To the extent that these service levels are not achieved, the Company reduces revenue for any credits given to the customer as a result. The Company generally has the ability to determine such service level credits prior to the associated revenue being recognized, and historically, these credits have generally not been significant; however, during the three and nine months ended September 30, 2005, the Company recorded a total of $247,000 and $607,000, respectively, in service level credits to various customers primarily in connection with two separate power outages that affected the Company's Chicago and Washington, D.C. metro area IBX centers.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Revenue is recognized only when the service has been provided and when there is persuasive evidence of an arrangement, the fee is fixed or determinable and collection of the receivable is reasonably assured. It is customary business practice to obtain a signed master sales agreement and sales order prior to recognizing revenue in an arrangement. The Company assesses collection based on a number of factors, including past transaction history with the customer and the credit-worthiness of the customer. The Company generally does not request collateral from its customers although in certain cases the Company obtains a security interest in a customer's equipment placed in its IBX centers or obtains a deposit. If the Company determines that collection of a fee is not reasonably assured, the Company defers the fee and recognizes revenue at the time collection becomes reasonably assured, which is generally upon receipt of cash. In addition, Equinix also maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments for those customers that the Company had expected to collect the revenues. If the financial condition of Equinix's customers were to deteriorate or if they become insolvent, resulting in an impairment of their ability to make payments, allowances for doubtful accounts may be required. Management specifically analyzes accounts receivable and current economic news and trends, historical bad debts, customer concentrations, customer credit-worthiness and changes in customer payment terms when evaluating revenue recognition and the adequacy of the Company's reserves. A specific bad debt reserve of up to the full amount of a particular invoice value is provided for certain problematic customer balances. A general reserve is established for all other accounts based on the age of the invoices. Delinquent account balances are written-off after management has determined that the likelihood of collection is not probable.

Net Loss per Share

The Company computes net loss per share in accordance with SFAS No. 128, "Earnings per Share;" SEC Staff Accounting Bulletin ("SAB") No. 98; EITF Issue 03-6, "Participating Securities and the Two-Class Method Under FASB 128", which the Company adopted during the second quarter of 2004 and EITF Issue 04-8 "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share", which the Company adopted during the fourth quarter of 2004. Under the provisions of SFAS No. 128, SAB No. 98 and EITF Issues 03-6 and 04-8, basic and diluted net loss per share are computed using the weighted-average number of common shares outstanding. Options, warrants and contingently convertible instruments were not included in the computation of diluted net loss per share. Under EITF Issue 03-6, the Company's preferred stock qualifies as a participating security, but was not included in the Company's basic and diluted net loss per share calculations as the holder of preferred stock does not have a contractual obligation to share in the Company's losses. In addition, under EITF 04-8, the Company's Convertible Subordinated Debentures qualify as contingently convertible instruments; however, they were not included in the Company's diluted net loss per share calculations because to do so would be anti-dilutive for all periods presented.

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

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Numerator:				
Net loss	$ (783)	$ (6,615)	$(10,008)	$(45,962)
Denominator:				
Weighted-average shares	24,076	18,386	23,335	17,370
Net loss per share:				
Basic and diluted	$ (0.03)	$ (0.36)	$ (0.43)	$ (2.65)

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 (unaudited):

	September 30,	
	2005	2004
Series A preferred stock	1,868,667	1,868,667
Series A preferred stock warrant	965,674	965,674
Shares reserved for conversion of convertible secured notes	224,229	3,917,018
Shares reserved for conversion of convertible subordinated debentures	2,183,548	2,183,548
Common stock warrants	152,359	329,954
Common stock related to stock-based compensation plans	4,482,973	4,195,568

Income Taxes

Income taxes are accounted for under the asset and liability method Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts that are expected more likely than not to be realized in the future. The assessment of whether or not a valuation allowance is required often requires significant judgment including the forecast of future taxable income and the evaluation of tax planning strategies in each of the jurisdictions in which the Company operates. The Company also accounts for any income tax contingencies in accordance with SFAS No. 5, "Accounting for Contingencies."

The Company is currently in a net deferred tax asset position, which has been fully reserved. The Company will continue to provide a valuation allowance for the net deferred tax asset until it becomes more likely than not that the net deferred tax asset will be realizable. For the three and nine months ended September 30, 2005, the Company recorded a tax provision of $164,000 and $553,000, respectively. For the three and nine months ended September 30, 2004, the Company recorded a tax provision of none and $200,000, respectively. The tax provision recorded in each of these periods is attributable primarily to federal alternative minimum tax. The Company expects the alternative minimum tax situation to continue throughout the current taxable year based on its financial outlook for the year. The Company has recorded this income tax provision within accounts payable and accrued expenses on the accompanying balance sheets as of September 30, 2005 and December 31, 2004, along with other taxes, such as personal and real property taxes (see Note 6).

Stock-Based Compensation

The Company accounts for its stock-based compensation plans in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation." As permitted under SFAS No. 123, the Company uses the intrinsic value-based method of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," to account for its employee stock-based compensation plans. Under APB Opinion No. 25, compensation expense is based on the difference, if any, on the date of grant, between the fair value of the Company's shares and the exercise price of the option. Unearned deferred compensation resulting from employee option grants and restricted shares is amortized on an accelerated basis over the vesting period of the individual options, in accordance with FASB Interpretation No. 28, "Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans" ("FASB Interpretation No. 28").

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Primarily as a result of employee stock options being granted at exercise prices below fair market value prior to the Company's initial public offering ("IPO") in August 2000, the Company recorded a deferred stock-based compensation charge on its balance sheet of $54,537,000 in 2000, which was amortized over the four-year vesting life of these individual stock options net of the reversal of any previously recorded accelerated stock-based compensation expense due to the forfeitures of those stock options prior to vesting. The amortization of the deferred stock-based compensation related to these pre-IPO stock options ended in August 2004.

In September 2003, the Compensation Committee of the Board of Directors awarded a stock option grant to the Company's chief executive officer at a 15% discount to the then fair market value of the Company's common stock on the date of grant and, as a result, recorded a $1,093,000 deferred stock-based compensation charge, which is amortized over the three-year vesting period of this grant. As of September 30, 2005, there was a total of $77,000 of deferred stock-based compensation remaining to be amortized for this grant to the Company's chief executive officer. The Company expects stock-based compensation expense related to this specific option grant to impact its results of operations through 2006.

In February 2005, the Compensation Committee of the Board of Directors approved the issuance of 320,500 shares of restricted shares of common stock to executive officers pursuant to the 2000 Equity Incentive Plan. The restricted shares are subject to four-year vesting, and will only vest if the stock appreciates to certain pre-determined levels. These restricted shares are a compensatory plan under the provisions of APB Opinion No. 25 and are accounted for as variable awards. As a result, compensation cost will be adjusted for changes in the market price of the Company's common stock until the restricted shares become vested. On the date of grant of the restricted shares in February 2005, the Company recorded a $14,387,000 deferred stock-based compensation charge. For the nine month period ended September 30, 2005, the Company recognized a reduction in deferred stock-based compensation of $976,000 as a result of a declining stock price and recorded $1,311,000 and $6,030,000 of stock-based compensation expense related to these restricted shares for the three and nine months ended September 30, 2005. As of September 30, 2005, there was a total of $7,381,000 of deferred stock-based compensation remaining to be amortized related to these restricted shares. The Company expects stock-based compensation expense related to these restricted shares to impact its results of operations through 2008.

The following table presents, by operating expense, the Company's amortization of stock-based compensation expense, including the stock-based compensation expense attributed to the Company's restricted stock awards granted in February 2005 (in thousands) (unaudited):

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Cost of revenues	$ —	$ 13	$ —	$ 35
Sales and marketing	248	6	1,149	51
General and administrative	1,110	140	5,142	933
	$ 1,358	$ 159	$6,291	$1,019

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The Company has adopted the disclosure requirements of SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure – An Amendment of SFAS No. 123". The following table presents what the net loss and net loss per share would have been had the Company adopted SFAS No. 123 (in thousands, except per share data) (unaudited):

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Net loss as reported	$ (783)	$ (6,615)	$(10,008)	$(45,962)
Stock-based compensation expense included in net loss	1,358	159	6,291	1,019
Stock-based compensation expense if SFAS No.123 had been adopted	(7,404)	(6,020)	(27,806)	(16,191)
Pro forma net loss	$(6,829)	$(12,476)	$(31,523)	$(61,134)
Basic and diluted net loss per share:				
As reported	$ (0.03)	$ (0.36)	$ (0.43)	$ (2.65)
Pro forma	(0.28)	(0.68)	(1.35)	(3.52)

The Company's fair value calculations for employee grants were made using the Black-Scholes option pricing model with the following weighted-average assumptions (unaudited):

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Dividend yield	0%	0%	0%	0%
Expected volatility	75%	90%	79%	99%
Risk-free interest rate	4.04%	3.12%	3.93%	2.51%
Expected life (in years)	4.00	3.50	4.00	3.50

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EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Goodwill and Other Intangible Assets

Goodwill and other intangible assets, net, consisted of the following (in thousands):

	September 30, 2005	December 31, 2004
	(unaudited)	
Goodwill	$ 21,344	$ 22,018
Other intangibles:		
Intangible asset – customer contracts	3,997	4,114
Intangible asset – tradename	308	318
Intangible asset – workforce	160	160
	4,465	4,592
Accumulated amortization	(4,275)	(4,357)
	190	235
	$ 21,534	$ 22,253

The Company’s goodwill is an asset denominated in Singapore dollars. As a result, it is subject to foreign currency fluctuations. The Company’s foreign currency translation gains and losses are a component of other comprehensive income and loss (see Note 12).

Other intangible assets, net, are included in other assets on the accompanying balance sheets as of September 30, 2005 and December 31, 2004.

For the three and nine months ended September 30, 2005, the Company recorded amortization expense of $15,000 and $45,000, respectively. For the three and nine months ended September 30, 2004, the Company recorded amortization expense of $510,000 and $1,539,000, respectively. The Company expects to record the following amortization expense during the next five years (in thousands):

Year ending:	
2005	$ 60
2006	60
2007	60
2008	55
2009	—
Total	$235

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

2. IBX Acquisitions

San Jose IBX Acquisition

In December 2004, the Company entered into a series of agreements with Abovenet Communications, Inc. ("Abovenet"), including 1) a long-term lease through May 2020 for a 103,000 square foot data center in the Silicon Valley area, 2) an asset purchase agreement to purchase the assets located within this facility, primarily IBX plant and machinery, and 3) an agreement to interconnect all three of its IBX centers in the Silicon Valley through redundant dark fiber links through May 2020, which the Company is managing to allow customers in each center to leverage the benefits of directly interconnecting with other customers in the other centers (collectively, the "San Jose IBX Acquistion"). Payments due to Abovenet for the San Jose IBX Acquisition total $38,379,000, of which $4,224,000 was paid in several upfront lump-sum payments and the remaining $34,155,000 will be paid in monthly installments, which commenced in February 2005, through May 2020.

The Company has accounted for the San Jose IBX Acquisition as a single accounting arrangement with multiple elements. As a result, the Company assessed the fair value of each of the individual elements and then assigned the relative fair value to each individual element. The Company determined that the building component of the San Jose IBX Acquisition is a long-term operating lease (the "San Jose IBX Acquisition Building Operating Lease") and the equipment and fiber portions of the transaction are financed assets (the "San Jose IBX Acquisition Equipment & Fiber Debt Facility"). The Company took possession of this property during the first quarter of 2005, and as a result, recorded property and equipment and prepaid fiber assets, as well as debt, totaling $18,713,000. Payments under the San Jose IBX Acquisition Equipment & Fiber Debt Facility will be made monthly through May 2020 at an effective interest rate of 8.50% per annum. As of September 30, 2005, principal of $14,988,000 remained outstanding under the San Jose IBX Acquisition Equipment & Fiber Debt Facility. Payments under the San Jose IBX Acquisition Building Operating Lease will also be made monthly through May 2020 and total $7,381,000 in cumulative lease payments.

Sunnyvale IBX Acquisition

In June 2005, the Company entered into a long-term lease for a 120,000 square foot data center in the Silicon Valley area (the "Sunnyvale IBX Acquisition"). This center will be interconnected to the Company's three other Silicon Valley area IBX centers through redundant dark fiber links that will be managed by the Company to allow customers in each center to leverage the benefits of directly interconnecting with other customers in the other centers. Payments under this lease total $45,255,000, which will be paid in monthly installments, commencing in October 2005 through September 2020 (the "Sunnyvale IBX Lease").

The Sunnyvale IBX Lease includes the leasing of all of the IBX plant and machinery equipment located within the building. As a result, the Company assessed the fair value of both the building and equipment elements of the Sunnyvale IBX Lease and then assigned the relative fair value to each element. The Company determined that the building component of the Sunnyvale IBX Lease is a long-term operating lease (the "Sunnyvale IBX Building Operating Lease") and the equipment portion of the Sunnyvale IBX Lease is a capital lease (the "Sunnyvale IBX Equipment Capital Lease"). The Company took possession of this property in October 2005, and as a result, will record IBX equipment assets, as well as a capital lease obligation liability, totaling approximately $20,092,000 at that time. Payments under the Sunnyvale IBX Equipment Capital Lease will be made monthly, commencing October 2005 through September 2020, at an effective interest rate of approximately 7.50% per annum. Payments under the Sunnyvale IBX Building Operating Lease will also be made monthly, commencing October 2005 through September 2020, and total approximately $10,079,000 in cumulative lease payments. The Company intends to begin placing customers in this IBX center in mid-2006. The Company's proposed accounting treatment for the Sunnyvale IBX Lease is based on its preliminary assessment. The Company will have its final accounting treatment for the Sunnyvale IBX Lease completed in the fourth quarter of 2005.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Chicago IBX Acquisition

In July 2005, the Company entered into a (i) long-term sublease of a 107,000 square foot data center in the Chicago metro area and (ii) an asset purchase agreement to purchase the IBX plant and machinery assets located within this new IBX center with Verio, Inc. ("Verio") (the "Chicago IBX Acquisition"). This center is in the same building as the Company's existing Chicago IBX center, which it will be interconnected to in order to leverage existing networks and customers. Payments due to Verio for the Chicago IBX Acquisition total $25,160,000, of which $1,900,000 will be paid in two lump-sum payments during 2005 and the remaining $23,260,000 will be paid in monthly installments, which will commence in November 2005 and end in August 2015.

The Company has accounted for the Chicago IBX Acquisition as a single accounting arrangement with multiple elements. As a result, the Company assessed the fair value of each of the individual elements and then assigned the relative fair value to each individual element. The Company determined that the building component of the Chicago IBX Acquisition is a long-term operating lease (the "Chicago IBX Acquisition Building Operating Lease") and the equipment portion of the transaction represent financed assets (the "Chicago IBX Acquisition Equipment Debt Facility"). The Company will take possession of this property and take title to the equipment in November 2005, and as a result, will record IBX equipment assets, as well as a debt facility obligation liability, totaling approximately $9,669,000 at that time. Payments under the Chicago IBX Acquisition Equipment Debt Facility will be made monthly, commencing November 2005 through August 2015, at an effective interest rate of approximately 7.50% per annum. Payments under the Chicago IBX Acquisition Building Operating Lease will also be made monthly, commencing November 2005 through August 2015, and total approximately $11,670,000 in cumulative lease payments. The Company intends to begin placing customers in this IBX center in the first half of 2006. The Company's proposed accounting treatment for the Chicago IBX Acquisition is based on its preliminary assessment. The Company will have its final accounting treatment for the Chicago IBX Acquisition completed in the fourth quarter of 2005.

Los Angeles IBX Acquisition

In September 2005, the Company purchased a 107,000 square foot data center in the Los Angeles metro area (the "Acquired Los Angeles IBX"), which is comprised of the building, building improvements and land (the "Los Angeles IBX Acquisition"). This center will be interconnected to the Company's existing IBX center in the downtown Los Angeles area. The total purchase price for the Los Angeles IBX Acquisition, including closing costs, totaled $34,727,000, which the Company paid for in full with cash in September 2005. The Company assessed the fair value of the building, building improvements and land elements of the Los Angeles IBX Acquisition and then assigned the relative fair value to each element. The Company currently intends to begin placing customers in this center during the first half of 2006.

In October 2005, the Company entered into a purchase and sale agreement to sell the Acquired Los Angeles IBX and to lease it back from the purchaser pursuant to a long-term lease (see Note 16).

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

3. Related Party Transactions

A significant amount of the Company's Asia-Pacific revenues are generated in Singapore and a significant portion of the business in Singapore is transacted with entities affiliated with STT Communications, which is the Company's single largest stockholder. For the three and nine months ended September 30, 2005, revenues recognized with related parties, primarily entities affiliated with STT Communications, were $1,344,000 and $4,625,000, respectively, and as of September 30, 2005, accounts receivable with these related parties was $875,000. For the three and nine months ended September 30, 2005, costs and services procured with related parties, primarily entities affiliated with STT Communications, were $744,000 and $2,240,000, respectively, and as of September 30, 2005, accounts payable with these related parties was $354,000. For the three and nine months ended September 30, 2004, revenues recognized with related parties, primarily entities affiliated with STT Communications, were $1,474,000 and $3,980,000, respectively, and as of September 30, 2004, accounts receivable with these related parties was $1,130,000. For the three and nine months ended September 30, 2004, costs and services procured with related parties, primarily entities affiliated with STT Communications, were $1,242,000 and $2,060,000, respectively, and as of September 30, 2004, accounts payable with these related parties was $470,000.

4. Accounts Receivable

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

	September 30, 2005	December 31, 2004
	(unaudited)	
Accounts receivable	$ 34,422	$ 26,119
Unearned revenue	(18,072)	(13,863)
Allowance for doubtful accounts	(151)	(337)
	$ 16,199	$ 11,919

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Unearned revenue consists of pre-billing for services that have not yet been provided, but which have been billed to customers ahead of time in accordance with the terms of their contract. Accordingly, the Company invoices its customers at the end of a calendar month for services to be provided the following month.

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EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

5. Property and Equipment

Property and equipment consisted of the following (in thousands):

	September 30, 2005	December 31, 2004
	(unaudited)	
Leasehold improvements	$ 397,094	$ 393,758
IBX plant and machinery	136,401	89,960
IBX equipment	60,779	47,437
Computer equipment and software	24,190	21,711
Buildings	11,134	8,862
Land	3,960	—
Furniture and fixtures	2,108	2,041
	635,666	563,769
Less accumulated depreciation	(264,661)	(220,408)
	$ 371,005	$ 343,361

Leasehold improvements, IBX plant and machinery, computer equipment and software and buildings recorded under capital leases aggregated $35,309,000 at both September 30, 2005 and December 31, 2004. Amortization on the assets recorded under capital leases is included in depreciation expense and accumulated depreciation on such assets totaled $2,138,000 and $119,000 as of September 30, 2005 and December 31, 2004, respectively.

6. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following (in thousands):

	September 30, 2005	December 31, 2004
	(unaudited)	
Accounts payable	$ 3,274	$ 2,835
Accrued compensation and benefits	8,001	5,969
Accrued taxes	3,704	3,376
Accrued utility and security	3,413	2,457
Accrued professional fees	2,040	1,741
Accrued interest	390	1,706
Accrued other	1,745	1,738
	$ 22,567	$ 19,822

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EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

7. Other Current Liabilities

Other current liabilities consisted of the following (in thousands):

	September 30, 2005	December 31, 2004
	(unaudited)	
Customer deposits	$ 1,443	$ 3,229
Deferred installation revenue	6,180	3,019
Other current liabilities	805	629
	$ 8,428	$ 6,877

A significant portion of customer deposits as of December 31, 2004, represented a customer's deposit towards an installation project at one of the Company's IBX centers. In January 2005, upon completion of this installation project, this deposit was reclassified to deferred installation revenue (split between both current and non-current portions) and is now being amortized into revenue over the expected life of the customer relationship.

8. Deferred Rent and Other Liabilities

Deferred rent and other liabilities consisted of the following (in thousands):

	September 30, 2005	December 31, 2004
	(unaudited)	
Deferred rent	$ 24,117	$ 22,493
Asset retirement obligations	3,953	3,054
Deferred installation revenue	1,920	725
Other liabilities	284	181
	$ 30,274	$ 26,453

The Company currently leases the majority of its IBX centers and certain equipment under noncancelable operating lease agreements expiring through 2020. The centers' lease agreements typically provide for base rental rates that increase at defined intervals during the term of the lease. In addition, the Company has negotiated rent expense abatement periods to better match the phased build-out of its centers. The Company accounts for such abatements and increasing base rentals using the straight-line method over the life of the lease. The difference between the straight-line expense and the cash payment is recorded as deferred rent.

9. Debt Facilities

Convertible Secured Notes

During the quarter ended March 31, 2005, Equinix converted an aggregate of $38,035,000 of STT Convertible Secured Notes and associated interest into 4,144,216 shares of the Company's Series A-1 preferred stock (the "95% STT Convertible Secured Notes Conversion"). The converted amount represented 95% of the outstanding STT Convertible Secured Notes plus interest due through February 14, 2005. A total of $1,923,000 of STT Convertible Secured Notes remain outstanding (the "Remaining STT Convertible Secured Notes") and will continue to be governed by the terms of the Financing. The Remaining STT Convertible Secured Notes will be eligible for conversion by Equinix in early 2006 provided certain conditions are met, including if the closing price of the Company's common stock exceeds $32.12 per share for 30 consecutive trading days. On February 1, 2005, STT elected to convert its Series A-1 preferred stock into 4,144,216 shares of the Company's common stock. The Series A-1 preferred stock converted into common stock on a 1 to 1 basis. As a result of the 95% STT Convertible Secured Notes Conversion, 95% of the outstanding Convertible Secured Notes and PIK Notes, plus interest through February 14, 2005 and unamortized discount and debt issuance costs, was converted into stockholders' equity in accordance with APB Opinion No. 26, "Early Extinguishment of Debt" and SFAS No. 84, "Induced Conversions of Convertible Debt, an amendment of APB Opinion No. 26."

As a result of the 95% STT Convertible Secured Notes Conversion, a total of $35,206,000 was credited to stockholders' equity during the first quarter of 2005, which was comprised of $36,543,000 of Convertible Secured Note and PIK Notes principal and $1,492,000 of interest through the conversion date, offset by $2,510,000 and $319,000 of unamortized debt discount and issuance costs, respectively.

On May 1, 2005, pursuant to the terms of the Convertible Secured Notes, the Company issued a PIK Note to STT Communications in the amount of $135,000, representing interest accrued from November 1, 2004 to April 30, 2005 on the Remaining STT Convertible Secured Notes. The terms of this PIK Note are identical to the terms of the Convertible Secured Note issued on December 31, 2002. The PIK Note is due December 2007. The Company has considered the guidance of EITF Abstract No. 00-27, "Application of Issue No. 98-5 to Certain Convertible Instruments," and has determined that the PIK Note does not contain a beneficial conversion feature as the fair value of the Company's common stock on the date of issuance was less than the stock conversion ratio outlined in the Financing agreement. As of September 30, 2005, the Remaining STT Convertible Secured Notes principal of $1,923,000 and all PIK Notes issued subsequent to the 95% STT Convertible Secured Notes Conversion of $135,000 is presented on the accompanying balance sheet, net of remaining unamortized debt discount, as $1,962,000 and are convertible into 224,229 shares of the Company's common stock at any time at the option of STT Communications. After December 31, 2005, the Company may convert all remaining Convertible Secured Notes upon certain conditions, including if the closing price of the Company's common stock exceeds $32.12 per share for thirty consecutive trading days.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Silicon Valley Bank Credit Line Amendment

In September 2005, the Company amended the Silicon Valley Bank Credit Line by entering into a $50,000,000 revolving line of credit agreement with Silicon Valley Bank, replacing the previously outstanding $25,000,000 line of credit arrangement with the same bank (the "Silicon Valley Bank Credit Line Amendment"). The Silicon Valley Bank Credit Line Amendment has a three-year commitment, which enables the Company to borrow, repay and re-borrow the full amount, up to September 15, 2008. Borrowings under the Silicon Valley Bank Credit Line Amendment bear interest at floating interest rates, plus applicable margins, based either on the prime rate or LIBOR. As of September 30, 2005, the Silicon Valley Bank Credit Line Amendment had an interest rate of 5.61% per annum. The Silicon Valley Bank Credit Line Amendment also features sublimits, which allow the Company to issue letters of credit, enter into foreign exchange forward contracts and make advances for cash management services. The Company's utilization under any of these sublimits would have the effect of reducing the amount available for borrowing under the Silicon Valley Bank Credit Line Amendment during the period that such sublimits remain utilized and outstanding. As of September 30, 2005, the Company had utilized $5,172,000 under the letters of credit sublimit with the issuance of four letters of credit and, as a result, reduced the amount of borrowings available to the Company from $50,000,000 to $44,828,000. The Silicon Valley Bank Credit Line Amendment is collateralized by substantially all of the Company's domestic assets and contains several financial covenants which require compliance with maximum leverage ratios, working capital ratios and a minimum EBITDA target, which the Company is in full compliance of as of the date of filing of this report on Form 10-Q.

At the time the Company entered into the Silicon Valley Bank Credit Line Amendment, a total of $112,000 of issuance costs remained unamortized related to the original Silicon Valley Bank Credit. In addition, the Company incurred $342,000 of additional issuance costs to secure the Silicon Valley Bank Credit Line Amendment. In compliance with EITF Issue 98-14, "Debtor's Accounting for Changes in Line-of-Credit or Revolving-Debt Arrangements", the Company has capitalized the total of such issuance costs, which are being amortized to interest expense using the effective interest method over the life of the Silicon Valley Bank Credit Line Amendment. These debt issuance costs, net of amortization, were $447,000 as of September 30, 2005.

In October 2005, the Company drew down $30,000,000 of the Silicon Valley Bank Credit Line Amendment (see Note 16).

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Maturities

Combined aggregate maturities for the Company's various debt facilities and capital lease obligation as of September 30, 2005 are as follows (in thousands) (unaudited):

	Convertible secured notes	Convertible subordinated debentures	Debt facility and capital lease obligation (1)	Other debt facility and capital lease obligation (2)	Total
2005	$ —	$ —	$ 1,276	$ 1,662	$ 2,938
2006	—	—	5,181	2,962	8,143
2007	2,058	—	5,332	3,059	10,449
2008	—	—	5,488	3,155	8,643
2009	—	86,250	5,648	3,254	95,152
2010 and thereafter	—	—	66,643	34,573	101,216
	2,058	86,250	89,568	48,665	226,541
Less amount representing unamortized discount	(96)	—	—	—	(96)
Less amount representing interest	—	—	(39,865)	(18,905)	(58,770)
	1,962	86,250	49,703	29,760	167,675
Less current portion	—	—	(955)	(1,785)	(2,740)
	$ 1,962	$ 86,250	$ 48,748	$ 27,975	$164,935

(1) Debt facility and capital lease obligation is comprised of the San Jose IBX Acquisition Equipment & Fiber Debt Facility (see Note 2) and Washington, D.C. Metro Area Capital Lease.

(2) Other debt facility and capital lease obligation is comprised of the Sunnyvale IBX Equipment Capital Lease and the Chicago IBX Acquisition Equipment Debt Facility, which will be recorded on the balance sheet in October 2005 and November 2005, respectively, when the Company takes possession of these properties. Payments under the Sunnyvale IBX Equipment Capital Lease commence October 2005 and payments under the Chicago IBX Acquisition Equipment Debt Facility commence November 2005 (see Note 2).

10. Stockholders' Equity

On January 1, 2005, pursuant to the evergreen provisions of the Company's stock plans, the number of common shares in reserve automatically increased by 1,139,968 shares for the 2000 Equity Incentive Plan, 379,989 shares for the Employee Stock Purchase Plan, 379,989 shares for the 2004 Employee Stock Purchase Plan and 50,000 shares for the 2000 Director Stock Option Plan.

During the quarter ended March 31, 2005, the Compensation Committee of the Board of Directors approved the grant of stock options to employees, excluding executive officers, to purchase an aggregate of approximately 870,200 shares of common stock, primarily as part of the Company's annual refresh program, at an exercise price of $44.06 per share. During the quarter ended March 31, 2005, the Compensation Committee of the Board of Directors also approved the issuance of 320,500 shares of restricted shares of common stock to executive officers pursuant to the 2000 Equity Incentive Plan. The restricted shares are subject to four-year vesting, and will only vest if the stock appreciates to pre-determined levels. The Company recorded a deferred stock-based compensation charge of $14,387,000 related to these restricted shares (see Note 1).

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

11. Commitments and Contingencies

Legal Actions

On July 30, 2001 and August 8, 2001, putative shareholder class action lawsuits were filed against the Company, certain of its officers and directors (the “Individual Defendants”), and several investment banks that were underwriters of the Company’s IPO. The cases were filed in the United States District Court for the Southern District of New York, purportedly on behalf of investors who purchased the Company’s stock between August 10, 2000 and December 6, 2000. In addition, similar lawsuits were filed against approximately 300 other issuers and related parties. The purported class action alleges violations of Sections 11 and 15 of the Securities Act of 1933 (the “1933 Act”) and Sections 10(b), Rule 10b-5 and 20(a) of the Securities Exchange Act of 1934 (the “1934 Act”) against the Company and Individual Defendants. The plaintiffs have since dismissed the Individual Defendants without prejudice. The suits allege that the underwriter defendants agreed to allocate stock in the Company’s IPO 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. The plaintiffs allege that the prospectus for the Company’s IPO was false and misleading and in violation of the securities laws because it did not disclose these arrangements. The action seeks damages in an unspecified amount. On February 19, 2003, the Court dismissed the Section 10(b) claim against the Company, but denied the motion to dismiss the Section 11 claim.

In July 2003, a Special Litigation Committee of the Equinix Board of Directors approved a settlement agreement and related agreements which set forth the terms of a settlement between the Company, the Individual Defendants, the plaintiff class and the vast majority of the other approximately 300 issuer defendants and the individual defendants currently or formerly associated with those companies. Among other provisions, the settlement provides for a release of the Company and the Individual Defendants and the Company’s agreeing to assign away, not assert, or release certain potential claims the Company may have against its underwriters. The settlement agreement also provides a guaranteed recovery of $1 billion to plaintiffs for the cases relating to all of the approximately 300 issuers. To the extent that the underwriter defendants settle all of the cases for at least $1 billion, no payment will be required under the issuers’ settlement agreement. To the extent that the underwriter defendants settle for less than $1 billion, the issuers are required to make up the difference. It is anticipated that any potential financial obligation of Equinix to plaintiffs pursuant to the settlement, of which such claims are currently expected to be less than $3.4 million, will be covered by existing insurance and we do not expect that the settlement will involve any payment by the Company. The Company has no information as to whether there are any material limitations on the expected recovery by other issuer defendants of any potential financial obligation to plaintiffs from their own insurance carriers. On February 15, 2005, the court granted preliminary approval of the settlement agreement, subject to certain modifications consistent with its opinion. Those modifications have been made. There is no assurance that the court will grant final approval to the settlement. As approval by the Court cannot be assured, the Company is unable at this time to determine whether the outcome of the litigation would have a material impact on its results of operations, financial condition or cash flows.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

On October 13, 2004, the Court certified a Section 11 class in four of the six cases that were the subject of class certification motions and determined that the class period for Section 11 claims is the period between the IPO and the date that unregistered shares entered the market. The Court noted that its decision on those cases is intended to provide strong guidance to all parties regarding class certification in the remaining cases. Plaintiffs have not yet moved to certify a class in the Equinix case. Until the settlement is finalized and approved by the Court, or in the event such settlement is not approved, the Company and its officers and directors intend to continue to defend the actions vigorously. While an unfavorable outcome to this case is reasonably possible, it is not probable. As a result, the Company has not accrued for any settlements in connection with this litigation as of September 30, 2005.

Estimated and Contingent Liabilities

The Company estimates exposure on certain liabilities, such as income and property taxes, based on the best information available at the time of determination. With respect to real and personal property taxes, the Company records what it can reasonably estimate based on prior payment history, current landlord estimates or estimates based on current or changing fixed asset values in each specific municipality, as applicable. However, there are circumstances beyond the Company's control whereby the underlying value of the property or basis for which the tax is calculated on the property may change, such as a landlord selling the underlying property of one of the Company's IBX center leases or a municipality changing the assessment value in a jurisdiction and, as a result, the Company's property tax obligations may vary from period to period. Based upon the most current facts and circumstances, the Company makes the necessary property tax accruals for each of its reporting periods. However, revisions in the Company's estimates of the potential or actual liability could materially impact the financial position, results of operations or cash flows of the Company.

In July 2005, the Company received a Notice of Proposed Assessment of Income Tax from the state of Hawaii asserting a tax deficiency, plus interest, totaling $613,000 (the "Tax Assessment"). The deficiency is stemmed from certain refundable tax credits that the state of Hawaii subsequently disallowed in the examination of the Hawaii income tax returns for the tax years of 2000 and 2001 filed by Pihana Pacific, Inc., which the Company acquired on December 31, 2002. The Company strongly believes the disallowance of the refundable tax credits by the state of Hawaii is inconsistent with the applicable tax laws and that it has meritorious defenses to the claim. The Company intends to oppose the Tax Assessment vigorously and will file a timely request with the Board of Review in the state of Hawaii to appeal the Tax Assessment. The Company does not believe it is probable it will be required to pay the Tax Assessment upon the completion of the appeals process. As a result, the Company has not accrued for any loss contingencies in connection with this Tax Assessment as of September 30, 2005.

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, results of operations or cash flows of the Company.

Other Purchase Commitments

As of September 30, 2005, the Company was contractually committed to purchase $1,126,000 of IBX plant and machinery equipment for the Company's new Chicago IBX center, which the Company expects to receive in early November 2005.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

12. Other Comprehensive Income and Loss

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

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Net loss	$ (783)	$(6,615)	$(10,008)	$(45,962)
Unrealized gain (loss) on available for sale securities	(168)	36	(426)	(86)
Foreign currency translation gain (loss)	(96)	301	(988)	71
Comprehensive loss	$(1,047)	$(6,278)	$(11,422)	$(45,977)

There were no significant tax effects on comprehensive loss for the three and nine months ended September 30, 2005 and 2004.

13. Segment Information

The Company and its subsidiaries are principally engaged in the design, build-out and operation of network neutral IBX centers. All revenues result from the operation of these IBX centers. 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.

The Company's geographic statement of operations disclosures are as follows (in thousands) (unaudited):

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Total revenues:				
United States	$ 50,527	$ 36,779	$ 137,927	$ 102,893
Asia-Pacific	7,569	5,660	21,332	15,789
	$ 58,096	$ 42,439	$ 159,259	$ 118,682
Cost of revenues:				
United States	$ 35,859	$ 29,831	$ 101,558	$ 88,630
Asia-Pacific	5,096	4,479	15,081	13,615
	$ 40,955	$ 34,310	$ 116,639	$ 102,245
Income (loss) from operations:				
United States	$ 541	$ (3,028)	$ (3,944)	$ (15,230)
Asia-Pacific	(307)	(1,570)	(1,823)	(6,375)
	$ 234	$ (4,598)	$ (5,767)	$ (21,605)

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The Company's long-lived assets are located in the following geographic areas (in thousands):

	September 30, 2005	December 31, 2004
	(unaudited)	
United States	$ 398,556	$ 360,694
Asia-Pacific	31,515	34,022
	$ 430,071	$ 394,716

The Company's goodwill totaling $21,344,000 and $22,018,000 as of September 30, 2005 and December 31, 2004, respectively, is part of the Company's Singapore reporting unit, which is reported within the Asia-Pacific segment.

Revenue information on a services basis is as follows (in thousands) (unaudited):

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Colocation	$ 40,138	$ 29,161	$ 109,479	$ 81,172
Interconnection	10,527	8,193	29,696	22,513
Managed infrastructure	3,626	2,703	10,448	8,126
Recurring revenues	54,291	40,057	149,623	111,811
Non-recurring revenues	3,805	2,382	9,636	6,871
	$ 58,096	$ 42,439	$ 159,259	$ 118,682

Revenue from one customer accounted for 11% of the Company's revenues for both the three and nine months ended September 30, 2005. Revenue from this same customer accounted for 13% of the Company's revenues for both the three and nine months ended September 30, 2004. No other single customer accounted for more than 10% of the Company's revenues for the three and nine months ended September 30, 2005 and 2004. Accounts receivables from the customer mentioned above accounted for 12% of the Company's gross accounts receivables as of both September 30, 2005 and 2004. No other single customer accounted for more than 10% of the Company's gross accounts receivables as of September 30, 2005 and 2004.

14. Restructuring Charges

In December 2004, in light of the availability of fully built-out data centers in select markets at costs significantly below those costs the Company would incur in building out new space, the Company made the decision to exit leases for excess space adjacent to one of the Company's New York metro area IBXs, as well as space on the floor above its original Los Angeles IBX. As a result of the Company's decision to exit these spaces, the Company recorded a restructuring charge totaling $17,685,000, which represents the present value of the Company's estimated future cash payments, net of any estimated subrental income and expense, through the remainder of these lease terms, as well as the write-off of all remaining property and equipment attributed to the partial build-out of the excess space on the floor above its Los Angeles IBX as outlined below.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The Company accounted for this restructuring charge under SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities.” Under the provisions of SFAS No. 146, the Company estimated the future cash payments required to exit these two leased spaces, net of any estimated subrental income and expense, through the remainder of these lease terms and then calculated the present value of such future cash flows in order to determine the appropriate restructuring charge to record. In future periods, the Company will record accretion expense to accrete its accrued restructuring liability up to an amount equal to the total estimated future cash payments necessary to complete the exit of these leases. Such accretion expense is classified under cost of revenues on the accompanying statement of operations for the three and nine months ended September 30, 2005. Should the actual lease exit costs differ from the Company’s estimates, the Company may need to adjust its restructuring charges associated with the excess lease spaces, which would impact net income in the period such determination was made.

A summary of the movement in the 2004 accrued restructuring charge from December 31, 2004 to September 30, 2005 is outlined as follows (in thousands) (unaudited):

	Accrued restructuring charge as of December 31, 2004	Accretion expense	Cash payments	Accrued restructuring charge as of September 30, 2005
Estimated lease exit costs	$ 14,750	$ 661	$(1,448)	$ 13,963
	14,750	$ 661	$(1,448)	13,963
Less current portion	(1,952)			(2,115)
	$ 12,798			$ 11,848

A summary of the 2004 restructuring charge through December 31, 2004 is outlined as follows (in thousands):

	Total 2004 restructuring charges	Non-cash charges	Transfer of deferred rent liability	Accrued restructuring charge as of December 31, 2004
Estimated lease exit costs	$ 13,869	$ —	$ 881	$ 14,750
Write-off of property and equipment	3,816	(3,816)	—	—
	$ 17,685	$(3,816)	$ 881	14,750
Less current portion				(1,952)
				$ 12,798

Prior to the Company’s decision to exit the excess space on the floor above its original Los Angeles IBX in December 2004, the Company had recorded deferred rent in connection with this leasehold as it straightlined the associated rent expense from lease inception in April 2001 to December 2004 totaling $881,000. In conjunction with the Company’s decision to exit from this excess lease, the Company reclassified this deferred rent liability from deferred rent to accrued restructuring charges as of December 31, 2004 and adjusted the restructuring charge accordingly.

In January 2005, the Company sublet the excess space in the New York metro area for a two-year period and is currently evaluating opportunities related to its excess space in Los Angeles, as well as the excess space in the New York metro area beyond the two-year sublease. As the Company currently has no plans to enter into lump sum lease terminations with either of the landlords associated with these two excess space leases, the Company has reflected its accrued restructuring charge as both a current and non-current liability on the accompanying balance sheets as of September 30, 2005 and December 31, 2004. The Company is contractually committed to these two excess space leases through 2015.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

15. Recent Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment." SFAS No. 123(R) revises SFAS No. 123, "Accounting for Stock-Based Compensation" and requires companies to expense the fair value of employee stock options and other forms of stock-based compensation, such as employee stock purchase plans and restricted stock awards. In addition, SFAS No. 123(R) supercedes Accounting Principles Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees" and amends SFAS No. 95, "Statement of Cash Flows." Under the provisions of SFAS No. 123(R), stock-based compensation awards must meet certain criteria in order for the award to qualify for equity classification. An award that does not meet those criteria will be classified as a liability and be remeasured each period. SFAS No. 123(R) retains the requirements on accounting for the income tax effects of stock-based compensation contained in SFAS No. 123; however, it changes how excess tax benefits will be presented in the statement of cash flows. In addition, in March 2005, the SEC issued Staff Accounting Bulletin No. 107 ("SAB No. 107"), which offers guidance on SFAS No. 123(R). SAB No. 107 was issued to assist preparers by simplifying some of the implementation challenges of SFAS No. 123(R) while enhancing the information that investors receive. Key topics of SAB No. 107 include discussion on the valuation models available to preparers and guidance on key assumptions used in these valuation models, such as expected volatility and expected term, as well as guidance on accounting for the income tax effects of SFAS No. 123(R) and disclosure considerations, among other topics. SFAS No. 123(R) and SAB No. 107 were effective for reporting periods beginning after June 15, 2005; however in April 2005, the SEC approved a new rule that SFAS No. 123(R) and SAB No. 107 are now effective for public companies for annual, rather than interim, periods beginning after June 15, 2005. The Company is currently considering the financial accounting, income tax and internal control implications of SFAS No. 123(R), including related FASB Staff Positions issued during 2005, and SAB No. 107. The adoption of SFAS No. 123(R), including related FASB Staff Positions issued during 2005, and SAB No. 107 are expected to have a significant impact on the Company's financial position and results of operations.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets, an Amendment of APB Opinion No. 29." SFAS No. 153 addresses the measurement of exchanges of nonmonetary assets. It eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets contained in APB Opinion No. 29 and replaces it with an exception for exchanges that do not have commercial substance. SFAS No. 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of an entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for fiscal periods beginning after June 15, 2005. As the provisions of SFAS No. 153 are to be applied prospectively, the adoption of SFAS No. 153 will not have an impact on the Company's historical financial statements; however, the Company will assess the impact of the adoption of this pronouncement on any future nonmonetary transactions that the Company enters into, if any.

In March 2005, the FASB issued FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations, an Interpretation of FASB Statement No. 143" ("FIN No. 47"). FIN No. 47 clarifies that the term, conditional retirement obligation, as used in SFAS No. 143, "Accounting for Asset Retirement Obligations", refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. FIN No. 47 further clarifies that the obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement and provides guidance on how an entity might reasonably estimate the fair value of such a conditional asset retirement obligation. FIN No. 47 is effective for fiscal years ending after December 15, 2005. The Company is currently in the process of evaluating the impact that the adoption of FIN No. 47 will have on its financial position, results of operations and cash flows.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

In June 2005, the FASB approved EITF Issue 05-6, "Determining the Amortization Period for Leasehold Improvements Purchased after Lease Inception or Acquired in a Business Combination" ("EITF 05-6"). EITF 05-6 addresses the amortization period for leasehold improvements acquired in a business combination and leasehold improvements that are placed in service significantly after and not contemplated at the beginning of a lease term. EITF 05-6 states that (i) leasehold improvements acquired in a business combination should be amortized over the shorter of the useful life of the assets or a term that includes required lease periods and renewals that are deemed to be reasonably assured at the date of acquisition and (ii) leasehold improvements that are placed into service significantly after and not contemplated at or near the beginning of the lease term should be amortized over the shorter of the useful life of the assets or a term that includes required lease periods and renewals that are deemed to be reasonably assured at the date the leasehold improvements are purchased. EITF 05-6 is effective for leasehold improvements that are purchased or acquired in reporting periods beginning after June 29, 2005. The adoption of EITF 05-6 has not had a significant impact on the Company's financial position and results of operations.

In September 2005, the FASB approved EITF Issue 05-7, "Accounting for Modifications to Conversion Options Embedded in Debt Securities and Related Issues" ("EITF 05-7"). EITF 05-7 addresses that the change in the fair value of an embedded conversion option upon modification should be included in the analysis under EITF Issue 96-19, "Debtor's Accounting for a Modification or Exchange of Debt Instruments," to determine whether a modification or extinguishment has occurred and that changes to the fair value of a conversion option affects the interest expense on the associated debt instrument following a modification. Therefore, the change in fair value of the conversion option should be recognized upon the modification as a discount or premium associated with the debt, and an increase or decrease in additional paid-in capital. EITF 05-7 is effective for all debt modifications in annual or interim periods beginning after December 15, 2005. The Company is currently in the process of evaluating the impact that the adoption of EITF 05-7 will have on its financial position and results of operations.

In September 2005, the FASB approved EITF Issue 05-8, "Income Tax Consequences of Issuing Convertible Debt with a Beneficial Conversion Feature" ("EITF 05-8"). EITF 05-8 addresses that (i) the recognition of a beneficial conversion feature creates a difference between the book basis and tax basis ("basis difference") of a convertible debt instrument, (ii) that basis difference is a temporary difference for which a deferred tax liability should be recorded and (iii) the effect of recognizing the deferred tax liability should be charged to equity in accordance with SFAS No. 109. EITF 05-8 is effective for financial statements for periods beginning after December 15, 2005, and must be adopted through retrospective application to all periods presented. As a result, EITF 05-8 applies to debt instruments that were converted or extinguished in prior periods as well as to those currently outstanding. The Company is currently in the process of evaluating the impact that the adoption of EITF 05-8 will have on its financial position, results of operations and cash flows.

In October 2005, the FASB issued FASB Staff Position No. SFAS 13-1 ("FSP SFAS 13-1"), which addresses the accounting for rental costs associated with building and ground operating leases that are incurred during a construction period. The FASB decided that such rental costs incurred during a construction period shall be recognized as rental expense. A lessee should cease capitalizing rental costs as of the effective date of FSP SFAS 13-1. The guidance in FSP SFAS 13-1 shall be applied to the first reporting period beginning after December 15, 2005. Early adoption is permitted for financial statements or interim financial statements that have not yet been issued. A lessee shall cease capitalizing rental costs as of the effective date of FSP SFAS 13-1 for operating lease arrangements entered into prior to the effective date of FSP SFAS 13-1. The adoption of FSP SFAS 13-1 will not have a significant impact on the Company's financial position, results of operations or cash flows as the Company already expenses such rental costs related to building and ground operating leases incurred during the pre-construction and construction periods.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

16. Subsequent Events

In October 2005, the Company, along with STT Communications, announced that STT Communications intended to divest its holdings in the Company's securities. STT Communications periodically assesses its strategic goals and objectives. Based on its current assessment, it determined that its holdings in the Company's securities is no longer a core asset. Therefore, STT Communications does not intend to play a strategic role in the Company going forward. As a result, STT Communications has asked and the Company has agreed to assist STT Communications with the orderly divestiture of its holdings of the Company's securities comprised of common stock and shares of common stock issuable upon conversion of convertible securities held by STT Communications. The filing of a registration statement on Form S-3 relating to securities was filed to facilitate this process.

In October 2005, the Company purchased an office/warehouse complex known as the Beaumeade Business Park located in Ashburn, Virginia (the "Ashburn Campus"). The Company purchased the entire 32.6-acre Ashburn Campus containing six buildings with approximately 462,000 rentable square feet that is approximately 95% leased (the "Ashburn IBX Property Acquisition"). The Company currently occupies approximately 269,000 square feet within three of the buildings. Payments due under the Ashburn IBX Property Acquisition total $53,000,000 plus closing costs, which the Company paid for in full with cash in October 2005. The Company will continue to operate its existing data centers within the Ashburn Campus. The Company intends to sell those buildings that will not be used for its current operations or expansion plans. In addition, the Company subsequently entered into a non-binding letter of intent to finance the Ashburn Campus with a $60,000,000, 8% mortgage to be amortized over 20 years (the "Ashburn Campus Financing"). The Ashburn Campus Financing is subject to the completion of definitive agreements, and although there is no assurance that the definitive agreements will be completed, the Company currently expects the Ashburn Campus Financing to close before the end of the year.

In October 2005, the Company drew down a portion of the Silicon Valley Bank Credit Line Amendment (see Note 9). The Company elected to borrow $30,000,000 at a one-month LIBOR interest rate, inclusive of the applicable margin, of 5.72% per annum (the "$30,000,000 Drawdown"). The $30,000,000 Drawdown was used to fund a portion of the purchase of the Ashburn IBX Property Acquisition. Upon the one-month maturity date of the $30,000,000 Drawdown, the Company may elect to either repay all or a portion of the $30,000,000 Drawdown, or convert the $30,000,000 Drawdown into a new borrowing at either the then applicable one, three or six month LIBOR rate plus an applicable margin or at the prime rate. Borrowings under the Silicon Valley Bank Credit Line Amendment may be borrowed, repaid and reborrowed at a later date up to the final maturity date of the Silicon Valley Bank Credit Line Amendment, which is Sept 16, 2008. As of the date of filing of this report on Form 10-Q, the Company had $14,828,000 remaining available for borrowing under the Silicon Valley Bank Credit Line Amendment.

In October 2005, the Company entered into a purchase and sale agreement to sell the Acquired Los Angeles IBX (see Note 2) for $38,700,000 and to lease it back from the purchaser pursuant to a long-term lease (the "Los Angeles IBX Sale-Leaseback Transaction"). The Los Angeles IBX Sale-Leaseback Transaction is subject to certain closing contingencies. Although there can be no assurance that these contingencies will be met, it is expected that these conditions will be removed on or before November 1, 2005 and the Los Angeles IBX Sale-Leaseback Transaction will close before the end of the year.

In October 2005, the Company announced that it has entered into a non-binding letter of intent for the early termination of its 39 acre San Jose Ground Lease whereby the Company will pay $40,000,000 over the next four years, commencing January 1, 2006, to terminate this lease, which would otherwise require significantly higher cumulative lease payments through 2020 (the "San Jose Ground Lease Termination"). As a result of the San Jose Ground Lease Termination, the Company expects to incur a significant restructuring charge in the fourth quarter of 2005. The San Jose Ground Lease Termination is subject to the completion of definitive agreements, and although there is no assurance that the definitive agreements will be completed, the Company currently expects the San Jose Ground Lease Termination to close before the end of the year.

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 provides network neutral colocation, interconnection and managed services to enterprises, content companies and systems integrators and the world's largest networks. Through our IBX centers in eleven markets in the U.S. and Asia-Pacific, customers can directly interconnect with each other for critical traffic exchange requirements. As of September 30, 2005, we had announced IBX centers totaling an aggregate of approximately 1.7 million gross square feet in the Chicago, Dallas, Honolulu, Los Angeles, New York, Silicon Valley and Washington, D.C. areas in the United States and Hong Kong, Singapore, Sydney and Tokyo in the Asia-Pacific region.

Direct interconnection to our aggregation of networks, which serve more than 90% of the world's Internet routes, allows our customers to increase performance while significantly reducing costs. Based on our network neutral model and the quality of our IBX centers, we believe we have established a critical mass of customers. As more customers locate in our IBX centers, it benefits their suppliers and business partners to do so as well to gain the full economic and performance benefits of direct interconnection. These partners, in turn, pull in their business partners, creating a "network effect" of customer adoption. Our interconnection services enable scalable, reliable and cost-effective interconnection and traffic exchange thus lowering overall cost and increasing flexibility. Our focused business model is based on our critical mass of customers and the resulting network effect. This critical mass and the resulting network effect, combined with our strong financial position, continue to drive new customer growth and bookings.

Historically, our market has been served by large telecommunications carriers who have bundled their telecommunication products and services with their colocation offerings. A number of these telecommunications carriers have recently eliminated or reduced their colocation footprint to focus on their core businesses. In 2003, one major telecommunications company, Sprint, announced their plans to exit the colocation and hosting market in order to focus on their core service offerings, while another telecommunications company, Cable & Wireless Plc, sold their U.S. assets to another telecommunications company, Savvis Communications Corp, in a bankruptcy auction. In 2005, other providers, such as Abovenet and Verio, have selectively sold off their colocation centers. Each of these colocation providers owns and operates a network. We do not own or operate a network, yet have greater than 200 networks operating out of our IBX centers. As a result, we are able to offer our customers a substantial choice of networks given our network neutrality thereby allowing our customers to choose from numerous network service providers. We believe this is a distinct and sustainable competitive advantage, especially when the telecommunications industry is experiencing many business challenges and changes as evidenced by the numerous bankruptcies and consolidations within this industry during the past several years. Furthermore, this industry consolidation has constrained supply of suitable data center space and stabilized industry pricing.

Strategically, we will continue to look at attractive opportunities to grow our market share and selectively improve our footprint and service offerings, such as our acquisition of the Sprint property in

Santa Clara in December 2003, our 2004 expansions in the Washington, D.C. and Silicon Valley metro area markets and our 2005 expansions in the Silicon Valley, Chicago and Los Angeles metro area markets. However, we will continue to be very selective with any similar opportunity. As was the case with these recent expansions in the Washington, D.C., Silicon Valley, Chicago and Los Angeles metro area markets, the criteria will be dependent on demand from new and existing customers, quality of the design, power capacity, access to networks, capacity availability in current market location, amount of incremental investment required by us in the targeted property, lead-time to breakeven and our ability to attract the customers already being served, if any, at the acquired IBX center. Like our recent expansions, the right combination of these factors may be attractive for us. Dependent on the particular deal, these acquisitions may require upfront cash payments and additional capital expenditures or may be funded through long-term financing arrangements in order to bring these centers up to Equinix standards. Property expansion may be in the form of a purchase of real property, as was the case with our recent Los Angeles IBX acquisition, or a long-term leasing arrangement.

In addition to our successful strategy of acquiring previously or partially built-out centers, we will also consider the possibility of new construction in selective markets where the inventory for high quality data centers is limited. Decisions to build will consider factors such as customer demand, market pricing and anticipated financial returns associated with the construction. Future purchases or construction may be completed with partners or potential customers to minimize the outlay of cash.

Recent Developments

In January 2005, we converted 95% of the outstanding convertible secured notes and unpaid interest, held by STT Communications Ltd., into 4.1 million shares of our preferred stock, which was subsequently converted into 4.1 million shares of our common stock in February 2005. We refer to this transaction as the “STT convertible secured notes conversion.” The remaining 5% of the convertible secured notes outstanding, totaling $1.9 million, will be eligible for conversion by Equinix in early 2006 into approximately 250,000 shares (including anticipated interest expense through early 2006), provided that the closing price of our common stock exceeds $32.12 per share for thirty consecutive trading days.

In February 2005, the Compensation Committee of the Board of Directors approved the issuance of 320,500 shares of restricted shares of common stock to executive officers. These restricted shares are subject to four-year vesting, and will only vest if the stock appreciates to certain pre-determined levels. These restricted shares are a compensatory plan under the provisions of APB Opinion No. 25 and are accounted for as variable awards. As a result, compensation cost will be adjusted for changes in the market price of our common stock until the restricted shares become vested. On the date of grant of the restricted shares in February 2005, we recorded a $14.4 million deferred stock-based compensation charge. For the nine months ended September 30, 2005, we recognized a reduction in deferred stock-based compensation of $976,000 as a result of a declining stock price and recorded $1.3 million and $6.0 million of stock-based compensation expense related to these restricted shares for the three and nine months ended September 30, 2005, respectively. As of September 30, 2005, there was a total of $7.4 million of deferred stock-based compensation remaining to be amortized related to these restricted shares. We expect stock-based compensation expense related to these restricted shares to impact our results of operations through 2008.

In June 2005, we entered into a long-term lease for a 120,000 square foot data center in the Silicon Valley area. We refer to this transaction as the Sunnyvale IBX acquisition. This center will be interconnected to our three other Silicon Valley area IBX centers through redundant dark fiber links that will be managed by us to allow customers in each center to leverage the benefits of directly interconnecting with other customers in the other centers. Payments under this lease total $45.3 million, which will be paid in monthly installments, commencing in October 2005 through September 2020. This lease includes the leasing of all of the IBX plant and machinery equipment located within the building. As a result, we assessed the fair value of both the building and equipment elements of this lease and then assigned the relative fair value to each element. We determined that the building component of the lease is a long-term operating lease and the equipment portion of the lease is a capital lease. We took possession of this property in October 2005, and as a result, will record IBX equipment assets, as well as a capital lease obligation liability, totaling approximately $20.1 million at that time. Payments under the capital lease portion of this lease will be made monthly, commencing October 2005 through September 2020, at an

effective interest rate of approximately 7.50% per annum. Payments under the operating lease portion of this lease will also be made monthly, commencing October 2005 through September 2020, and total approximately $10.1 million in cumulative lease payments. We intend to begin placing customers in this IBX center in mid-2006. Our proposed accounting treatment of this lease is based on our preliminary assessment. Our final accounting treatment for this lease will be completed in the fourth quarter of 2005. We intend to invest approximately $18.0 million of capital expenditures to upgrade this center to Equinix standards, of which $2.0 to $3.0 million is expected to be incurred in the fourth quarter of 2005.

In July 2005, we entered into a (i) long-term sublease of a 107,000 square foot data center in the Chicago metro area and (ii) an asset purchase agreement to purchase the IBX plant and machinery assets located within this new IBX center from Verio. We refer to this transaction as the Chicago IBX acquisition. This center is in the same building as our existing Chicago IBX center, which it will be interconnected to in order to leverage existing networks and customers. Payments due to Verio for the Chicago IBX acquisition total $25.2 million, of which $1.9 million will be paid in two lump-sum payments during 2005 and the remaining $23.3 million will be paid in monthly installments, which will commence in November 2005 and end in August 2015. We will account for the Chicago IBX acquisition as a single accounting arrangement with multiple elements. As a result, we assessed the fair value of both the building and equipment elements of this lease and then assigned the relative fair value to each element. We have determined that the building component of the Chicago IBX acquisition is a long-term operating lease and the equipment portion of the transaction represents financed assets. We will take possession of this property and take title to the equipment in November 2005, and as a result, will record IBX equipment assets, as well as a debt facility obligation liability, totaling approximately $9.7 million at that time. Payments for the equipment portion of this transaction, to be recorded as financed assets, will be made monthly, commencing November 2005 through August 2015, at an effective interest rate of approximately 7.50% per annum. Payments for the building portion of this transaction, to be recorded as an operating lease, will also be made monthly, commencing November 2005 through August 2015, and total approximately $11.7 million in cumulative lease payments. We intend to begin placing customers in this IBX center in the first half of 2006. Our proposed accounting treatment of this lease and asset purchase agreement is based on our preliminary assessment. Our final accounting treatment for this lease and asset purchase agreement will be completed in the fourth quarter of 2005. We intend to invest approximately $16.0 million of capital expenditures to upgrade this center to Equinix standards, of which $6.0 to $7.0 million is expected to be incurred in the fourth quarter of 2005.

In September 2005, we purchased a 107,000 square foot data center in the Los Angeles metro area, which is comprised of the building, building improvements and land. We refer to this transaction as the Los Angeles IBX acquisition. This center will be interconnected to our existing IBX center in the downtown Los Angeles area. The total purchase price for the Los Angeles IBX acquisition, including closing costs, totaled $34.7 million, which we paid for in full with cash in September 2005. We assessed the fair value of the building, building improvements and land elements of the Los Angeles IBX acquisition and then assigned the relative fair value to each element. We currently intend to begin placing customers in this center during the first half of 2006. We intend to invest approximately $15.0 million of capital expenditures to upgrade this center to Equinix standards, of which $4.0 to $5.0 million is expected to be incurred in the fourth quarter of 2005. In October 2005, we entered into a purchase and sale agreement to sell the this Los Angeles IBX for $38.7 million and to lease it back from the purchaser pursuant to a long-term lease. We refer to this transaction as the Los Angeles IBX sale-leaseback. The Los Angeles IBX sale-leaseback is subject to certain closing contingencies. Although there can be no assurance that these contingencies will be met, it is expected that these conditions will be removed on or before November 1, 2005 and the Los Angeles IBX sale-leaseback will close before the end of the year.

In September 2005, we entered into a $50.0 million revolving line of credit agreement with Silicon Valley Bank, replacing the previously outstanding $25.0 million line of credit arrangement with the same bank. The new $50.0 million Silicon Valley Bank revolving credit line has a three-year commitment, which enables us to borrow, repay and re-borrow the full amount, up to September 15, 2008. We refer to this transaction as the $50.0 million Silicon Valley Bank revolving credit line. Borrowings under the $50.0 million Silicon Valley Bank revolving credit line bear interest at floating interest rates, plus applicable margins, based either on the prime rate or LIBOR. As of September 30, 2005, the $50.0 million Silicon Valley Bank revolving credit line had an interest rate of 5.61% per annum. The $50.0 million Silicon Valley Bank revolving credit line also features sublimits, which allow us to issue letters of credit, enter into foreign exchange forward contracts and make advances for cash management services. Our utilization under any of these sublimits would have the effect of reducing the amount available for borrowing under the $50.0 million Silicon Valley Bank revolving credit line during the period that such sublimits remain utilized and outstanding. As of

September 30, 2005, we had utilized $5.2 million under the letters of credit sublimit with the issuance of four letters of credit and, as a result, reduced the amount of borrowings available to us from $50.0 million to $44.8 million. The $50.0 million Silicon Valley Bank revolving credit line is collateralized by substantially all of our domestic assets and contains several financial covenants which require compliance with maximum leverage ratios, working capital ratios and a minimum EBITDA target, which we are currently in full compliance of as of the date of filing of this report on Form 10-Q. The $50.0 million Silicon Valley Bank revolving credit line provides us with additional liquidity and financing flexibility. In October 2005, we drew down $30.0 million of the $50.0 million Silicon Valley Bank revolving credit line (see below).

In October 2005, we, along with STT Communications, announced that STT Communications intended to divest its holdings in our securities. STT Communications periodically assesses its strategic goals and objectives. Based on its current assessment, it determined that its holdings in our securities is no longer a core asset. Therefore, STT Communications does not intend to play a strategic role in Equinix going forward. As a result, STT Communications has asked and we have agreed to assist STT Communications with the orderly divestiture of its holdings of our securities comprised of common stock and shares of common stock issuable upon conversion of convertible securities held by STT Communications. The filing of a registration statement on Form S-3 relating to securities was filed to facilitate this process.

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

In October 2005, we drew down a portion of the $50.0 million Silicon Valley Bank revolving credit line. We elected to borrow $30.0 million at a one-month LIBOR interest rate, inclusive of the applicable margin, of 5.72% per annum, which we refer to as the $30.0 million drawdown. The $30.0 million drawdown was used to fund a portion of the purchase of the Ashburn IBX property acquisition. Upon the one-month maturity date of the $30.0 million drawdown, we may elect to either repay all or a portion of the $30.0 million drawdown, or convert the $30.0 million drawdown into a new borrowing at either the then applicable one, three or six month LIBOR rate plus an applicable margin or at the prime rate. Borrowings under the $50.0 million Silicon Valley Bank revolving credit line may be borrowed, repaid and reborrowed at a later date up to the final maturity date of the $50.0 million Silicon Valley Bank revolving credit line, which is Sept 16, 2008. As of the date of filing of this report on Form 10-Q, we had $14.8 million remaining available for borrowing under the $50.0 million Silicon Valley Bank revolving credit line.

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

Critical Accounting Policies and Estimates

Equinix's financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States of America. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses. These estimates and assumptions are affected by management's application of accounting policies. Critical accounting policies for Equinix include revenue recognition and allowance for doubtful accounts, accounting for income taxes, estimated and contingent liabilities, accounting for property and equipment and impairment of long-lived assets, which are discussed in more detail under the caption "Critical Accounting Policies and Estimates" in the Company's 2004 Annual Report on Form 10-K.

Results of Operations

Three Months Ended September 30, 2005 and 2004

Revenues. Our revenues for the three months ended September 30, 2005 and 2004 were split between the following revenue classifications (dollars in thousands):

	Three months ended September 30,			
	2005	%	2004	%
Recurring revenues	$54,291	93%	$40,057	94%
Non-recurring revenues:				
Installation and professional services	2,946	6%	2,248	5%
Other	859	1%	134	1%
	3,805	7%	2,382	6%
Total revenues	$58,096	100%	$42,439	100%

Our revenues for the three months ended September 30, 2005 and 2004 were geographically comprised of the following (dollars in thousands):

	Three months ended September 30,			
	2005	%	2004	%
U.S. revenues	$50,527	87%	$36,779	87%
Asia-Pacific revenues	7,569	13%	5,660	13%
Total revenues	$58,096	100%	$42,439	100%

We recognized revenues of $58.1 million for the three months ended September 30, 2005 as compared to revenues of $42.4 million for the three months ended September 30, 2004, a 37% increase. We segment our business geographically between the U.S. and Asia-Pacific as further discussed below.

Our business is based on a recurring revenue model comprised of colocation, interconnection and managed infrastructure services. We consider these services recurring as our customers are billed on a fixed and recurring basis each month for the duration of their contract, which is generally one to three years in length. Our recurring revenues are a significant component of our total revenues comprising greater than 90% of our total revenues for the three months ended September 30, 2005 and 2004. Historically, approximately half of our then existing customers order new services in any given quarter representing greater than half of the new orders each quarter.

Our non-recurring revenues are primarily comprised of installation services related to a customer's initial deployment and professional services that we perform. These services are considered to be non-recurring as they are billed typically once and only upon completion of the installation or professional services work performed. The non-recurring revenues are typically billed on the first invoice distributed to the customer. As a percent of total revenues, we expect non-recurring revenues to represent less than

10% of total revenues for the foreseeable future. Other non-recurring revenues are comprised primarily of customer settlements, which represent fees paid to us by customers who wish to terminate their contracts with us prior to their expiration.

In addition to reviewing recurring versus non-recurring revenues, we look at two other primary metrics when we analyze our revenues: 1) customer count and 2) weighted-average percentage utilization. Our customer count increased to 1,093 as of September 30, 2005 versus 896 as of September 30, 2004, an increase of 22%. Our weighted-average utilization rate represents the percentage of our cabinet space billing versus total cabinet space available. Our weighted-average utilization rate grew to 51% as of September 30, 2005 from 43% as of September 30, 2004; however, excluding the impact of our recent expansions in the Washington, D.C. and Silicon Valley area markets, our weighted-average utilization rate would have been 55% as of September 30, 2005. Although we have substantial capacity for growth, our utilization rates vary from market to market among our IBX centers in the eleven markets across the U.S. and Asia-Pacific. We continue to monitor the available capacity in each of our selected markets. To the extent we have limited capacity available in a given market, it may limit our ability for growth in that market. In addition, power and cooling requirements for some customers are growing on a per unit basis. As a result, customers are consuming an increasing amount of power per cabinet. Although we generally do not control the amount of draw our customers take from installed circuits, we have negotiated power consumption limitations with certain of our high power demand customers. We could face power limitations in our centers even though we may have additional physical capacity available within a specific IBX center. This could have a negative impact on the available utilization capacity of a given center, which could have a negative impact on our ability to grow revenues, affecting our financial performance, operating results and cash flows. Therefore, consistent with our recent expansions in the Washington, D.C., Silicon Valley, Chicago and Los Angeles metro area markets, we will continue to closely manage available space and power capacity in each of our operating markets and expect to continue to make strategic and selective expansions to our global footprint when and where appropriate.

U.S. Revenues. We recognized U.S. revenues of $50.5 million for the three months ended September 30, 2005 as compared to $36.8 million for the three months ended September 30, 2004. U.S. revenues consisted of recurring revenues of $47.2 million and $34.8 million, respectively, for the three months ended September 30, 2005 and 2004, a 36% increase. U.S. recurring revenues consist primarily of colocation and interconnection services plus a nominal amount of managed infrastructure services. U.S. recurring revenues for the three months ended September 30, 2005 included $3.3 million of revenue generated from the recently acquired Washington, D.C. area and Silicon Valley area IBX centers, which opened for business in the fourth quarter of 2004 and first quarter of 2005, respectively. Excluding revenues from these recently acquired U.S. IBX centers, the period over period growth in recurring revenues was primarily the result of an increase in orders from both our existing customers and new customer growth acquired during the period as reflected in the growth in our customer count and weighted-average utilization rate as discussed above. We expect our U.S. recurring revenues to continue to grow and remain our most significant source of revenue for the foreseeable future.

In addition, U.S. revenues consisted of non-recurring revenues of $3.3 million and $2.0 million, respectively, for the three months ended September 30, 2005 and 2004. Non-recurring revenues are primarily related to the recognized portion of deferred installation, professional services and settlement fees associated with certain contract terminations. Included in U.S. non-recurring revenues are settlement fees of $817,000 and $134,000, respectively, for the three months ended September 30, 2005 and 2004. Offsetting some of this non-recurring revenue for the three months ended September 30, 2005, were service level credits that we recorded totaling $247,000 that were issued or will be issued to certain of our customers related to two separate power outages in our Chicago and Washington, D.C. metro area IBX centers. There were no significant service level credits recorded in the three months ended September 30, 2004. Excluding settlements and service level credits, U.S. non-recurring revenues, consisting of the recognized portion of deferred installation and professional services, increased 47% period over period, primarily due to strong existing and new customer growth during the year, as well as the completion of certain custom projects for the U.S. government during the quarter ended March 31, 2005. Excluding any settlement fees or service level credits that we may recognize or issue in the future, we expect our U.S. non-recurring revenues to stay relatively flat in the foreseeable future.

Asia-Pacific Revenues. We recognized Asia-Pacific revenues of $7.6 million for the three months ended September 30, 2005 as compared to $5.7 million for the three months ended September 30, 2004, a 34% increase. Asia-Pacific revenues consisted of recurring revenues of $7.1 million and $5.3 million, respectively, for the three months ended September 30, 2005 and 2004, consisting primarily of colocation and managed infrastructure services. In addition, Asia-Pacific revenues consisted of non-recurring revenues of $492,000 and $387,000, respectively, for the three months ended September 30, 2005 and 2004. Asia-Pacific non-recurring revenues included $42,000 of contract settlement revenue for the three months ended September 30, 2005. There were no settlement fees recognized for the three months ended September 30, 2004. Asia-Pacific revenues are generated from Hong Kong, Singapore, Sydney and Tokyo, with Singapore representing approximately 44% and 52%, respectively, of the regional revenues for the three months ended September 30, 2005 and 2004. Our Asia-Pacific colocation revenues are similar to the revenues that we generate from our U.S. IBX centers; however, our Singapore IBX center has additional managed infrastructure service revenue, such as mail service and managed platform solutions, which we do not currently offer in any other IBX center location. The growth in our Asia-Pacific revenues is primarily the result of an increase in the customer base in this region during the past year, particularly in Hong Kong, Sydney and Tokyo. We expect our Asia-Pacific revenues to continue to grow over the foreseeable future.

Cost of Revenues. Cost of revenues were $41.0 million for the three months ended September 30, 2005 as compared to $34.3 million for the three months ended September 30, 2004, a 19% increase. The largest cost components of our cost of revenues are depreciation, rental payments related to our leased IBX centers, utility costs including electricity and bandwidth, IBX employees' salaries and benefits, supplies and equipment and security services. A substantial majority of our cost of revenues are fixed in nature and do not vary significantly from period to period. However, there are certain costs, which are considered variable in nature, including utilities and supplies, that are directly related to growth of services in our existing and new customer base. We expect the cost of our utilities, specifically electricity, will increase in the future on a per unit or fixed basis in addition to on a customer growth or variable basis. In addition, the cost of electricity is generally higher in the summer months compared to other times of the year.

U.S. Cost of Revenues. U.S. cost of revenues were $35.9 million for the three months ended September 30, 2005 as compared to $29.8 million for the three months ended September 30, 2004. U.S. cost of revenues for the three months ended September 30, 2005 included (i) $14.6 million of depreciation expense and (ii) $351,000 of accretion expense comprised of our asset retirement obligation for our various leaseholds and the two leases for which we took a restructuring charge in the fourth quarter of 2004, as we are now accreting the related liability to exit these two leases to an amount equal to the total estimated future cash payments needed. U.S. cost of revenues for the three months ended September 30, 2004 included (i) $12.5 million of depreciation expense, (ii) $13,000 of stock-based compensation expense, (iii) $91,000 of accretion expense associated with our asset retirement obligation for our various leaseholds and (iv) $41,000 of amortization expense associated with an intangible asset associated with our Santa Clara IBX center that became fully amortized in December 2004. Our U.S. cost of revenues for the three months ended September 30, 2005 also included $1.8 million of other operating costs associated with the recently acquired Washington, D.C. and Silicon Valley metro area IBX centers, which opened for business in the fourth quarter of 2004 and first quarter of 2005, respectively, and our other recently acquired Silicon Valley IBX center and our recently purchased Los Angeles metro area IBX center, both of which won't be available to customers until 2006. Excluding depreciation, stock-based compensation, accretion expense, amortization expense and the costs associated with operating these new IBX centers, U.S. cost of revenues increased period over period to $19.1 million for the three months ended September 30, 2005 from $17.2 million for the three months ended September 30, 2004, an 11% increase. This increase is primarily the result of increasing utility costs in line with increasing customer installations and revenues attributed to customer growth. We continue to anticipate that our cost of revenues will increase in the foreseeable future as the occupancy levels in our U.S. IBX centers increase and as the costs attributed to newly-acquired IBX centers in the Silicon Valley, Chicago and Los Angeles metro areas commence more fully in the fourth quarter of 2005. However, a portion of our expected increase in U.S. cost of revenues will be partially offset by a reduction in rent expense as a result of our October 2005 purchase of the Ashburn campus where our first Washington, D.C. metro area IBX center is located. We expect that this savings in rent expense will be approximately $530,000 per quarter, commencing partially in the fourth quarter of 2005, although this decrease in rent expense will be somewhat mitigated by an increased level of depreciation for this property. In addition, U.S. cost of revenues would also decrease as a result of the San Jose ground lease termination, which is expected to close before the end of the year.

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues were $5.1 million for the three months ended September 30, 2005 as compared to $4.5 million for the three months ended September 30, 2004. Asia-Pacific cost of revenues for the three months ended September 30, 2005 included $845,000 of depreciation expense and $65,000 of non-cash rent expense associated with the value attributed to warrants issued in May 2004 to our landlord in connection with a lease amendment for our Hong Kong IBX center. Asia-Pacific cost of revenues for the three months ended September 30, 2004 included $941,000 of depreciation expense and $64,000 of non-cash rent expense. Excluding depreciation and non-cash rent expense, Asia-Pacific cost of revenues increased period over period to $4.2 million for the three months ended September 30, 2005 from $3.5 million for the three months ended September 30, 2004, a 20% increase. This increase is primarily the result of increasing utility and bandwidth costs in line with increasing customer installations and revenues attributed to this customer growth. Our Asia-Pacific cost of revenues are generated in Hong Kong, Singapore, Sydney and Tokyo. There are several managed infrastructure service revenue streams unique to our Singapore IBX center, such as mail service and managed platform solutions, that are more labor intensive than our service offerings in the United States. As a result, our Singapore IBX center has a greater number of employees than any of our other IBX centers, and therefore, a greater labor cost relative to our other IBX centers in the United States or other Asia-Pacific locations. We anticipate that our Asia-Pacific cost of revenues will experience moderate growth in the foreseeable future consistent with our anticipated growth in revenues.

Sales and Marketing. Sales and marketing expenses increased to $4.8 million for the three months ended September 30, 2005 from $4.4 million for the three months ended September 30, 2004.

U.S. Sales and Marketing Expenses. U.S. sales and marketing expenses increased to $4.1 million for the three months ended September 30, 2005 from $3.3 million for the three months ended September 30, 2004. Included in U.S. sales and marketing expenses for the three months ended September 30, 2005 were $248,000 of stock-based compensation expense and $15,000 of amortization expense associated with an intangible asset in connection with our Santa Clara IBX center. Included in U.S. sales and marketing expenses for the three months ended September 30, 2004 was $6,000 of stock-based compensation expense and $14,000 of amortization expense associated with an intangible asset in connection with our Santa Clara IBX center. The increase in the stock-based compensation expense period over period is a result of the non-cash charge attributed to restricted stock awards granted to our sales and marketing executive officers in the first quarter of 2005. Excluding stock-based compensation and amortization expense, U.S. sales and marketing expenses increased to $3.8 million for the three months ended September 30, 2005 as compared to $3.3 million for the three months ended September 30, 2004, a 16% increase. Sales and marketing expenses consist primarily of compensation and related costs for sales and marketing personnel, sales commissions, marketing programs, public relations, promotional materials and travel. This increase is primarily due to approximately $640,000 of higher compensation costs, including increases in sales compensation related to strong new customer bookings throughout 2005, general salary increases and bonuses for our marketing staff and non-commissioned sales staff, as well as some moderate headcount growth (67 U.S. sales and marketing employees as of September 30, 2005 versus 65 as of September 30, 2004). Going forward, we expect to see U.S. sales and marketing spending increase nominally in absolute dollars as we continue to grow our business.

Asia-Pacific Sales and Marketing Expenses. Asia-Pacific sales and marketing expenses decreased to $751,000 for the three months ended September 30, 2005 as compared to $1.1 million for the three months ended September 30, 2004. Included in Asia-Pacific sales and marketing expenses for the three months ended September 30, 2004 were $455,000 of amortization expense associated with several intangible assets associated with our Singapore operations, which became fully amortized in December 2004. Excluding amortization expense, Asia-Pacific sales and marketing expenses increased to $751,000 during the three months ended September 30, 2005 as compared to $668,000 in the prior period, an increase of 12%. This increase is primarily due to approximately $130,000 of higher compensation costs, primarily due to some moderate headcount growth (27 Asia-Pacific sales and marketing employees as of September 30, 2005 versus 24 as of September 30, 2004). Our Asia-Pacific sales and marketing expenses consist of the same type of costs that we incur in our U.S. operations, namely compensation and related costs for sales and marketing personnel, sales commissions, marketing programs, public relations,

promotional materials and travel. Our Asia-Pacific sales and marketing expenses are generated in Hong Kong, Singapore, Sydney and Tokyo. We expect that our Asia-Pacific sales and marketing expenses will experience some moderate growth in the foreseeable future.

General and Administrative. General and administrative expenses increased to $12.1 million for the three months ended September 30, 2005 from $8.3 million for the three months ended September 30, 2004.

U.S. General and Administrative Expenses. U.S. general and administrative expenses increased to $10.0 million for the three months ended September 30, 2005 as compared to $6.7 million for the three months ended September 30, 2004. Included in U.S. general and administrative expenses for the three months ended September 30, 2005 were $1.1 million of stock-based compensation expense and $416,000 of depreciation expense. Included in U.S. general and administrative expenses for the three months ended September 30, 2004 were $140,000 of stock-based compensation expense and $316,000 of depreciation expense. The increase in the stock-based compensation expense period over period is a result of the non-cash charge attributed to restricted stock awards granted to our executive officers in the first quarter of 2005. Excluding stock-based compensation expense and depreciation expense, U.S. general and administrative expenses increased to $8.5 million for the three months ended September 30, 2005, as compared to $6.2 million for the prior period, a 37% increase. This increase is primarily due to approximately $2.0 million of higher compensation costs, including general salary increases, bonuses, headcount growth (150 U.S. general and administrative employees as of September 30, 2005 versus 117 as of September 30, 2004) and $597,000 related to an accrued severance charge, as well as an increase in professional fees, primarily in connection with our overall expansion and growth efforts. General and administrative expenses, excluding stock-based compensation and depreciation, consist primarily of salaries and related expenses, accounting, legal and other professional service fees and other general corporate expenses such as our corporate headquarter office lease. Going forward, we expect U.S. general and administrative spending to increase moderately in absolute dollars as we continue to scale our operations to support our growth.

Asia-Pacific General and Administrative Expenses. Asia-Pacific general and administrative expenses increased to $2.1 million for the three months ended September 30, 2005 as compared to $1.6 million for the three months ended September 30, 2004. Included in Asia-Pacific general and administrative expenses were $60,000 and $82,000, respectively, of depreciation expense for the three months ended September 30, 2005 and 2004. Excluding depreciation, Asia-Pacific general and administrative expenses increased to $2.0 million for the three months ended September 30, 2005, as compared to $1.5 million for the prior period, a 27% increase. This increase is primarily due to approximately $370,000 of higher compensation costs, including general salary increases and bonuses, as well as some headcount growth (86 Asia-Pacific general and administrative employees as of September 30, 2005 versus 69 as of September 30, 2004). Our Asia-Pacific general and administrative expenses consist of the same type of costs that we incur in our U.S. operations, namely salaries and related expenses, accounting, legal and other professional service fees and other general corporate expenses. Our Asia-Pacific general and administrative expenses are generated in Hong Kong, Singapore, Sydney and Tokyo. Our Asia-Pacific headquarter office is located in Singapore. Most of the corporate overhead support functions that we have in the U.S. also reside in our Singapore office in order to support our Asia-Pacific operations. In addition, we have separate office locations in Tokyo and Hong Kong. We expect that our Asia-Pacific general and administrative expenses will experience some moderate growth in the foreseeable future.

Interest Income. Interest income increased to $1.1 million from $335,000 for the three months ended September 30, 2005 and 2004, respectively. Interest income increased due to higher average cash, cash equivalent and short-term and long-term investment balances held in interest-bearing accounts during these periods, as well as higher yields on those balances due to increased interest rates.

Interest Expense. Interest expense decreased to $1.9 million from $2.4 million for the three months ended September 30, 2005 and 2004, respectively. During the quarter ended March 31, 2005, we converted 95% of the outstanding 14% convertible secured notes and unpaid interest held by STT Communications Ltd. into 4.1 million shares of our preferred stock (which was subsequently converted into 4.1 million shares of our common stock in February 2005), which has significantly reduced our interest expense. However, the decrease in interest expense associated with this conversion is partially offset by

interest expense associated with the capital lease we recorded in connection with the Washington, D.C. metro area IBX center during the fourth quarter of 2004 and the debt facility we recorded in connection with the Silicon Valley metro area IBX center equipment and fiber during the first quarter of 2005, which both bear interest at 8.50%. In addition, interest expense will continue to increase, commencing in the fourth quarter of 2005, as a result of the capital lease for equipment we will record in connection with our Sunnyvale IBX acquisition in October 2005 and the debt facility for equipment we will record in connection with our Chicago IBX acquisition in November 2005, which both bear interest at 7.50%, as well as the $30.0 million drawdown from our $50.0 million Silicon Valley Bank revolving credit line during October 2005, which bears interest at an initial rate of 5.72%. Furthermore, as a result of the Los Angeles IBX sale-leaseback and Ashburn campus financing transactions, both of which we expect to close before the end of the year, interest expense will further increase.

Income Taxes. A full valuation allowance is recorded against our deferred tax assets as management cannot conclude, based on available objective evidence, when it is more likely than not that the net value of its deferred tax assets will be realized. However, for the three months ended September 30, 2005, we recorded an income tax provision of $164,000. For the three months ended September 30, 2004, we recorded no income tax expense. We have previously not incurred any significant income tax expense since inception and we do not expect to incur any significant income tax expense during 2005 and 2006 other than alternative minimum tax.

Nine Months Ended September 30, 2005 and 2004

Revenues. Our revenues for the nine months ended September 30, 2005 and 2004 were split between the following revenue classifications (dollars in thousands):

	Nine months ended September 30,			
	2005	%	2004	%
Recurring revenues	$149,623	94%	$111,811	94%
Non-recurring revenues:				
Installation and professional services	8,777	5%	5,982	5%
Other	859	1%	889	1%
	9,636	6%	6,871	6%
Total revenues	$159,259	100%	$118,682	100%

Our revenues for the nine months ended September 30, 2005 and 2004 were geographically comprised of the following (dollars in thousands):

	Nine months ended September 30,			
	2005	%	2004	%
U.S. revenues	$137,927	87%	$102,893	87%
Asia-Pacific revenues	21,332	13%	15,789	13%
Total revenues	$159,259	100%	$118,682	100%

We recognized revenues of $159.3 million for the nine months ended September 30, 2005 as compared to revenues of $118.7 million for the nine months ended September 30, 2004, a 34% increase. We segment our business geographically between the U.S. and Asia-Pacific as further discussed below.

Our business is based on a recurring revenue model comprised of colocation, interconnection and managed infrastructure services. We consider these services recurring as our customers are billed on a fixed and recurring basis each month for the duration of their contract, which is generally one to three years in length. Our recurring revenues are a significant component of our total revenues comprising greater than 90% of our total revenues for the nine months ended September 30, 2005 and 2004. Historically, approximately half of our then existing customers order new services in any given quarter representing greater than half of the new orders each quarter.

Our non-recurring revenues are primarily comprised of installation services related to a customer's initial deployment and professional services that we perform. These services are considered to be non-recurring as they are billed typically once and only upon completion of the installation or professional services work performed. The non-recurring revenues are typically billed on the first invoice distributed to the customer. As a percent of total revenues, we expect non-recurring revenues to represent less than 10% of total revenues for the foreseeable future. Other non-recurring revenues are comprised primarily of customer settlements, which represent fees paid to us by customers who wish to terminate their contracts with us prior to their expiration.

In addition to reviewing recurring versus non-recurring revenues, we look at two other primary metrics when we analyze our revenues: 1) customer count and 2) weighted-average percentage utilization. Our customer count increased to 1,093 as of September 30, 2005 versus 896 as of September 30, 2004, an increase of 22%. Our weighted-average utilization rate represents the percentage of our cabinet space billing versus total cabinet space available. Our weighted-average utilization rate grew to 51% as of September 30, 2005 from 43% as of September 30, 2004; however, excluding the impact of our recent expansions in the Washington, D.C. and Silicon Valley area markets, our weighted-average utilization rate would have been 55% as of September 30, 2005. Although we have substantial capacity for growth, our utilization rates vary from market to market among our IBX centers in the eleven markets across the U.S. and Asia-Pacific. We continue to monitor the available capacity in each of our selected markets. To the extent we have limited capacity available in a given market, it may limit our ability for growth in that market. In addition, power and cooling requirements for some customers are growing on a per unit basis. As a result, customers are consuming an increasing amount of power per cabinet. Although we generally do not control the amount of draw our customers take from installed circuits, we have negotiated power consumption limitations with certain of our high power demand customers. We could face power limitations in our centers even though we may have additional physical capacity available within a specific IBX center. This could have a negative impact on the available utilization capacity of a given center, which could have a negative impact on our ability to grow revenues, affecting our financial performance, operating results and cash flows. Therefore, consistent with our recent expansions in the Washington, D.C., Silicon Valley, Chicago and Los Angeles metro area markets, we will continue to closely manage available space and power capacity in each of our operating markets and expect to continue to make strategic and selective expansions to our global footprint when and where appropriate.

U.S. Revenues. We recognized U.S. revenues of $137.9 million for the nine months ended September 30, 2005 as compared to $102.9 million for the nine months ended September 30, 2004. U.S. revenues consisted of recurring revenues of $129.8 million and $97.3 million, respectively, for the nine months ended September 30, 2005 and 2004, a 33% increase. U.S. recurring revenues consist primarily of colocation and interconnection services plus a nominal amount of managed infrastructure services. U.S. recurring revenues for the nine months ended September 30, 2005 included $4.7 million of revenue generated from the recently acquired Washington, D.C. area and Silicon Valley area IBX centers, which opened for business in the fourth quarter of 2004 and first quarter of 2005, respectively. Excluding revenues from these recently acquired U.S. IBX centers, the period over period growth in recurring revenues was primarily the result of an increase in orders from both our existing customers and new customer growth acquired during the period as reflected in the growth in our customer count and weighted-average utilization rate as discussed above. We expect our U.S. recurring revenues to continue to grow and remain our most significant source of revenue for the foreseeable future.

In addition, U.S. revenues consisted of non-recurring revenues of $8.1 million and $5.6 million, respectively, for the nine months ended September 30, 2005 and 2004. Non-recurring revenues are primarily related to the recognized portion of deferred installation, professional services and settlement fees associated with certain contract terminations. Included in U.S. non-recurring revenues are settlement fees of $817,000 and $609,000, respectively, for the nine months ended September 30, 2005 and 2004. Offsetting some of this non-recurring revenue for the three months ended September 30, 2005, were service level credits that we recorded totaling $607,000 that were issued or will be issued to certain of our customers related to two separate power outages in our Chicago and Washington, D.C. metro area IBX centers. There were no significant service level credits recorded in the nine months ended September 30, 2004. Excluding settlements and service level credits, U.S. non-recurring revenues, consisting of the recognized portion of deferred installation and professional services, increased 59% period over period,

primarily due to strong existing and new customer growth during the year, as well as the completion of certain custom projects for the U.S. government during the quarter ended March 31, 2005. Excluding any settlement fees or service level credits that we may recognize or issue in the future, we expect our U.S. non-recurring revenues to stay relatively flat in the foreseeable future.

Asia-Pacific Revenues. We recognized Asia-Pacific revenues of $21.3 million for the nine months ended September 30, 2005 as compared to $15.8 million for the nine months ended September 30, 2004, a 35% increase. Asia-Pacific revenues consisted of recurring revenues of $19.8 million and $14.5 million, respectively, for the nine months ended September 30, 2005 and 2004, consisting primarily of colocation and managed infrastructure services. In addition, Asia-Pacific revenues consisted of non-recurring revenues of $1.5 million and $1.3 million, respectively, for the nine months ended September 30, 2005 and 2004. Asia-Pacific non-recurring revenues included $42,000 and $280,000, respectively, of contract settlement revenue for the nine months ended September 30, 2005 and 2004. There were no settlement fees recognized for the nine months ended September 30, 2005. Asia-Pacific revenues are generated from Hong Kong, Singapore, Sydney and Tokyo, with Singapore representing approximately 46% and 53%, respectively, of the regional revenues for the nine months ended September 30, 2005 and 2004. Our Asia-Pacific colocation revenues are similar to the revenues that we generate from our U.S. IBX centers; however, our Singapore IBX center has additional managed infrastructure service revenue, such as mail service and managed platform solutions, which we do not currently offer in any other IBX center location. The growth in our Asia-Pacific revenues is primarily the result of an increase in the customer base in this region during the past year, particularly in Hong Kong, Sydney and Tokyo. We expect our Asia-Pacific revenues to continue to grow over the foreseeable future.

Cost of Revenues. Cost of revenues were $116.6 million for the nine months ended September 30, 2005 as compared to $102.2 million for the nine months ended September 30, 2004, a 14% increase. The largest cost components of our cost of revenues are depreciation, rental payments related to our leased IBX centers, utility costs including electricity and bandwidth, IBX employees' salaries and benefits, supplies and equipment and security services. A substantial majority of our cost of revenues are fixed in nature and do not vary significantly from period to period. However, there are certain costs, which are considered variable in nature, including utilities and supplies, that are directly related to growth of services in our existing and new customer base. We expect the cost of our utilities, specifically electricity, will increase in the future on a per unit or fixed basis in addition to on a customer growth or variable basis. In addition, the cost of electricity is generally higher in the summer months compared to other times of the year.

U.S. Cost of Revenues. U.S. cost of revenues were $101.5 million for the nine months ended September 30, 2005 as compared to $88.6 million for the nine months ended September 30, 2004. U.S. cost of revenues for the nine months ended September 30, 2005 included (i) $42.2 million of depreciation expense and (ii) $1.0 million of accretion expense comprised of our asset retirement obligation for our various leaseholds and the two leases for which we took a restructuring charge in the fourth quarter of 2004, as we are now accreting the related liability to exit these two leases to an amount equal to the total estimated future cash payments needed. U.S. cost of revenues for the nine months ended September 30, 2004 included (i) $37.5 million of depreciation expense, (ii) $35,000 of stock-based compensation expense, (iii) $258,000 of accretion expense associated with our asset retirement obligation for our various leaseholds and (iv) $121,000 of amortization expense associated with an intangible asset associated with our Santa Clara IBX center that became fully amortized in December 2004. Our U.S. cost of revenues for the nine months ended September 30, 2005 also included $4.6 million of other operating costs associated with the recently acquired Washington, D.C. and Silicon Valley metro area IBX centers, which opened for business in the fourth quarter of 2004 and first quarter of 2005, respectively, and our other recently acquired Silicon Valley IBX center and our recently purchased Los Angeles metro area IBX center, both of which won't be available to customers until 2006. Excluding depreciation, stock-based compensation, accretion expense, amortization expense and the costs associated with operating these new IBX centers, U.S. cost of revenues increased period over period to $53.7 million for the nine months ended September 30, 2005 from $50.7 million for the nine months ended September 30, 2004, a 6% increase. This increase is primarily the result of increasing utility costs in line with increasing customer installations and revenues attributed to customer growth. We continue to anticipate that our cost of revenues will increase in the foreseeable future as the occupancy levels in our U.S. IBX centers increase and as the costs attributed to newly-acquired IBX centers in the Silicon Valley, Chicago and Los Angeles metro areas commence more fully in the fourth quarter of 2005. However, a portion of our expected increase in U.S. cost of revenues will

be partially offset by a reduction in rent expense as a result of our October 2005 purchase of the Ashburn campus where our Washington, D.C. metro area IBX center is located. We expect that this savings in rent expense will be approximately $530,000 per quarter, commencing partially in the fourth quarter of 2005, although this decrease in rent expense will be somewhat mitigated by an increased level of depreciation for this property. In addition, U.S. cost of revenues would also decrease as a result of the San Jose ground lease termination, which is expected to close before the end of the year.

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues were $15.1 million for the nine months ended September 30, 2005 as compared to $13.6 million for the nine months ended September 30, 2004. Asia-Pacific cost of revenues for the nine months ended September 30, 2005 included $2.9 million of depreciation expense and $195,000 of non-cash rent expense associated with the value attributed to warrants issued in May 2004 to our landlord in connection with a lease amendment for our Hong Kong IBX center. Asia-Pacific cost of revenues for the nine months ended September 30, 2004 included $2.7 million of depreciation expense and $129,000 of non-cash rent expense. Excluding depreciation and non-cash rent expense, Asia-Pacific cost of revenues increased period over period to $12.0 million for the nine months ended September 30, 2005 from $10.8 million for the nine months ended September 30, 2004, a 12% increase. This increase is primarily the result of increasing utility and bandwidth costs in line with increasing customer installations and revenues attributed to this customer growth. Our Asia-Pacific cost of revenues are generated in Hong Kong, Singapore, Sydney and Tokyo. There are several managed infrastructure service revenue streams unique to our Singapore IBX center, such as mail service and managed platform solutions, that are more labor intensive than our service offerings in the United States. As a result, our Singapore IBX center has a greater number of employees than any of our other IBX centers, and therefore, a greater labor cost relative to our other IBX centers in the United States or other Asia-Pacific locations. We anticipate that our Asia-Pacific cost of revenues will experience moderate growth in the foreseeable future consistent with our anticipated growth in revenues.

Sales and Marketing. Sales and marketing expenses increased to $14.8 million for the nine months ended September 30, 2005 from $13.5 million for the nine months ended September 30, 2004.

U.S. Sales and Marketing Expenses. U.S. sales and marketing expenses increased to $12.6 million for the nine months ended September 30, 2005 from $9.9 million for the nine months ended September 30, 2004. Included in U.S. sales and marketing expenses for the nine months ended September 30, 2005 were $1.1 million of stock-based compensation expense and $45,000 of amortization expense associated with an intangible asset in connection with our Santa Clara IBX center. Included in U.S. sales and marketing expenses for the nine months ended September 30, 2004 was $51,000 of stock-based compensation expense and $44,000 of amortization expense associated with an intangible asset in connection with our Santa Clara IBX center. The increase in the stock-based compensation expense period over period is a result of the non-cash charge attributed to restricted stock awards granted to our sales and marketing executive officers in the first quarter of 2005. Excluding stock-based compensation and amortization expense, U.S. sales and marketing expenses increased to $11.4 million for the nine months ended September 30, 2005 as compared to $9.8 million for the nine months ended September 30, 2004, a 16% increase. Sales and marketing expenses consist primarily of compensation and related costs for sales and marketing personnel, sales commissions, marketing programs, public relations, promotional materials and travel. This increase is primarily due to approximately $1.7 million of higher compensation costs, including increases in sales compensation related to strong new customer bookings throughout 2005, general salary increases and bonuses for our marketing staff and non-commissioned sales staff, as well as some moderate headcount growth (67 U.S. sales and marketing employees as of September 30, 2005 versus 65 as of September 30, 2004). Going forward, we expect to see U.S. sales and marketing spending increase nominally in absolute dollars as we continue to grow our business.

Asia-Pacific Sales and Marketing Expenses. Asia-Pacific sales and marketing expenses decreased to $2.2 million for the nine months ended September 30, 2005 as compared to $3.6 million for the nine months ended September 30, 2004. Included in Asia-Pacific sales and marketing expenses for the nine months ended September 30, 2004 were $1.4 million of amortization expense associated with several intangible assets associated with our Singapore operations, which became fully amortized in December 2004. Excluding amortization expense, Asia-Pacific sales and marketing expenses remained flat at $2.2 million during both the nine months ended September 30, 2005 and 2004. While there was an increase of approximately $130,000 in higher compensation costs during this period, primarily due to some moderate

headcount growth (27 Asia-Pacific sales and marketing employees as of September 30, 2005 versus 24 as of September 30, 2004), this growth was offset by overall reductions in other discretionary spending in this area. Our Asia-Pacific sales and marketing expenses consist of the same type of costs that we incur in our U.S. operations, namely compensation and related costs for sales and marketing personnel, sales commissions, marketing programs, public relations, promotional materials and travel. Our Asia-Pacific sales and marketing expenses are generated in Hong Kong, Singapore, Sydney and Tokyo. We expect that our Asia-Pacific sales and marketing expenses will experience some moderate growth in the foreseeable future.

General and Administrative. General and administrative expenses increased to $33.6 million for the nine months ended September 30, 2005 from $24.5 million for the nine months ended September 30, 2004.

U.S. General and Administrative Expenses. U.S. general and administrative expenses increased to $27.7 million for the nine months ended September 30, 2005 as compared to $19.6 million for the nine months ended September 30, 2004. Included in U.S. general and administrative expenses for the nine months ended September 30, 2005 were $5.1 million of stock-based compensation expense and $1.2 million of depreciation expense. Included in U.S. general and administrative expenses for the nine months ended September 30, 2004 were $933,000 of stock-based compensation expense and $1.4 million of depreciation expense. The increase in the stock-based compensation expense period over period is a result of the non-cash charge attributed to restricted stock awards granted to our executive officers in the first quarter of 2005. Excluding stock-based compensation expense and depreciation expense, U.S. general and administrative expenses increased to $21.4 million for the nine months ended September 30, 2005, as compared to $17.2 million for the prior period, a 24% increase. This increase is primarily due to approximately $3.8 million of higher compensation costs, including general salary increases, bonuses, headcount growth (150 U.S. general and administrative employees as of September 30, 2005 versus 117 as of September 30, 2004) and $597,000 related to an accrued severance charge, as well as an increase in professional fees, primarily in connection with our overall expansion and growth efforts. General and administrative expenses, excluding stock-based compensation and depreciation, consist primarily of salaries and related expenses, accounting, legal and other professional service fees and other general corporate expenses such as our corporate headquarter office lease. Going forward, we expect U.S. general and administrative spending to increase moderately in absolute dollars as we continue to scale our operations to support our growth.

Asia-Pacific General and Administrative Expenses. Asia-Pacific general and administrative expenses increased to $5.9 million for the nine months ended September 30, 2005 as compared to $4.9 million for the nine months ended September 30, 2004. Included in Asia-Pacific general and administrative expenses were $223,000 and $285,000, respectively, of depreciation expense for the nine months ended September 30, 2005 and 2004. Excluding depreciation, Asia-Pacific general and administrative expenses increased to $5.6 million for the nine months ended September 30, 2005, as compared to $4.6 million for the prior period, a 21% increase. This increase is primarily due to approximately $820,000 of higher compensation costs, including general salary increases and bonuses, as well as some headcount growth (86 Asia-Pacific general and administrative employees as of September 30, 2005 versus 69 as of September 30, 2004). Our Asia-Pacific general and administrative expenses consist of the same type of costs that we incur in our U.S. operations, namely salaries and related expenses, accounting, legal and other professional service fees and other general corporate expenses. Our Asia-Pacific general and administrative expenses are generated in Hong Kong, Singapore, Sydney and Tokyo. Our Asia-Pacific headquarter office is located in Singapore. Most of the corporate overhead support functions that we have in the U.S. also reside in our Singapore office in order to support our Asia-Pacific operations. In addition, we have separate office locations in Tokyo and Hong Kong. We expect that our Asia-Pacific general and administrative expenses will experience some moderate growth in the foreseeable future.

Interest Income. Interest income increased to $2.6 million from $819,000 for the nine months ended September 30, 2005 and 2004, respectively. Interest income increased due to higher average cash, cash equivalent and short-term and long-term investment balances held in interest-bearing accounts during these periods, as well as higher yields on those balances due to increased interest rates.

Interest Expense. Interest expense decreased to $6.3 million from $8.8 million for the nine months ended September 30, 2005 and 2004, respectively. During the quarter ended March 31, 2004, with the proceeds from the convertible debenture offering, we paid off the remaining credit facility and two other smaller debt facilities, as well as redeemed the remaining 13% senior notes that were outstanding. Furthermore, in March 2004, the $10.0 million 10% convertible secured notes issued in connection with the Crosslink financing were converted to 2.5 million shares of our common stock. As a result of the repayments, redemption and conversion of our older debt facilities, which have been replaced with our $86.3 million 2.5% convertible subordinated debentures, our interest expense commencing with the second quarter of 2004 has been significantly reduced. In addition, during the quarter ended March 31, 2005, we converted 95% of the outstanding 14% convertible secured notes and unpaid interest held by STT Communications Ltd. into 4.1 million shares of our preferred stock, which was subsequently converted into 4.1 million shares of our common stock in February 2005. All of these decreases in interest expense are partially offset by interest expense associated with the capital lease we recorded in connection with the Washington, D.C. metro area IBX center during the fourth quarter of 2004 and the debt facility we recorded in connection with the Silicon Valley metro area IBX center equipment and fiber during the first quarter of 2005, which both bear interest at 8.50%. In addition, interest expense will continue to increase, commencing in the fourth quarter of 2005, as a result of the capital lease for equipment we will record in connection with our Sunnyvale IBX acquisition in October 2005 and the debt facility for equipment we will record in connection with our Chicago IBX acquisition in November 2005, which both bear interest at 7.50%, as well as the $30.0 million drawdown from our $50.0 million Silicon Valley Bank revolving credit line during October 2005, which bears interest at an intial rate of 5.72%. Furthermore, as a result of the Los Angeles IBX sale-leaseback and Ashburn campus financing transactions, both of which we expect to close before the end of the year, interest expense will further increase.

Loss on Debt Extinguishment and Conversion. In February 2004, with the proceeds from the convertible debenture offering, we paid off the remaining credit facility and two other debt facilities, as well as redeemed the remaining 13% senior notes that were outstanding at a premium of 106.5% through March 2004. In addition, in March 2004, the 10% $10.0 million convertible secured notes issued in connection with the Crosslink financing, and which had a beneficial conversion feature, were converted to 2.5 million shares of our common stock. As a result of these various repayments, redemption and conversion of our older debt facilities, we recorded a loss on debt extinguishment and conversion of $16.2 million, comprised primarily of the write-off of the various debt issuance costs and discounts associated with these various debt facilities totaling $13.7 million, as well as the premium paid to the holders of our 13% senior notes required to redeem these early and other cash transaction costs totaling $2.5 million. There was no loss recorded in connection with the STT convertible secured notes conversion during the nine months ended September 30, 2005 as the STT convertible secured notes did not have a beneficial conversion feature at the time of issuance on December 31, 2002.

Income Taxes. A full valuation allowance is recorded against our deferred tax assets as management cannot conclude, based on available objective evidence, when it is more likely than not that the net value of its deferred tax assets will be realized. However, for the nine months ended September 30, 2005 and 2004, we recorded $553,000 and $200,000, respectively, of income tax expense, primarily representing income taxes related to alternative minimum tax. We have previously not incurred any significant income tax expense since inception and we do not expect to incur any significant income tax expense during 2005 and 2006 other than alternative minimum tax.

Liquidity and Capital Resources

Since inception, we have financed our operations and capital requirements primarily through the issuance of various debt and equity instruments, for aggregate gross proceeds of $1.1 billion. As of September 30, 2005, our total indebtedness was comprised of (i) non-convertible debt totaling approximately $79.5 million from our Washington D.C. metro area IBX capital lease, San Jose IBX equipment and fiber debt facility, Sunnyvale IBX equipment capital lease and Chicago IBX equipment debt facility and (ii) convertible debt totaling $88.3 million from our convertible secured notes and convertible subordinated debentures as outlined below. In addition, in October 2005, we drew down $30.0 million from the $50.0 million Silicon Valley Bank revolving credit line, which is non-convertible debt, as outlined below.

As of September 30, 2005, our principal source of liquidity was our $108.3 million of cash, cash equivalents and short-term and long-term investments. We believe that this cash, coupled with our anticipated cash flows generated from operations, will be sufficient to meet our capital expenditure, debt service and corporate overhead requirements to meet our currently identified business objectives. In addition, as of the date of filing of this report on Form 10-Q, we had $14.8 million of additional liquidity available to us under our $50.0 million Silicon Valley Bank revolving credit line in the event we need additional cash to pursue attractive strategic opportunities that may become available in the future.

While we had generated negative operating cash flow in each annual period since inception through 2003, commencing with the quarter ended September 30, 2003 we started to generate positive operating cash flow. Since then, we have generated cash flow from our operations during 2004 and the first nine months of 2005 and expect this trend to continue throughout the remainder of 2005 and 2006 and to be in an amount sufficient to meet our cash requirements to fund our capital expenditures, debt service and corporate overhead requirements (excluding the purchase, sale and maturities of our short-term and long-term investments). However, given our limited operating history, we may not achieve our desired levels of profitability in the future. See “Other Factors Affecting Operating Results.”

Uses of Cash

Net cash provided by our operating activities was $49.0 million and $26.3 million for the nine months ended September 30, 2005 and 2004, respectively. We continue to experience strong collections of our accounts receivables. As described above, we expect that we will continue to generate cash from our operating activities throughout 2005 and 2006.

Net cash used in our investing activities was $39.0 million and $33.9 million, respectively, for the nine months ended September 30, 2005 and 2004. Net cash used in investing activities for both periods was primarily the result of the net purchases of our short-term and long-term investments, as well as capital expenditures required to bring our recently acquired IBX centers in the Silicon Valley and Washington, D.C. metro areas to Equinix standards and to support our growing customer base. In addition, for the nine months ended September 30, 2005, we purchased a new IBX center in Los Angeles for $34.7 million in a transaction we refer to as the Los Angeles IBX acquisition which we paid for in cash in September 2005. For 2005 and 2006, we anticipate that our cash used in investing activities, excluding the purchases, sales and maturities of short-term and long-term investments, will primarily be for our capital expenditures as well as any additional purchases of real estate, such as our recent purchase of the Ashburn campus in the Washington, D.C. metro area in October 2005 for $53.0 million, plus closing costs, as well as the costs to bring these recently-acquired IBX centers to our standards. Regarding the Los Angeles IBX acquisition, in October 2005, we entered into a purchase and sale agreement to sell the this Los Angeles IBX for $38.7 million and to lease it back from the purchaser pursuant to a long-term lease, which we expect to close before the end of the year. Regarding the Ashburn IBX property acquisition, we intend to sell those buildings within the Ashburn campus that will not be used for our current operations or expansion plans.

Net cash provided by financing activities was $6.7 million and $15.9 million for the nine months ended September 30, 2005 and 2004, respectively. Net cash provided by financing activities for the nine months ended September 30, 2005, was primarily the result of proceeds from the exercises of warrants and employee stock options and purchases from our employee stock purchase plans, offset primarily by principal payments for our debt facility and capital lease obligation. Net cash provided by financing activities for the nine months ended September 30, 2004, was primarily the result of the $86.3 million in gross proceeds from our convertible debenture offering, offset by $74.0 million in payments on our credit facility, senior notes and other debt facilities and capital lease obligations, as well as debt extinguishment costs associated with paying down these facilities. In October 2005, we drew down $30.0 million of the $50.0 million Silicon Valley Bank revolving credit line. In addition, regarding the October 2005 purchase of the Ashburn campus, we subsequently entered into a non-binding letter of intent to finance the Ashburn campus with a $60.0 million, 8% mortgage to be amortized over 20 years, which we currently expect to close before the end of the year.

Debt Obligations – Non-Convertible Debt

As of September 30, 2005, our non-convertible debt totaled $79.5 million and was comprised of our (i) Washington D.C. metro area IBX capital lease, (ii) San Jose IBX equipment and fiber debt facility, (iii) Sunnyvale IBX equipment capital lease and (iv) Chicago IBX equipment debt facility. In addition, in October 2005, we drew down $30.0 million of the $50.0 million Silicon Valley Bank revolving credit line. Furthermore, as of the date of filing of this report on Form 10-Q, we had $14.8 million of additional liquidity available to us under the $50.0 million Silicon Valley Bank revolving credit line.

Washington D.C. Metro Area IBX Capital Lease. In April 2004, we entered into a long-term lease for a 95,000 square foot data center in the Washington, D.C. metro area. The center is adjacent to our existing Washington D.C. metro area IBX. This lease, which includes the leasing of all of the IBX plant and machinery equipment located in the building, is a capital lease. We took possession of this property during the fourth quarter of 2004, and as a result, recorded property and equipment assets, as well as a capital lease obligation, totaling $35.3 million. Payments under this lease, which commenced in November 2004, will be made monthly through 2019 at an effective interest rate of 8.50% per annum. As of September 30, 2005, principal of $34.7 million remained outstanding under this lease.

San Jose IBX Equipment and Fiber Debt Facility. In December 2004, we entered into a long-term lease for a 103,000 square foot data center in San Jose, and at the same time entered into separate agreements to purchase the equipment located within this new IBX center and to interconnect all three of our Silicon Valley area IBX centers to each other through redundant dark fiber links. Under U.S. generally accepted accounting principles, these three separate agreements are considered to be a single arrangement. Furthermore, while the building component of this transaction is classified as a long-term operating lease, the equipment and fiber portions of the transaction are classified as financed assets under a debt facility. We took possession of this property during the first quarter of 2005, and as a result, recorded property and equipment and prepaid fiber assets, as well as debt, totaling $18.7 million. Payments under this debt facility will be made monthly through May 2020 at an effective interest rate of 8.50% per annum. As of September 30, 2005, principal of $15.0 million remained outstanding under this debt facility.

Sunnyvale IBX Equipment Capital Lease. In June 2005, we entered into a long-term lease for a 120,000 square foot data center in Sunnyvale, California. This lease includes the leasing of all of the IBX plant and machinery equipment located within the building. As a result, we assessed the fair value of both the building and equipment elements of this lease and then assigned the relative fair value to each element. We determined that the building component of the lease is a long-term operating lease and the equipment portion of the lease is a capital lease. We will take possession of this property in October 2005, and as a result, will record IBX equipment assets, as well as a capital lease obligation liability, totaling approximately $20.1 million at that time. Payments under the capital lease portion of this lease will be made monthly, commencing October 2005 through September 2020, at an effective interest rate of approximately 7.50% per annum. Principal of approximately $20.1 million will be recorded on our balance sheet in October 2005. Our proposed accounting treatment of this lease is based on our preliminary assessment. Our final accounting treatment for this lease will be completed in the fourth quarter of 2005.

Chicago IBX Equipment Debt Facility. In July 2005, we entered into a long-term lease for a 107,000 square foot data center in Chicago, and at the same time entered into a separate agreement to purchase the equipment located within this IBX center. Under U.S. generally accepted accounting principles, these two separate agreements are considered to be a single arrangement. Furthermore, while the building component of this transaction is classified as a long-term operating lease, the equipment portion of the transaction is classified as financed assets under a debt facility. We will take possession of this property and take title to the equipment assets in November 2005, and as a result, will record IBX equipment assets, as well as debt, totaling approximately $9.7 million at that time. Payments under this debt facility will be made monthly, commencing November 2005 through August 2015, at an effective interest rate of approximately 7.50% per annum. Principal of approximately $9.7 million will be recorded on our balance sheet in November 2005. Our proposed accounting treatment of this lease is based on our preliminary assessment. Our final accounting treatment for this lease will be completed in the fourth quarter of 2005.

$50.0 Million Silicon Valley Bank Revolving Credit Line. In December 2004, we entered into a $25.0 million line of credit arrangement with Silicon Valley Bank that matured in December 2006. This facility was a $25.0 million revolving line of credit which, at our election, up to $10.0 million could have been converted into a 24-month term loan, repayable in eight quarterly installments. We referred to this transaction as the Silicon Valley Bank credit line. Borrowings under the Silicon Valley Bank credit line beared interest at floating interest rates, plus applicable margins, based either on the prime rate or LIBOR. The Silicon Valley Bank credit line also featured sublimits, which allowed us to issue letters of credit, enter into foreign exchange forward contracts and make advances for cash management services. Our utilization under any of these sublimits would have the effect of reducing the amount available for borrowing under the Silicon Valley Bank credit line during the period that such sublimits remain utilized and outstanding. The Silicon Valley Bank credit line was collateralized by substantially all of our domestic assets and contained numerous covenants, including financial covenants, such as maintaining minimum cash balance levels and meeting minimum quarterly revenue targets. This line of credit remained undrawn since inception. In September 2005, we amended the Silicon Valley Bank credit line by entering into a $50.0 million revolving line of credit agreement with Silicon Valley Bank, replacing the previously outstanding $25.0 million line of credit arrangement with the same bank. The new $50.0 million Silicon Valley Bank revolving credit line has a three-year commitment, which enables us to borrow, repay and re-borrow the full amount, up to September 15, 2008. We refer to this transaction as the $50.0 million Silicon Valley Bank revolving credit line. Borrowings under the $50.0 million Silicon Valley Bank revolving credit line bear interest at floating interest rates, plus applicable margins, based either on the prime rate or LIBOR. As of September 30, 2005, the $50.0 million Silicon Valley Bank revolving credit line had an interest rate of 5.61% per annum. The $50.0 million Silicon Valley Bank revolving credit line also features sublimits, which allow us to issue letters of credit, enter into foreign exchange forward contracts and make advances for cash management services. Our utilization under any of these sublimits would have the effect of reducing the amount available for borrowing under the $50.0 million Silicon Valley Bank revolving credit line during the period that such sublimits remain utilized and outstanding. As of September 30, 2005, we had utilized $5.2 million under the letters of credit sublimit with the issuance of four letters of credit and, as a result, reduced the amount of borrowings available to us from $50.0 million to $44.8 million. The $50.0 million Silicon Valley Bank revolving credit line is collateralized by substantially all of our domestic assets and contains several financial covenants which require compliance with maximum leverage ratios, working capital ratios and a minimum EBITDA target, which we are currently in full compliance with as of the date of filing of this report on Form 10-Q.

In October 2005, we drew down a portion of the $50.0 million Silicon Valley Bank revolving credit line. We elected to borrow $30.0 million at a one-month LIBOR interest rate, inclusive of the applicable margin, of 5.72% per annum, which we refer to as the $30.0 million drawdown. The $30.0 million drawdown was used to fund a portion of the purchase of the Ashburn IBX property acquisition. Upon the one-month maturity date of the $30.0 million drawdown, we may elect to either repay all or a portion of the $30.0 million drawdown, or convert the $30.0 million drawdown into a new borrowing at either the then applicable one, three or six month LIBOR rate plus an applicable margin or at the prime rate. Borrowings under the $50.0 million Silicon Valley Bank revolving credit line may be borrowed, repaid and reborrowed at a later date up to the final maturity date of the $50.0 million Silicon Valley Bank revolving credit line, which is Sept 16, 2008. As of the date of filing of this report on Form 10-Q, we had $14.8 million remaining available for borrowing under the $50.0 million Silicon Valley Bank revolving credit line.

Debt Obligations – Convertible Debt

Convertible Secured Notes. In December 2002, in conjunction with the combination, STT Communications made a $30.0 million strategic investment in us in the form of a 14% convertible secured note due November 2007. The interest on the convertible secured note is payable in kind in the form of additional convertible secured notes, which we refer to as “PIK notes.” During 2003 and through December 31, 2004, we had issued $8.5 million in PIK notes. The convertible secured note and PIK notes issued to STT Communications are convertible into our preferred and common stock at a price of $9.18 per underlying share, and are convertible anytime at the option of STT Communications. Upon certain conditions, including if the closing price of our common stock exceeds $32.12 per share for thirty consecutive trading days, we had the option of converting the convertible secured notes beginning in 2005. In January 2005, we exercised this right and converted 95% of the outstanding convertible secured notes and unpaid interest, held by STT Communications, into 4.1 million shares of our preferred stock, which was

subsequently converted into 4.1 million shares of our common stock in February 2005. We refer to this transaction as the "STT convertible secured notes conversion." The remaining 5% of the convertible secured notes outstanding, totaling $1.9 million, will be eligible for conversion by Equinix in early 2006 into approximately 250,000 shares (including anticipated interest expense through early 2006), provided that the closing price of our common stock again exceeds $32.12 per share for thirty consecutive trading days.

As of September 30, 2005, a total of $2.1 million of convertible secured notes were outstanding, including PIK notes, which is presented, net of unamortized discount, on our balance sheet at $2.0 million. All interest expense associated with our convertible secured notes, including the amortization of the unamortized discount and our unamortized debt issuance costs, represent non-cash interest expense in our statements of operation and cash flow as no cash is expended for this interest.

Convertible Subordinated Debentures. During February 2004, we sold $86.3 million in aggregate principal of 2.5% convertible subordinated debentures due 2024 to qualified institutional buyers. We used the net proceeds from this offering primarily to repay all amounts outstanding under our credit facility and two of our other debt facilities, as well as fully redeemed our remaining 13% senior notes. The interest on the convertible subordinated debentures is payable semi-annually every February and August, which commenced August 2004. Unlike our convertible secured notes, the interest on our convertible subordinated debentures is payable in cash. Our convertible subordinated debentures are convertible into 2.2 million shares of our common stock.

Holders of the convertible subordinated debentures may require us to purchase all or a portion of their debentures on February 15, 2009, February 15, 2014 and February 15, 2019, in each case at a price equal to 100% of the principal amount of the debentures plus any accrued and unpaid interest. In addition, holders of the convertible subordinated debentures may convert their debentures into shares of our common stock upon certain defined circumstances, including during any calendar quarter if the closing price of our common stock is greater than or equal to 120% of $39.50 per share of our common stock, or approximately $47.40 per share, for twenty consecutive trading days during the period of thirty consecutive trading days ending on the last day of the previous calendar quarter. We may redeem all or a portion of the debentures at any time after February 15, 2009 at a redemption price equal to 100% of the principal amount of the debentures plus any accrued and unpaid interest.

Accrued Restructuring Charge

During the quarter ended December 31, 2004, we recorded a restructuring charge of $17.7 million. In light of the availability of fully built-out data centers in select markets at costs significantly below those costs we would incur in building out new space, we made the decision in December 2004 to exit leases for excess space adjacent to one of our New York metro area IBXs, as well as space on the floor above our original Los Angeles IBX. The restructuring charge consisted of (i) a $13.9 million charge representing the present value of our estimated future cash payments, net of any estimated subrental income and expense, through the remainder of these lease terms; and (ii) a write-off of property and equipment of $3.8 million, representing the write-off of all remaining property and equipment attributed to the excess space on the floor above our Los Angeles IBX. We entered into a two-year sublease agreement for the excess space in the New York metro area and are currently evaluating opportunities related to our excess space in Los Angeles. In future periods, we will record accretion expense to accrete our accrued restructuring liability up to an amount equal to the total estimated future cash payments necessary to complete the exit of these leases. We expect that as a result of these restructuring charges, we will realize annual savings commencing in 2005 of approximately $1.8 million. As of December 31, 2004, we had an accrued restructuring charge of $14.8 million recorded as a liability on our balance sheet related to these excess lease spaces. During the nine months ended September 30, 2005, we recorded $661,000 of accretion expense related to these excess lease spaces and incurred net cash payments of $1.4 million resulting in an accrued restructuring charge liability on our balance sheet of $14.0 million as of September 30, 2005. We are contractually committed to these two excess space leases through 2015.

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Debt Maturities, Leases and Other Contractual Commitments

We lease our IBX centers and certain equipment under non-cancelable lease agreements expiring through 2020. The following represents our debt maturities, leases and other commitments as of September 30, 2005 (in thousands):

	Convertible secured notes	Convertible subordinated debentures	Debt facility and capital lease (1)	Operating leases covered under accrued restructuring charges	Other leases (2)	Other purchase commitments	Total
2005 (three months)	$ —	$ —	$ 1,276	$ 838	$ 11,234	$ 1,126	$ 14,474
2006	—	—	5,181	2,766	38,392	—	46,339
2007	2,058	—	5,332	3,216	34,564	—	45,170
2008	—	—	5,488	3,262	33,554	—	42,304
2009	—	86,250	5,648	3,309	33,453	—	128,660
2010 and thereafter	—	—	66,643	19,964	210,034	—	296,641
	2,058	86,250	89,568	33,355	361,231	1,126	573,588
Less amount representing interest	—	—	(39,865)	—	—	—	(39,865)
Less amount representing estimated subrental income and expense	—	—	—	(15,610)	—	—	(15,610)
Less amount representing accretion	—	—	—	(3,782)	—	—	(3,782)
	$ 2,058	$ 86,250	$ 49,703	$ 13,963	$361,231	$ 1,126	$514,331

(1) Includes our Washington D.C. metro area IBX capital lease and San Jose IBX equipment and fiber debt facility.

(2) Represents off-balance sheet arrangements, which are comprised of numerous operating leases and our Sunnyvale IBX equipment capital lease and our Chicago IBX equipment debt facility, which will be recorded on our balance sheet in October 2005 and November 2005, respectively, concurrent with when we take possession of these properties and the equipment located within these new IBX centers.

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

In October 2005, we drew down a portion of the $50.0 million Silicon Valley Bank revolving credit line. We elected to borrow $30.0 million at a one-month LIBOR interest rate, inclusive of the applicable margin, of 5.72% per annum, which we refer to as the $30.0 million drawdown. The $30.0 million drawdown was used to fund a portion of the purchase of the Ashburn IBX property acquisition. Upon the one-month maturity date of the $30.0 million drawdown, we may elect to either repay all or a portion of the $30.0 million drawdown, or convert the $30.0 million drawdown into a new borrowing at either the then applicable one, three or six month LIBOR rate plus an applicable margin or at the prime rate. Borrowings under the $50.0 million Silicon Valley Bank revolving credit line may be borrowed, repaid and reborrowed at a later date up to the final maturity date of the $50.0 million Silicon Valley Bank revolving credit line, which is Sept 16, 2008. As of the date of filing of this report on Form 10-Q, we had $14.8 million remaining available for borrowing under the $50.0 million Silicon Valley Bank revolving credit line. This subsequent event commitment is not reflected in the table above.

In October 2005, we announced that we had entered into a non-binding letter of intent for the early termination of our 39 acre San Jose ground lease whereby we will pay $40.0 million over the next four years, commencing January 1, 2006, to terminate this lease, which would otherwise require significantly higher cumulative lease payments through 2020. We refer to this transaction as the San Jose ground lease termination. As a result of the San Jose ground lease termination, we expect to incur a significant restructuring charge in the fourth quarter of 2005. This transaction is subject to the completion of definitive agreements, and although there is no assurance that the definitive agreements will be completed, we currently expect the transaction to close before the end of the year. This subsequent event change in commitment is not reflected in the table above.

In connection with four of our IBX operating leases, we have entered into four irrevocable letters of credit with Silicon Valley Bank. These letters of credit were provided in lieu of cash deposits under the letters of credit sublimit provision in connection with the $50.0 million Silicon Valley Bank revolving credit line. The letters of credit total $5.2 million, are collateralized by the $50.0 million Silicon Valley Bank revolving credit line and automatically renew in successive one-year periods until the final lease expiration dates. If the landlords for any of these four IBX operating leases decide to draw down on these letters of credit, we will be required to fund these letters of credit either through cash collateral or borrowings under the $50.0 million Silicon Valley Bank revolving credit line. This contingent commitment is not reflected in the table above.

As a result of our recent IBX expansions in the Washington D.C., Silicon Valley, Chicago and Los Angeles metro areas, we anticipate that we will incur capital expenditures in excess of what we would otherwise spend had we not acquired these new IBXs. Although we are not contractually obligated to do so, we expect to incur additional capital expenditures in these four markets during the fourth quarter of 2005 and first half of 2006 of approximately $50.0 to $55.0 million in order to bring these new IBXs up to Equinix standards, of which approximately $15.0 to $17.0 million would be incurred during the fourth quarter of 2005. This non-contractual capital expenditure spending is not reflected in the table above. However, as of September 30, 2005, we were contractually committed to purchase $1.1 million of IBX plant and machinery equipment for our new Chicago IBX center, which the Company expects to receive in early November 2005. This $1.1 million other purchase commitment is reflected in the table above.

Strategically, we will continue to look at attractive opportunities to grow our market share and selectively improve our footprint and service offerings, such as our acquisition of the Sprint property in Santa Clara in December 2003, our 2004 expansions in the Washington, D.C. and Silicon Valley metro area markets and our 2005 expansions in the Silicon Valley, Chicago and Los Angeles metro area markets. However, we will continue to be very selective with any similar opportunity. As was the case with these recent expansions in the Washington, D.C., Silicon Valley, Chicago and Los Angeles metro area markets, the criteria will be dependent on demand from new and existing customers, quality of the design, power capacity, access to networks, capacity availability in current market location, amount of incremental investment required by us in the targeted property, lead-time to breakeven and our ability to attract the customers already being served, if any, at the acquired IBX center. Like our recent expansions, the right combination of these factors may be attractive for us. Dependent on the particular deal, these acquisitions may require upfront cash payments and additional capital expenditures or may be funded through long-term financing arrangements in order to bring these centers up to Equinix standards. Property expansion may be in the form of a purchase of real property, as was the case with our recent Los Angeles IBX acquisition, or a long-term leasing arrangement.

In addition to our successful strategy of acquiring previously or partially built-out centers, we will also consider the possibility of new construction in selective markets where the inventory for high quality data centers is limited. Decisions to build will consider factors such as customer demand, market pricing and anticipated financial returns associated with the construction. Future purchases or construction may be completed with partners or potential customers to minimize the outlay of cash.

As of September 30, 2005, our principal source of liquidity was our $108.3 million of cash, cash equivalents and short-term and long-term investments. We believe that this cash, coupled with our

anticipated cash flows generated from operations, will be sufficient to meet our capital expenditure, debt service and corporate overhead requirements to meet our currently identified business objectives. In addition, as of the date of filing of this report on Form 10-Q, we had $14.8 million of additional liquidity available to us under our $50.0 million Silicon Valley Bank revolving credit line in the event we need additional cash to pursue attractive strategic opportunities that may become available in the future.

Recent Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment." SFAS No. 123(R) revises SFAS No. 123, "Accounting for Stock-Based Compensation" and requires companies to expense the fair value of employee stock options and other forms of stock-based compensation, such as employee stock purchase plans and restricted stock awards. In addition, SFAS No. 123(R) supercedes Accounting Principles Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees" and amends SFAS No. 95, "Statement of Cash Flows." Under the provisions of SFAS No. 123(R), stock-based compensation awards must meet certain criteria in order for the award to qualify for equity classification. An award that does not meet those criteria will be classified as a liability and be remeasured each period. SFAS No. 123(R) retains the requirements on accounting for the income tax effects of stock-based compensation contained in SFAS No. 123; however, it changes how excess tax benefits will be presented in the statement of cash flows. In addition, in March 2005, the SEC issued Staff Accounting Bulletin No. 107 ("SAB No. 107"), which offers guidance on SFAS No. 123(R). SAB No. 107 was issued to assist preparers by simplifying some of the implementation challenges of SFAS No. 123(R) while enhancing the information that investors receive. Key topics of SAB No. 107 include discussion on the valuation models available to preparers and guidance on key assumptions used in these valuation models, such as expected volatility and expected term, as well as guidance on accounting for the income tax effects of SFAS No. 123(R) and disclosure considerations, among other topics. SFAS No. 123(R) and SAB No. 107 were effective for reporting periods beginning after June 15, 2005; however in April 2005, the SEC approved a new rule that SFAS No. 123(R) and SAB No. 107 are now effective for public companies for annual, rather than interim, periods beginning after June 15, 2005. We are currently considering the financial accounting, income tax and internal control implications of SFAS No. 123(R), including related FASB Staff Positions issued during 2005, and SAB No. 107. The adoption of SFAS No. 123(R), including related FASB Staff Positions issued during 2005, and SAB No. 107 are expected to have a significant impact on our financial position and results of operations.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets, an Amendment of APB Opinion No. 29." SFAS No. 153 addresses the measurement of exchanges of nonmonetary assets. It eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets contained in APB Opinion No. 29 and replaces it with an exception for exchanges that do not have commercial substance. SFAS No. 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of an entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for fiscal periods beginning after June 15, 2005. As the provisions of SFAS No. 153 are to be applied prospectively, the adoption of SFAS No. 153 will not have an impact on our historical financial statements; however, we will assess the impact of the adoption of this pronouncement on any future nonmonetary transactions that we enter into, if any.

In March 2005, the FASB issued FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations, an Interpretation of FASB Statement No. 143" ("FIN No. 47"). FIN No. 47 clarifies that the term, conditional retirement obligation, as used in SFAS No. 143, "Accounting for Asset Retirement Obligations", refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. FIN No. 47 further clarifies that the obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement and provides guidance on how an entity might reasonably estimate the fair value of such a conditional asset retirement obligation. FIN No. 47 is effective for fiscal years ending after December 15, 2005. We are currently in the process of evaluating the impact that the adoption of FIN No. 47 will have on our financial position, results of operations and cash flows.

In June 2005, the FASB approved EITF Issue 05-6, "Determining the Amortization Period for Leasehold Improvements Purchased after Lease Inception or Acquired in a Business Combination" ("EITF 05-6").

EITF 05-6 addresses the amortization period for leasehold improvements acquired in a business combination and leasehold improvements that are placed in service significantly after and not contemplated at the beginning of a lease term. EITF 05-6 states that (i) leasehold improvements acquired in a business combination should be amortized over the shorter of the useful life of the assets or a term that includes required lease periods and renewals that are deemed to be reasonably assured at the date of acquisition and (ii) leasehold improvements that are placed into service significantly after and not contemplated at or near the beginning of the lease term should be amortized over the shorter of the useful life of the assets or a term that includes required lease periods and renewals that are deemed to be reasonably assured at the date the leasehold improvements are purchased. EITF 05-6 is effective for leasehold improvements that are purchased or acquired in reporting periods beginning after June 29, 2005. The adoption of EITF 05-6 has not had a significant impact on our financial position and results of operations.

In September 2005, the FASB approved EITF Issue 05-7, "Accounting for Modifications to Conversion Options Embedded in Debt Securities and Related Issues" ("EITF 05-7"). EITF 05-7 addresses that the change in the fair value of an embedded conversion option upon modification should be included in the analysis under EITF Issue 96-19, "Debtor's Accounting for a Modification or Exchange of Debt Instruments," to determine whether a modification or extinguishment has occurred and that changes to the fair value of a conversion option affects the interest expense on the associated debt instrument following a modification. Therefore, the change in fair value of the conversion option should be recognized upon the modification as a discount or premium associated with the debt, and an increase or decrease in additional paid-in capital. EITF 05-7 is effective for all debt modifications in annual or interim periods beginning after December 15, 2005. We are currently in the process of evaluating the impact that the adoption of EITF 05-7 will have on our financial position and results of operations.

In September 2005, the FASB approved EITF Issue 05-8, "Income Tax Consequences of Issuing Convertible Debt with a Beneficial Conversion Feature" ("EITF 05-8"). EITF 05-8 addresses that (i) the recognition of a beneficial conversion feature creates a difference between the book basis and tax basis ("basis difference") of a convertible debt instrument, (ii) that basis difference is a temporary difference for which a deferred tax liability should be recorded and (iii) the effect of recognizing the deferred tax liability should be charged to equity in accordance with SFAS No. 109. EITF 05-8 is effective for financial statements for periods beginning after December 15, 2005, and must be adopted through retrospective application to all periods presented. As a result, EITF 05-8 applies to debt instruments that were converted or extinguished in prior periods as well as to those currently outstanding. We are currently in the process of evaluating the impact that the adoption of EITF 05-8 will have on our financial position, results of operations and cash flows.

In October 2005, the FASB issued FASB Staff Position No. SFAS 13-1 ("FSP SFAS 13-1"), which addresses the accounting for rental costs associated with building and ground operating leases that are incurred during a construction period. The FASB decided that such rental costs incurred during a construction period shall be recognized as rental expense. A lessee should cease capitalizing rental costs as of the effective date of FSP SFAS 13-1. The guidance in FSP SFAS 13-1 shall be applied to the first reporting period beginning after December 15, 2005. Early adoption is permitted for financial statements or interim financial statements that have not yet been issued. A lessee shall cease capitalizing rental costs as of the effective date of FSP SFAS 13-1 for operating lease arrangements entered into prior to the effective date of FSP SFAS 13-1. The adoption of FSP SFAS 13-1 will not have a significant impact on our financial position, results of operations or cash flows as we already expense such rental costs related to building and ground operating leases incurred during the pre-construction and construction periods.

Other Factors Affecting Operating Results

In addition to the other information in this report, the following risk factors should be considered carefully in evaluating our business and us:

Risks Related to Our Business

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

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

We expect our operating results to fluctuate.

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

- financing or other expenses related to the acquisition, purchase or construction of additional IBX centers;
- mandatory expensing of employee stock-based compensation, including restricted shares;
- demand for space, power and services at our IBX centers;
- changes in general economic conditions and specific market conditions in the telecommunications and Internet industries;
- costs associated with the write-off of unimproved or underutilized property;
- the provision of customer discounts and credits;
- the mix of current and proposed products and services and the gross margins associated with our products and services;
- the timing required for new and future centers to become fully utilized;
- competition in the markets in which we operate;
- conditions related to international operations;
- the timing and magnitude of operating expenses, including taxes, capital expenditures and expenses related to the expansion of sales, marketing, operations and acquisitions, if any, of complementary businesses and assets; and
- the cost and availability of adequate public utilities, including power.

Any of the foregoing factors, or other factors discussed elsewhere in this report or the documents incorporated herein by reference, could have a material adverse effect on our business, results of operations and financial condition. Although we have experienced growth in revenues in recent quarters, this growth rate is not necessarily indicative of future operating results. It is possible that we may never generate net income on a quarterly or annual basis. In addition, a relatively large portion of our expenses are fixed in the short-term, particularly with respect to lease and personnel expenses, depreciation and amortization, and interest expenses. Therefore, our results of operations are particularly sensitive to fluctuations in revenues. As such, comparisons to prior reporting periods should not be relied upon as indications of our future performance. In addition, our operating results in one or more future quarters may fail to meet the expectations of securities analysts or investors. If this occurs, we could experience an immediate and significant decline in the trading price of our stock.

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

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

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

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

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

We believe that our ability to use our pre-2003 tax net operating losses, or NOLs, in any taxable year is subject to limitation under Section 382 of the United States Internal Revenue Code of 1986, as amended, (the "Code") as a result of the significant change in the ownership of our stock that resulted from our combination with i-STT Pte. Ltd. ("i-STT") and Pihana Pacific, Inc. in 2002, which we call the combination.

We expect that a significant portion of our NOLs accrued prior to December 31, 2002 will expire unused as a result of this limitation. In addition to the limitations on NOL carryforward utilization described above, we believe that Section 382 of the Code will also significantly limit our ability to use the depreciation and amortization on our assets, as well as certain losses on the sale of our assets, to the extent that such depreciation, amortization and losses reflect unrealized depreciation that was inherent in such assets as of the date of the combination. These limitations will cause us to pay taxes at an earlier date and in greater amounts than would occur absent such limitations.

In October 2005, we filed a registration statement to register all securities held by STT Communications for resale. We believe that the sale of all or substantially all of the securities held by STT Communications, our single largest stockholder, would also trigger a new limitation under the Code. As a result of our market capitalization, however, such a limitation is not expected to have a material impact on our ability to use the NOLs generated up to the date of such a sale.

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

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

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

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

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

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

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

We may experience gains and losses resulting from fluctuations in foreign currency exchange rates. To date, the majority of our revenues and costs have been denominated in U.S. dollars; however, the majority of revenues and costs in our international operations have been denominated in Singapore dollars, Japanese yen and Australia and Hong Kong dollars. Although we have and may continue to undertake foreign exchange hedging transactions to reduce foreign currency transaction exposure, we do not currently intend to eliminate all foreign currency transaction exposure. Where our prices are denominated in U.S. dollars, our sales could be adversely affected by declines in foreign currencies relative to the U.S. dollar, thereby making our products more expensive in local currencies. Our international operations are generally subject to a number of additional risks, including:

- costs of customizing IBX centers for foreign countries;
- protectionist laws and business practices favoring local competition;

- greater difficulty or delay in accounts receivable collection;
- difficulties in staffing and managing foreign operations;
- political and economic instability;
- ability to obtain, transfer, or maintain licenses required by governmental entities with respect to the combined business; and
- compliance with evolving governmental regulation with which we have little experience.

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

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

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

We have recently acquired several new IBX centers, and we may seek to acquire additional IBX centers, real estate for development of new IBX centers, complementary businesses, products, services or technologies. As a result of these acquisitions, we may be required to incur additional debt and expenditures and issue additional shares of our common stock to pay for the acquired businesses, products, services or technologies, which will dilute our existing stockholders' ownership interest and may delay, or prevent, our profitability. These acquisitions may also expose us to risks such as:

- the possibility that we may not be able to successfully integrate acquired businesses or achieve the level of quality in such businesses to which our customers are accustomed;
- the possibility that additional capital expenditures may be required;
- the possibility that senior management may be required to spend considerable time negotiating agreements and integrating acquired businesses;
- the possible loss or reduction in value of acquired businesses;
- the possibility that our customers may not accept either the existing equipment infrastructure or the "look-and-feel" of a new or different IBX center;
- the possibility that carriers may find it cost-prohibitive or impractical to bring fiber and networks into a new IBX center;
- the possibility of preexisting undisclosed liabilities regarding the property or IBX center, including but not limited to environmental or asbestos liability, of which our insurance may be insufficient or for which we may be unable to secure insurance coverage; and

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

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

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

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

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

As of September 30, 2005, STT Communications, through its subsidiary, i-STT Investments Pte. Ltd., which we sometimes refer to as “i-STT”, beneficially owned approximately 37% of our outstanding common stock. In addition, STT Communications is not prohibited from buying shares of our stock in public or private transactions. Because of the diffuse ownership of our stock, STT Communications has significant influence over matters requiring our stockholder approval. As a result, STT Communications is able to exercise significant control over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, which could prevent or delay a third party from acquiring or merging with us. STT Communications also has a right of first offer, which entitles them to participate in an offering of our equity securities, or securities convertible into our equity securities, to maintain their ownership percentage prior to such offering. We have entered into an agreement with STT Communications and its affiliate pursuant to which, and effective only upon the closing of any offering of our common stock under this registration statement, STT Communications will no longer be entitled to this right of first offer. STT Communications periodically assesses its strategic goals and objectives. Based on its current assessment, it has determined that its holdings of our common stock is no longer a core asset. Therefore, STT Communications does not intend to play a strategic role in Equinix going forward. As a result, STT Communications has asked and we have agreed to assist STT with the orderly divestiture of its holdings of our common stock. If a single holder purchases all or most of STT Communications’ shares or if STT Communications retains a substantial portion of its holdings, we could continue to be subject to these risks.

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

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

In each of our markets, we rely on third parties to provide a sufficient amount of power for current and future customers. At the same time, power and cooling requirements are growing on a per unit basis. As a result, some customers are consuming an increasing amount of power per cabinet. We generally do not control the amount of electric power our customers draw from their installed circuits. In addition, we do not

have long-term power agreements in all our markets for long-term guarantees of provisioned amounts. This means that we could face power limitations in our centers. This could have a negative impact on the effective available capacity of a given center and limit our ability to grow our business, which could have a negative impact on our financial performance, operating results and cash flows.

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

Our IBX centers are subject to state and local real property taxes. The state and local real property taxes on our IBX centers may increase as property tax rates change and as the value of the properties are assessed or reassessed by taxing authorities. Many state and local governments are facing budget deficits, which may cause them to increase assessments or taxes. If property taxes increase, our business, financial condition and operating results could be adversely affected.

We may be forced to take steps, and may be prevented from pursuing certain business opportunities, to ensure compliance with certain tax-related covenants agreed to by us in the combination agreement.

We agreed to a covenant in the combination agreement (which we refer to as the FIRPTA covenant) that we would use all commercially reasonable efforts to ensure that at all times from and after the closing of the combination, none of our capital stock issued to STT Communications would constitute “United States real property interests” within the meaning of Section 897(c) of the Code. Under Section 897(c) of the Code, our capital stock issued to STT Communications would generally constitute “United States real property interests” at such point in time that the fair market value of the “United States real property interests” owned by us equals or exceeds 50% of the sum of the aggregate fair market values of (a) our “United States real property interests,” (b) our interests in real property located outside the U.S., and (c) any other assets held by us which are used or held for use in our trade or business. Currently, the fair market value of our “United States real property interests” is significantly below the 50% threshold. However, in order to assure compliance with the FIRPTA covenant, we may be limited with respect to the business opportunities we may pursue, particularly if the business opportunities would increase the amounts of “United States real property interests” owned by us or decrease the amount of other assets owned by us. In addition, we may take proactive steps to avoid our capital stock being deemed “United States real property interest,” including, but not limited to, (a) a sale-leaseback transaction with respect to some or all of our real property interests, or (b) the formation of a holding company organized under the laws of the Republic of Singapore which would issue shares of its capital stock in exchange for all of our outstanding stock (this reorganization would require the submission of that transaction to our stockholders for their approval and the consummation of that exchange). We will take these actions only if such actions are commercially reasonable for us and our stockholders. We have entered into an agreement with STT Communications and its affiliate pursuant to which, and effective only upon the closing of any offering of our common stock under our recently filed registration statement on Form S-3, we will no longer be bound by the FIRPTA covenant as of September 30, 2009.

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

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

addition, noncompliance with existing, or adoption of more stringent, environmental or health and safety laws and regulations or the discovery of previously unknown contamination could require us to incur costs or become the basis of new or increased liabilities that could be material.

Our non-U.S. customers include numerous related parties of i-STT.

We continue to have contractual and other business relationships and may engage in material transactions with affiliates of STT Communications. Circumstances may arise in which the interests of STT Communications' affiliates may conflict with the interests of our other stockholders. In addition, entities affiliated with STT Communications make investments in various companies. They have invested in the past, and may invest in the future, in entities that compete with us. In the context of negotiating commercial arrangements with affiliates, conflicts of interest have arisen in the past and may arise, in this or other contexts, in the future. We cannot assure you that any conflicts of interest will be resolved in our favor.

A significant number of shares of our capital stock have been issued during 2002, 2003, 2004 and 2005 and may be sold in the market in the near future. This could cause the market price of our common stock to drop significantly, even if our business is doing well.

We issued a large number of shares of our capital stock to the former Pihana stockholders, STT Communications, and holders of our senior notes in connection with the combination, financing and senior note exchange, to Crosslink Capital, Inc. and its affiliates (collectively, "Crosslink") in connection with Crosslink's purchase of our Series A-2 Convertible Secured Notes, and to the public and STT Communications in connection with our follow-on equity offering in late 2003. The shares of common stock issued in the senior note exchange are currently freely tradable. The shares of common stock issued in connection with the combination have been registered for resale as of June 30, 2003, the shares of common stock issued upon exercise of the warrants issued in connection with the Crosslink financing have been registered for resale as of September 22, 2003 and the shares of common stock issued upon conversion of the convertible secured notes issued in the Crosslink financing have been registered for resale as of July 30, 2004. The shares sold to the public and STT Communications in connection with our follow-on equity offering in November 2003 are freely tradable by the public, subject, in the case of STT Communications, to compliance with Rule 144 resale restrictions applicable to affiliates. In February 2004, we issued $86,250,000 in aggregate principal amount of 2.5% Convertible Subordinated Debentures due 2024. These debentures are convertible into 2,183,548 shares of our common stock. Holders of these debentures may convert their debentures into shares of our common stock during any calendar quarter if the sale price of our common stock is greater than or equal to 120% of the conversion price per share of our common stock for 20 out of any 30 consecutive trading days or if the trading price of our debentures falls below specified prices. All of these shares are eligible for resale pursuant to a registration statement that became effective on July 30, 2004. In January 2005, 95% of STT Communications' outstanding convertible secured notes and associated interest were converted into shares of our non-voting series A-1 preferred stock. In February 2005, STT Communications elected to convert all of the shares of series A-1 preferred stock into 4.1 million shares of our common stock. The shares of common stock are eligible for resale pursuant to a registration statement that became effective on December 22, 2004. In October 2005 we filed a registration statement to register all securities held by STT Communications for resale. The shares represent a substantial portion of our outstanding common stock and will substantially increase the number of publicly traded shares of our common stock. Sales or distributions of substantial amounts of our common stock, or the perception that such sales or distributions may occur, could adversely affect prevailing market prices for our common stock. In addition, the issuance of the additional shares of our common stock as a result of these transactions will reduce our earnings per share, if any. This dilution could reduce the market price of our common stock.

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

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

rely on third parties to provide our customers with carrier services. We believe that the availability of carrier capacity will directly affect our ability to achieve our projected results. We rely primarily on revenue opportunities from the telecommunications carriers' customers to encourage them to invest the capital and operating resources required to connect from their facilities to our IBX centers. Carriers will likely evaluate the revenue opportunity of an IBX center based on the assumption that the environment will be highly competitive. We cannot assure you that any carrier will elect to offer its services within our IBX centers or that once a carrier has decided to provide Internet connectivity to our IBX centers that it will continue to do so for any period of time. Our new IBX centers require construction and operation of a sophisticated redundant fiber network. Any hardware or fiber failures on this network may result in significant loss of connectivity to our new IBX expansion centers. This could affect our ability to attract new customers to these IBX centers or retain existing customers.

The construction required to connect multiple carrier facilities to our IBX centers is complex and involves factors outside of our control, including regulatory processes and the availability of construction resources. If the establishment of highly diverse Internet connectivity to our IBX centers does not occur, is materially delayed or is discontinued, or is subject to failure, our operating results and cash flow will be adversely affected. Further, many carriers are experiencing business difficulties or announcing consolidations. As a result, some carriers may be forced to downsize or terminate connectivity within our IBX centers which could have an adverse effect on our operating results.

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

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

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

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

Furthermore, we are dependent upon Internet service providers, telecommunications carriers and other website operators in the U.S., Asia and elsewhere, some of which have experienced significant system failures and electrical outages in the past. Users of our services may in the future experience difficulties due to system failures unrelated to our systems and services. If for any reason, these providers fail to provide the required services, our business, financial condition and results of operations could be materially adversely impacted.

A portion of the managed services business we acquired in the combination involves the processing and storage of confidential customer information. Inappropriate use of those services could jeopardize the security of customers' confidential information causing losses of data or financially impacting us or our customers and subjecting us to the risk of lawsuits. Efforts to alleviate problems caused by computer viruses or other inappropriate uses or security breaches may lead to interruptions, delays or cessation of our managed services.

There is no known prevention or defense against denial of service attacks. During a prolonged denial of service attack, Internet service may not be available for several hours, thus negatively impacting hosted customers' on-line business transactions. Affected customers might file claims against us under such circumstances. Our property and liability insurance may not be adequate to cover these customer claims.

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

In order to provide resale services such as bandwidth, managed services and other network management services, we contract with third party service providers. These services require us to enter into fixed term contracts for services with third party suppliers of products and services. If we experience the loss of a customer who has purchased a resale product, we will remain obligated to continue to pay our suppliers for the term of the underlying contracts. The payment of these obligations without a corresponding payment from customers will reduce our financial resources and may have a material adverse affect on our financial performance and operating results.

IBM accounts for a significant portion of our revenues, and the loss of IBM as a customer could significantly harm our business, financial condition and results of operations.

For the nine months ended September 30, 2005 and 2004, IBM accounted for 11% and 13%, respectively, of our revenues. We expect that IBM will continue to account for a significant portion of our revenue for the foreseeable future. Although the term of our IBM contract runs through 2009, IBM currently has the right to reduce its commitment to us pursuant to the terms and requirements of its customer agreement. If we lose IBM as a customer or if it significantly reduces the level of its commitment, our business, financial condition and results of operations could be adversely affected.

We may not be able to compete successfully against current and future competitors.

Our IBX centers and other products and services must be able to differentiate themselves from those of other providers of space and services for telecommunications companies, web hosting companies and other colocation providers. In addition to competing with neutral colocation providers, we must compete with traditional colocation providers, including local phone companies, long distance phone companies, Internet service providers and web hosting facilities. Similarly, with respect to our other products and services, including managed services, bandwidth services and security services, we must compete with more established providers of similar services. Most of these companies have longer operating histories and significantly greater financial, technical, marketing and other resources than us.

Because of their greater financial resources, some of our competitors have the ability to adopt aggressive pricing policies, especially if they have been able to restructure their debt or other obligations. As a result, in the future, we may suffer from pricing pressure that would adversely affect our ability to generate revenues and adversely affect our operating results. In addition, these competitors could offer colocation on neutral terms, and may start doing so in the same metropolitan areas in which we have IBX

centers. Some of these competitors may also provide our target customers with additional benefits, including bundled communication services, and may do so in a manner that is more attractive to our potential customers than obtaining space in our IBX centers. If these competitors were able to adopt aggressive pricing policies together with offering colocation space, our ability to generate revenues would be materially adversely affected.

We may also face competition from persons seeking to replicate our IBX concept by building new centers or converting existing centers that some of our competitors are in the process of divesting. We may experience competition from our landlords in this regard. Rather than leasing available space in our buildings to large single tenants, they may decide to convert the space instead to smaller square foot units designed for multi-tenant colocation use. Landlords may enjoy a cost effective advantage in providing services similar to those provided by our IBXs, and this could also reduce the amount of space available to us for expansion in the future. Competitors may operate more successfully or form alliances to acquire significant market share. Furthermore, enterprises that have already invested substantial resources in outsourcing arrangements may be reluctant or slow to replace, limit or compete with their existing systems by becoming a customer. In addition, other companies may be able to attract the same potential customers that we are targeting. Once customers are located in competitors' facilities, it may be extremely difficult to convince them to relocate to our IBX centers.

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

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

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

Our ability to maximize revenues depends on our ability to develop and grow a balanced customer base, consisting of a variety of companies, including network service providers, site and performance management companies, and enterprise and content companies. The more balanced the customer base within each IBX center, the better we will be able to generate significant interconnection revenues, which in turn increases our overall revenues. Our ability to attract customers to our IBX centers will depend on a variety of factors, including the presence of multiple carriers, the mix of products and services offered by us, the overall mix of customers, the IBX center's operating reliability and security and our ability to effectively market our services. In addition, some of our customers are, and are likely to continue to be, Internet companies that face many competitive pressures and that may not ultimately be successful. If these customers do not succeed, they will not continue to use the IBX centers. This may be disruptive to our business and may adversely affect our business, financial condition and results of operations.

Our products and services have a long sales cycle that may materially adversely affect our business, financial condition and results of operations.

A customer's decision to license cabinet space in one of our IBX centers and to purchase additional services typically involves a significant commitment of resources. In addition, some customers will be reluctant to commit to locating in our IBX centers until they are confident that the IBX center has adequate carrier connections. As a result, we have a long sales cycle. Furthermore, we may expend significant time and resources in pursuing a particular sale or customer that does not result in revenue. Delays due to the length of our sales cycle may materially adversely affect our business, financial condition and results of operations.

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

In the past, securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities. During the quarter ended September 30, 2001, putative shareholder class action lawsuits were filed against us, a number of our officers and directors, and several investment banks that were underwriters of our initial public offering. The suits allege that the underwriter defendants agreed to allocate stock in our initial public offering to certain investors in exchange for excessive and undisclosed commissions and agreements by those investors to make additional purchases in the aftermarket at pre-determined prices. Plaintiffs allege that the prospectus for our initial public offering was false and misleading and in violation of the securities laws because it did not disclose these arrangements. In July 2003, a special litigation committee of our board of directors agreed to participate in a settlement with the plaintiffs. The settlement agreement, as amended, is subject to court approval and sufficient participation by defendants in similar actions. If the proposed settlement, as amended, is not approved by the court or a sufficient number of defendants do not participate in the settlement, the defense of this litigation may continue and therefore increase our expenses and divert management's attention and resources. An adverse outcome in this litigation could seriously harm our business and results of operations. In addition, we may, in the future, be subject to other securities class action or similar litigation.

Risks Related to Our Industry

If the use of the Internet and electronic business does not grow, our revenues may not grow.

Acceptance and use of the Internet may not continue to develop at historical rates and a sufficiently broad base of consumers may not adopt or continue to use the Internet and other online services as a medium of commerce. Demand for Internet services and products are subject to a high level of uncertainty and are subject to significant pricing pressure, especially in Asia-Pacific. As a result, we cannot be certain that a viable market for our IBX centers will materialize. If the market for our IBX centers grows more slowly than we currently anticipate, our revenues may not grow and our operating results could suffer.

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

Various laws and governmental regulations governing Internet related services, related communications services and information technologies, and electronic commerce remain largely unsettled, even in areas where there has been some legislative action. This is true both in the U.S. and the various foreign countries in which we operate. It may take years to determine whether and how existing laws, such as those governing intellectual property, privacy, libel, telecommunications services, and taxation, apply to the Internet and to related services such as ours. We have limited experience with such international regulatory issues and substantial resources may be required to comply with regulations or bring any non-compliant business practices into compliance with such regulations. In addition, the development of the market for online commerce and the displacement of traditional telephony service by the Internet and related communications services may prompt an increased call for more stringent consumer protection laws or other regulation both in the U.S. and abroad that may impose additional burdens on companies conducting business online and their service providers. The compliance with, adoption or modification of, laws or regulations relating to the Internet, or interpretations of existing laws, could have a material adverse effect on our business, financial condition and results of operation.

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

The telecommunications industry is currently undergoing consolidation. As customers combine businesses, they may require less colocation space, and there may be fewer networks available to choose from. Given the competitive and evolving nature of this industry, further consolidation of our customers and/or our competitors may present a risk to our network neutral business model and have a negative impact on our revenues. In addition, increased utilization levels industry-wide could lead to a reduced amount of attractive expansion opportunities available to us.

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

The September 11, 2001 terrorist attacks in the U.S., the ensuing declaration of war on terrorism and the continued threat of terrorist activity and other acts of war or hostility appear to be having an adverse effect on business, financial and general economic conditions internationally. These effects may, in turn, increase our costs due to the need to provide enhanced security, which would have a material adverse effect on our business and results of operations. These circumstances may also adversely affect our ability to attract and retain customers, our ability to raise capital and the operation and maintenance of our IBX centers. We may not have adequate property and liability insurance to cover catastrophic events or attacks.

Item 3. Quantitative and Qualitative 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.

In the past, we have employed foreign currency forward exchange contracts for the purpose of hedging certain specifically identified net currency exposures. The use of these financial instruments was intended to mitigate some of the risks associated with fluctuations in currency exchange rates, but does not eliminate such risks. We may decide to employ such contracts again in the future. We do not use financial instruments for trading or speculative purposes.

Interest Rate Risk

The Company’s exposure to market risk resulting from changes in interest rates relates primarily to our investment portfolio. All of our cash equivalents and marketable securities are designated as available-for-sale and are therefore recorded at fair market value on our balance sheet with the unrealized gains or losses reported as a separate component of other comprehensive income. The fair market value of our marketable securities could be adversely impacted due to a rise in interest rates, but we do not believe such impact would be material. Securities with longer maturities are subject to a greater interest rate risk than those with shorter maturities and as of September 30, 2005 our portfolio maturity was relatively short. If current interest rates were to increase or decrease by 10%, the fair market value of our investment portfolio could increase or decrease by $246,000.

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 obligation. However, the interest expense associated with our $50.0 million revolving credit line, which bears interest at floating rates, plus applicable margins, based on either the prime rate or LIBOR could be affected. As of September 30, 2005, the $50.0 million revolving credit line had an effective interest rate of 5.61%; however, we had not drawn down on the $50.0 million revolving credit line as of September 30, 2005. We did, however, elect to draw down a portion of the $50.0 million Silicon Valley Bank revolving credit line in October 2005. In October 2005, we elected to borrow $30.0 million at a one-month LIBOR interest rate, inclusive of the applicable margin, of 5.72% per annum. Upon the one-month maturity date of the $30.0 million drawdown, we may elect to either repay all or a portion of the $30.0 million drawdown, or convert the $30.0 million drawdown into a new borrowing at either the then applicable one, three or six month LIBOR rate plus an applicable margin or at the prime rate. 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 our earnings or cash flows.

The fair market value of our convertible subordinated debentures is based on quoted market prices. The estimated fair value of our convertible subordinated debentures as of September 30, 2005 was approximately $101.8 million.

Foreign Currency Risk

The majority of our recognized revenue is denominated in U.S. dollars, generated mostly from customers in the U.S. However, approximately 15% of our revenues and costs are in the Asia-Pacific region, and a large portion of those revenues and costs are denominated in a currency other than the U.S. dollar, primarily the Singapore dollar, Japanese yen and Hong Kong and Australian dollars. As a result, our operating results and cash flows are impacted by currency fluctuations relative to the U.S. dollar. Going forward, we continue to expect that approximately 15% of our revenues and costs will continue to be generated and incurred in the Asia-Pacific region in currencies other than the U.S. dollar.

Furthermore, to the extent that our international sales 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, there can be no assurance that exchange rate fluctuations will not adversely affect our financial results in the future.

Commodity Price Risk

Certain operating costs incurred by us 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 price changes are electricity and supplies and equipment used in our IBX centers. We are closely monitoring the cost of electricity at all of our locations. We do not employ forward contracts or other financial instruments to hedge commodity price risk.

Item 4. Controls and Procedures

(a) ***Evaluation of Disclosure Controls and Procedures.*** Our Chief Executive Officer and our Chief Financial Officer, after evaluating the effectiveness of the Company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 (Exchange Act) Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this quarterly report, have concluded that our disclosure controls and procedures are effective based on their evaluation of these controls and procedures required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

(b) ***Changes in Internal Control over Financial Reporting.*** There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On July 30, 2001 and August 8, 2001, putative shareholder class action lawsuits were filed against us, certain of our officers and directors (the "Individual Defendants"), 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. In addition, similar lawsuits were filed against approximately 300 other issuers and related parties. The purported class action alleges violations of Sections 11 and 15 of the Securities Act of 1933 (the "1933 Act") and Sections 10(b), Rule 10b-5 and 20(a) of the Securities Exchange Act of 1934 (the "1934 Act") against the Company and Individual Defendants. The plaintiffs have since dismissed the Individual Defendants without prejudice. The suits allege that the underwriter defendants agreed to allocate stock in our initial public offering to certain investors in exchange for excessive and undisclosed commissions and agreements by those investors to make additional purchases in the aftermarket at pre-determined prices. The 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. The action seeks damages in an unspecified amount. On February 19, 2003, the Court dismissed the Section 10(b) claim against the Company, but denied the motion to dismiss the Section 11 claim.

In July 2003, a Special Litigation Committee of the Equinix Board of Directors approved a settlement agreement and related agreements which set forth the terms of a settlement between the Company, the Individual Defendants, the plaintiff class and the vast majority of the other approximately 300 issuer defendants and the individual defendants currently or formerly associated with those companies. Among other provisions, the settlement provides for a release of the Company and the individual defendants and the Company's agreeing to assign away, not assert, or release certain potential claims the Company may have against its underwriters. The settlement agreement also provides a guaranteed recovery of $1 billion to plaintiffs for the cases relating to all of the approximately 300 issuers. To the extent that the underwriter defendants settle all of the cases for at least $1 billion, no payment will be required under the issuers' settlement agreement. To the extent that the underwriter defendants settle for less than $1 billion, the issuers are required to make up the difference. It is anticipated that any potential financial obligation of Equinix to plaintiffs pursuant to the settlement, of which such claims are currently expected to be less than $3.4 million, will be covered by existing insurance and we do not expect that the settlement will involve any payment by the Company. The Company has no information as to whether there are any material limitations on the expected recovery by other issuer defendants of any potential financial obligation to plaintiffs from their own insurance carriers. On February 15, 2005, the court granted preliminary approval of the settlement agreement, subject to certain modifications consistent with its opinion. Those modifications have been made. There is no assurance that the court will grant final approval to the settlement. As approval by the Court cannot be assured, the Company is unable at this time to determine whether the outcome of the litigation would have a material impact on its results of operations, financial condition or cash flows.

On October 13, 2004, the Court certified a Section 11 class in four of the six cases that were the subject of class certification motions and determined that the class period for Section 11 claims is the period between the IPO and the date that unregistered shares entered the market. The Court noted that its decision on those cases is intended to provide strong guidance to all parties regarding class certification in the remaining cases. Plaintiffs have not yet moved to certify a class in the Equinix case. Until the settlement is finalized and approved by the Court, or in the event such settlement is not approved, we and our officers and directors intend to continue to defend the actions vigorously.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

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

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description of Document
2.1 (8)	Combination Agreement, dated as of October 2, 2002, by and among Equinix, Inc., Eagle Panther Acquisition Corp., Eagle Jaguar Acquisition Corp., i-STT Pte Ltd, STT Communications Ltd., Pihana Pacific, Inc. and Jane Dietze, as representative of the stockholders of Pihana Pacific, Inc.
3.1 (10)	Amended and Restated Certificate of Incorporation of the Registrant, as amended to date.
3.2 (10)	Certificate of Designation of Series A and Series A-1 Convertible Preferred Stock.
3.3 (9)	Bylaws of the Registrant.
3.4 (13)	Certificate of Amendment of the Bylaws of the Registrant.
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3 and 3.4.
4.2 (2)	Form of Registrant’s Common Stock certificate.
4.10 (9)	Registration Rights Agreement (See Exhibit 10.75).
4.11	Indenture (see Exhibit 10.99).
10.2 (1)	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).
10.5 (1)	Form of Indemnification Agreement between the Registrant and each of its officers and directors.
10.8 (1)	The Registrant’s 1998 Stock Option Plan.
10.9 (1)+	Lease Agreement with Carlyle-Core Chicago LLC, dated as of September 1, 1999.
10.10 (1)+	Lease Agreement with Market Halsey Urban Renewal, LLC, dated as of May 3, 1999.
10.11 (1)+	Lease Agreement with Laing Beaumeade, dated as of November 18, 1998.
10.12 (1)+	Lease Agreement with Rose Ventures II, Inc., dated as of June 10, 1999.
10.13 (1)+	Lease Agreement with Carrier Central LA, Inc., as successor in interest to 600 Seventh Street Associates, Inc., dated as of August 8, 1999.
10.14 (1)+	First Amendment to Lease Agreement with TrizecHahn Centers, Inc. (dba TrizecHahn Beaumeade Corporate Management), dated as of October 28, 1999.
10.15 (1)+	Lease Agreement with Nexcomm Asset Acquisition I, L.P., dated as of January 21, 2000.
10.16 (1)+	Lease Agreement with TrizecHahn Centers, Inc. (dba TrizecHahn Beaumeade Corporate Management), dated as of December 15, 1999.
10.23 (1)	Purchase Agreement between International Business Machines Corporation and Equinix, Inc. dated May 23, 2000.

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Exhibit Number	Description of Document
10.24 (2)	2000 Equity Incentive Plan.
10.25 (2)	2000 Director Option Plan.
10.26 (2)	2000 Employee Stock Purchase Plan.
10.27 (2)	Ground Lease by and between iStar San Jose, LLC and Equinix, Inc., dated June 21, 2000.
10.28 (3)+	Lease Agreement with TrizecHahn Beaumeade Technology Center LLC, dated as of July 1, 2000.
10.29 (3)+	Lease Agreement with TrizecHahn Beaumeade Technology Center LLC, dated as of May 1, 2000.
10.30 (3)+	Lease Agreement with Carrier Central LA, Inc., as successor in interest to 600 Seventh Street Associates, Inc., dated as of August 24, 2000.
10.31 (3)+	Lease Agreement with Burlington Associates III Limited Partnership, dated as of July 24, 2000.
10.42 (4)+	First Amendment to Deed of Lease with TrizecHahn Beaumeade Technology Center LLC, dated as of March 22, 2001.
10.43 (4)+	First Lease Amendment Agreement with Market Halsey Urban Renewal, LLC, dated as of May 23, 2001.
10.44 (4)+	First Amendment to Lease with Nexcomm Asset Acquisition I, L.P., dated as of April 18, 2000.
10.45 (4)+	Amendment to Lease Agreement with Burlington Realty Associates III Limited Partnership, dated as of December 18, 2000.
10.46 (5)	First Modification to Ground Lease by and between iStar San Jose, LLC and Equinix, Inc., dated as of September 26, 2001.
10.48 (5)	2001 Supplemental Stock Plan.
10.53 (6)	Second Modification to Ground Lease by and between iStar San Jose, LLC and Equinix, Inc., dated as of May 20, 2002.
10.54 (6)+	Amended and Restated Master Service Agreement by and between International Business Machines Corporation and Equinix, Inc., dated as of May 1, 2002.
10.56 (7)+	Second Amendment to Lease Agreement with Burlington Realty Associates III Limited Partnership, dated as of October 1, 2002.
10.58 (7)	Form of Severance Agreement entered into by the Company and each of the Company's executive officers.
10.60 (9)	Governance Agreement by and among Equinix, Inc., STT Communications Ltd., i-STT Communications Ltd., STT Investments Pte Ltd and the Pihana Pacific stockholder named therein, dated as of December 31, 2002.
10.61 (9)	Tenancy Agreement over units #06-01, #06-05, #06-06, #06-07 and #06-08 of Block 20 Ayer Rajah Crescent, Singapore 139964.

Exhibit Number	Description of Document
10.62 (9)	Tenancy Agreement over units #05-05, #05-06, #05-07 and #05-08 of Block 20 Ayer Rajah Crescent, Singapore 139964.
10.63 (9)	Tenancy Agreement over units #03-01 and #03-02 of Block 28 Ayer Rajah Crescent, Singapore 139959.
10.64 (9)	Tenancy Agreement over units #05-01, #05-02, #05-03 and #05-04 of Block 20 Ayer Rajah Crescent, Singapore 139964.
10.65 (9)	Tenancy Agreement over units #03-05, #03-06, #03-07 and #03-08 of Block 20 Ayer Rajah Crescent, Singapore 139964.
10.69 (9)	Lease Agreement with Downtown Properties, LLC dated April 10, 2000, as amended.
10.70 (9)	Lease Agreement with Comfort Development Limited dated November 10, 2000.
10.71 (9)	Lease Agreement with PacEast Telecom Corporation dated June 15, 2000, as amended.
10.72 (9)	Lease Agreement Lend Lease Real Estate Investments Limited dated October 20, 2000.
10.73 (9)	Lease Agreement with AIPA Properties, LLC dated November 1, 1999, as amended.
10.74 (9)	Third Modification to Ground Lease by and between iStar San Jose, LLC and Equinix, Inc., dated as of September 30, 2002.
10.75 (9)	Registration Rights Agreement by and among Equinix and the Initial Purchasers, dated as of December 31, 2002.
10.76 (9)	Securities Purchase Agreement by and among Equinix, the Guarantors and the Purchasers, dated as of October 2, 2002.
10.77 (9)	Series A-1 Convertible Secured Note Due 2007 issued to i-STT Investments Pte Ltd on December 31, 2002.
10.78 (9)	Preferred Stock Warrant issued to i-STT Investments Pte Ltd on December 31, 2002.
10.79 (9)	Change in Control Warrant issued to i-STT Investments Pte Ltd on December 31, 2002.
10.83 (11)	Securities Purchase and Admission Agreement, dated April 29, 2003, among Equinix, certain of Equinix’s subsidiaries, i-STT Investments Pte Ltd, STT Communications Ltd and affiliates of Crosslink Capital.
10.84 (12)	Sublease by and between Electronics for Imaging as Landlord and Equinix Operating Co., Inc. as Tenant dated February 12, 2003.
10.90 (13)	Expatriate Agreement with Philip Koen, President and Chief Operating Officer of the Company, dated as of June 24, 2003.
10.92 (14)	Renewal of Tenancy Agreements over units #06-01, #06-05/08, #05-05/08, #03-05/08 & #05-01/04 of Block 20 Ayer Rajah Crescent, Singapore 139964.

Exhibit Number	Description of Document
10.94 (15)	Fourth Modification to Ground Lease by and between iStar San Jose, LLC and Equinix, Inc., dated as of November 21, 2003.
10.95 (15)+	Sublease Agreement between Sprint Communications Company, L.P. and Equinix Operating Co., Inc. dated October 24, 2003.
10.96 (15)	Tenancy Agreement over units #03-01, #03-02, #03-03, #03-04 of Block 20 Ayer Rajah Crescent, Singapore 139964.
10.97 (15)	Lease Agreement with JMA Robinson Redevelopment, LLC, as successor in interest to Carrier Central L.A., Inc., dated as of November 30, 2003.
10.99 (16)	Indenture among Equinix, Inc. and U.S. Bank National Association as Trustee dated February 11, 2004.
10.101 (16)	First Amendment to Lease Agreement dated September 1, 1999, between Lakeside Purchaser L.L.C. as successor in interest to Carlyle-Core Chicago, LLC and Equinix Operating Co., Inc.
10.102 (17)	Supplemental Lease Agreement with Comfort Development Limited dated May 18, 2004.
10.103 (18)+	Lease Agreement dated April 21, 2004 between Eden Ventures LLC and Equinix, Inc.
10.104 (18)	Lease Amendment Agreement dated June 17, 2004 between Equinix Japan KK and Mitsubishi Electric Information Network Corporation.
10.105 (18)	Equinix, Inc. 2004 International Employee Stock Purchase Plan effective as of June 3, 2004.
10.106 (18)	Equinix, Inc. Employee Stock Purchase Plan effective as of June 3, 2004.
10.107 (19)	First Amendment to Sublease Agreement dated June 21, 2004 between Equinix Operating Co. Inc. and Sprint Communications Company L.P.
10.108 (19)	Omnibus Amendment Agreement dated November 24, 2004 between Equinix, Inc. and i-STT Investments Pte Ltd.
10.109 (19)+	Assignment and Assumption of Lease and First Amendment to Lease dated December 6, 2004, between Equinix Operating Company, Inc., Abovenet Communications, Inc., and Brokaw Interests; and Lease dated December 29, 1999 between Abovenet Communications, Inc., and Brokaw Interests.
10.111 (19)	Sublease dated January 1, 2005 between Equinix, Inc, and At Last Sportswear, Inc./ Sharp Eye, Inc.
10.113 (19)	First Amendment to Lease dated January 18, 2005 between Eden Ventures LLC and Equinix, Inc.
10.115 (20)	Form of Restricted Stock Agreement for the Company’s executive officers under the Company’s 2000 Equity Incentive Plan.
10.116 (20)	2005 Incentive Plan.
10.117 (21)	Lease Agreement dated June 9, 2005 between Equinix Operating Co., Inc. and Mission West Properties L.P. and associated Guarantee of Equinix, Inc.

Exhibit Number	Description of Document
10.118 (21)+	Agreement of Sublease dated July 13, 2005 between Equinix Operating Co., Inc. and Verio Inc.
10.119+	Amended Loan and Security Agreement dated September 16, 2005 between Equinix, Inc. and Silicon Valley Bank
10.120	Purchase and Sale Agreement dated September 7, 2005 between 1920 East Maple LLC and Equinix Operating Co., Inc. and associated Assignment and Assumption Agreement between Equinix Operating Co., Inc. and Equinix RP, Inc.
10.121	Sale Agreement dated October 3, 2005 between Trizec Realty, LLC and Equinix, Inc. and associated Assignment and Assumption Agreement between Equinix, Inc. and Equinix RP II LLC.
10.122 (22)	Letter Agreement dated October 6, 2005 among Equinix, Inc., STT Communications Ltd. and i-STT Investments Pte. Ltd.
21.1	Subsidiaries of Equinix.
31.1	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Chief Executive Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Chief Financial Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) 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).
(2) 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).
(3) 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.
(4) 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 June 30, 2001.
(5) 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, 2001.
(6) 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 June 30, 2002.
(7) 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, 2002.
(8) Incorporated herein by reference to Annex A of Equinix's Definitive Proxy Statement filed with the Commission December 12, 2002.
(9) 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, 2002.
(10) Incorporated herein by reference to the exhibit of the same number in the Registrant's Annual Report on Form 10-K/A for the year ended December 31, 2002.
(11) Incorporated herein by reference to exhibit 10.1 in the Registrant's filing on Form 8-K on May 1, 2003.
(12) 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 March 31, 2003.

(13) 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 June 30, 2003.
(14) 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, 2003.
(15) 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, 2003.
(16) 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 March 31, 2004.
(17) Incorporated herein by reference to the exhibit of the same number in the Registrant's Registration Statement in Form S-3 (Commission File No. 333-116322).
(18) 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 June 30, 2004.
(19) 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, 2004.
(20) 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 March 31, 2005.
(21) 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 June 30, 2005.
(22) Incorporated herein by reference to Exhibit 99.1 in the Registrant's Current Report on Form 8-K filed on October 6, 2005.
\+ 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.

EQUINIX, INC.

SIGNATURES

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: October 26, 2005

By: /S/ KEITH D. TAYLOR

Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 10.119

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

EXECUTION COPY

AMENDED AND RESTATED

LOAN AND SECURITY AGREEMENT

THIS AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (as further amended, restated, or otherwise modified from time to time, this "***Agreement***") dated the Effective Date, between **SILICON VALLEY BANK** ("***Bank***") and **EQUINIX, INC.**, a Delaware corporation, whose address is 301 Velocity Way, 5th Floor, Foster City, California 94404 ***("Borrower")***, provides the terms on which Bank will lend to Borrower, and Borrower will repay Bank. This Agreement amends and restates in its entirety that Loan and Security Agreement dated November 23, 2004, between Bank and Borrower (the "***Original Loan Agreement***").

1. ACCOUNTING AND OTHER TERMS

Accounting terms not defined in this Agreement shall be construed following GAAP. Calculations and determinations must be made following GAAP. The term "financial statements" includes the notes and schedules. The terms "including" and "includes" always mean "including (or includes) without limitation," in this or any Loan Document. Capitalized terms in this Agreement shall have the meanings as set forth in **Section 13**. All other terms contained in this Agreement, unless otherwise indicated, shall have the meanings provided by the Code, to the extent such terms are defined therein.

2. LOAN AND TERMS OF PAYMENT

2.1 Promise to Pay.

Borrower hereby unconditionally promises to pay Bank the unpaid principal amount of all Credit Extensions hereunder with all interest, fees, and finance charges due thereon as and when due in accordance with this Agreement.

2.1.1 Revolving Advances.

(a) Subject to the terms and conditions hereof, Bank shall make Advances to Borrower from time to time until the Revolving Maturity Date not exceeding the Committed Revolving Line *minus* the Sublimit Utilization Amount. Until the Revolving Maturity Date and subject to the terms hereof and the applicable terms and conditions precedent in **Sections 3.1** and **3.2**, Borrower may borrow, repay, and reborrow under this Section 2.1.1. The proceeds of the Advances shall be used solely for working capital and general corporate purposes.

(b) Interest on each Advance shall be paid pursuant to the terms of **Section 2.4(b)**. The outstanding principal amount of and all accrued but unpaid interest on the Advances shall be due and payable on the Revolving Maturity Date.

(c) To obtain an Advance, Borrower must follow the procedures set forth in **Section 3.3**.

2.1.2 Letters of Credit Sublimit.

Bank will issue letters of credit (***"Letters of Credit"***) for Borrower's account not exceeding the Committed Revolving Line*minus* the sum of (a) all amounts for services utilized under the Cash Management Services Sublimit, (b) the FX Reserve, and (c) the sum of the outstanding principal balance of the Advances. Each Letter of Credit will have an expiry date of no later than 180 days after the Revolving Maturity Date. Borrower's reimbursement obligation with respect to any Letter of Credit with an expiry date later than the Revolving Maturity Date will be secured by cash on terms reasonably acceptable to Bank on or before the Revolving Maturity Date if the term of this Agreement is not extended by Bank. Borrower agrees to execute any further documentation in connection with the Letters of Credit as Bank may reasonably request.

2.1.3 FX Forward Contracts.

If there is availability under the Committed Revolving Line, then Borrower may enter into foreign exchange forward contracts with the Bank under which Borrower commits to purchase from or sell to Bank a set amount of foreign currency more than one business day after the contract date (the ***"FX Forward Contract"***). Bank will subtract ten percent (10%) of each outstanding FX Forward Contract from the foreign exchange sublimit (the ***"FX Reserve"***). The foreign exchange sublimit shall be the Committed Revolving Line *minus* the sum of (a) all amounts for services utilized under the Cash Management Services Sublimit, (b) the amount of all outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit), and (c) the sum of the outstanding principal balance of the Advances. The total FX Forward Contracts at any one time may not exceed ten (10) times the amount of the FX Reserve.

2.1.4 Cash Management Services.

Borrower may use amounts up to the Committed Revolving Line*minus* the sum of (a) the amount of all outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit), (b) the FX Reserve, and (c) the sum of the outstanding principal balance of the Advances (the ***"Cash Management Services Sublimit"***) for Bank's Cash Management Services, which may include merchant services, direct deposit of payroll, business credit card, and check cashing services identified in various cash management services agreements related to such services, including automated clearing house and electronic funds transfer services (the ***"Cash Management Services"***). Such aggregate amounts utilized under the Cash Management Services Sublimit will at all times reduce the amount otherwise available to be borrowed under the Committed Revolving Line. Any amounts Bank pays on behalf of Borrower or any amounts that are not paid by Borrower when due for any Cash Management Services will be treated as Prime Rate Advances under the Committed Revolving Line and will accrue interest at the rate for Prime Rate Advances.

2.2 Suspension and Termination of Commitment to Lend; Termination of this Agreement.

Bank shall have no obligation to make Credit Extensions (a) upon the occurrence and during the continuance of an Event of Default or if there exists any event, condition, or act which

with notice or lapse of time, or both, would constitute an Event of Default or (b) upon the occurrence of any Change in Control of Borrower. Bank's obligation to make Credit Extensions shall terminate on the Revolving Maturity Date. Borrower may, upon five (5) Business Days' prior written notice to Bank, irrevocably terminate this Agreement provided that all Obligations have been paid in full and no Letters of Credit remain outstanding (other than Letters of Credit that have been secured by cash on terms acceptable to Bank) as of the effective date of such termination.

2.3 Overadvances.

If, at any time Borrower's aggregate obligations under **Sections 2.1.1, 2.1.2, 2.1.3**, and **2.1.4**, exceed the Committed Revolving Line, Borrower must, after written notice from Bank, immediately pay Bank the excess.

2.4 Interest Rates.

(a) Borrower shall pay interest on the Advances at the following rates: (i) the Prime Rate, or (ii) at the election of Borrower, Adjusted LIBOR, in each case *plus* the Applicable Margin per annum. Any increase or decrease in the Applicable Margins resulting from a change in the Senior Leverage Ratio, as evidenced by the most recently-delivered Compliance Certificate, shall be effective retroactively to the first day of the fiscal quarter in which such Compliance Certificate is delivered; *provided*, *however*, that if Borrower fails to deliver a Compliance Certificate when due in accordance with **Section 6.2(b)**, then the Applicable Margins shall be 2.85% for LIBOR Advances and 1.25% for Prime Rate Advances effective retroactively to the first day of the fiscal quarter in which such Compliance Certificate is required to be delivered and until such time that Borrower shall deliver a Compliance Certificate evidencing that its Senior Leverage Ratio at the end of the immediately preceding fiscal quarter was less than or equal to 2.5x (in which case the Applicable Margins shall automatically adjust to the percentages corresponding to such Senior Leverage Ratio). The Applicable Margins in effect from the Effective Date until Borrower delivers the first Compliance Certificate required by this Agreement shall be 2.50% for LIBOR Advances and 0.50% for Prime Rate Advances, whereupon any increase or decrease in the Applicable Margins shall be computed in accordance with the immediately preceding sentence.

The Applicable Margins are as follows:

If Borrower's Senior Leverage Ratio is:	LIBOR Applicable Margin	Prime Rate Applicable Margin
less than or equal to 1.0x	1.75%	0.00%
more than 1.0x but less than or equal to 2.0x	2.50%	0.50%
more than 2.0x but less than or equal to 2.5x	2.75%	1.00%
greater than 2.5x	2.85%	1.25%

(b) Pursuant to the terms of **Section 3.7**, interest on each Advance shall be paid in arrears on each Interest Payment Date. Interest shall also be paid on the date of any prepayment of any Advance pursuant to this Agreement for the portion of any Advance so prepaid and upon payment (including prepayment) in full thereof.

(c) After an Event of Default occurs and so long as such Event of Default continues, including after an acceleration of the Obligations pursuant to **Section 9.1(a)** (whether before or after entry of judgment to the extent permitted by law), Obligations shall accrue interest at two percent (2.00%) above the rate effective immediately before the Event of Default; provided, however, that on and after the expiration of any Interest Period applicable to any LIBOR Advance outstanding on the date of occurrence of such Event of Default or acceleration, the Effective Amount of such LIBOR Advance shall, during the continuance of such Event of Default or after acceleration, bear interest at a rate per annum equal to the Prime Rate plus two percent (2.00%). Payment or acceptance of the increased interest provided in this Section 2.4(c) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Bank.

2.5 Intentionally Omitted.

2.6 General Provisions.

Bank may debit any of Borrower's deposit accounts maintained with Bank for principal and interest payments due and owing or any amounts Borrower owes Bank pursuant to the Loan Documents which are then due and owing, including the Designated Deposit Account. These debits are not a set-off. Payments received after 12:00 noon (Pacific time) are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment is due the next Business Day and additional fees or interest accrue.

2.7 Fees.

Borrower shall pay to Bank:

(a) all documented Bank Expenses incurred through and after the Effective Date, when due (including reasonable attorneys' fees and expenses incurred in connection with the documentation, negotiation, execution, and delivery of the Loan Documents associated with the initial Credit Extension, which shall not exceed $60,000 unless otherwise agreed by Borrower and which shall be due and payable on the Effective Date); and

(b) as additional compensation for Bank's Revolving Loan Commitment, in arrears, on the first Business Day of each quarter prior to the Revolving Maturity Date and on the Revolving Maturity Date, a per annum **facility fee** in an amount equal to the applicable Facility Fee Percentage multiplied by the Revolving Loan Commitment; and

(c) such additional fees as set forth in the letter agreement dated as of September 16, 2005 between Borrower and Bank setting forth certain fees payable in connection with this Agreement.

2.8 Mandatory Prepayment Event.

Concurrently with the occurrence of any Change in Control of Borrower, Borrower shall prepay in full, without penalty or premium, all outstanding Obligations and shall post cash collateral, upon terms reasonably acceptable to Bank, in the face amount of any undrawn Letters of Credit.

3. CONDITIONS OF CREDIT EXTENSIONS

3.1 Conditions Precedent to Initial Credit Extension.

Bank's obligation to make the initial Credit Extension is subject to the condition precedent that the following have been satisfied, all in form and substance reasonably satisfactory to Bank:

(a) the parties shall have executed and delivered the Loan Documents;

(b) To the extent not previously delivered to Bank in connection with the Original Loan Agreement, Borrower shall have delivered executed one or more Control Agreement(s), in form and substance satisfactory to Bank, by and among Borrower, Bank, and such banks or financial institutions as is necessary for Bank to perfect its security interest in the Domestic Collateral Accounts;

(c) each of Borrower and Guarantor shall have delivered its Operating Documents and a good standing certificate from the Secretary of State of their jurisdiction of formation;

(d) each of Borrower and Guarantor shall have delivered a copy of the resolutions of its Board of Directors certified to be a true and correct copy by its secretary or other authorized officer, together with incumbency information and specimen signatures;

(e) the Leasehold Deeds of Trust for which landlord consents are either not required to permit Borrower to encumber the underlying leasehold interest or for which such landlord consents have been obtained on the Effective Date, shall have been duly executed and delivered by Borrower;

(f) Bank shall have received the certificates of insurance described in Section 6.5 hereof;

(g) Subject to the limitations set forth in Section 2.7, Borrower shall have paid all documented and invoiced costs and fees, including Bank Expenses, then due; and

(h) Borrower shall have delivered to Bank, in addition to the documents required in **Sections 3.2** and **3.3**, all documents, certificates, and other assurances that Bank or its counsel may reasonably request.

3.2 Conditions Precedent to all Credit Extensions.

3.2.1 Bank's obligation to make each Credit Extension, including the initial Credit Extension, is subject to the following:

(a) timely receipt of a Notice of Borrowing in the form attached as Exhibit A; and

(b) the representations and warranties in **Section 5** shall be true, accurate and complete on the date of the Notice of Borrowing and on the Funding Date, and no Event of Default shall have occurred and be continuing, or result from, an Advance and/or Credit Extension; *provided*, *however*, that those representations and warranties expressly referring to a date other than the Funding Date are true, accurate and complete as of such date; and *provided*, *further*, that the representations and warranties set forth in **Section 5** shall be deemed to be made with respect to the financial statements most recently delivered to the Bank pursuant to **Section 6.2**. Borrower's receipt of an Advance is Borrower's representation and warranty on that date that the representations and warranties in **Section 5** remain true, accurate and complete, subject to the provisos set forth in the preceding sentence.

3.2.2 Bank's obligation to make Credit Extensions on or after December 31, 2005, is subject to the additional condition that Borrower shall have used commercially reasonable efforts to have obtained and delivered to Bank not later than such date **[*].**

3.3 Procedure for the Borrowing of Advances.

(a) Subject to the prior satisfaction of all other applicable conditions to the making of an Advance set forth in this Agreement, including **Section 3.1** and **Section 3.2** for Advances made on the Effective Date and **Section 3.2** for all Advances, each Advance shall be made upon Borrower's irrevocable written notice delivered to Bank in the form of a Notice of Borrowing, each executed by a Responsible Officer of Borrower or his or her designee or without instructions if the Advances are necessary to meet Obligations which have become due. Bank may rely on any telephone notice given by a person whom Bank believes is a Responsible Officer or designee. Borrower will indemnify Bank for any loss Bank suffers due to such reliance (other than losses resulting from Bank's gross negligence or willful misconduct). Such Notice of Borrowing must be received by Bank prior to 12:00 noon (Pacific time), (i) at least three (3) Business Days prior to the requested Funding Date, in the case of LIBOR Advances, and (ii) at least one (1) Business Day prior to the requested Funding Date, in the case of Prime Rate Advances, specifying:

(i) the amount of the Advance, which, if a LIBOR Advance is requested, shall be in an aggregate minimum principal amount of $1,000,000 or in any integral multiple of $100,000 in excess thereof;

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

(ii) the requested Funding Date, which shall be a Business Day;

(iii) whether the Advance is to be comprised of LIBOR Advances or Prime Rate Advances; and

(iv) the duration of the Interest Period applicable to any such LIBOR Advances included in such notice; *provided* that if the Notice of Borrowing shall fail to specify the duration of the Interest Period for any Advance comprised of LIBOR Advances, such Interest Period shall be one (1) month.

(b) The proceeds of all such Advances will then be made available to Borrower on the Funding Date by Bank by transfer to the Designated Deposit Account.

3.4 Conversion and Continuation Elections.

(a) So long as (1) no Event of Default or event which with notice, passage of time, or both would constitute an Event of Default exists; (2) no party hereto shall have sent any notice of termination of this Agreement; and (3) Borrower shall have complied with such customary procedures as Bank has established from time to time for Borrower's requests for LIBOR Advances, Borrower may, upon irrevocable written notice to Bank:

(i) elect to convert on any Business Day, Prime Rate Advances in an amount equal to $1,000,000 or any integral multiple of $100,000 in excess thereof into LIBOR Advances;

(ii) elect to continue on any Interest Payment Date any LIBOR Advances maturing on such Interest Payment Date (or any part thereof in an amount equal to $1,000,000 or any integral multiple of $100,000 in excess thereof); provided, that if the aggregate amount of LIBOR Advances shall have been reduced, by payment, prepayment, or conversion of part thereof, to be less than $1,000,000, such LIBOR Advances shall automatically convert into Prime Rate Advances; or

(iii) elect to convert on any Interest Payment Date any LIBOR Advances maturing on such Interest Payment Date (or any part thereof in an amount equal to $1,000,000 or any integral multiple of $100,000 in excess thereof) into Prime Rate Advances.

(b) Borrower shall deliver a Notice of Conversion/Continuation substantially in the form attached hereto as Exhibit B to be received by Bank prior to 11:00 a.m. (Pacific time) at least (i) three (3) Business Days in advance of the Conversion Date or Continuation Date, if any Advances are to be converted into or continued as LIBOR Advances; and (ii) one (1) Business Day in advance of the Conversion Date, if any Advances are to be converted into Prime Rate Advances, in each case specifying:

(i) the proposed Conversion Date or Continuation Date;

(ii) the aggregate amount of the Advances to be converted or continued which, if any Advances are to be converted into or continued as LIBOR Advances, shall be in an aggregate minimum principal amount of $1,000,000 or in any integral multiple of $100,000 in excess thereof;

(iii) whether a conversion or a continuation is proposed; and

(iv) the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period applicable to any LIBOR Advances, Borrower shall have timely failed to select a new Interest Period to be applicable to such LIBOR Advances, Borrower shall be deemed to have elected to convert such LIBOR Advances into Prime Rate Advances.

(d) Any LIBOR Advances shall, at Bank's option, convert into Prime Rate Advances in the event that (i) an Event of Default, or event which with notice, the passage of time, or both would constitute an Event of Default, shall exist, (ii) the Agreement shall terminate, or (iii) the aggregate principal amount of the Prime Rate Advances which have been previously converted to LIBOR Advances, or the aggregate principal amount of existing LIBOR Advances continued, as the case may be, at the beginning of an Interest Period shall at any time during such Interest Period exceed the Committed Revolving Line. Borrower agrees to pay Bank, upon demand by Bank (or Bank may, at its option, charge the Designated Deposit Account or any other account Borrower maintains with Bank) any amounts required to compensate Bank for any loss (including loss of anticipated profits), cost, or expense incurred by Bank, as a result of the conversion of LIBOR Advances to Prime Rate Advances pursuant to any of the foregoing. Concurrently with any demand for compensation under this Section 3.4(d), Bank will furnish Borrower with a statement setting forth the basis and amount of such request by Bank for such compensation. Determinations by Bank for purposes of this Section 3.4(d) of the amounts required to compensate Bank in respect of any loss, costs or expense incurred by Bank as a result of the conversion of LIBOR Advances to Prime Rate Advances pursuant to the circumstances set forth in Sections 3.4(d)(i)-(iii) shall be conclusive absent manifest error.

(e) Notwithstanding anything to the contrary contained herein, Bank shall not be required to purchase United States Dollar deposits in the London interbank market or other applicable LIBOR market to fund any LIBOR Advances, but the provisions hereof shall be deemed to apply as if Bank had purchased such deposits to fund the LIBOR Advances.

3.5 Special Provisions Governing LIBOR Advances.

Notwithstanding any other provision of this Agreement to the contrary, the following provisions shall govern with respect to LIBOR Advances as to the matters covered:

(a) Determination of Applicable Interest Rate. As soon as practicable on each Interest Rate Determination Date, Bank shall determine (which determination shall, absent manifest error in calculation, be final, conclusive and binding upon all parties) the interest rate that shall apply to the LIBOR Advances for which an interest rate is then being determined for the applicable Interest Period and shall promptly give notice thereof (in writing or by telephone confirmed in writing) to Borrower.

(b) Inability to Determine Applicable Interest Rate. In the event that Bank shall have determined (which determination shall be final and conclusive and binding upon all parties hereto), on any Interest Rate Determination Date with respect to any LIBOR Advance, that by reason of circumstances affecting the London interbank market adequate and fair means do not exist for ascertaining the interest rate applicable to such Advance on the basis provided for in the definition of LIBOR, Bank shall on such date give notice (by telefacsimile or by telephone confirmed in writing) to Borrower of such determination, whereupon (i) no Advances may be made as, or converted to, LIBOR Advances until such time as Bank notifies Borrower that the circumstances giving rise to such notice no longer exist, and (ii) any Notice of Borrowing or Notice of Conversion/Continuation given by Borrower with respect to Advances in respect of which such determination was made shall be deemed to be rescinded by Borrower and, with respect to a Notice of Conversion/Continuation, be deemed a request to convert or continue Advances referred to therein as Prime Rate Advances.

(c) Compensation for Breakage or Non-Commencement of Interest Periods. Borrower shall compensate Bank, upon written request by Bank (which request shall set forth the manner and method of computing such compensation), for all reasonable losses, expenses and liabilities, if any (including any interest paid by Bank to lenders of funds borrowed by it to make or carry its LIBOR Advances and any loss, expense or liability incurred by Bank in connection with the liquidation or re-employment of such funds) such that Bank may incur: (i) if for any reason (other than a default by Bank or due to any failure of Bank to fund LIBOR Advances due to illegality under **Section 3.6(e)** or impracticability under **Section 3.6(d)**) a borrowing or a conversion to or continuation of any LIBOR Advance does not occur on a date specified in a Notice of Borrowing or a Notice of Conversion/Continuation, as the case may be, or (ii) if any principal payment or any conversion of any of its LIBOR Advances occurs on a date prior to the last day of an Interest Period applicable to that Advance.

Concurrently with any demand for compensation under this **Section 3.5(c)**, Bank will furnish Borrower with a statement setting forth the basis and amount of such request by Bank for such compensation. Determinations by Bank for purposes of this **Section 3.5(c)** of the amounts required to compensate Bank in respect of any loss, expense or liability incurred by Bank as a result of the circumstances set forth in **Sections 3.5(c)(i)-(ii)** shall be conclusive absent manifest error.

(d) Assumptions Concerning Funding of LIBOR Advances. Calculation of all amounts payable to Bank under this **Section 3.5** and under **Section 3.3** shall be made as though Bank had actually funded each of its relevant LIBOR Advances through the purchase of a Eurodollar deposit bearing interest at the rate obtained pursuant to the definition of LIBOR Rate in an amount equal to the amount of such LIBOR Advance and having a maturity comparable to the relevant Interest Period; *provided*, *however*, that Bank may fund each of its LIBOR Advances in any manner it sees fit and the foregoing assumptions shall be utilized only for the purposes of calculating amounts payable under this **Section 3.5** and under **Section 3.3**.

(e) LIBOR Advances After Event of Default. After the occurrence of and during the continuation of an Event of Default, (i) Borrower may not elect to have an Advance be made or continued as, or converted to, a LIBOR Advance after the expiration of any Interest Period then in effect for such Advance, and (ii) subject to the provisions of Section

3.5(c), any Notice of Conversion/Continuation given by Borrower with respect to a requested conversion/continuation that has not yet occurred shall be deemed to be rescinded by Borrower and be deemed a request to convert or continue Advances referred to therein as Prime Rate Advances.

3.6 Additional Requirements/Provisions Regarding LIBOR Advances.

(a) If for any reason (including voluntary or mandatory prepayment or acceleration), Bank receives all or part of the principal amount of a LIBOR Advance prior to the last day of the Interest Period for such Advance, Borrower shall immediately notify Borrower's account officer at Bank and, within fifteen (15) days after written demand by Bank, pay Bank the amount (if any) by which (i) the additional interest which would have been payable on the amount so received had it not been received until the last day of such Interest Period exceeds (ii) the interest which would have been recoverable by Bank by placing the amount so received on deposit in the certificate of deposit markets, the offshore currency markets, or United States Treasury investment products, as the case may be, for a period starting on the date on which it was so received and ending on the last day of such Interest Period at the interest rate determined by Bank in its reasonable discretion. Bank's determination as to such amount shall be conclusive absent manifest error.

(b) Borrower shall pay Bank, within fifteen (15) days after written demand by Bank, from time to time such amounts as Bank may determine to be necessary to compensate it for any costs incurred by Bank that Bank determines are attributable to its making or maintaining of any amount receivable by Bank hereunder in respect of any Advances relating thereto (such increases in costs and reductions in amounts receivable being herein called ***"Additional Costs"***), in each case resulting from any Regulatory Change which:

(i) changes the basis of taxation of any amounts payable to Bank under this Agreement in respect of any Advances (other than changes which affect taxes measured by or imposed on the overall net income or capital of Bank by the jurisdiction in which Bank has its principal office);

(ii) imposes or modifies any reserve, special deposit or similar requirements relating to any extensions of credit or other assets of, or any deposits with, or other liabilities of Bank (including any Advances or any deposits referred to in the definition of LIBOR); or

(iii) imposes any direct costs on Bank in respect of any Advances.

Bank will notify Borrower of any event occurring after the Effective Date which will entitle Bank to compensation pursuant to this **Section 3.6(b)** as promptly as practicable after it obtains knowledge thereof and determines to request such compensation. Concurrently with any demand for compensation under this **Section 3.6(b)**, Bank will furnish Borrower with a statement setting forth the basis and amount of such request by Bank for such compensation. Determinations and allocations by Bank for purposes of this **Section 3.6(b)** of the effect of any Regulatory Change on its costs of maintaining its obligations to make Advances, of making or

maintaining Advances, or on amounts receivable by it in respect of Advances, and of the additional amounts required to compensate Bank in respect of any Additional Costs, shall be conclusive absent manifest error.

(c) If Bank shall determine that the adoption or implementation of any applicable law, rule, regulation, or treaty regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank, or comparable agency charged with the interpretation or administration thereof, or compliance by Bank (or its applicable lending office) with any respect or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank, or comparable agency, has or would have the effect of reducing the rate of return on capital of Bank or any person or entity controlling Bank (a ***"Parent"***) as a consequence of its obligations hereunder to a level below that which Bank (or its Parent) could have achieved but for such adoption, change, or compliance (taking into consideration policies with respect to capital adequacy) by an amount deemed by Bank to be material, then from time to time, within fifteen (15) days after written demand by Bank, Borrower shall pay to Bank such additional amount or amounts as will compensate Bank for such reduction. Concurrently with any demand for compensation under this **Section 3.6(c)**, Bank will furnish Borrower with a statement setting forth the basis and amount of such request by Bank for such compensation, which statement shall be conclusive absent manifest error.

(d) If, at any time, (i) the amount of LIBOR Advances for periods equal to the corresponding Interest Periods is not available to Bank in the offshore currency interbank markets, or (ii) LIBOR does not accurately reflect the cost to Bank of lending the LIBOR Advances, then Bank shall promptly give notice thereof to Borrower. Upon the giving of such notice, Bank's obligation to make the LIBOR Advances shall terminate.

(e) If it shall become unlawful for Bank to continue to fund or maintain any LIBOR Advances, or to perform its obligations hereunder, upon demand by Bank, Borrower shall prepay the Advances in full with accrued interest thereon and all other amounts payable by Borrower hereunder (including, without limitation, any amount payable in connection with such prepayment pursuant to **Section 3.6(a)**). Notwithstanding the foregoing, to the extent a determination by Bank as described above relates to a LIBOR Advance then being requested by Borrower pursuant to a Notice of Borrowing or a Notice of Conversion/Continuation, Borrower shall have the option, subject to the provisions of **Section 3.5(c)**, to (i) rescind such Notice of Borrowing or Notice of Conversion/Continuation by giving notice (by telefacsimile or by telephone confirmed in writing) to Bank of such rescission on the date on which Bank gives notice of its determination as described above, or (ii) modify such Notice of Borrowing or Notice of Conversion/Continuation to obtain a Prime Rate Advance or to have outstanding Advances converted into or continued as Prime Rate Advances by giving notice (by telefacsimile or by telephone confirmed in writing) to Bank of such modification on the date on which Bank gives notice of its determination as described above.

(f) Failure or delay on the part of Bank to demand compensation pursuant to the provisions of **Sections 3.6(b)** or **3.6(c)** shall not constitute a waiver of Bank's right to demand such compensation, *provided* that Borrower shall not be required to compensate Bank pursuant to the provisions of **Sections 3.6(b)** or **3.6(c)** for any costs incurred or reductions

suffered more than 90 days prior to the date that Bank notifies Borrower of the Regulatory Change giving rise to such increased costs or reductions and of Bank's intention to claim compensation therefor.

3.7 Calculation of Interest and Fees.

Interest on the Advances and all fees payable hereunder shall be computed on the basis of a 360-day year and the actual number of days elapsed (other than Prime Rate Advances, which shall be computed on the basis of a 365-day year and the actual number of days elapsed) in the period during which such interest accrues. In computing interest on any Advance, the date of the making of such Advance shall be included and the date of payment shall be excluded; *provided*, *however*, that if any Advance is repaid on the same day on which it is made, such day shall be included in computing interest on such Advance.

(a) Prime Rate Advances. Each change in the interest rate of the Prime Rate Advances based on changes in the Prime Rate shall be effective on the effective date of such change and to the extent of such change. Interest on Prime Rate Advances is payable quarterly by debit to the Designated Deposit Account on each Interest Payment Date.

(b) LIBOR Advances. The interest rate applicable to each LIBOR Advance shall be determined in accordance with **Section 3.5(a)** hereunder. Subject to **Sections 3.5** and **3.6**, such rate shall apply during the entire Interest Period applicable to such LIBOR Advance, and interest calculated thereon shall be payable on the Interest Payment Date applicable to such LIBOR Advance.

4. CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest.

Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations and the performance of each of Borrower's duties under the Loan Documents, a continuing security interest in the Collateral and all proceeds and products thereof. Borrower warrants and represents that the security interest granted herein shall be a perfected first priority security interest in the Filing Collateral (which security interest shall be perfected by the filing of any financing statements required by the Code) and in the Domestic Collateral Accounts (which security interest shall be perfected by "control" pursuant to Section 9104 or Section 9106 of the Code, as applicable), subject only to Permitted Liens.

Borrower agrees that any disposition of the Collateral in violation of this Agreement, by either Borrower or any other Person, shall be deemed to violate the rights of Bank under the Code. If the Agreement is terminated, Bank's lien and security interest in the Collateral shall continue until Borrower fully satisfies its Obligations. If Borrower shall at any time, file a commercial tort claim in any court where the amount of damages claimed exceeds $500,000, Borrower shall promptly notify Bank in a writing signed by Borrower of the brief details thereof and grant to Bank in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Bank.

Once the Obligations have been indefeasibly paid in full (other than inchoate indemnity obligations) or otherwise performed in full and Bank's obligations to provide Credit Extensions hereunder have terminated, (i) Bank's security interest in the Collateral shall automatically terminate, (ii) all rights to the Collateral shall automatically revert to Borrower and (iii) Bank shall promptly return any pledged Collateral to Borrower, or to the Person or Persons legally entitled thereto, and shall promptly endorse, execute, deliver, record and file all financing statements, reconveyances, instruments and documents, and do all other acts and things, reasonably required for the return of the Collateral to Borrower, or to the Person or Persons legally entitled thereto, and to evidence or document the release, reconveyance and termination of Bank's interests arising under this Agreement, all as reasonably requested by, and at the expense of, Borrower. Bank's Lien on any Collateral sold or otherwise transferred by Borrower in a transaction which is not a Default or Event of Default under this Agreement shall terminate effective upon such sale or other transfer. Upon such termination or Bank's release of any Collateral prior to indefeasible payment or performance in full of the Obligations, Bank shall execute and deliver to Borrower (or to a party designated by Borrower) such documents as may be appropriate to confirm such termination or release, including documents necessary to reconvey interests in real property, terminate financing statements or to evidence the release (or partial release) of Collateral under financing statements filed under the Code.

4.2 Authorization to File Financing Statements.

Borrower hereby authorizes Bank to file financing statements with all appropriate jurisdictions, to perfect or protect Bank's interest or rights hereunder.

5. REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

5.1 Due Organization and Authorization.

Borrower and each Subsidiary is duly existing and, in any jurisdiction in which such legal concept is applicable, in good standing in its jurisdiction of organization and is qualified and licensed to do business in, and, in any jurisdiction in which such legal concept is applicable, is in good standing in, any jurisdiction in which the conduct of its business or its ownership of property requires that it be qualified, except where the failure to do any of the foregoing could not reasonably be expected to cause a Material Adverse Change. In connection with this Agreement, Borrower has delivered to Bank a certificate signed by Borrower and entitled "Collateral Information Certificate". Borrower represents and warrants to Bank that: (a) Borrower's exact legal name is that indicated on the Collateral Information Certificate and on the signature page hereof; (b) Borrower is an organization of the type, and is organized in the jurisdiction, set forth in the Collateral Information Certificate; (c) the Collateral Information Certificate accurately sets forth Borrower's organizational identification number or accurately states that Borrower has none; and (d) the Collateral Information Certificate accurately sets forth Borrower's place of business, or, if more than one, its chief executive office as well as Borrower's mailing address if different, and (e) all other information set forth on the Collateral Information Certificate pertaining to Borrower is accurate and complete. If Borrower does not now have an organizational identification number, but later obtains one, Borrower shall promptly notify Bank of such organizational identification number.

The execution, delivery and performance of the Loan Documents have been duly authorized by Borrower, and do not conflict with Borrower's organizational documents, nor constitute an event of default under any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which or by which it is bound in which the default could reasonably be expected to cause a Material Adverse Change.

5.2 Collateral.

Borrower has good title to the Collateral, free of Liens except Permitted Liens. Borrower maintains its primary operating accounts with Bank or with Bank's Affiliates and all other deposit or investment accounts of Borrower are disclosed in the Collateral Information Certificate or have otherwise been disclosed to Bank in writing. The Domestic Accounts are bona fide, existing obligations, and the service or property has been performed or delivered to the account debtor or its agent for immediate shipment to and unconditional acceptance by the account debtor. Except as otherwise disclosed in writing to Bank, no Collateral consisting of Inventory with an aggregate value in excess of $200,000 is in the possession of any third party bailee (such as a warehouse). Except as hereafter disclosed to Bank in writing by Borrower pursuant to and within the timeframe provided by **Section 6.2(f)(i)**, none of the components of the Collateral with an aggregate value in excess of $200,000 is maintained at locations other than as provided in the Collateral Information Certificate. In the event that Borrower, after the date hereof, intends to deliver possession of any Collateral consisting of Inventory with an aggregate value in excess of $200,000 to a bailee, then Borrower shall first obtain the written consent of Bank, and such bailee must acknowledge in writing that the bailee is holding such Collateral for the benefit of Bank. All Inventory is in all material respects of good and marketable quality, free from material defects.

5.3 Litigation.

Except as shown in the Collateral Information Certificate, there are no actions or proceedings pending or, to the knowledge of Borrower's Responsible Officers or legal counsel, threatened in writing by or against Borrower or any Subsidiary which could reasonably be expected to cause a Material Adverse Change.

5.4 No Material Deterioration in Financial Statements.

All consolidated financial statements for Borrower, and any Subsidiary, delivered to Bank fairly present in all material respects Borrower's consolidated financial condition and Borrower's consolidated results of operations. There has not been a Material Adverse Change since the date of the most recent financial statements submitted to Bank.

5.5 Solvency.

The fair salable value of Borrower's assets (including goodwill minus disposition costs) exceeds the fair value of its liabilities; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower is able to pay its debts (including trade debts) as they mature.

5.6 Regulatory Compliance.

Borrower is not an “investment company” under the Investment Company Act. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations T and U of the Federal Reserve Board of Governors). Borrower has complied in all material respects with the Federal Fair Labor Standards Act. Borrower has not violated any laws, ordinances or rules, the violation of which could reasonably be expected to cause a Material Adverse Change. None of Borrower’s or any Subsidiary’s properties or assets has been used by Borrower or any Subsidiary or, to the best of Borrower’s knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than legally. Borrower and each Subsidiary have timely (taking into account any extensions of time granted to Borrower) filed all required tax returns and paid, or made adequate provision to pay, all material taxes, except those being contested in good faith with adequate reserves under GAAP. Borrower and each Subsidiary have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all government authorities that are necessary to continue its business as currently conducted, except where the failure to make such declarations, notices or filings would not reasonably be expected to cause a Material Adverse Change.

5.7 Subsidiaries.

Except as shown in the Collateral Information Certificate or as Borrower may otherwise notify Bank in writing from time to time, Borrower does not own any stock, partnership interest or other equity securities except for Permitted Investments.

5.8 Full Disclosure.

No written representation, warranty or other statement of Borrower in any certificate or written statement given to Bank (taken together with all such written certificates and written statements given to Bank) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading, it being recognized by Bank that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results.

6. AFFIRMATIVE COVENANTS

Borrower shall, and, where indicated, shall cause each of its Domestic Subsidiaries to, do all of the following for so long as Bank has an obligation to lend or there are outstanding Obligations:

6.1 Government Compliance.

(a) Except as to Subsidiaries in connection with a transaction permitted by **Section 7.1(f)** or a merger permitted by **Section 7.4**, maintain its and all its Domestic Subsidiaries' legal existence and, to the extent such legal concept is applicable, good standing in their respective jurisdictions of organization except where the failure to do so could not reasonably be expected to cause a Material Adverse Change;

(b) Maintain its and its Domestic Subsidiaries' qualification to do business (to the extent such legal concept is applicable) in each jurisdiction where the failure to so qualify could reasonably be expected to cause a Material Adverse Change; and

(c) Comply, and have each of its Domestic Subsidiaries comply, with all laws, ordinances and regulations to which it is subject, for which noncompliance or would reasonably be expected to cause a Material Adverse Change.

6.2 Financial Statements, Reports, Certificates.

(a) Deliver to Bank: (i) as soon as available, but no later than forty-five (45) days after the last day of each quarter (other than the fiscal quarter ending December 31), a company prepared consolidated balance sheet and income statement covering Borrower's consolidated operations during the period certified by a Responsible Officer and in a form acceptable to Bank; (ii) as soon as available, but no later than ninety (90) days after the last day of Borrower's fiscal year, audited consolidated financial statements prepared under GAAP, consistently applied, together with an opinion on the financial statements from a nationally-recognized, independent, certified public accounting firm; (iii) within five (5) Business Days of filing, copies of all reports on Forms 10-K and 10-Q filed with the Securities and Exchange Commission; (iv) a prompt report of any legal actions pending or threatened in writing against Borrower or any Subsidiary that could result in damages or costs to Borrower or any Subsidiary of Three Million Dollars ($3,000,000) or more; (v) as soon as available, but no later than ninety (90) days after the end of each fiscal year, a one (1) year (prepared on a quarterly basis) financial projections of Borrower on a consolidated basis, including a balance sheet and statements of income and cash flows prepared in accordance with GAAP and showing projected operating revenues, expenses and debt service of Borrower on a consolidated basis; and (vi) budgets, sales projections, operating plans or other financial information reasonably requested by Bank.

Documents required to be delivered pursuant to this **Section 6.2(a)** (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at Borrower's website address of www.equinix.com (or such other website address as Borrower may provide to Bank in writing from time to time); *provided* that: (x) to the extent Bank is otherwise unable to receive any such electronically delivered documents, Borrower shall, upon request by Bank, deliver paper copies of such documents to Bank until a written request to cease delivering paper copies is given by Bank and (y) Borrower shall notify Bank (by telecopier or electronic mail) of the posting of any such documents or provide to Bank by electronic mail electronic versions (i.e., soft copies) of such documents.

(b) Borrower shall deliver to Bank, (i) as soon as available, but no later than forty-five (45) days after the last day of each fiscal quarter (other than the fiscal quarter ending December 31) and (ii) together with the annual financial statements set forth in **clause (a)(ii)** above, a Compliance Certificate signed by a Responsible Officer in the form of Exhibit C.

(c) Borrower shall, during normal business hours, from time to time upon five (5) Business Days' prior notice: (i) provide Bank and any of its officers, employees and agents access to its properties, facilities, advisors, officers and employees of Borrower and to the Collateral, (ii) permit Bank, and any of its officers, employees and agents, to inspect, audit and make extracts from Borrower's books and records, and (iii) permit Bank, and its officers, employees and agents, to inspect, review, evaluate and make test verifications and counts of the Domestic Accounts, Inventory and other Collateral of Borrower. So long as no Default or Event of Default shall have occurred and be continuing, Borrower shall reimburse Bank for not more than one (1) inspection in any calendar year in an amount not to exceed $10,000. If an Event of Default has occurred and is continuing, Borrower shall provide access to (x) its properties, facilities, advisors, officers and employees of Borrower and to the Collateral at all times and without advance notice, and (y) its suppliers and customers upon request from Bank. Borrower shall promptly make available to Bank and its counsel originals or copies of all books and records that Bank may reasonably request.

(d) Borrower shall provide written notice to Bank (i) such notice to be delivered at the end of the fiscal quarter in which the following such relocation or additions occur, if Borrower relocates its chief executive office, or adds any new offices or business locations, including warehouses (unless such new offices or business locations contain less than $200,000 in Borrower's assets or property), (ii) such notice to be delivered at least thirty (30) days prior to the effective date of the following changes, if Borrower changes (1) its jurisdiction of organization, (2) its organizational structure or type, (3) its legal name, or (4) the organizational number (if any) assigned by its jurisdiction of organization.

6.3 Inventory; Returns.

Keep all Inventory in good and marketable condition, free from material defects. Returns and allowances between Borrower and its account debtors shall follow Borrower's customary practices. Borrower must promptly notify Bank of all returns, recoveries, disputes and claims, that involve more than $250,000.

6.4 Taxes.

Make, and cause each Subsidiary to make, timely (taking into account any extensions of time granted to Borrower) payment of all material federal, state, and local taxes or assessments (other than taxes and assessments which Borrower is contesting in good faith, with reserves maintained to the extent required by GAAP) and will deliver to Bank, on demand, appropriate certificates attesting to such payments.

6.5 Insurance.

Keep its business and the Collateral insured for such risks and in such amounts as is customary for Persons similarly situated as Borrower. All property policies shall have a lenders'

loss payable endorsement showing Bank as an additional loss payee; all liability policies shall show Bank as an additional insured; all policies shall provide that the insurer must give Bank at least twenty (20) days notice before canceling its policy. At Bank's request, Borrower shall deliver certified copies of policies and evidence of all premium payments. Following the occurrence and during the continuance of an Event of Default, proceeds payable under any policy shall, at Bank's option be payable to Bank on account of the Obligations.

6.6 Primary Accounts.

(a) Maintain Borrower's primary operating accounts with Bank or any Affiliate of Bank (collectively,***"SVB Accounts"***) and not less than 90% of Borrower's total cash in Domestic Collateral Accounts; and

(b) Provide Bank five (5) Business Days advance written notice before establishing any Domestic Collateral Account at or with any bank or financial institution (other than Bank). In addition, for each Domestic Collateral Account that Borrower at any time maintains, Borrower shall cause each applicable bank or financial institution (other than Bank) at or with which any Domestic Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Domestic Collateral Account to perfect Bank's security interest in such Domestic Collateral Account.

6.7 Financial Covenants.

(a) At each date that is a quarter-end, Borrower and its consolidated Subsidiaries shall maintain a Quick Ratio of not less than**[*].**

(b) At each date that is a fiscal quarter-end, Borrower and its consolidated Subsidiaries shall have achieved EBITDA for a trailing two fiscal quarter period ending on such date (except at 9/30/05, which measurement shall be for the quarter then ending only) equal to or greater than the amounts set forth below opposite each time period set forth below:

Period	Minimum EBITDA
For the fiscal quarter ending 9/30/05	**[*]**
For the two fiscal quarters ending 12/31/05, 3/31/06, 6/30/06 and 9/30/06	**[*]**
For the two fiscal quarters ending 12/31/06 and each fiscal quarter end thereafter	**[*]**

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

(c) At each date that is a fiscal quarter-end, the Total Senior Funded Debt divided by the trailing two fiscal quarter annualized EBITDA of Borrower and its consolidated Subsidiaries (the ***"Senior Leverage Ratio"***) shall be less than or equal to the ratio set forth below opposite each time period set forth below:

Period	Maximum Senior Leverage Ratio
For the fiscal quarters ending 9/30/05 through 6/30/07	[*]
For the fiscal quarters ending 9/30/07 and each fiscal quarter end thereafter	[*]

(d) At each date that is a fiscal quarter-end, the Total Funded Debt divided by the trailing two fiscal quarter annualized EBITDA of Borrower and its consolidated Subsidiaries shall be less than or equal to the ratio set forth below opposite each time period set forth below:

Period	Maximum Total Leverage Ratio
For the fiscal quarters ending 9/30/05 through 6/30/07	[*]
For the fiscal quarters ending 9/30/07 and each fiscal quarter end thereafter	[*]

6.8 Intentionally Omitted.

6.9 Further Assurances.

Borrower shall execute any further instruments and take further action as Bank reasonably requests to perfect or continue Bank's security interest in the Collateral or to effect the purposes of this Agreement.

7. NEGATIVE COVENANTS

Borrower shall not, and, where indicated, shall not permit any of its Subsidiaries to, do any of the following without Bank's prior written consent, for so long as Bank has an obligation to lend or there are any outstanding Obligations:

7.1 Dispositions.

Convey, sell, lease, transfer or otherwise dispose of (collectively a ***"Transfer"***), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for (a) Transfers of Inventory in the ordinary course of business; (b) non-exclusive licenses, leases, and similar arrangements for the use of the property of Borrower or its Subsidiaries in the ordinary course of business; (c) Transfers of worn out, surplus, damaged, or obsolete Equipment; (d) Transfers associated with the making or disposition of a Permitted Investment; (e) dispositions of

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

cash or Permitted Investments in a manner not prohibited by this Agreement; (f) mergers or consolidations of any Subsidiary into Borrower or another Subsidiary or liquidations of or dissolutions of Subsidiaries; (g) Transfers in connection with transaction permitted under **Section 7.4**; (h) Transfers of unimproved real property; (i) Transfers of any Facility if as of the date of such Transfer such Facility is a Non-Performing Facility; (j) Transfers in connection with Permitted Sale-Leaseback Transactions; (k) Transfers that are Permitted Liens; and (l) Transfers not otherwise permitted in this **Section 7.1**, *provided*, that the aggregate book value of all such other Transfers by Borrower and its Subsidiaries, together, shall not exceed $5,000,000 in any fiscal year.

7.2 Changes in Business.

Engage in or permit any of its Subsidiaries to engage in any business other than the businesses currently engaged in by Borrower or reasonably related thereto.

7.3 Dissolution.

Dissolve or elect to dissolve.

7.4 Mergers; Consolidations.

Merge or consolidate with another corporation or entity, or acquire all or substantially all of the capital stock or property of a Person; provided that Borrower may merge or consolidate with another corporation or entity or acquire all or substantially all of the capital stock or property of a Person, if (a) a Default or an Event of Default shall not have occurred and be continuing and would not occur as a result of such transaction, as evidenced by a certificate of a Responsible Officer of Borrower attaching pro forma covenant calculations through the Revolving Maturity Date, and (b) Borrower is the sole survivor after giving effect to the transaction;

7.5 Indebtedness.

Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.6 Encumbrance.

Create, incur, or allow any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted herein, subject only to Permitted Liens. In addition, Borrower shall not enter into any agreement, document, instrument or other arrangement after the date hereof (except with or in favor of Bank) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower from transferring, assigning, mortgaging, pledging, granting a security interest in or upon, or otherwise encumbering, any of Borrower’s real property to or in favor of Bank; provided, however, that Bank shall, at the request of Borrower at or prior to the time that Borrower or any Subsidiary enters into any lease with respect to real property or incurs any Permitted Indebtedness secured by real property (including accessions, additions, parts,

replacements, fixtures, improvements and attachments thereto, and equipment associated therewith, and the proceeds thereof), negotiate in good faith with the related landlord or lender the form and substance of a deed of trust or mortgage, together with any related documents reasonably required by Bank or such landlord or lender, pursuant to which any Lien in favor of Bank on such real property would be permitted under the terms of such lease or Permitted Indebtedness.

7.7 Distributions; Investments.

Directly or indirectly acquire or own any Person, or make any Investment in any Person, other than Permitted Investments, or permit any of its Domestic Subsidiaries to do so; or pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock except for Permitted Distributions.

7.8 Transactions with Affiliates.

Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower except for transactions that are in the ordinary course of Borrower's business, or upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person.

7.9 Subordinated Debt.

Make or permit any payment on any Subordinated Debt, except under the terms of the Subordinated Debt or any intercreditor agreement to which Bank is a party, or amend any provision in any document relating to the Subordinated Debt without Bank's prior written consent.

7.10 Compliance.

Become an "investment company" under the Investment Company Act of 1940 or undertake as one of its important activities extending credit to purchase or carry margin stock, or use the proceeds of any Credit Extension for that purpose; fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have a material adverse effect on Borrower's business or operations or would reasonably be expected to cause a Material Adverse Change, or permit any of its Subsidiaries to do so.

8. EVENTS OF DEFAULT

Any one of the following is an Event of Default:

8.1 Payment Default.

If Borrower fails to pay (a) the principal portion of any Credit Extension when due, or (b) the interest portion of any Credit Extension within three (3) Business days after the date due, or (c) any other monetary Obligations within three (3) Business Days after payment of such other Obligation becomes delinquent. During any cure period, the failure to cure the payment default is not an Event of Default (but no Credit Extensions will be made during the cure period).

8.2 Covenant Default.

(a) If Borrower fails to perform any obligation under **Section 6.7** or violates any of the covenants contained in Section 7 of this Agreement other than **Sections 7.5, 7.6** or **7.7**, or

(b) If Borrower fails or neglects to perform, keep, or observe any other material term, provision, condition, covenant, or agreement contained in this Agreement, in any other Loan Document, or in any other present or future agreement between Borrower and Bank and as to any default under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure such default within fifteen (15) days after a Responsible Officer is aware of the occurrence thereof; *provided*, *however*, that if the default cannot by its nature be cured within the fifteen (15) day period or cannot after diligent attempts by Borrower be cured within such fifteen (15) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional reasonable period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to have cured such default shall not be deemed an Event of Default (but no Credit Extensions will be made during such cure period).

8.3 Material Adverse Change.

If a Material Adverse Change occurs.

8.4 Attachment.

If (a) any material portion of Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver and the attachment, seizure or levy is not removed in fifteen (15) days; (b) the service of process upon Borrower seeking to attach, by trustee or similar process, any material portion of funds of Borrower on deposit with Bank, or any entity under the control of Bank (including a subsidiary); (c) Borrower is enjoined, restrained, or prevented by court order from conducting a material part of its business; (d) a judgment or other claim becomes a Lien on a material portion of Borrower's assets; or (e) a notice of lien, levy, or assessment is filed against any material portion of Borrower's assets by any government agency and not paid within fifteen (15) days after Borrower receives notice. These are not Events of Default if stayed or if a bond is posted pending contest by Borrower (but no Credit Extensions shall be made during the cure period). For purposes of this Section 8.4, "material portion" means an amount equal to or in excess of Three Million Dollars ($3,000,000).

8.5 Insolvency.

If (a) Borrower is unable to pay its debts (including trade debts) as they mature; (b) Borrower begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower and not dismissed or stayed within sixty (60) days (but no Credit Extensions shall be made before any Insolvency Proceeding is dismissed).

8.6 Other Agreements.

If there is a default in any agreement (other than a lease of real property under which a bona fide dispute exists between Borrower and the landlord regarding the existence of a default and for which adequate reserves are maintained) to which Borrower is a party with a third party or parties resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount in excess of **[*]** or that could result in a Material Adverse Change.

8.7 Judgments.

If a judgment or judgments for the payment of money in an amount, individually or in the aggregate, of at least Three Million Dollars ($3,000,000) shall be rendered against Borrower and shall (a) remain unsatisfied and unstayed for a period of ten (10) days and (b) not be appealed within the shorter of forty-five (45) days or the time period during which such appeal is required to be brought under applicable law (provided that no Credit Extensions will be made prior to the satisfaction or stay of such judgment).

8.8 Misrepresentations.

If Borrower or any Person acting for Borrower makes any material misrepresentation or material misstatement now or later in any warranty or representation in this Agreement or in any writing delivered to Bank or to induce Bank to enter this Agreement or any Loan Document.

9. RIGHTS AND REMEDIES

9.1 Rights and Remedies.

When an Event of Default occurs and continues Bank may, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in**Section 8.5** occurs, all Obligations are immediately due and payable without any action by Bank);

(b) Stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Bank;

(c) settle or adjust disputes and claims directly with account debtors for amounts, on terms and in any order that Bank considers advisable and notify any Person owing Borrower money of Bank's security interest in such funds and collect and verify the amount of such account. Borrower shall collect all payments in trust for Bank and, if requested by Bank, immediately deliver the payments to Bank in the form received from the account debtor, with proper endorsements for deposit;

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(d) make any payments and do any acts it considers necessary or reasonable to protect its security interest in the Collateral. Borrower shall assemble the Collateral if Bank requests and make it available as Bank designates. Bank may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Bank a license to enter and occupy any of its premises, without charge, to exercise any of Bank's rights or remedies;

(e) apply to the Obligations any (i) balances and deposits of Borrower it holds, or (ii) any amount held by Bank owing to or for the credit or the account of Borrower;

(f) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. Bank is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, patents, copyrights, mask works, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section, Borrower's rights under all licenses and all franchise agreements inure to Bank;

(g) place a "hold" on any account maintained with Bank and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any control agreement or similar agreements providing control of any Collateral;

(h) exercise any of its rights and remedies under the Leasehold Deeds of Trust;

(i) require Borrower to provide cash collateral in the face amount of all undrawn Letters of Credit;

(j) terminate any FX Forward Contracts; and

(k) dispose of the Collateral according to the Code.

9.2 Power of Attorney.

Borrower hereby irrevocably appoints Bank as its lawful attorney-in-fact, to be effective upon the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's name on any checks or other forms of payment or security; (b) sign Borrower's name on any invoice or bill of lading for any Account or drafts against account debtors, (c) settle and adjust disputes and claims about the Accounts directly with account debtors, for amounts and on terms Bank determines reasonable; (d) make, settle, and adjust all claims under Borrower's insurance policies; and (e) transfer the Collateral into the name of Bank or a third party as the Code permits. Borrower hereby appoints Bank as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to perfect or continue the perfection of any security interest regardless of whether an Event of Default has occurred until all Obligations have been satisfied in full and Bank is under no further obligation to make Credit Extensions hereunder. Bank's foregoing appointment as Borrower's attorney in fact, and all of Bank's rights and powers, coupled with an interest, are irrevocable until all Obligations have been fully repaid and performed and Bank's obligation to provide Credit Extensions terminates.

9.3 Intentionally Omitted.

9.4 Bank Expenses.

If Borrower fails to pay any amount or furnish any required proof of payment to third persons Bank may make all or part of the payment or obtain insurance policies required in Section 6.5. Any amounts paid by Bank as provided herein are Bank Expenses and are immediately due and payable and shall bear interest at the highest applicable default rate and be secured by the Collateral. No payments by Bank shall be deemed an agreement to make similar payments in the future or Bank's waiver of any Event of Default.

9.5 Bank's Liability for Collateral.

So long as Bank complies with reasonable banking practices regarding the safekeeping of Collateral, Bank shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

9.6 Remedies Cumulative.

Bank's rights and remedies under this Agreement, the other Loan Documents, and all other agreements among Borrower and Bank, are cumulative. Bank has all rights and remedies provided under the Code, by law, or in equity. Bank's exercise of one right or remedy is not an election, and Bank's waiver of any Event of Default is not a continuing waiver. Bank's delay in enforcing its rights is not a waiver, election, or acquiescence. No waiver hereunder by Bank shall be effective unless signed by Bank and then is only effective for the specific instance and purpose for which it was given.

9.7 Demand Waiver.

Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Bank on which Borrower is liable.

10. NOTICES

Notices or demands by either party about this Agreement must be in writing and personally delivered or sent by an overnight delivery service, or by certified mail, postage prepaid, return receipt requested, or by facsimile at the addresses and facsimile numbers listed below. For purposes of **Section 2.3**, Bank may send notice to Borrower by electronic mail at the email address set forth below (provided that a copy of such notice shall be mailed promptly thereafter to Borrower at the address set forth below). Failure to provide copies of notices to Borrower or Bank to the Persons named below to receive copies shall not invalidate the notice to Borrower or to Bank, as applicable. A party may change its notice address by written notice to the other party.

If to Borrower: Equinix, Inc.
301 Velocity Way, 5th Floor
Foster City, California 94404
Attn: Treasurer
Fax: (650) 513-7913
Email:mmock@equinix.com

with a copy to: Equinix, Inc.
301 Velocity Way, 5th Floor
Foster City, California 94404
Attn: General Counsel
Fax: (650) 513-7913

and to: Orrick, Herrington & Sutcliffe LLP
405 Howard Street
San Francisco, California 94105
Attn: Richard S. Grey, Esq.
Fax: (415) 773-5759

If to Bank: Silicon Valley Bank
2400 Geng Road, Suite 200
Palo Alto, California 94303
Attn: Maria Leaf
Fax: (650) 320-0016

with a copy to: Bingham McCutchen LLP
Three Embarcadero Center
San Francisco, California 94111-4067
Attn: Pamela J. Martinson, Esq.
Fax: (415) 393-2286

11. CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER

California law governs the Loan Documents without regard to principles of conflicts of law. Borrower and Bank each submit to the exclusive jurisdiction of the State and Federal courts in California, and Borrower accepts jurisdiction of the courts and venue in Santa Clara County, California. NOTWITHSTANDING THE FOREGOING, BANK SHALL HAVE THE RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST BORROWER OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION WHICH BANK DEEMS NECESSARY OR APPROPRIATE IN ORDER TO REALIZE ON THE COLLATERAL OR TO OTHERWISE ENFORCE BANK'S RIGHTS AGAINST BORROWER OR ITS PROPERTY.

BORROWER AND BANK EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

12. GENERAL PROVISIONS

12.1 Successors and Assigns.

This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any rights or Obligations under it without Bank’s prior written consent which may be granted or withheld in Bank’s sole discretion. Bank has the right, with the consent (not to be unreasonably withheld or delayed) of Borrower so long as no Default or Event of Default has occurred, to sell, assign or transfer all or any part of, or any interest in, Bank’s obligations, rights and benefits under this Agreement, the Loan Documents or any other related agreement, provided that no consent shall be required for Bank to grant participations in all or any part of, or any interest in, Bank’s obligations, rights and benefits under this Agreement so long as the sale of any such participation interests does not relieve Bank of its obligations hereunder or create any additional obligations of Borrower.

12.2 Indemnification.

Borrower hereby indemnifies, defends and holds Bank and its respective officers, employees, and agents harmless against: (a) all obligations, demands, claims, and liabilities asserted by any other party in connection with the transactions contemplated by the Loan Documents; and (b) all losses, or Bank’s Expenses incurred, or paid by Bank from, following, or consequential to transactions between Bank and Borrower (including reasonable attorneys’ fees and expenses), except to the extent any of the foregoing are caused by Bank’s gross negligence or willful misconduct.

12.3 Attorneys’ Fees, Costs and Expenses.

In any action or proceeding between Borrower and Bank arising out of the Loan Documents the prevailing party will be entitled to recover its reasonable attorneys’ fees and other reasonable costs and expenses incurred, in addition to any other relief to which it may be entitled.

12.4 Right of Set-Off.

Borrower hereby grants to Bank, a lien, security interest and right of set-off as security for all Obligations to Bank hereunder, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Bank or any entity under the control of Bank (including a Bank subsidiary) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Bank may set-off the same or any part thereof and apply the same to any liability or obligation of Borrower and any guarantor even

though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER OR ANY GUARANTOR, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

12.5 Time of Essence.

Time is of the essence for the payment and performance of all Obligations in this Agreement.

12.6 Severability of Provisions.

Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.7 Amendments in Writing, Integration.

All amendments to this Agreement must be in writing signed by both Bank and Borrower. This Agreement and the Loan Documents represent the entire agreement about this subject matter, and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement and the Loan Documents merge into this Agreement and the Loan Documents.

12.8 Counterparts.

This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, are an original, and all taken together, constitute one Agreement.

12.9 Survival.

All covenants, representations and warranties made in this Agreement continue in full force while any Obligations remain outstanding. The obligation of Borrower in Section 12.2 to indemnify Bank shall survive until the statute of limitations with respect to such claim or cause of action shall have run.

12.10 Confidentiality.

In handling any confidential information, Bank shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (a) to Bank’s subsidiaries or affiliates in connection with their business with Borrower; (b) to prospective transferees or purchasers of any interest in the Credit Extensions (provided, however, Bank shall obtain such prospective transferee’s or purchaser’s agreement to the terms of this provision); (c) as required by law, regulation, subpoena, or other order; (d) as required in

connection with Bank's examination or audit; and (e) as Bank considers appropriate in exercising remedies under this Agreement. Confidential information does not include information that either: (x) is in the public domain or in Bank's possession when disclosed to Bank (other than information that becomes part of the public domain by reason of Bank's breach of this Section 12.10), or becomes part of the public domain after disclosure to Bank; or (y) is disclosed to Bank by a third party, if, at the time of disclosure, Bank does not know that the third party is prohibited from disclosing the information.

12.11 Designation of Obligations as "Designated Senior Debt".

Borrower and Bank expressly agree that the Obligations constitute "Designated Senior Debt" for purposes of and as defined in that certain Indenture, dated as of February 11, 2004, between Borrower and U.S. Bank National Association, as Trustee, as amended, modified or supplemented from time to time.

13. DEFINITIONS

13.1 Definitions.

In this Agreement:

"Accounts" are all existing and later arising accounts, contract rights, and other obligations owed Borrower or Guarantor in connection with its sale or lease of goods (including licensing software and other technology) or provision of services, all credit insurance, guaranties, other security and all merchandise returned or reclaimed by Borrower or Guarantor and Borrower's Books relating to any of the foregoing, as such definition may be amended from time to time according to the Code.

"Adjusted LIBOR" means, for each Interest Period in respect of LIBOR Advances comprising part of the same Advances, an interest rate per annum (rounded upward to the nearest 1/16th of one percent (0.0625%)) equal to LIBOR for such Interest Period divided by one (1) minus the Reserve Requirement for such Interest Period.

"Advance" or ***"Advances"*** is a loan advance (or advances) under the Committed Revolving Line.

"Affiliate" of any Person is (a) any Person that owns or controls directly or indirectly such Person, (b) any Person that controls or is controlled by or is under common control with such Person, and (c) each of such Person's senior executive officers or directors, (d) for any Person that is a limited liability company, such Person's managers and members, and (e) for any Person that is a partnership, such Person's general partner.

"Applicable Margin" means the per annum interest rate from time to time in effect and payable in addition to the Prime Rate or LIBOR Rate applicable to the Advances, as determined by reference to the table in Section 2.4(a) of the Agreement.

"Bank Expenses" are all audit fees and expenses and costs or expenses (including reasonable attorneys' fees and expenses) for preparing, negotiating, administering, defending and enforcing the Loan Documents (including appeals or Insolvency Proceedings).

"Borrower's Books" are all Borrower's and Guarantor's books and records including ledgers, records regarding Borrower's and Guarantor's assets or liabilities, the Collateral, business operations or financial condition and all computer programs or discs or any equipment containing the information.

"Business Day" is any day that is not a Saturday, Sunday or a day on which Bank is closed.

"Cash Equivalents" are (a) marketable direct obligations issued or unconditionally guaranteed by the United States government or its agencies or any state or municipality maturing within one (1) year from its acquisition, (b) commercial paper maturing no more than one (1) year after its acquisition and having an A-1/P-1 or better rating from either Standard & Poor's Rating Services or Moody's Investors Service, Inc., (c) Bank's certificates of deposit issued maturing no more than one (1) year after issue, (d) floating rate securities with a rating of Aaa/AAA, (e) corporate bonds or notes with a credit rating of Aa/AA, (f) shares in money market funds, and (g) any other investments administered through Bank or its Affiliates.

"Cash Management Services" has the meaning ascribed to it in **Section 2.1.4**.

"Cash Management Services Sublimit" has the meaning ascribed to it in **Section 2.1.4**.

"Change in Control" is a transaction in which (a) any "person" or "group" (within the meaning of Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Act")), other than STT or its Affiliates, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of greater than 35% of the shares of all classes of stock then outstanding of a Person ordinarily entitled to vote in the election of the directors of such Person; or (b) STT, considered together with its Affiliates, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of greater than 50% of the shares of all classes of stock then outstanding of a Person ordinarily entitled to vote in the election of the directors of such Person.

"Code" is the Uniform Commercial Code as adopted in California as amended and in effect from time to time.

"Collateral" is the property described on Exhibit D attached hereto.

"Collateral Information Certificates" are the Collateral Information Certificates delivered by Borrower and Guarantor to Bank on or before the Effective Date.

"Committed Revolving Line" is an aggregate principal amount equal to $50,000,000.

"Commodity Account" has the meaning ascribed to it in the Code.

"Contingent Obligation" is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation directly or indirectly guaranteed, endorsed, co made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under the guarantee or other support arrangement.

"Continuation Date" means any date on which Borrower elects to continue a LIBOR Advance into another Interest Period.

"Control Agreement" means, collectively, any control agreement entered into among Borrower, Bank and the depositary bank, securities intermediary, or commodity intermediary at which Borrower maintains a Deposit Account, Securities Account, or a Commodity Account, pursuant to which Bank obtains control (within the meaning of the applicable provision of the Code) over such Deposit Account, Securities Account, or Commodity Account.

"Conversion Date" means any date on which Borrower elects to convert a Prime Rate Advance to a LIBOR Advance or a LIBOR Advance to a Prime Rate Advance.

"Copyright" means any of the following now owned or hereafter acquired or created (as a work for hire for the benefit of Borrower) by Borrower or in which Borrower now holds or hereafter acquires or receives any right or interest, in whole or in part: (a) any copyright, whether registered or unregistered, held pursuant to the laws of the United States or of any other country or foreign jurisdiction, (b) registration, application or recording in the United States Copyright Office or in any similar office or agency of the United States or any other country or foreign jurisdiction, (c) any continuation, renewal or extension thereof, and (d) any registration to be issued in any pending application, and shall include any right or interest in and to work protectable by any of the foregoing which are presently or in the future owned, created or authorized (as a work for hire for the benefit of Borrower) or acquired by Borrower, in whole or in part.

"Credit Extension" is each Advance, Letter of Credit, FX Forward Contract, Cash Management Services, or any other extension of credit by Bank for Borrower's benefit.

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

"Deposit Accounts" means all present and future "deposit accounts" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all general and special bank accounts, demand accounts, checking accounts, savings accounts and certificates of deposit, whether maintained with Bank or other institutions.

"Designated Deposit Account" means that certain deposit account maintained with Bank in the name of Borrower, account number **[*].**

"Domestic Accounts" means Accounts for which the account debtor has its principal place of business in the United States.

"Domestic Collateral Account" is any Deposit Account, Securities Account or Commodity Account established by Borrower or Guarantor at or with any bank or financial institution located in the United States.

"Domestic Subsidiary" means any direct or indirect Subsidiary of Borrower or Guarantor which is organized under the laws of the United States or any State thereof.

"EBITDA" means Borrower's consolidated profit or loss from operations plus depreciation, amortization, accretion, stock-based compensation expense, non-cash restructuring charges, and such other cash restructuring charges as agreed by Bank in writing.

"Effective Amount" means with respect to any Advances on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowing and prepayments or repayments thereof occurring on such date.

"Effective Date" means the date that Bank signs this Agreement as indicated on the signature page hereof.

"Equipment" is all present and future machinery, equipment, tenant improvements, furniture, fixtures, vehicles, tools, parts and attachments in which Borrower has any interest.

"Facility" means any Internet Business Exchange™ (IBX) center owned or leased and under construction or operated by the Borrower or any of its Subsidiaries together with any accessions, additions, parts, replacements, fixtures, improvements and attachments thereto, and equipment associated therewith, and the proceeds thereof.

"Facility Fee Percentage" means the percentage set forth in the table below, for each period during which the corresponding Senior Leverage Ratio is in effect:

If Borrower's Senior Leverage Ratio is:	The Facility Fee Percentage per annum is:
less than or equal to 1.0x	0.20%
greater than 1.0x but less than or equal to 2.5x	0.30%
greater than 2.5x	0.35%

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

Any increase or decrease in the Facility Fee Percentage resulting from a change in the Senior Leverage Ratio, as evidenced by the most recently-delivered Compliance Certificate, shall be effective; provided, however, that if Borrower fails to deliver a Compliance Certificate when due in accordance with Section 6.2(b), then the Facility Fee Percentage shall be 0.35% per annum effective retroactively to the first day of the fiscal quarter in which such Compliance Certificate is required to be delivered and until such time that Borrower shall deliver a Compliance Certificate evidencing that its Senior Leverage Ratio at the end of the immediately preceding fiscal quarter was less than or equal to 2.5x (in which case the Facility Fee Percentage shall automatically adjust to the percentage corresponding to such Senior Leverage Ratio). The Facility Fee Percentage in effect from the Effective Date until Borrower delivers the first Compliance Certificate required by this Agreement shall be 0.30% per annum, whereupon any increase or decrease in the Facility Fee Percentage shall be computed in accordance with the immediately preceding sentence.

"Filing Collateral" means any Collateral in which a security interest may be perfected by the filing of a financing statement in the appropriate jurisdiction under the Code.

"Foreign Assets" means (a) any tangible assets not located within the United States; (b) Accounts that are not Domestic Accounts; (c) any Deposit Account, Securities Account, Commodity Account or Letter of Credit Right if the jurisdiction (as determined pursuant to Section 9304, 9305 or 9306, as applicable, of the Code) of the related depositary bank, securities intermediary, commodity intermediary or issuer is outside the United States; (d) any equity securities issued by a Subsidiary of Borrower or Guarantor that is not a Domestic Subsidiary; and (e) any "instrument" (as defined in the Code) if the payor thereof does not have its principal place of business in the United States.

"Funding Date" is the date on which an Advance is made to or on account of Borrower.

"FX Forward Contract" has the meaning ascribed thereto in **Section 2.1.3**.

"FX Reserve" has the meaning ascribed thereto in **Section 2.1.3**.

"GAAP" is generally accepted accounting principles in effect under the laws of the United States of America from time to time.

"General Intangibles" has the meaning ascribed to it in the Code.

"Governmental Authority" means (a) any foreign, federal, state, county, or municipal government, or political subdivision thereof, (b) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, (c) any court or administrative tribunal or (d) with respect to any Person, any arbitration tribunal or other non-governmental authority to whose jurisdiction that Person has consented.

"Guarantor" means Equinix Operating Co., Inc., a Delaware corporation.

"Guaranty" means that certain Unconditional Secured Guaranty, dated as of November 23, 2004, executed by Guarantor in favor of Bank, as reaffirmed by Guarantor pursuant to that certain Reaffirmation of Guaranty dated as of the Effective Date.

"Indebtedness" is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations and (d) Contingent Obligations.

"Insolvency Proceeding" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"Intellectual Property" means any intellectual property, in any medium, of any kind or nature whatsoever, now or hereafter owned or acquired or received by Borrower or in which Borrower now holds or hereafter acquires or receives any right or interest, and shall include, in any event, any Copyright, Trademark, Patent, trade secret, customer list, Internet domain name (including any right related to the registration thereof), proprietary or confidential information, Mask Works, source, object or other programming code, invention (whether or not patented or patentable), technical information, procedure, design, knowledge, know how, software, data base, data, skill, expertise, recipe, experience, process, model, drawing, material or record, all claims for damages by way of past, present and future infringement of any of the rights included above and all licenses or other rights to use any property or rights of a type described above.

"Interest Payment Date" means, with respect to any LIBOR Advance, the last day of each Interest Period applicable to such LIBOR Advance and the 90th day following such Advance, if sooner, and, with respect to Prime Rate Advances, the last day of each fiscal quarter, and each date a Prime Rate Advance is converted into a LIBOR Advance to the extent of the amount converted to a LIBOR Advance.

"Interest Period" means, as to any LIBOR Advance, the period commencing on the date of such LIBOR Advance, or on the conversion/continuation date on which the LIBOR Advance is converted into or continued as a LIBOR Advance, and ending on the date that is thirty (30), sixty (60), ninety (90), or one hundred eighty (180) days thereafter, in each case as Borrower may elect in the applicable Notice of Borrowing or Notice of Conversion/Continuation; provided, however, that (a) no Interest Period with respect to any LIBOR Advance shall end later than the Revolving Maturity Date, (b) the last day of an Interest Period shall be determined in accordance with the practices of the LIBOR interbank market as from time to time in effect, (c) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day, and (d) interest shall accrue from and include the first Business Day of an Interest Period but exclude the last Business Day of such Interest Period.

"Interest Rate Determination Date" means each date for calculating the LIBOR for purposes of determining the interest rate in respect of an Interest Period. The Interest Rate Determination Date shall be the second Business Day prior to the first day of the related Interest Period for a LIBOR Advance.

"Inventory" is present and future inventory in which Borrower has any interest, including merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products intended for sale or lease or to be furnished under a contract of service, of every kind and description now or later owned by or in the custody or possession, actual or constructive, of Borrower, including inventory temporarily out of its custody or possession or in transit and including returns on any accounts or other proceeds (including insurance proceeds) from the sale or disposition of any of the foregoing and any documents of title.

"Investment" is any beneficial ownership of (including stock, partnership interest or other securities) any Person, or any loan, advance or capital contribution to any Person.

"Investment Property" has the meaning ascribed to it in the Code.

"Leasehold Deed of Trust" means a Leasehold Deed of Trust or Mortgage, Security Agreement, Assignment of Rents and Leases and Fixture Filing with respect to a Real Property Lease listed on Exhibit D hereto.

"Letter of Credit" has the meaning ascribed to it in **Section 2.1.2**.

"Letter of Credit Rights" has the meaning ascribed to it in the Code.

"LIBOR" means, for any Interest Rate Determination Date with respect to an Interest Period for any Advance to be made, continued as or converted into a LIBOR Advance, the rate of interest per annum determined by Bank to be the per annum rate of interest at which deposits in United States Dollars are offered to Bank in the London interbank market in which Bank customarily participates at 11:00 a.m. (local time in such interbank market) two (2) Business Days prior to the first day of such Interest Period for a period approximately equal to such Interest Period and in an amount approximately equal to the amount of such Advance.

"LIBOR Advance" means an Advance that bears interest based on Adjusted LIBOR.

"Lien" is a mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

"Loan Documents" are, collectively, this Agreement, the Collateral Information Certificates, any note executed by Borrower, the Guaranty, the Leasehold Deeds of Trust and any other present or future agreement between Borrower or Guarantor and/or for the benefit of Bank in connection with this Agreement, all as amended, extended or restated.

"Mask Works" are all mask works or similar rights available for the protection of semiconductor chips, now owned or later acquired.

"Material Adverse Change" is: (a) an impairment in the perfection or priority of Banks' security interest in a material portion of the Collateral or in the value of such Collateral; or (b) a

material adverse change in the business, operations, or financial condition of Borrower and Guarantor taken as a whole, which results in a material impairment of the prospect of repayment of any portion of the Obligations.

"Non-Performing Facility" means, as of any date of determination, a Facility with negative operating cash flow during the period consisting of the two immediately preceding quarters.

"Notice of Borrowing" means a notice given by Borrower to Bank in accordance with Section 3.2(a), substantially in the form of Exhibit A, with appropriate insertions.

"Notice of Conversion/Continuation" means a notice given by Borrower to Bank in accordance with Section 3.4, substantially in the form of Exhibit B, with appropriate insertions.

"Obligations" are debts, principal, interest, Bank Expenses, and other amounts Borrower owes Bank now or later, including Cash Management Services, Letters of Credit and FX Forward Contracts, if any and including interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank.

"Operating Documents" shall mean, for any Person, such Person's formation documents, as currently filed with the Secretary of State of such Person's state of formation, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), each of the foregoing with all current modifications and amendments thereto.

"Other Property" means (a) the following as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and all rights relating thereto: all present and future "commercial tort claims", "documents", "instruments", "promissory notes", "chattel paper", "letters of credit", "letter-of-credit rights", "fixtures", "farm products" and "money"; and (b) all other goods and personal property of every kind, tangible and intangible, whether or not governed by the Code, but shall not include Intellectual Property.

"Patent" means any of the following now hereafter owned or acquired or received by Borrower or in which Borrower now holds or hereafter acquires or receives any right or interest: (a) letters patent and right corresponding thereto, of the United States or any other country or other foreign jurisdiction, any registration and recording thereof, and any application for letters patent, and rights corresponding thereto, of the United States or any other country or other foreign jurisdiction, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or other foreign jurisdiction; (b) any reissue, continuation, continuation-in-part or extension thereof; (c) any petty patent, divisional, and patent of addition; and (d) any patent to issue in any such application.

"Permitted Distributions" means:

(a) purchases of capital stock from former employees, consultants and directors pursuant to repurchase agreements or other similar agreements;

(b) distributions or dividends consisting solely of Borrower's capital stock;

(c) purchases for value of any rights distributed in connection with any stockholder rights plan;

(d) payments of dividends or distributions made by any Subsidiary of Borrower to Borrower or another Subsidiary of Borrower;

(e) mandatory dividends provided for under Borrower's Certificate of Incorporation as in existence as of the Effective Date;

(f) exchanges of equity securities of Borrower for other equity securities of Borrower that do not provide for any mandatory dividend or redemption prior to the Revolving Maturity Date; and

(g) other distributions, dividends or purchases of Borrower's capital stock in cash, provided that the aggregate amount of such distributions, dividends, or purchases made pursuant to this clause (g) not exceeding 25% of Borrower's assets.

"Permitted Indebtedness" is:

(a) Borrower's indebtedness to Bank under this Agreement or the other Loan Documents;

(b) Indebtedness existing on the Effective Date and shown on the Collateral Information Certificate;

(c) Subordinated Debt;

(d) Indebtedness to trade creditors incurred in the ordinary course of business;

(e) capital leases with respect to Property;

(f) purchase money Indebtedness secured by Permitted Liens not exceeding $10,000,000;

(g) Indebtedness secured by Permitted Liens;

(h) Indebtedness under any performance, surety, statutory or appeal bonds or similar obligations incurred in the ordinary course of business

(i) (i) Indebtedness of Borrower to any of its Subsidiaries to the extent it is Subordinated Debt; (ii) Indebtedness of any Subsidiary of Borrower to another Subsidiary of Borrower; and (iii) Indebtedness of any Subsidiary to Borrower to the extent permitted under clause (h) of the definition of Permitted Investments;

(j) guaranty obligations of Borrower or any Subsidiary in respect of Permitted Indebtedness of any wholly-owned Subsidiary of such Person;

(k) Indebtedness of any Persons acquired in connection with any merger or acquisition transaction permitted under this Agreement;

(l) Indebtedness incurred in connection with Rate Contracts;

(m) obligations resulting from the assumption of a real property lease or sublease to the extent such obligation is treated as a capital lease obligation for accounting purposes only;

(n) Indebtedness secured by Property if the Lien securing such Indebtedness is confined to such Property and either (i) such Indebtedness is non-recourse to Borrower and its Subsidiaries or (ii) such Indebtedness does not exceed [*] in the aggregate outstanding at any one time and the holder of such Indebtedness has entered into an agreement in form and substance reasonably satisfactory to Bank providing that, to the extent of any deficiency existing after such holder has applied to the outstanding Indebtedness the proceeds of any collateral securing such Indebtedness, any recourse of such holder against the obligor of such Indebtedness shall be subordinate to the Obligations on terms acceptable to Bank;

Permitted Sale-Leaseback Transactions;

(o) other Indebtedness not otherwise permitted by **Section 7.5** not exceeding $1,000,000 in the aggregate outstanding at any time; and

(p) (q) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (k), (n) and (o) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be.

"Permitted Investments" are:

(a) Investments shown on the Collateral Information Certificate and existing on the Effective Date;

(b) Cash Equivalents;

(c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower;

(d) Investments accepted in connection with Transfers permitted by**Section 7.1**;

(e) Investments consisting of extensions of credit to Borrower's or its Subsidiaries' customers in the nature of accounts receivable, prepaid royalties or notes receivable arising from the sale or lease of goods, provision of services or licensing activities of Borrower;

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

(f) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrower's Board of Directors;

(g) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(h) (i) Investments of Subsidiaries of Borrower in or to Borrower; (ii) Investments of Subsidiaries of Borrower in or to other Subsidiaries of Borrower; and (iii) Investments of Borrower in or to Subsidiaries in an amount not to exceed $1,000,000 in any month and $12,000,000 in any fiscal year so long as no Event of Default exists or would result therefrom;

(i) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (i) shall not apply to Investments of Borrower in any Subsidiary;

(j) Investments resulting from transactions not prohibited by Section 7.4 or Investments acquired in connection with such transactions;

(k) Investments consisting of joint ventures entered into by Borrower or any Subsidiary not exceeding $1,000,000 in the aggregate;

(l) deposits, prepayment and other credits to suppliers made in the ordinary course of business not in excess of $100,000; and

(m) Investments permitted by the investment policy adopted by Borrower's Board of Directors, a true and correct copy of which has been provided to Bank.

"Permitted Liens" are:

(a) Liens existing on the Effective Date and shown on the Collateral Information Certificate or arising under this Agreement or other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either not delinquent or being contested in good faith and for which Borrower maintains adequate reserves on its Books, if they have no priority over any of Bank's security interests;

(c) Liens (including with respect to capital leases) on Property, if the Lien is confined to such Property and the Indebtedness secured thereby is Permitted Indebtedness;

(d) Liens to secure existing Indebtedness of any Persons acquired in connection with any merger or acquisition transaction permitted under this Agreement;

(e) licenses or sublicenses granted in the ordinary course of Borrower's business and any interest or title of a licensor or under any license or sublicense, if the licenses and sublicenses permit granting Bank a security interest;

(f) Liens incurred in the extension, renewal or refinancing of the Indebtedness secured by Liens described in (a) through (d), but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase;

(g) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default under Section 8.3 or 8.6;

(h) carriers', warehousemen's, mechanics', materialmen's, repairmen's, landlord's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 30 days or which are being contested in good faith and by appropriate proceeding if adequate reserves with respect thereto are maintained on the books of the applicable Person;

(i) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;

(j) deposits to secure the performance of bids, trade contracts (other than for borrowed money), contracts for the purchase of property, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case, incurred in the ordinary course of business and not representing an obligation for borrowed money;

(k) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which do not materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(l) statutory, common law or contractual Liens of depository institutions or institutions holding securities accounts (including rights of set-off) provided they are subordinate to Bank's Liens pursuant to the terms of a control agreement;

(m) Liens in favor of customs or revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(n) Liens on insurance proceeds in favor of insurance companies granted solely to secure financed insurance premiums;

(o) purported Liens evidenced by the precautionary filing of UCC financing statements relating solely to operating leases of personal property entered into in the ordinary course of business; and

(p) Liens on escrowed cash representing a portion of the proceeds of permitted sales of assets by Borrower or any Subsidiary established to satisfy contingent post-closing obligations that it owes (including earn-outs, indemnities and working capital adjustments).

"Permitted Sale-Leaseback Transaction" means any transaction whereby Borrower transfers Borrower's interest in any Property and immediately leases back from such Person such Property.

"Person" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company association, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"Prime Rate" is Bank's most recently announced "prime rate," even if it is not the lowest rate offered by Bank.

"Prime Rate Advance" means an Advance that bears interest based on the Prime Rate.

"Property" means Borrower's or any Subsidiary's real property, together with any accessions, additions, parts, replacements, fixtures, improvements and attachments thereto, and equipment associated therewith, and the proceeds thereof (including, without limitation, any Facilities).

"Quick Ratio" means the sum of Borrower's and its consolidated Subsidiaries' domestic, unrestricted cash, cash equivalents, short term investments, net accounts receivable and 80% of long term investments divided by Borrower's and its consolidated Subsidiaries' current liabilities (computed in accordance with GAAP).

"Rate Contract" means swap agreements (as that term is defined in Section 101 of the Federal Bankruptcy Reform Act of 1978, as amended) and any other agreements or arrangements designed to provide protection against fluctuations in interest or currency exchange rates.

"Real Property Leases" has the meaning set forth in Exhibit D hereto.

"Regulatory Change" means, with respect to Bank, any change on or after the date of this Agreement in United States federal, state, or foreign laws or regulations, including Regulation D, or the adoption or making on or after such date of any interpretations, directives, or requests applying to a class of lenders including Bank, of or under any United States federal or state, or any foreign laws or regulations (whether or not having the force of law) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

"Requirement of Law" means, as to any Person, any law (statutory or common), treaty, rule, regulation, guideline or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its Property or to which the Person or any of its Property is subject.

"Reserve Requirement" means, for any Interest Period, the average maximum rate at which reserves (including any marginal, supplemental, or emergency reserves) are required to be maintained during such Interest Period under Regulation D against "Eurocurrency liabilities" (as such term is used in Regulation D) by member banks of the Federal Reserve System. Without limiting the effect of the foregoing, the Reserve Requirement shall reflect any other reserves required to be maintained by Bank by reason of any Regulatory Change against (a) any category

of liabilities which includes deposits by reference to which Adjusted LIBOR is to be determined as provided in the definition of LIBOR or (b) any category of extensions of credit or other assets which include Advances.

"Responsible Officer" is any of the Chief Executive Officer, President, Chief Financial Officer, Chief Accounting Officer, Controller, Vice President-Finance, or Treasurer of Borrower.

"Revolving Maturity Date" is September 15, 2008.

"STT" means iSTT Investments Pte Ltd, a corporation organized under the laws of the Republic of Singapore.

"Securities Account" has the meaning ascribed to it in the Code.

"Senior Leverage Ratio" has the meaning ascribed to it in Section 6.7(c).

"Subordinated Debt" is debt incurred by Borrower subordinated to Borrower's debt to Bank (pursuant to a subordination agreement entered into among Bank, Borrower and the subordinated creditor), on terms reasonably acceptable to Bank.

"Subsidiary" is any Person, corporation, partnership, limited liability company, joint venture, or any other business entity of which more than fifty percent (50%) of the voting stock or other equity interests is owned or controlled, directly or indirectly, by the Person or one or more Affiliates of the Person.

"Sublimit Utilization Amount" means the sum of (a) all amounts for services utilized under the Cash Management Services Sublimit, (b) the amount of all outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit), and (c) the FX Reserve.

"Trademark" means any of the following now or hereafter owned or acquired or received by Borrower or in which Borrower now holds or hereafter acquires or receives any right or interest: (a) any trademark, trade name, corporate name, business name, trade style, service mark, logo, other source or business identifier, print or label on which any of the foregoing have appeared or appear, design or other general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and any applications in connection therewith, including registration, recording and application in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or other foreign jurisdiction and (b) any reissue, extension or renewal of any of the foregoing.

"Total Funded Debt" means the sum of Total Senior Funded Debt and the principal amount of outstanding convertible subordinated debentures or notes issued by the Borrower.

"Total Senior Funded Debt" means all funded debt *plus* capitalized leases *plus* "synthetic" or other off-balance sheet lease obligations (unless in each case cash collateralized, and then only to the extent such obligations exceed the cash collateral), but shall exclude the principal amount of outstanding convertible subordinated debentures or notes issued by the Borrower.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER **EQUINIX, INC.**

By: /s/ KEITH TAYLOR

Name: Keith Taylor
Title: Chief Financial Officer

BANK **SILICON VALLEY BANK**

By: /s/ MARIA FISCHER LEAF

Name: Maria Fischer Leaf
Title: Senior Vice President
Effective Date: September 16, 2005

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Exhibit 10.120

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (the "Agreement") is entered into as of the 7th day of September, 2005 by and among Buyer, Seller and Escrow Agent. For good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties hereto agree as follows:

1. Defined Terms. As used in this Agreement the terms listed below shall have the following meanings:

Effective Date:	August 23, 2005
Seller:	1920 East Maple LLC, a Delaware limited liability company c/o Burges Property Company 12230 El Camino Real, Suite 320 San Diego, CA 92130
Buyer:	Equinix Operating Co., Inc. 301 Velocity Way, 5th Floor Foster City, CA 94404 Attn: Director of Real Estate
Property:	Fee simple title in and to APN: 4138-006-011, commonly known as 1920 East Maple Avenue, El Segundo, CA 90245 and Maple Data Center as more particularly described in Exhibit A hereto (the "Real Estate"), together with all improvements located thereon, including a 106,774 square foot data center (the "Improvements"), together with all of Seller's right, title and interest, if any, in and to (a) all personal property located on the Real Estate and in the Improvements, (b) all appurtenances, streets, alleys, easements, rights-of-way in or to all streets or other interests in, on, across, in front of, abutting, or adjoining the Real Estate, (c) all contracts, agreements, leases, warranties and guarantees respecting the Real Estate and Improvements thereon, to the extent the same are transferable, and (d) all of Seller's licenses, permits, authorizations and approvals issued by governmental authorities respecting the Real Estate and Improvements, to the extent the same are transferable (collectively, the "Property").
Purchase Price:	Thirty Four Million Five Hundred Thousand and 00/100 Dollars ($34,500,000.00).

Deposit:	Five Hundred Thousand and 00/100 Dollars ($500,000.00) to be deposited with Escrow Agent simultaneously with the execution of this Agreement (the "Initial Deposit"), to be increased by One Million Five Hundred Thousand and 00/100 Dollars ($1,500,000.00) upon conclusion of the Inspection Period (the "Additional Deposit", and with the Initial Deposit, the "Deposit")
Wire Instructions for Escrow Agent:	Union Bank of California 2001 Michelson Drive Irvine, CA 92714 ABA #122-000-496 Credit to Chicago Title C & I Escrow San Diego Account No. 91002-67494 For further credit to Escrow No. 53723153-U47 Renee Marshall, Escrow Officer
Escrow Agent:	Chicago Title Insurance Company 16969 Von Karman Irvine, CA 92606 Attn: Susie Calwell Assistant Vice President Senior Commercial Title Officer Phone: (949) 263-0123 Fax: (949)) 263-1022

2. Agreement to Sell; Purchase and Sale Agreement. Buyer agrees to buy the Property and Seller agrees to sell the Property pursuant to and in accordance with the terms and conditions of this Agreement.

3. Deposit. Simultaneous with the execution of this Agreement, Buyer shall deposit the Initial Deposit with Escrow Agent, as escrow agent for Buyer and Seller. If Buyer does not elect to terminate this Agreement on or before the conclusion of the Inspection Period, then on or before the conclusion of the Inspection Period, and as a condition to the continuing purchase rights of Buyer hereunder, Buyer shall increase the amount of the Initial Deposit by delivering the Additional Deposit to Escrow Agent, and thereafter the Deposit shall be non-refundable except as otherwise set forth herein. The Deposit will be held in an interest-bearing account with interest to follow the Deposit. At the Closing the Deposit, together with accrued interest, will be applied against the Purchase Price. In the event Buyer breaches this Agreement or fails to close notwithstanding Seller's being ready, willing and able to perform at Closing, Seller shall retain the Deposit as liquidated damages and Seller shall have no further remedy at law or in equity. The Deposit shall be refundable to Buyer in the event this Agreement is terminated pursuant to

Paragraphs 10, 14 or 15 hereof. Escrow Agent agrees to act as escrow agent for Buyer and Seller hereunder and to administer the Deposit in accordance with the terms of this Agreement. Escrow Agent may also rely on instructions jointly given by Buyer and Seller as to the disposition of the Deposit.

BY INITIALING OR SIGNING WHERE INDICATED BELOW, THE PARTIES SPECIFICALLY APPROVE THE LIQUIDATED DAMAGES PROVISION CONTAINED IN THIS PARAGRAPH 3, AND ACKNOWLEDGE THAT UPON A DEFAULT BY BUYER, SELLER SHALL ONLY BE ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT OF THE DEPOSIT AS ITS EXCLUSIVE REMEDY, WHETHER AT LAW OR IN EQUITY, FOR BUYER'S FAILURE TO PURCHASE THE PROPERTY HEREUNDER.

Seller: /s/ JEFFREY W. BURGES

Buyer: /s/ RENEE F. LANAM

4. Closing. Except as otherwise provided in this Agreement, the consummation of the transactions contemplated by this Agreement shall take place no later than the date that is seven (7) days after the expiration of the Inspection Period at the offices of the Escrow Agent or at such other location as may be mutually agreed to by the parties (such time, as the same may be extended, is referred to herein as the "Time of Closing"). All closing documents, the Purchase Price, and any other items required to complete the Closing, shall be deposited with Escrow Agent on or before the Time of Closing, to be held in escrow, and an escrow closing shall be conducted by Escrow Agent.

(a) Conditions: The following are conditions to the parties' respective obligations to close:

(i) Buyer's Conditions: (1) Seller shall have performed and complied with all material agreements, covenants and conditions required by this Agreement to be performed or complied with by Seller at the Time of Closing, including the delivery of the items required by subsection (b) below, (2) all of Seller's representations and warranties shall be true and correct, and (3) title to the Property shall be in the condition required by Paragraph 6 hereof as evidenced by the written commitment of the Title Company to issue the Title Policy (as hereafter defined).

(ii) Seller's Conditions: (1) Buyer shall have performed and complied with all agreements, covenants and conditions required by this Agreement to be performed or complied with by Buyer prior to or at the Time of Closing; (2) all of Buyer's representations and warranties shall be true and correct, and (3) Buyer shall have delivered into escrow with Escrow Holder, all funds required to be delivered into Escrow by Buyer.

(b) At the Closing, Seller shall deliver to Buyer:

(i) A grant deed, an assignment of contracts (if Buyer has elected, on or before the conclusion of the Inspection Period, to assume any assumable contracts) and a bill of sale, each in form and substance reasonably satisfactory to Buyer, running to Buyer or such nominee or nominees as Buyer may designate in writing not less than five days prior to the Time of Closing.

(ii) All necessary information for IRS Form 1099-S;

(iii) An affidavit as to nonforeign status of the Seller;

(iv) A certificate that Seller's representations in this Agreement are true and correct as of the Time of Closing;

(v) Any customary and ordinary items required by Title Company for issuance of the Title Policy such as a parties in possession affidavit and a workmen's lien affidavit;

(vi) A settlement statement showing all of the payments, adjustments and prorations provided for in Paragraph 5 and otherwise agreed upon by Seller and Purchaser;

(vii) All original delivery items and the contents of the Property.

(c) At the Closing Buyer shall (i) deliver to Seller a signed counterpart of the settlement statement, and (ii) pay the Purchase Price by a federal wire transfer of immediately available funds. The Deposit, together with any accrued interest which accrued prior to the Closing, shall be credited against the Purchase Price. Seller may use the purchase money or any portion thereof to clear the title of any or all encumbrances or interests, provided that all instruments necessary for this purpose are recorded or registered simultaneously with the deed, except that where an institutional lender has provided a payoff letter the actual reconveyance of the deed of trust may be recorded when received.

5. Adjustments. Collected rents (if any), association fees or other common charges, electricity, water and sewer use charges, fuel, supplies and other operating expenses, taxes assessed for the then current tax year and other reasonable and customary closing costs shall be prorated as of the Time of Closing such that Seller shall be responsible for charges accruing before the Time of Closing and Buyer shall bear the responsibility for charges accruing on and after the Time of Closing. If, for any reason, real property taxes for the current fiscal year have not been assessed on the Property, such proration shall be estimated based upon such taxes for the immediately preceding fiscal year, and thereafter adjusted when actual amounts become available. Any errors or omissions in computing apportionments at the Time of Closing shall be corrected as soon after discovery as possible. The provisions of this Paragraph 5 shall survive the Closing for a period of one (1) year.

6. Title. The deed shall convey good, merchantable and insurable title to the Property free from encumbrances except the Permitted Exceptions, as described in Exhibit C attached hereto, public utility easements, zoning laws, building laws, subdivision laws and other laws, rules and regulations of general applicability, and taxes for the current year to the extent that the same are not yet due and payable. Seller shall be obligated to cause the removal of all mortgages, deeds of trust, or other monetary liens, if any, affecting the Property and all encumbrances (other than the Permitted Exceptions) created by Seller on or before the Closing. Evidence of the delivery of title in the condition set forth above shall be the issuance by the Title Company or the ability of the Title Company to issue at the Time of Closing its standard form ALTA extended coverage owner's policy of title insurance (rev'd 10/17/70), at its standard rate, and in the amount of the purchase price, showing title to the Property vested in Buyer subject only to the standard pre-printed exceptions on the policy jacket, the requirements of schedule B-1 to be completed by Buyer and Seller, and the Permitted Exceptions with such endorsements, all in such form as the Title Company shall have committed to issue during the Due Diligence Period (the "Title Policy").

7. Possession and Condition. Full possession, subject only to matters of record, shall be delivered at the Time of Closing, the Property to be in the same condition as it now is, reasonable use and wear thereof excepted. The Property is to be conveyed "as is" without any representation or warranty that survives the Closing, except as specifically set forth herein. Buyer acknowledges that it is a sophisticated real estate investor, advised by counsel, and that its decision to acquire the Property is based solely upon its own investigation of the Property and the market.

8. Disclaimers. IT IS UNDERSTOOD AND AGREED THAT EXCEPT AS SET FORTH HEREIN SELLER IS NOT MAKING AND HAS NOT AT ANY TIME MADE ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OR REPRESENTATIONS AS TO HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE (OTHER THAN ANY LIMITED WARRANTY OF TITLE THAT MAY BE SET FORTH IN THE DEED), LEASING, ZONING, TAX CONSEQUENCES, LATENT OR PATENT PHYSICAL OR ENVIRONMENTAL CONDITION, UTILITIES, OPERATING HISTORY OR PROJECTIONS, VALUATION, GOVERNMENTAL APPROVALS, THE COMPLIANCE OF THE PROPERTY WITH LAWS, THE TRUTH, ACCURACY OR COMPLETENESS OF THE DOCUMENTS OR ANY OTHER INFORMATION PROVIDED BY OR ON BEHALF OF SELLER TO BUYER, OR ANY OTHER MATTER OR THING REGARDING THE PROPERTY. BUYER ACKNOWLEDGES AND AGREES THAT AT THE CLOSING AND EXCEPT AS PROVIDED HEREIN, SELLER SHALL SELL AND CONVEY TO BUYER AND BUYER SHALL ACCEPT THE PROPERTY "AS IS, WHERE IS, WITH ALL FAULTS". EXCEPT FOR THE REPRESENTATIONS OF SELLER CONTAINED HEREIN, BUYER HAS NOT RELIED AND WILL NOT RELY ON, AND SELLER IS NOT LIABLE FOR OR BOUND BY,

ANY EXPRESS OR IMPLIED WARRANTIES, GUARANTIES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY OR RELATING THERETO (INCLUDING SPECIFICALLY, WITHOUT LIMITATION, PROPERTY INFORMATION PACKAGES DISTRIBUTED WITH RESPECT TO THE PROPERTY) MADE OR FURNISHED BY SELLER, THE MANAGER OF THE PROPERTY, OR ANY REAL ESTATE BROKER OR AGENT REPRESENTING OR PURPORTING TO REPRESENT SELLER, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR INDIRECTLY, ORALLY OR IN WRITING, UNLESS SPECIFICALLY SET FORTH IN THIS AGREEMENT. BUYER REPRESENTS TO SELLER THAT BUYER HAS CONDUCTED, OR WILL CONDUCT PRIOR TO CLOSING, SUCH INVESTIGATIONS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO THE PHYSICAL AND ENVIRONMENTAL CONDITION THEREOF, AS BUYER DEEMS NECESSARY TO SATISFY ITSELF AS TO THE CONDITION OF THE PROPERTY AND THE EXISTENCE OR NONEXISTENCE OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO ANY HAZARDOUS SUBSTANCES ON, IN, UNDER OR DISCHARGED FROM THE PROPERTY, AND WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF SELLER OR ITS AGENTS OR EMPLOYEES WITH RESPECT THERETO. AT THE CLOSING, BUYER SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING BUT NOT LIMITED TO, CONSTRUCTION DEFECTS AND ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY BUYER’S INVESTIGATIONS, AND BUYER, UPON CLOSING, SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED AND RELEASED SELLER (AND SELLER’S OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES AND AGENTS), SUBJECT TO THE TERMS OF THIS PARAGRAPH 8, FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING CAUSES OF ACTION IN TORT), LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING ATTORNEYS’ FEES AND COURT COSTS) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, WHICH BUYER MIGHT HAVE ASSERTED OR ALLEGED AGAINST SELLER (AND SELLER’S OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES AND AGENTS) AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT CONSTRUCTION DEFECTS OR PHYSICAL CONDITIONS, VIOLATIONS OF ANY APPLICABLE LAWS (INCLUDING, WITHOUT LIMITATION, ANY ENVIRONMENTAL LAWS) AND ANY AND ALL OTHER ACTS, OMISSIONS, EVENTS, CIRCUMSTANCES OR MATTERS REGARDING THE PROPERTY. BUYER AGREES THAT SHOULD ANY CLEANUP, REMEDIATION OR REMOVAL OF HAZARDOUS SUBSTANCES OR OTHER ENVIRONMENTAL CONDITIONS ON THE PROPERTY BE REQUIRED AFTER THE CLOSING DATE, SUCH CLEAN-UP, REMOVAL OR REMEDIATION SHALL BE THE RESPONSIBILITY OF AND SHALL BE PERFORMED AT THE SOLE COST AND EXPENSE OF BUYER AND THAT BUYER SHALL HAVE NO CLAIM, AGAINST SELLER (OR SELLER’S OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES AND AGENTS); PROVIDED THAT THE FOREGOING WAIVERS AND RELEASES SHALL NOT CONSTITUTE OR BE DEEMED A WAIVER OR RELEASE BY BUYER OF ITS RIGHTS, IF

ANY, TO SEEK FROM SELLER "CONTRIBUTION" OR REIMBURSEMENT OF ANY AMOUNTS HELD TO BE PAYABLE BY SELLER BY A COURT OF COMPETENT JURISDICTION IN A NON-APPEALABLE ORDER OR JUDGMENT IN AN ACTION OR PROCEEDING TO WHICH SELLER IS MADE A PARTY, IN CONNECTION WITH CLAIMS BROUGHT BY THIRD PARTIES UNRELATED TO BUYER AGAINST BUYER BASED ON OR ARISING OUT OF ANY DAMAGE OR INJURY SUFFERED BY SUCH THIRD PARTY BY RELEASE OF HAZARDOUS MATERIALS BY SELLER DURING SELLER'S OWNERSHIP OF THE PROPERTY. THIS SECTION SHALL SURVIVE CLOSING OR THE EARLIER TERMINATION OF THIS AGREEMENT.

BUYER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), WHICH IS SET FORTH BELOW:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, BUYER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Buyer's Initials /s/ RFL

9. Waiver of Natural Hazard Disclosure Statement. Buyer hereby knowingly, voluntarily and intentionally waives its right to disclosure of natural hazards found in the Natural Hazard Disclosure Act, California Government Code Sections 8589.3, 8589.4, and 51183.5, California Public Resources Code Sections 2621.9, 2694, and 4136, and California Civil Code Section 1102.6c(d), and any similar or successor statutes or laws. This waiver is a material inducement to Seller's decision to enter into this Agreement and the calculation of the Purchase Price, and Buyer acknowledges that Seller would not have entered into this Agreement but for this waiver. Seller and Buyer acknowledge that the compensation to be paid to Seller for the Property takes into account that the Property is being sold subject to the provisions of paragraphs 8 and 9 hereof. Seller and Buyer agree that the provisions of said paragraphs 8 and 9 shall survive Closing.

10. Seller Defaults. In the event Seller fails to perform any of Seller's obligations hereunder, Buyer may either (i) terminate this Agreement by written notice to Seller and receive the return to it of the Deposit with all interest accrued thereon, whereupon all obligations of the parties hereto shall cease and this Agreement shall be void and without recourse to the parties hereto, or (ii) seek specific performance of this Agreement, which action shall be commenced within twenty (20) days of the Time of Closing (if not commenced within such time period, Buyer shall be deemed to have waived any action at law or in equity for any alleged failure of Seller to perform its obligations hereunder).

11. Merger. The acceptance of a deed and possession by Buyer or its nominee shall be deemed to be a full performance and discharge of every agreement and obligation of Seller, except as to any agreements which by their terms are to be performed after delivery of said deed.

12. Insurance. Until the Time of Closing, Seller shall retain the risk of loss and shall maintain insurance on the Property against fire and hazards covered by standard "All-Risk" insurance coverage.

13. Broker. Buyer and Seller each represents that Gerald L. Eggleston of Grubb & Ellis Company, Joseph F. Hamilton of Liberty Greenfield/California, Inc. and Jason Warner of Trammell Crow Company (collectively referred to herein as the "Brokers") are the only brokers with whom they have dealt in connection with this Agreement and the Property. The commission of the Brokers shall be paid by Seller pursuant to a separate agreement with Grubb & Ellis Company. Buyer and Seller each agrees to indemnify and hold the other harmless from and against any liability, loss, cost, damage, or expense, including court costs and attorneys fees, resulting from a breach of the representation and warranty set forth in this Paragraph 13. Buyer acknowledges that the Brokers have made no, and Seller has not authorized the Brokers to make any, representations or warranties of any kind regarding the condition, permitted use, or value of the Property. The provisions of this Paragraph shall survive the Closing and any termination of this Agreement.

14. Casualty or Condemnation. (a) If, prior to the Time of Closing, any portion of the Property shall be condemned or become the subject of any pending or threatened condemnation action, Seller shall promptly notify Buyer thereof, and Buyer may either (i) terminate this Agreement by written notice thereof to Seller given within five (5) business days after Buyer shall have been notified of such condemnation (in which event the Deposit will be returned to Buyer), or (ii) consummate the Closing, in which event this Agreement shall remain in full force and effect, regardless of such condemnation or threatened or pending action, and if any condemnation award is received by Seller prior to the Time of Closing, the amount of such award shall be applied as a credit against the Purchase Price. Any condemnation awards received by Seller on or after the Time of Closing shall be promptly delivered by Seller to Buyer. Buyer's failure to timely deliver such termination notice to Seller within such five (5) business day period shall constitute Buyer's election to proceed to Closing.

(b) In the event of any damage to or destruction of the Property prior to the Time of Closing not caused by Buyer or by any of Buyer's agents or invitees, Seller shall promptly notify Buyer thereof and the Closing shall nevertheless occur as otherwise provided for in this Agreement, except Seller shall assign to Buyer upon the Closing all insurance proceeds paid or payable to Seller in connection with such occurrences and shall provide Buyer with a credit

against the Purchase Price in the amount of any deductible (or, at Buyer's election, Seller shall provide Buyer with a reduction in the Purchase Price equal to the cost of the repairs, as reasonably determined by Seller and as supported by a licensed contractor's estimate in which case Seller and its insurance agent shall have a license to enter the Property after Closing to facilitate Seller's receipt of insurance proceeds). Notwithstanding the foregoing, if such damage or destruction to the Property not caused by Buyer or by Buyer's agents or invitees shall be reasonably estimated by Seller to cost more than $250,000 to repair or is not covered by insurance, then Seller shall promptly so notify Buyer and within five (5) business days after Buyer's receipt of such notice, Buyer may deliver written notice to Seller and to the Escrow Agent, electing to terminate this Agreement, whereupon this Agreement shall terminate and the Deposit will be returned to Buyer. If Buyer does not elect to terminate this Agreement within such five (5) business day period, then the parties shall proceed with this transaction and Closing in accordance with this Agreement notwithstanding such damage or destruction.

15. Due Diligence. From the Effective Date until 5:00 p.m. PDT on the date that is twenty-one days following the Effective Date (the "Inspection Period"), Seller shall allow Buyer and their respective agents, consultants and prospective tenants access to the Property upon reasonable notice, and upon execution by such party and delivery to Seller of an Access Agreement in the form previously delivered to Buyer, for the purposes of conducting non-invasive surveys, tests, and inspections, provided that they shall be conducted in such a manner as not to unreasonably interfere with normal business operations on the Property. Such inspections may include, without implied limitation, inspections and investigations relating to the general building, the sewage disposal system, the water and water distribution systems, the heating and air conditioning systems, power distribution and backup power systems, roof, and foundation. All inspections and investigations shall be conducted at Buyer's cost. All inspections and investigations shall be conducted by qualified professionals in accordance with applicable legal requirements. After its inspections are completed, Buyer, at Buyer's sole cost and expense, shall promptly restore the Property to its prior condition. Buyer agrees to indemnify and hold Seller harmless from all liability, loss, cost, damage or expense arising from the conduct of any such survey, test, or inspection by Buyer or Buyer's agents or contractors, except such as may result from the mere discovery of existing conditions on the Property. Buyer also (i) shall not contact any governmental agencies without the prior written consent of Seller (provided that Buyer shall be entitled to contact governmental agencies, without the consent of Seller, for the sole purpose of confirming the zoning or land-use status of the Property); (ii) shall permit a representative of Seller to accompany Buyer on any interviews with governmental agencies (except as provided in the parenthetical in the preceding clause (i)) or on other inspections of the Property; (iii) shall not permit any inspections, investigations or other due diligence activities to result in any liens, judgments or other encumbrances being filed against the Property and shall, at its sole cost and expense, promptly discharge of record any such liens or encumbrances that are so filed or recorded; (iv) shall not permit any borings, drillings or samplings to be done without the prior written consent of Seller; (v) shall maintain, with insurance companies satisfactory to Seller, a policy of comprehensive general public liability insurance, with a broad form contractual liability endorsement covering Buyer's indemnification

obligations hereunder, and with a combined single limit of not less than $2,000,000 per occurrence for bodily injury and property damage, automobile liability coverage including owned and hired vehicles with a combined single limit of $1,000,000 per occurrence for bodily injury and property damage, and an excess umbrella liability policy for bodily injury and property damage in the amount of $5,000,000, insuring Seller and its affiliates as additional insureds (certificates of which shall be given to Seller prior to the first entry on the Property), all of which insurance shall be written on an "occurrence form"; and (vi) shall deliver to Seller all materials with respect to the Property if Buyer fails to acquire the Property for any reason. The provisions of this Section shall survive the termination of this Agreement.

Seller has previously provided to Buyer or has made and will continue to make available at the Property at any time on or after the Effective Date, for review by the Buyer, (i) Seller's Owner's Title Insurance Policy; (ii) Seller's Current Preliminary Title Report; (iii) ALTA Survey, prepared by DCA Civil Engineering Group dated February 20, 2004; (iv) Seller's Phase I Environmental Report; and (v) Seller's Infrastructure Equipment List as well as the items listed on Exhibit B attached hereto and made a part hereof (items (i)-(v) and those items listed on Exhibit B herein collectively, the "Due Diligence Materials").

Buyer may obtain, at its sole cost, and review a non-invasive Phase I environmental report from a reputable professional engineering firm licensed in California and an updated A.L.T.A. survey of the Property.

Buyer may, at its sole and absolute discretion, for any reason or no reason, terminate its obligations under this Agreement by giving written notice to Seller prior to the end of the Inspection Period. In that case, (a) Escrow Holder is instructed to return the Deposit, together with any accrued interest, to Buyer, and (b) except for obligations that this Agreement expressly states survive termination, neither party shall have any further rights hereunder against the other. Failure of Buyer to elect to terminate its obligation will constitute a waiver of the condition by Buyer. If Buyer does not terminate this Agreement pursuant to this Paragraph 15, Buyer shall have agreed to accept the Property in its current condition and subject to all of the conditions disclosed in the items listed on Exhibit B, including without limitation, the Permitted Exceptions, the matters shown on the survey prepared by DCA Civil Engineering Group dated February 20, 2004, and the environmental and physical condition of the Property.

16. Seller's Representations. Seller represents to Buyer, as of the date hereof, and at the Time of Closing, as follows:

a. Ability to Perform. Seller has full power to execute, deliver and carry out the terms and provisions of this Agreement and has taken all necessary action to authorize the execution, delivery and performance of this Agreement. The person signing this Agreement on behalf of Seller is authorized to do so.

b. No Impediments. Seller has received no written notice of any action, suit, arbitration, unsatisfied order or judgment, government investigation or proceeding pending nor, to Seller's knowledge, is any such matter threatened against Seller or the Property which, if adversely determined, could individually or in the aggregate materially interfere with the consummation of the transactions contemplated by this Agreement.

c. Proceedings. Seller has received no written notice of special assessments, environmental, zoning or other land use regulation proceedings, either pending or planned to be instituted, with respect to the Property or any part thereof.

d. Eminent Domain. Seller has not received, with respect to the Property, written notice from any governmental authority regarding any condemnation proceeding.

e. Hazardous Materials. Except (i) in amounts customarily found in uses for which the Property is used and (ii) in compliance with applicable law, to Seller's knowledge, Seller has not released or generated any Hazardous Materials on the Property, and Seller has no knowledge of any release or generation of Hazardous Materials on the Property by any tenants or any third party. Seller has not received any summons, citation, directive, letter or other communication, written or oral, from the United States Environmental Protection Agency or the state environmental protection agency having jurisdiction over the Property. For purposes hereof, "Hazardous Material" means: (i) "hazardous substances" or "toxic substances," as those terms are defined by the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §9601 et seq.; or the Hazardous Materials Transportation Act, 49 U.S.C. §1802; (ii) "hazardous wastes", as that term is defined by the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §6902 et seq.; and (iii) any radioactive material, including any source, special nuclear or by-product material as defined at 42 U.S.C. §2011 et seq., as amended or hereafter amended; (v) asbestos in any form or condition; and (vi) polychlorinated biphenyls ("PCBs") or substances or compounds containing PCBs.

f. 9/11 Dealings. Neither Seller nor any of its affiliates, nor any of their respective partners, members, shareholders or other equity owners, and none of their respective employees, officers, directors, representatives or agents, is a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action.

g. No Leases. There are no leases, licenses or other occupancy agreements affecting any portion of the Property on the date hereof.

h. No Other Agreements. There are no contracts, agreements, licenses or permits for or affecting the Property that may be binding on Buyer other than those listed on Exhibit B attached hereto.

i. No Litigation. Except as disclosed to Purchaser by Seller in writing, Seller has received no written notice of any pending or threatened litigation (i) with respect to the Property, or (ii) with respect to Seller that would inhibit Seller's ability to perform its obligations hereunder.

j. Survival of Seller's Representations. The representations of Seller set forth in this Paragraph 16 shall be deemed restated by the Seller at Closing and shall survive the Closing for period of six (6) months.

With respect to each of the foregoing representations, "knowledge" or "know" and their variants means the actual knowledge of Jeffrey W. Burges and not any imputed or deemed awareness of facts and circumstances.

17. Buyer's Representations and Warranties. Buyer hereby represents and warrants to Seller, as of the date hereof, and at the Time of Closing, as follows:

a. No Prohibited Transaction. Buyer is not acquiring the Property with the assets of an employee benefit plan (as defined in Section 3(3) of ERISA), or, if plan assets will be used to acquire the Property, Buyer will deliver to Seller at Closing a certificate containing such factual representations as shall permit Seller and its counsel to conclude that no prohibited transaction would result from the consummation of the transactions contemplated by this Agreement.

b. No Party In Interest. Buyer is not a "party in interest" within the meaning of Section 3(3) of ERISA with respect to any beneficial owner of Seller.

c. Ability To Perform. Buyer has the full right, power and authority to purchase the Property as provided in this Agreement and to carry out Buyer's obligations hereunder, and all requisite action necessary to authorize Buyer to enter into this Agreement and to carry out its obligations hereunder have been taken, including, without limitation, approval of this Agreement (and the transaction to be consummated hereunder) by the Board of Directors of Buyer. The person signing this Agreement on behalf of Buyer is authorized to do so.

d. No Impediments. There is no action, suit, arbitration, unsatisfied order or judgment, government investigation or proceeding pending against Buyer which, if adversely determined, could individually or in the aggregate materially interfere with the consummation of the transactions contemplated by this Agreement.

e. 9/11 Dealings. Neither Buyer nor any of its affiliates, nor any of their respective partners, members, shareholders or other equity owners, and none of their respective employees, officers, directors, representatives or agents, is a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the OFAC (including those named on OFAC's Specially Designated and Blocked Person List) or under any statute, executive order (including the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action.

f. Survival of Buyer's Representations and Warranties. The representations and warranties of Buyer set forth in this Paragraph 17 shall be deemed restated at the Time of Closing and shall survive Closing for a period of six (6) months.

18. Operation of Property. Seller shall operate, manage and maintain the Property in substantially the same manner as Seller is so operating, managing and maintaining the Property as of the date hereof and as may be necessary for Seller to comply with its obligations hereunder, provided, however, that Seller shall not enter into any leases or grant any party any present or future possessory interest in the Property without having obtained the advance written approval of Buyer in each instance.

19. Confidentiality. Buyer shall, and shall cause it officers, directors and other personnel, representatives and agents to hold in strict confidence and not to disclose to any other party without the express written consent of Seller any of the information respecting the Property or provided to Buyer by Seller or any of its agents, representatives or employees. Notwithstanding the foregoing, Buyer's obligation to keep such information confidential shall expire upon the occurrence of the Closing, and during the period on or after the date hereof through the Time of Closing Buyer may disclose such information on a need-to-know basis to its professional advisors who are providing assistance in connection with the acquisition of the Property, to one or more reputable, institutional lenders in connection with applications for financing, to governmental bodies in order to comply with any laws applicable to Buyer so long as each of such parties is advised of the confidential nature of the information. Seller shall, and shall cause its officers, directors and other personnel, representatives and agents to hold in strict confidence and not to disclose to any other party without the express written consent of Buyer, the terms of this Agreement including, without limitation, the Purchase Price until the earlier of the Closing Date, as it may be extended, or the date on which the Agreement is terminated by either party or expires by its terms. If Buyer acquires the Property from Seller, Seller shall have the right, subsequent to the Closing, to publicize the transaction (exclusive of the Purchase Price) in whatever manner it deems appropriate. The provisions of this Paragraph shall survive the termination of this Agreement.

20. Authority. The execution of this Agreement and the performance of each party's obligations hereunder have been approved by any necessary board of directors, members, general partner or other authorizing body and is not subject to any further approval or contingency other than as set forth herein.

21. Notices. All notices given hereunder shall be in writing and shall be deemed received when delivered in hand, delivered by recognized overnight delivery service, received by facsimile, or 72 hours after the same have been deposited in the United States mails, postage prepaid, certified or registered mail, return receipt requested, addressed to Buyer and Seller (and in the case of Seller, with a copy to Lerner & Holmes PC, 98 North Washington Street, Suite 550, Boston, MA 02114, Fax: 617.443.9471, Attn: Daniel P. Holmes, Esq.; and in the case of Buyer, with a copy to Orrick, Herrick & Sutcliffe LLP, 405 Howard Street, San Francisco, CA 94105, Attn: William G. Murray, Jr., Esq., or to such other address or addresses as the parties may from time to time specify by notice so given.

22. Escrow Instructions. If requested by the Escrow Agent, Seller and Buyer shall simultaneously upon execution of this Agreement execute standard form printed escrow instructions of Escrow Agent.

23. Closing Costs. Seller shall pay the fees of its own attorneys, the cost for recording the deed and any transfer or recordation tax required in connection with the transfer of the Property to Buyer. Buyer shall pay the fees of Buyer's attorneys and the costs of Buyer's physical inspections, due diligence, survey costs and the premium for issuance of the Title Policy and any cost for extended coverage and endorsements to the Title Policy. Escrow costs in connection with the acquisition of the Property will be split on a 50/50 basis between Buyer and Seller. Any other costs of closing shall be paid in accordance with what is customary in the locality of the Property.

24. Attorney's Fees. If litigation evolves between the parties concerning this Agreement, the unsuccessful party shall pay to the prevailing party all costs of suit, including reasonable attorneys' fees.

25. Assignment of this Agreement. Upon written notice to Seller, Buyer may assign this Agreement to a nominee owned and controlled by Buyer or any affiliate of Buyer. No such assignment shall relieve Buyer of its obligations hereunder. Any other assignment of this Agreement by Buyer shall be permitted so long as (a) Seller has given its express written approval of such nominee, which consent shall not be unreasonably withheld, (b) such nominee agrees in writing to assume all of Buyer's obligations hereunder, and (c) Buyer acknowledges in writing that an assignment of this Agreement does not relieve Buyer of any of its obligations under this Agreement. This Paragraph 25 shall survive Closing or the earlier termination of this Agreement.

26. Termination of Agreement. It is understood and agreed that if either Buyer or Seller terminates this Agreement pursuant to a right of termination granted hereunder, such termination shall operate to relieve Seller and Buyer from all obligations under this Agreement, and the Agreement shall be null and void and without further force or effect, except for such obligations as are specifically stated herein to survive the termination of this Agreement.

27. General. Time is of the essence of this Agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors, personal representatives, and assigns. No member, officer, director, shareholder, trustee, or beneficiary of a trust, if any, under which the Seller or Buyer acts in executing this Agreement shall be personally liable for any obligation, express or implied, hereunder. Any liability of Seller hereunder is limited to Seller's interest in the Property. This Agreement is to be construed as a California contract, sets forth the entire contract between the parties, may not be canceled, amended, or waived except in writing, is the complete and exclusive expression of the parties' agreement respecting the Property (any and all prior statements, representations, warranties and/or agreements, if any, being merged into this Agreement), and no party hereto is relying on any statement, representation or warranty made by or on behalf of any other party except as expressly set forth herein. This Agreement may be executed in one or more counterparts, and signatures transmitted by facsimile shall be treated as original signatures. Neither this Agreement nor any memorandum thereof may be recorded and that any such recordation shall, at Seller's election, relieve Seller of any obligation to convey the Property to Buyer.

28. WAIVER OF TRIAL BY JURY. BUYER AND SELLER DO EACH HEREBY KNOWINGLY, VOLUNTARILY, UNCONDITIONALLY, IRREVOCABLY AND INTENTIONALLY FOREVER WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR CONNECTED WITH, IN ANY MANNER WHATSOEVER, THIS AGREEMENT. THIS SECTION SHALL SURVIVE CLOSING OR THE EARLIER TERMINATION OF THIS AGREEMENT.

[SIGNATURES ON FOLLOWING PAGE]

Executed under seal as of the date first set forth above.

SELLER:

1920 EAST MAPLE LLC, a Delaware limited liability company

By: Burges Property Company, its manager

By: /s/ JEFFREY W. BURGES

Name: Jeffrey W. Burges
Title: President

BUYER:

Equinix Operating Co., Inc.,
a Delaware corporation

By: /s/ RENEE F. LANAM

Name: Renee F. Lanam
Title: Secretary

ESCROW AGENT:

Chicago Title Insurance Company

By: /s/ RENEE MARSHALL

Name: Renee Marshall
Title: Escrow Officer

ASSIGNMENT AND ASSUMPTION OF
<u>PURCHASE AND SALE AGREEMENT</u>

THIS ASSIGNMENT AND ASSUMPTION OF PURCHASE AND SALE AGREEMENT (this "Assignment") is dated as of September 13, 2005, between EQUINIX OPERATING CO., INC., a Delaware corporation ("Assignor"), and EQUINIX RP, INC., a Delaware corporation ("Assignee").

Assignor hereby assigns to Assignee all of its right, title and interest in and to that certain Agreement of Purchase and Sale dated as of September 7, 2005 between Assignor, as buyer, and 1920 East Maple LLC, a Delaware limited liability company, as seller ("Seller") (the "Purchase Agreement"), and Assignee hereby assumes all of Assignor's obligations under the Purchase Agreement. Assignee hereby indemnifies, releases and holds harmless Assignor from and against any and all costs, claims, actions, obligations and liabilities directly or indirectly relating to or arising under the Purchase Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed on the day and year first above written.

ASSIGNOR:

Equinix Operating Co., Inc.,
a Delaware corporation

By: /s/ PETER VAN CAMP

Name: Peter Van Camp
Title: Chief Executive Officer

ASSIGNEE:

Equinix RP, Inc.,
a Delaware corporation

By: /s/ PETER VAN CAMP

Name: Peter Van Camp
Title: Chief Executive Officer

Exhibit 10.121

SALE AGREEMENT

BETWEEN

TRIZEC REALTY, LLC, a California limited liability company

AS SELLER

AND

EQUINIX, INC., a Delaware Corporation

AS PURCHASER;

As of October 3, 2005

SALE AGREEMENT

THIS SALE AGREEMENT (this "**Agreement**") is made as of October 3, 2005 (the "**Effective Date**"), by and between Trizec Realty, LLC, a California limited liability company ("**Seller"**), and Equinix, Inc., a Delaware corporation ("**Purchaser**").

ARTICLE 1

PURCHASE AND SALE

1.1. **Agreement of Purchase and Sale**. Subject to the terms and conditions hereinafter set forth and intending to be legally bound hereby, Seller agrees to sell and convey and Purchaser agrees to purchase the following:

(a) those certain tracts or parcels of land situated in Loudoun County, Virginia, as more particularly described on **Exhibit A** attached hereto and made a part hereof, (the property described in clause (a) of this Section 1.1 being herein referred to collectively as the "**Land**");

(b) the buildings, structures, fixtures, systems and other improvements on and under the Land, including specifically, without limitation, those certain office buildings located thereon commonly known as Beaumeade Corporate Park excluding specifically all fixtures owned by tenants (the property described in clause (b) of this Section 1.1 being herein referred to collectively as the "**Improvements**");

(c) the personal property owned by Seller upon the Land, or within the Improvements, including specifically, without limitation, heating, ventilation and air conditioning systems and equipment, (including the equipment and mechanical systems) appliances, furniture, carpeting, draperies and curtains, tools and supplies, and other items of personal property used in connection with the ownership, management, leasing, maintenance and operation of the Land and the Improvements (but excluding cash, proprietary computer software owned by the management agent for the Improvements and the personal property described on **Exhibit B** hereto) (the property described in clause (d) of this Section 1.1 being herein referred to collectively as the "**Personal Property**");

(d) all of Seller's right, title and interest in all oral or written agreements pursuant to which any portion of the Land or Improvements is used or occupied by anyone other than Seller including those listed and described on **Exhibit C** hereto (the property described in clause (d) of this Section 1.1 being herein referred to collectively as the "**Leases**") and all rents to become due thereunder and all tenant security deposits and guarantees arising under the Leases; and

(e) all of Seller's right, title and interest in and to (i) those assignable contracts and agreements relating to the ownership, management, leasing, construction, upkeep, repair, maintenance or operation of the Land, Improvements or Personal Property which will extend beyond the date of Closing listed on **Exhibit D** hereto including specifically, without limitation, all assignable equipment leases, if any, (collectively, the

“**Operating Agreements**”) and the brokerage agreements listed on **Exhibit O**, (ii) all assignable warranties and guaranties (express or implied) issued to Seller in connection with the Improvements or the Personal Property, (iii) all architectural, mechanical, engineering and other plans and specifications relating to the Improvements, subject to any ownership claims which any architect or engineer may have to them, (iv) all assignable certificates of occupancy and all other licenses, permits, authorizations, consents, certificates and approvals issued by any governmental authority having jurisdiction over the Improvements, and (v) all other assignable intangible personal property owned by Seller relating to the ownership and operation of the Improvements including Seller’s right, title and interest, if any, to the name “Beaumeade Corporate Park” (the property described in this Section 1.1(e) being sometimes herein referred to collectively as the “**Intangibles**”).

1.2. **Definition of Property**. The Land and the Improvements are hereinafter referred to collectively as the ‘**Real Property**”. The Real Property, the Personal Property, the Leases and the Intangibles are hereinafter sometimes referred to collectively as the “**Property**”.

1.3. **Purchase Price**. Seller is to sell and Purchaser is to purchase the Property for the amount of Fifty Three Million and No/100 Dollars ($53,000,000.00) (the “**Purchase Price**”).

1.4. **Payment of Purchase Price**. The Purchase Price, as increased or decreased by prorations and adjustments as herein provided, shall be payable at Closing in cash by wire transfer of immediately available funds to a bank account designated by Seller in writing to Purchaser prior to the Closing.

1.5. **Deposit**. Simultaneously with the execution and delivery of this Agreement, Purchaser shall pay to Seller in good funds either by certified bank or cashier’s check or by federal wire transfer the sum of Ten Million and No/100 Dollars ($10,000,000.00) (the “**Deposit**”). Purchaser acknowledges and agrees that except as otherwise provided herein, the Deposit shall be non-refundable and may be retained by Seller to the extent and in accordance with the provisions of this Agreement; provided that if the Closing occurs, the same shall be applied against the Purchase Price at Closing.

1.6. **Escrow Agent**. Seller and Purchaser agree that the duties of First American Title Insurance Company, 30 North LaSalle Street, Suite 310, Chicago, Illinois 60602, Attention: James McIntosh (“Escrow Agent” or “Title Company”) hereunder, except in its capacity as the issuer of the Title Policy, as defined below, are purely ministerial in nature and shall be expressly limited to the closing of the transaction contemplated herein in accordance with this Agreement. Escrow Agent shall incur no liability hereunder for any reason other than Escrow Agent’s willful misconduct or gross negligence.

Escrow Agent shall execute this Agreement solely for the purpose of being bound by the provisions of Sections 1.5 and 1.6 hereof.

ARTICLE 2

TITLE AND SURVEY

2.1. **Survey**. Prior to the execution and delivery of this Agreement, Seller has delivered to Purchaser a copy of that certain ALTA land survey of the Real Property, dated December 1, 1999, and last revised May 14, 2001, prepared and certified by Dewberry & Davis (the "**Existing Survey**"). Seller shall have no obligation to obtain any modification, update, or recertification of the Existing Survey but Purchaser has the right to engage Dewberry & Davis or another surveying firm to update the Existing Survey as required by the Title Company or by Purchaser in connection with its acquisition of the Property; any such modification, update or recertification required by Purchaser or the Title Company shall be at Purchaser's expense and shall not be a condition to or delay the Closing.

2.2. **Title Policy**. Prior to execution and delivery of this Agreement, Purchaser has caused the Title Company to furnish to Purchaser a pro-forma title policy or commitment to issue title insurance (the "**Commitment**"), in the form of **Exhibit L** attached hereto, agreeing to issue at Closing an owner's policy of title insurance (the "**Title Policy**") in the amount of the Purchase Price on the ALTA Owner Policy of Title Insurance with extended coverage, insuring Purchaser's fee simple title to the Real Property to be good and indefeasible, subject to the terms of such policy and the exceptions described therein (the "**Permitted Exceptions**") and title endorsements included therewith, in the form set forth in the Commitment and based upon the Existing Survey. Purchaser hereby approves the Commitment, the Existing Survey, and all title exceptions and matters disclosed therein. Notwithstanding any provision of this Section 2.2 to the contrary, Seller will be obligated to satisfy the applicable requirements listed in Schedule B, Section 1 of the Commitment and cure prior to Closing exceptions to title to the Real Property and Improvements relating to (or, as to items in (b) below, cure or cause deletion from the Title Policy or affirmative title insurance over) (a) liens and security interests securing any loan to Seller, and (b) any other liens or security interests created by documents executed by Seller to secure monetary obligations, and mechanic's liens pertaining to work performed by or for Seller, but excluding liens for ad valorem taxes and assessments not yet due and payable.

ARTICLE 3

REVIEW OF PROPERTY

3.1. **Right of Inspection**. During the period beginning upon the Effective Date and continuing through the Closing Date, Purchaser has had and shall continue to have the right to make a physical inspection of the Real Property, including an inspection of the environmental condition thereof pursuant to the terms and conditions of this Agreement, and to examine at the Improvements (or the property manager's office) all documents and files concerning the leasing, maintenance and operation of the Property, including expense budgets (including actual expenses) and accounting and tax records to the extent related to the operation of the Property, but excluding Seller's other partnership or corporate records, internal memoranda, operating and revenue budgets, accounting and tax records, appraisals, financial projections and similar proprietary, confidential or privileged information (collectively, the "**Confidential Documents**").

Purchaser understands and agrees that any on-site inspections of the Real Property shall occur at reasonable times agreed upon by Seller and Purchaser after reasonable prior written notice to Seller and shall be conducted so as not to interfere unreasonably with the use of the Real Property by Seller or its tenants. Seller reserves the right to have a representative present during any such inspections. Purchaser shall have the right on not less than 24 hours notice to Seller to conduct interviews with the Tenants at the Property. All such interviews shall be arranged through Seller and Seller shall have the right to have a representative present at any such interviews. If Purchaser desires to do any invasive testing at the Real Property, Purchaser shall do so only after notifying Seller and obtaining Seller's prior written consent thereto, which consent may be subject to any terms and conditions imposed by Seller in its sole discretion. Purchaser shall promptly restore the Real Property to its condition prior to any such inspections or tests, at Purchaser's sole cost and expense. At Seller's option, Purchaser will furnish to Seller copies of any reports received by Purchaser relating to any inspections performed pursuant to the terms hereof. Purchaser agrees to protect, indemnify, defend and hold Seller harmless from and against any claim for liabilities, losses, costs, expenses (including reasonable attorneys' fees), damages or injuries arising out of or resulting from the inspection of the Real Property by Purchaser or its agents or consultants (excluding discovery of a condition), and notwithstanding anything to the contrary in this Agreement, such obligation to indemnify and hold harmless Seller shall survive Closing or any termination of this Agreement. Unless legally required to report a condition that is revealed by inspections, Purchaser shall not contact any governmental authority without first obtaining the prior written consent of Seller thereto and Seller, at Seller's election, shall be entitled to have a representative on any telephone call or other contact made by Purchaser to a governmental authority and to be present at any meeting between Purchaser and a governmental authority. The foregoing shall not, however, prevent Purchaser from contacting governmental authorities to request zoning and code compliance letters for customary due diligence and shall not prohibit Purchaser from reviewing or requesting copies of public files relating to the Property. Purchaser shall maintain commercial general liability insurance, evidencing the existence of coverage of $2,000,000.00 any one occurrence and in the annual aggregate. Purchaser shall assure that its contractors maintain public liability and property damage insurance in amounts and in form and substance adequate to insure against all liabilities of Purchaser and its agents, employees or contractors arising out of any entry upon or inspection of the Real Property pursuant to the provisions hereof and concurrently with the execution hereof, Purchaser shall provide Seller with evidence of such insurance coverage naming Seller as an additional insured party thereunder.

3.2. **Approval of Property**. By its execution of this Agreement Purchaser is hereby approving all aspects of the Property and electing to proceed with the purchase of the Property pursuant to the terms hereof, subject to all conditions to Closing otherwise specified herein.

3.3. **Review of Tenant Estoppels**. Prior to the Effective Date, Seller has delivered to each tenant of the Improvements an estoppel certificate in substantially the forms of **Exhibit E** and **Exhibit E-2** (with respect to the lease with the United States Postal Service (the '**USPS Lease**")) attached hereto (the "**Tenant Estoppels**"), and has requested that the tenants sign the Tenant Estoppels and return them to Seller. After Seller receives each Tenant Estoppel executed by a tenant, Seller shall promptly deliver the same to Purchaser and, notwithstanding anything to the contrary contained herein, if Purchaser does not object by giving a written notice to Seller to any such Tenant Estoppel within three (3) business days following its receipt of the same, then

such Tenant Estoppel shall be deemed to be an Approved Estoppel (as defined herein). An "**Approved Estoppel**" shall mean a Tenant Estoppel in the form of **Exhibit E** or, with respect to the USPS Lease in the form of **Exhibit E-2**, or in such other form that is required under or attached to a tenant's Lease, even though it may not be in the form or substance sent to the tenant pursuant to this Section 3.3, containing no material exceptions or qualifications to the certifications set forth thereon (it being understood that adding the phrase "to tenant's knowledge," reservations of rights to audit the landlord's records or the like shall not be a material exception or qualification, but a claim by a tenant that the landlord is in default under its Lease shall be a material exception).

3.4. **Submission of SNDA's**. Seller agrees to use commercially reasonable efforts to cooperate with Purchaser and its lender in order to obtain subordination, non-disturbance and attornment agreements ("**SNDA's**") from tenants of the Improvements as may be required by Purchaser's lender(s) on such lender's required form; provided that the receipt of the SNDA's by Purchaser shall not be conditions to Closing.

ARTICLE 4

CLOSING

4.1. **Time and Place**. The consummation of the transaction contemplated hereby (the "**Closing**") shall be held at the Title Company's offices or the offices of Seller's Counsel on the date that is on or prior to October 18, 2005, (said date, as the same may be extended, is called the "**Closing Date**"), provided, however, Seller may extend the Closing Date, from time to time, in order to satisfy the condition set forth in Section 4.6(e) for up to thirty (30) days by giving written notice to Purchaser no later than two (2) business days prior to the then scheduled Closing Date. At the Closing, Seller and Purchaser shall perform the obligations set forth in, respectively, Section 4.2 and Section 4.3 hereof, the performance of which obligations shall be concurrent conditions. At Seller's or Purchaser's option, the Closing shall be consummated through an escrow administered by Escrow Agent. In such event, the Purchase Price and all documents shall be deposited with the Escrow Agent, as escrowee.

4.2. **Seller's Obligations at Closing**. At Closing, Seller shall:

(a) deliver to Purchaser a duly executed special warranty deed (the "**Deed**") in the form attached hereto as **Exhibit F**, conveying the Real Property, subject only to the Permitted Exceptions;

(b) deliver to Purchaser a duly executed bill of sale (collectively, the "**Bill of Sale**") conveying the Personal Property without warranty, express or implied, as to use, merchantability and fitness for any purpose and in the form attached hereto as **Exhibit G**;

(c) assign to Purchaser, and Purchaser shall assume, the landlord/lessor interest in and to the Leases, Rents and Security Deposits, and any and all obligations to pay Commissions and finder's fees with respect to the Leases and amendments, renewals and expansions thereof, to the extent provided in Section 4.4(b)(v) hereof, by a duly executed assignment and assumption agreement in the form attached hereto as **Exhibit H** (the "**Assignment of Leases**");

(d) to the extent the same are not terminable by Seller pursuant to Section 5.5(e) below and to the extent assignable, assign to Purchaser, and Purchaser shall assume, Seller's interest in the Operating Agreements and the other Intangibles by a duly executed assignment and assumption agreement in the form attached hereto as **Exhibit I** (the "**Assignment of Contracts**");

(e) join with Purchaser to execute a notice (the '**Tenant Notice**") in the form attached hereto as **Exhibit J**, which Purchaser shall send to each tenant under each of the Leases promptly after the Closing, informing such tenant or other party of the sale of the Property and of the assignment to Purchaser of Seller's interest in, and obligations under, the Leases (including, if applicable, any Security Deposits), and directing that all Rent, and other sums payable after the Closing under each such Lease be paid as set forth in the notice;

(f) in the event that any representation or warranty of Seller set forth in Section 5.1 hereof needs to be modified due to changes since the Effective Date, deliver to Purchaser a certificate, dated as of the Closing Date and executed on behalf of Seller by a duly authorized representative thereof, identifying any such representation or warranty which is no longer true and correct explaining the state of facts giving rise to the change (the "**Seller Representation Certificate**"). In no event shall Seller be liable to Purchaser for, or be deemed to be in default hereunder by reason of, any breach of representation or warranty which results from any change that (x) occurs between the Effective Date and the Closing Date and (y) is expressly permitted under the terms of this Agreement or is beyond the reasonable control of Seller to prevent;

(g) deliver to Purchaser such evidence as the Title Company may reasonably require as to the authority of the person or persons executing documents on behalf of Seller;

(h) deliver to Purchaser certificates in the form attached hereto as **Exhibit K** duly executed by Seller stating that Seller is not a "foreign person" as defined in the Federal Foreign Investment in Real Property Tax Act of 1980;

(i) deliver to Purchaser (by making available to Purchaser in the management offices of the Improvements) the Leases and the Operating Agreements to the extent the same are in Seller's possession, together with all leasing and property files and records (including manuals) which are used in connection with the continued operation, leasing and maintenance of the Property, but excluding any Confidential Documents;

(j) deliver such affidavits as may be customarily and reasonably required by the Title Company, in a form reasonably acceptable to Seller;

(k) deliver to Purchaser possession and occupancy of the Real Property, subject to the applicable Permitted Exceptions;

(l) execute a closing and proration statement (the "**Closing Statement**"); and

(m) deliver such additional documents as shall be reasonably required to consummate the transaction contemplated by this Agreement.

4.3. **Purchaser's Obligations at Closing**. At Closing, Purchaser shall:

(a) pay to Seller the full amount of the Purchase Price (less the Deposit), as increased or decreased by prorations and adjustments as herein provided, in immediately available wire transferred funds pursuant to Section 1.3 hereof;

(b) join Seller in execution of the Assignment of Leases, Assignment of Contracts, Tenant Notices and the Closing Statement;

(c) in the event that any representation or warranty of Purchaser set forth in Section 5.6 hereof needs to be modified due to changes since the Effective Date, deliver to Seller a certificate, dated as of the Closing Date and executed on behalf of Purchaser by a duly authorized representative thereof, identifying any such representation or warranty which is no longer true and correct and explaining the state of facts giving rise to the change. In no event shall Purchaser be liable to Seller for, or be deemed to be in default hereunder by reason of, any breach of representation or warranty set forth in Section 5.6 hereof which results from any change that (i) occurs between the Effective Date and the Closing Date and (ii) is expressly permitted under the terms of this Agreement or is beyond the reasonable control of Purchaser to prevent;

(d) deliver to Seller such evidence as the Title Company may reasonably require as to the authority of the person or persons executing documents on behalf of Purchaser;

(e) deliver such affidavits as may be customarily and reasonably required by the Title Company, in a form reasonably acceptable to Purchaser; and

(f) deliver such additional documents as shall be reasonably required to consummate the transaction contemplated by this Agreement.

4.4. **Credits and Prorations**.

(a) All income and expenses of the Property shall be apportioned as of 12:01 a.m., on the Closing Date, as if Purchaser were vested with title to the Property during the entire day upon which Closing occurs. Such prorated items shall include without limitation the following:

(i) all Rent;

(ii) taxes and assessments (including personal property taxes on the Personal Property) levied against the Property;

(iii) utility charges for which Seller is liable, if any, such charges to be apportioned at Closing on the basis of the most recent meter reading occurring prior to Closing (dated not more than fifteen (15) days prior to Closing) or, if unmetered, on the basis of a current bill for each such utility;

(iv) all amounts payable by Seller under the Operating Agreements; and

(v) any other operating expenses or other items pertaining to the Property which are customarily prorated between a purchaser and a seller in the county in which the Property is located.

(b) In addition to and notwithstanding anything contained in Section 4.4(a) hereof:

(i) At Closing, (A) Seller shall, at Seller's option, either deliver to Purchaser the Security Deposits (and assign its interest in any letters of credit held as Security Deposits) or credit to the account of Purchaser the amount of such Security Deposits, provided that Seller shall not apply Security Deposits against delinquent Rents or otherwise, and (B) Purchaser shall credit to the account of Seller all refundable cash or other deposits posted with utility companies serving the Property to the extent transferred to Seller on the utility company's records, or, at Seller's option, Seller shall be entitled to receive and retain such refundable cash and deposits;

(ii) Any taxes paid at or prior to Closing shall be prorated based upon the amounts actually paid. Seller shall be charged at Closing an amount equal to that portion of such taxes and assessments which relates to the period before Closing and Purchaser shall pay the taxes and assessments prior to their becoming delinquent and on or prior to the date that will maximize any discounts or reductions in said taxes and assessments on account of early payment thereof. Any such apportionment made with respect to a tax year for which the tax rate or assessed valuation, or both, have not yet been fixed shall be based upon the tax rate and/or assessed valuation last fixed. To the extent that the actual taxes and assessments for the current year differ from the amount apportioned at Closing, the parties shall make all necessary adjustments by appropriate payments between themselves within thirty (30) days after such amounts are determined following Closing, subject to the provisions of Section 4.4(e) hereof;

(iii) Non-delinquent charges referred to in Section 4.4(a) hereof which are payable by any tenant to a third party shall not be apportioned hereunder, and Purchaser shall accept title subject to any of such charges unpaid and Purchaser shall look solely to the tenant responsible therefor for the payment of the same. If Seller shall have paid any of such charges on behalf of any tenant, and shall not have been reimbursed therefor by the time of Closing, Purchaser shall deliver the reimbursement due Seller upon receipt of the same from the tenant(s) who are responsible for payment;

(iv) As to utility charges referred to in Section 4.4(a)(iii) hereof, Seller may on notice to Purchaser elect to pay one or more of all of said items accrued to the date hereinabove fixed for apportionment directly to the person or entity entitled thereto, and to the extent Seller so elects, such item shall not be apportioned hereunder, and Seller shall pay such item directly on or before the Closing Date;

(v) Purchaser shall be responsible for the payment of (A) all Tenant Inducement Costs (as hereinafter defined) and Commissions (as hereinafter defined) which become due and payable (whether before or after Closing) as a result of any new Leases, or any renewals, amendments or expansions of existing Leases, signed during the Lease Approval Period (as hereinafter defined) or as a result of any options exercised by tenants during the Lease Approval Period and, if required, approved or deemed approved in accordance with Section 5.5 hereof; (B) all Tenant Inducement Costs and Commissions as a result of new leases, or renewals, amendments or expansions of existing Leases, signed or entered into from and after the Closing Date or as a result of any options exercised by tenants after the Closing Date and (C) all Tenant Inducement Costs and Commissions listed on **Exhibit P** attached hereto. If, as of the Closing Date, Seller shall have paid any Tenant Inducement Costs or Commissions for which Purchaser is responsible pursuant to the foregoing provisions, Purchaser shall reimburse Seller therefor at Closing. As used herein (a) "**Commissions**" shall mean all brokerage commissions, finder's fees or other similar compensation due or payable in connection with the applicable lease and (b) term "**Tenant Inducement Costs**" shall mean any out-of-pocket payments required under a Lease to be paid by the landlord thereunder to or for the benefit of the tenant thereunder which is in the nature of a tenant inducement, including specifically, without limitation, tenant improvement costs, lease buyout costs, and moving, design, refurbishment and club membership allowances. The term "Tenant Inducement Costs" shall not include loss of income resulting from any free rental period, it being agreed that Seller shall bear the loss resulting from any free rental period until the Closing Date and that Purchaser shall bear such loss from and after the Closing Date. For purposes hereof, the term "**Lease Approval Period**" shall mean the period from the Effective Date until the Closing Date;

(vi) Purchaser shall be responsible for determining the actual amount of Reimbursable Tenant Expenses for the year in which the Closing occurs, Purchaser shall use reasonable efforts to collect from the tenants of the Property any underpayment of Reimbursable Tenant Expenses and pay to Seller Seller's share of said underpayment promptly upon collection thereof. Likewise any overpayments shall similarly be adjusted and Seller shall refund Purchaser its pro rata share of such overpayments to the extent such overpayments have not previously been refunded to tenants or credited to Purchaser at Closing;

(vii) Unpaid and delinquent Rent shall be adjusted and prorated on an "if, as and when-collected" basis. Unpaid and delinquent Rent collected by Seller and Purchaser after the Closing Date shall be delivered as follows: (a) if Seller

collects any unpaid or delinquent Rent for the Property, Seller shall, within fifteen (15) days after the receipt thereof, deliver to Purchaser any such Rent which Purchaser is entitled to hereunder relating to the Closing Date and any period thereafter, and (b) if Purchaser collects any unpaid or delinquent Rent from the Property, Purchaser shall, within fifteen (15) days after the receipt thereof, deliver to Seller any such Rent which Seller is entitled to hereunder relating to the period prior to the Closing Date. Seller and Purchaser agree that (i) all Rent received by Seller or Purchaser after the Closing Date shall be applied first to reasonable costs of collection, then to current Rent, and then to delinquent Rent, if any, in the inverse order of their maturity. Purchaser will make a good faith effort after Closing to collect all Rents in the usual course of Purchaser's operation of the Property, but Purchaser will not be obligated to institute any lawsuit or other collection procedures to collect delinquent Rents. Seller shall not attempt to collect any delinquent Rents owed Seller and shall not institute any lawsuit or collection procedures, and may not evict any tenant. In the event that there shall be any Rent or other charges under any Leases which, although relating to a period prior to Closing, do not become due and payable until after Closing or are paid prior to Closing but are subject to adjustment after Closing (such as Reimbursable Tenant Expenses), then any Rents or charges of such type received by Purchaser or its agents or Seller or its agents subsequent to Closing shall, to the extent applicable to a period extending through the Closing, be prorated between Seller and Purchaser as of Closing, with each party promptly remitting to the other amounts due as a result of such proration;

(viii) Purchaser acknowledges that the rent under the USPS Lease is paid "in arrears" and consequently, notwithstanding the terms of Section 4.4(b)(vii) above, all rents payable under the USPS Lease shall be prorated on an accrual (rather than a cash) basis so that Seller shall receive a credit for any rents under the USPS Lease which are attributable to the period on or prior to the Closing Date even though such rents may be paid after the Closing Date; and

(c) Seller has filed and may continue to prosecute an appeal of the real property tax assessment for the tax years prior to the Closing Date, and may take related action which Seller deems appropriate in connection therewith. Purchaser shall reasonably cooperate but have no obligation to fund or participate in such appeal with Seller in connection with such appeal and collection of a refund of real property taxes paid. Seller owns and holds all right, title and interest in and to such appeal and refund, and all amounts payable in connection therewith shall be paid directly to Seller by the applicable authorities. If such refund or any part thereof is received by Purchaser, Purchaser shall promptly pay such amount to Seller. Any refund received by Seller shall be distributed as follows: first, to reimburse Seller for all costs incurred in connection with the appeal; second, with respect to refunds payable to tenants of the real Property pursuant to the Leases, to such tenants in accordance with the terms of such Leases; and third, to Seller to the extent such appeal covers the period as of the Closing and thereafter. If and to the extent any such appeal covers the period after the Closing, Purchaser shall have the right to participate in such appeal.

(d) For a period of three (3) years after the Closing and upon reasonable advance written notice, Purchaser shall allow Seller and its agents and representatives access without charge to all files, records and documents delivered to Purchaser at the Closing, upon reasonable advance notice and at all reasonable times, to examine and, at Seller's expense make copies of any and all such files, records and documents, which right shall survive the Closing;

(e) Except as otherwise provided herein, any revenue or expense amount which cannot be ascertained with certainty as of Closing shall be prorated on the basis of the parties' reasonable estimates of such amount, and shall be the subject of a final proration thirty (30) days after Closing, or as soon thereafter as the precise amounts can be ascertained; but in no event shall any reproration under this Agreement, other than with respect to taxes and assessments pursuant to Section 4.4(b)(ii) above and Reimbursable Tenant Expenses pursuant to Section 4.4(b)(vi) above, occur more than 180 days after the Closing. Purchaser shall promptly notify Seller when it becomes aware that any such estimated amount has been ascertained. Once all revenue and expense amounts have been ascertained, Purchaser shall prepare, and certify as correct, a final proration statement which shall be subject to Seller's approval. Upon Seller's acceptance and approval of any final proration statement submitted by Purchaser, such statement shall be conclusively deemed to be accurate and final. Notwithstanding anything contained in this Section 4.4 to the contrary, Seller shall have no obligation to pay (and Purchaser shall not receive a credit at Closing for) taxes (including real estate taxes, personal property and special assessments) and/or operating expenses to the extent that: (i) Purchaser is entitled after Closing to reimbursement of taxes and/or operating expenses, regardless of whether Purchaser actually collects such reimbursements from such tenants, (ii) such operating expenses are paid directly by such tenants, or (iii) Purchaser shall have the right to recover any increase in taxes or operating expenses from such tenants regardless of whether Purchaser actually collects such increased taxes and/or operating expenses from such tenants. Furthermore, Seller and Purchaser acknowledge and agree that (a) as between Purchaser and Seller, Purchaser shall be responsible for payment of all such taxes and operating expenses accruing after Closing, and (b) the burden of collecting such reimbursements from such tenants shall be solely on Purchaser.

(f) From and after Closing, Seller shall cooperate reasonably with Purchaser (but at no cost to Seller) in order to transfer the Property's accounting information currently located in Seller's computer software to Purchaser's computers.

(g) Subject to Section 4.4(e) hereof, the provisions of this Section 4.4 shall survive Closing.

4.5. **Transaction Taxes and Closing Costs**.

(a) Seller and Purchaser shall execute such returns, questionnaires and other documents as shall be required with regard to all applicable real property transaction taxes imposed by applicable federal, state or local law or ordinance;

(b) Seller shall pay the fees of any counsel representing Seller in connection with this transaction. Seller shall also pay the following costs and expenses: (i) one-half (1/2) of the escrow fee, if any which may be charged by the Escrow Agent or Title Company; (ii) one-half of any transfer tax, sales tax, documentary stamp tax or similar tax which becomes payable by reason of the transfer of the Property and (iii) the fees for Seller's Broker (as hereinafter defined);

(c) Purchaser shall pay the fees of any counsel representing Purchaser in connection with this transaction. Purchaser shall also pay the following costs and expenses: (i) one half (1/2) of the escrow fee, if any, which may be charged by the Escrow Agent or Title Company; (ii) the cost of updating the Survey (if any); (iii) the fees for recording the Deed; (iv) the premium for the Title Policy to be issued to Purchaser by the Title Company at Closing and all endorsements thereto; (v) one-half of any transfer tax, sales tax, documentary stamp tax or similar tax which becomes payable by reason of the transfer of the Property; (vi) all costs and expenses incurred in connection with the transfer of any transferable permits, warranties, licenses or non-cash security deposits in connection with the ownership or operation of the Property; and (vii) all costs and expenses associated with Purchaser's financing and the fee for Purchaser's Broker (as hereinafter defined);

(d) The Personal Property is included in this sale without charge, and Purchaser shall pay the amount of any and all sales or similar taxes payable in connection with the transfer of the Personal Property. Purchaser and Seller shall execute and deliver any tax returns required in connection therewith;

(e) All costs and expenses incident to this transaction and the closing thereof, and not specifically described above, shall be paid by the party incurring same; and

(f) The provisions of this Section 4.5 shall survive the Closing.

4.6. **Conditions Precedent to Obligation of Purchaser**. The obligation of Purchaser to consummate the transaction hereunder shall be subject to the fulfillment on or before the Closing Date of all of the following conditions, any or all of which may be waived by Purchaser in its sole discretion:

(a) Seller shall have delivered to Purchaser all of the items required to be delivered to Purchaser pursuant to the terms of this Agreement, including but not limited to, those provided for in Section 4.2 hereof;

(b) All of the representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects when made and as of the Closing Date. Notwithstanding the foregoing, unless the Seller Representation Certificate discloses the existence of an event or condition with respect to the Property (other than any loss or damage to the Property caused by fire or other casualty of condemnation which shall be governed by the terms of Article VII hereof) the results of which may reasonably be expected to have an adverse effect upon the value of the Property (in the aggregate) which would, in the reasonable opinion of an investment sales

broker with experience in the vicinity of the Property reasonably selected by Purchaser and Seller, be equal to or greater than One Million and No/100 Dollars ($1,000,000.00) (a "**Material Adverse Effect**"), the condition set forth in this Section 4.6(b) shall be deemed to be satisfied;

(c) Seller shall have performed and observed in all material respects all covenants and agreements of this Agreement to be performed and observed by Seller as of the Closing Date;

(d) Issuance by the Title Company and/or another national title company of the Title Policy; and

(e) On or prior to Closing, Purchaser shall have received Approved Estoppels, from tenants leasing sixty-five percent (65%) of the leased area of the Improvements (the "**Occupied Space**"), exclusive of any portion leased to Purchaser or its affiliates for which no estoppel certificate shall be required, provided, however, Seller may, in lieu of obtaining an Approved Estoppel from a tenant provide Purchaser with an estoppel certificate (a "**Seller Estoppel Certificate**") executed by Seller in the form of **Exhibit E-1** attached hereto for Leases demising up to ten percent (10%) of the Occupied Space, exclusive of any portion leased to Purchaser or its affiliates for which no estoppel certificate shall be required. Purchaser agrees that an estoppel certificate shall be deemed to be an Approved Estoppel even though it may not be in the form or substance sent to the tenant pursuant to Section 3.4 provided that the estoppel certificate (i) contains the specific information (as opposed to a general or "catch all" requirement), if any, required by the applicable lease, or (ii) that the departures therefrom reflect facts or circumstances that are disclosed in writing by Seller or that were known to Purchaser through written reports obtained by or through Purchaser as a part of its inspection of Property. If Seller delivers a Seller Estoppel Certificate to Purchaser with respect to a particular tenant and thereafter Purchaser receives an Approved Estoppel from such tenant which confirms the accuracy of the certifications set forth in such Seller Estoppel Certificate, then all obligations and liabilities of Seller under such Seller Estoppel Certificate shall terminate and be of no force and effect and Purchaser shall cancel and return such Seller Estoppel Certificate to Seller.

If any of the conditions to Purchaser's obligations under Section 4.6 shall fail to occur and such failure is not otherwise a default under this Agreement (in which event Purchaser would be afforded the rights under Section 6.2 hereof), then Purchaser may, as long as Purchaser is not in default hereunder, and as its sole and exclusive remedy, terminate this Agreement by written notice to Seller, in which event the Deposit shall be promptly returned to Purchaser and neither party shall have any further rights or obligations hereunder (except for those obligations of either party that expressly survive the termination of this Agreement pursuant to the other provisions of this Agreement).

4.7. **Conditions Precedent to Obligation of Seller**. The obligation of Seller to consummate the transaction hereunder shall be subject to the fulfillment on or before the Closing Date of all of the following conditions, any or all of which may be waived by Seller in its sole discretion:

(a) Seller shall have received the Purchase Price as adjusted as provided herein, pursuant to and payable in the manner provided for in this Agreement;

(b) Purchaser shall have delivered to Seller all of the items required to be delivered to Seller pursuant to the terms of this Agreement, including but not limited to, those provided for in Section 4.3 hereof;

(c) All of the representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects when made and as of the Closing Date; and

(d) Purchaser shall have performed and observed in all material respects all covenants and agreements of this Agreement to be performed and observed by Purchaser as of the Closing Date.

ARTICLE 5

REPRESENTATIONS, WARRANTIES AND COVENANTS

5.1. **Representations and Warranties of Seller**. Seller hereby makes the following representations and warranties to Purchaser as of the Effective Date, which representations and warranties shall be deemed to have been made again as of the Closing, subject to Section 4.6(b) hereof:

(a) **Organization and Authority**. Seller has been duly organized and is validly existing under the laws of the State of California and is authorized to do business in the Commonwealth of Virginia. Seller has the full right and authority to enter into this Agreement and to transfer all of the Property and to consummate or cause to be consummated the transaction contemplated by this Agreement. The person signing this Agreement on behalf of Seller is authorized to do so.

(b) **Operating Agreements**. The Operating Agreements listed on **Exhibit D** are all of the agreements concerning the operation and maintenance of the Real Property entered into by or on behalf of Seller and affecting the Real Property, except those operating agreements that are not assignable or are to be terminated by Seller within thirty (30) days after the Closing, and except any agreement with Seller’s property manager, which shall be terminated by Seller as of the Closing Date.

(c) **Lease Brokerage**. To Seller’s knowledge, there are no agreements with brokers providing for the payment by Seller or, to Seller’s knowledge, Seller’s predecessors-in-interest under the Leases, of Commissions with respect to any Leases in effect on the date hereof (the “**Existing Leases**”), except as disclosed in **Exhibit O** hereto.

(d) **Condemnation.** To Seller’s knowledge, Seller has received no written notice of any condemnation proceedings relating to the Property, and to Seller’s knowledge no condemnation or eminent domain is threatened.

(e) **Litigation.** To Seller's knowledge, except as set forth on **Exhibit M** attached hereto, there is no litigation which has been filed or threatened in writing against Seller that arises out of the ownership or operation of the Property.

(f) **Violations.** To Seller's knowledge, except as set forth on **Exhibit N** attached hereto, Seller has not received any written notice that the Property is subject to any material violation or material failure to comply with any law or municipal ordinance.

(g) **Leases.** To Seller's knowledge, the list of Existing Leases attached hereto as **Exhibit C** is accurate in all material respects.

5.2. **Knowledge Defined**. References to the "**knowledge**" of Seller shall refer only to the current actual knowledge of the Designated Employees (as hereinafter defined) of Seller, and shall not be construed, by imputation or otherwise, to refer to the knowledge of Seller or any affiliate of Seller, to any property manager, or to any other officer, agent, manager, representative or employee of Seller or any affiliate thereof or to impose upon such Designated Employees any duty to investigate the matter to which such actual knowledge, or the absence thereof, pertains. As used herein, the term "**Designated Employees**" shall refer to Evan Boris and (b) Mario Silva. Furthermore, Seller's representations and warranties shall be deemed to be modified to reflect any facts or circumstances disclosed in the Tenant Estoppels received by Purchaser. Notwithstanding anything to the contrary set forth in this Agreement, the Designated Employees shall not have any personal liability or obligation whatsoever with respect to any matters set forth in this Agreement or any of Seller's representations and/or warranties herein being or becoming untrue, inaccurate or incomplete.

5.3. **Legal Requirements Defined**. References to "**Legal Requirements**" shall mean all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, pemits, licenses, authorizations, directions and requirements of governmental authorities or quasi-governmental authorities, which now or at any time hereafter exercise jurisdiction over the Property, or any use, operation or condition of the Property.

5.4. **Survival of Seller's Representations, Warranties and Other Obligations**. The representations and warranties of Seller set forth in Section 5.1 hereof as updated as of the Closing in accordance with the terms of this Agreement and in any Seller Estoppel Certificate, shall survive Closing until the date that is one hundred eighty (180) days after the Closing Date (the "**Survival Expiration Date**"). No claim for a breach of any representation, warranty, covenant or agreement of Seller under this Agreement or any other instrument (including, without limitation, any Seller Estoppel Certificate) delivered to Purchaser under or pursuant to this Agreement shall be actionable or payable if the breach in question results from or is based on a condition, state of facts or other matter which was known to Purchaser prior to Closing (including, without limitation, pursuant to the terms of Section 4.2(f) above or if the truth of any matter is confirmed in any Tenant Estoppel or other estoppel certificate received by Purchaser from a third party). Seller shall have no liability to Purchaser for a breach of any representation, warranty, covenant or agreement (a) unless the valid claims for all such breaches collectively aggregate more than Two Hundred and Fifty Thousand and No/100 Dollars ($250,000.00) (the "**Floor**") in which event the full amount of such valid claims shall be actionable up to, but not in excess of One Million and No/100 Dollars ($1,000,000.00) (the "**Cap**") and (b) except as

otherwise provided herein, unless written notice containing a description of the specific nature of such breach shall have been given by Purchaser to Seller prior to the expiration of and an action shall have been commenced by Purchaser against Seller within thirty (30) days after the Survival Expiration Date. Purchaser agrees to first seek recovery under any insurance policies, Operating Agreements, Tenant Estoppels and Leases prior to seeking recovery from Seller, and Seller shall not be liable to Purchaser if Purchaser's claim is satisfied from such sources. In no event shall Seller be liable for any consequential or punitive damages or for any damages in excess of the Cap.

5.5. **Covenants of Seller**. Seller hereby covenants with Purchaser as follows:

(a) From the Effective Date hereof until the Closing or earlier termination of this Agreement, Seller shall use reasonable efforts to operate and maintain the Property in a manner generally consistent with the manner in which Seller has operated and maintained the Property prior to the date hereof;

(b) Except as provided in this Section 5.5(b), a copy of any amendment, renewal or expansion of an existing Lease or of any new Lease which Seller in good faith wishes to execute between the Effective Date and the Closing Date will be submitted to Purchaser prior to execution by Seller. Except as provided above, while this Agreement is in effect, Seller shall not enter into any new Lease or amend any existing Lease without the approval of Purchaser, such approval not to be unreasonably withheld, delayed or conditioned. Purchaser agrees to notify Seller in writing within five (5) business days after its receipt thereof of either its approval or disapproval thereof, including all Tenant Inducement Costs and Commissions to be incurred in connection therewith. In the event Purchaser fails to notify Seller in writing of its approval or disapproval within the five (5) business day period set forth above, Purchaser shall be deemed to have approved such new Lease, amendment, renewal or expansion. At Closing, Purchaser shall reimburse Seller for any Tenant Inducement Costs, Commissions or other reasonable expenses, including reasonable legal fees, incurred by Seller pursuant to an amendment, a renewal, an expansion or a new Lease approved (or deemed approved) by Purchaser. Notwithstanding the foregoing, Purchaser shall have no right to approve any amendment to an Existing Lease entered into by Seller which evidences the exercise by a Tenant of a right or option granted to such Tenant in its Lease.

(c) Seller shall notify Purchaser promptly if Seller becomes aware of any transaction or occurrence prior to the Closing Date which would affect the truth or accuracy of any representation or warranty of Seller contained in Section 5.1 hereof in a manner that would have a Material Adverse Effect and which Seller does not, in its reasonable opinion, believe can be cured prior to the Closing Date.

(d) Seller shall keep the Improvements insured against fire or other hazards (including rent loss insurance) on terms no less favorable than currently existing.

(e) Seller shall give a written notice of termination for any of the Operating Agreements required to be terminated by Purchaser by written notice given to Seller no later than two (2) business days prior to Closing which are terminable without cost or

penalty to Seller, it being understood that Purchaser shall be responsible to assume all such Operating Agreements which are not terminable by Seller without cost or penalty. Seller further agrees that Seller shall not enter into any new Operating Agreements or extend, renew or materially modify any existing Operating Agreements except those that are terminable by Seller at will without penalty or cost effective as of Closing.

5.6. **Representations and Warranties of Purchaser**. Purchaser hereby makes the following representations and warranties to Seller as of the Effective Date, which representations and warranties shall be deemed to have been made again as of the Closing, subject to Section 4.3(c) hereof:

(a) **Organization and Authority**. Purchaser has been duly incorporated and is validly existing under the laws of Delaware. Purchaser has the full right and authority to enter into this Agreement and to consummate or cause to be consummated the transaction contemplated by this Agreement. The person signing this Agreement on behalf of Purchaser is authorized to do so; and

(b) **Pending Actions**. To Purchaser's knowledge, there is no action, suit, arbitration, unsatisfied order or judgment, government investigation or proceeding pending against Purchaser.

5.7. **Survival of Purchaser's Representations and Warranties**. The representations and warranties of Purchaser set forth in Section 5.6 hereof as updated as of the Closing Date in accordance with the terms of this Agreement, shall survive Closing for a period of one hundred eighty (180) days. Purchaser shall have no liability to Seller for a breach of any representation or warranty unless written notice containing a description of the specific nature of such breach shall have been given by Seller to Purchaser prior to the expiration of said one hundred eighty (180) days and an action shall have been commenced by Seller against Purchaser within thirty (30) days after such one hundred eighty (180) day period.

ARTICLE 6

DEFAULT

6.1. **Default by Purchaser**. If the Purchaser fails to close the purchase of the Property when legally required to do so, Seller shall be entitled, as its sole remedy, to terminate this Agreement and receive the Deposit as liquidated damages for the breach of this Agreement, it being agreed between the parties hereto that the actual damages to Seller in the event of such breach are impractical to ascertain and the amount of the Deposit is a reasonable estimate thereof.

6.2. **Default by Seller**. In the event Seller fails to close the sale of the Property when legally required to do so, Purchaser shall be entitled, as its sole remedy, either (a) to receive the return of the Deposit, which return shall operate to terminate this Agreement and release Seller and from any and all liability hereunder, or (b) to enforce specific performance of Seller's obligations to Purchaser in accordance with the terms of this Agreement. Purchaser expressly waives its rights to seek damages in the event of Seller's default hereunder. Purchaser shall be

deemed to have elected to terminate this Agreement and receive back the Deposit if Purchaser fails to file suit for specific performance against Seller in a court having jurisdiction in the county and state in which the Property is located, on or before sixty (60) days following the date upon which Closing was to have occurred.

6.3. **Recoverable Damages**. Notwithstanding Sections 6.1 and 6.2 hereof, in no event shall the provisions of Sections 6.1 and 6.2 limit the provisions of Section 10.17 or the damages recoverable by either party against the other party due to the other party's obligation to indemnify such party in accordance with this Agreement.

ARTICLE 7

RISK OF LOSS

7.1. **Minor Damage**. In the event of loss or damage to the Property or any portion thereof which is not "Major" (as hereinafter defined), this Agreement shall remain in full force and effect provided that Seller shall assign to Purchaser all of Seller's right, title and interest in and to any claims and proceeds Seller may have with respect to any casualty insurance policies or condemnation awards relating to the premises in question, which assignment shall be confirmed and agreed to by either the insurer or the condemning authority, as applicable if such confirmation or agreement is required to make the assignment legally effective. The Purchase Price shall be reduced by an amount equal to the lesser of the deductible amount under Seller's insurance policy(s) or, if the loss is not covered by Seller's insurance policy(s), then the Purchase Price shall be reduced by the cost of completing the repairs. Upon Closing, full risk of loss with respect to the Property shall pass to Purchaser.

7.2. **Major Damage**. In the event of a "Major" loss or damage, Purchaser may terminate this Agreement by written notice to the Seller, in which event the Deposit shall be returned to Purchaser. If Purchaser elects not to terminate this Agreement within ten (10) days after Seller sends Purchaser written notice of the occurrence of such Major loss or damage or threatened Major loss or damage in the case of condemnation or eminent domain proceedings (which notice shall state the cost of repair or restoration thereof as opined by an architect in accordance with Section 7.3 hereof), then Seller and Purchaser shall be deemed to have elected to proceed with Closing, in which event Seller shall assign to Purchaser all of Seller's right, title and interest in and to any claims and proceeds Seller may have with respect to any casualty insurance policies or condemnation awards and the proceeds of any rent loss insurance relating to the premises in question, which assignment shall be confirmed and agreed to by either the insurer(s) or the condemning authority, as applicable if such confirmation or agreement is required to make the assignment legally effective. The Purchase Price shall be reduced by an amount equal to the deductible amount under Seller's insurance policy(s). Upon Closing, full risk of loss with respect to the Property shall pass to Purchaser.

7.3. **Definition of "Major" Loss or Damage**. For purposes of Sections 7.1 and 7.2, "**Major**" loss or damage refers to the following: (a) loss or damage to the Property hereof such that the cost of repairing or restoring the premises in question to substantially the same condition which existed prior to the event of damage, in the opinion of an architect selected by Seller and reasonably approved by Purchaser, either (i) would be equal to or greater than Six Million and

No/100 Dollars ($6,000,000.00), or (ii) could not reasonably be repaired or restored within ninety (90) days after the date of casualty, or (b) any loss due to a condemnation or threatened condemnation which could or will permanently and materially impair the current and intended use of the Property. If Purchaser does not give written notice to Seller of Purchaser's reasons for disapproving an architect within five (5) business days after receipt of notice of the proposed architect, Purchaser shall be deemed to have approved the architect selected by Seller.

ARTICLE 8

COMMISSIONS

8.1. **Brokerage Commissions**. With respect to the transaction contemplated by this Agreement, Seller represents that its sole broker is Holliday Fenoglio Fowler, L.P. ("**Seller's Broker**"), whose commissions shall be paid by Seller and Seller shall protect, indemnify, defend and hold Purchaser harmless form and against any claims made by Seller's Broker against Purchaser in connection with the transaction contemplated in this Agreement. Purchaser represents that it has retained Trammell Crow Services, Inc. ("**Purchaser's Broker**") in connection with the transaction contemplated in this Agreement and Purchaser shall pay any commission owing to Purchaser's Broker and Purchaser shall protect, indemnify, defend and hold Seller harmless from and against any claims made by Purchaser's Broker against Seller in connection with the transaction contemplated in this Agreement. In addition, each party hereto agrees that if any person or entity, other than the Seller's Broker or Purchaser's Broker, makes a claim for brokerage commissions or finder's fees related to the sale of the Property by Seller to Purchaser, and such claim is made by, through or on account of any acts or alleged acts of said party or its representatives, said party will protect, indemnify, defend and hold the other party free and harmless from and against any and all loss, liability, cost, damage and expense (including reasonable attorneys' fees) in connection therewith. The provisions of this paragraph shall survive Closing or any termination of this Agreement.

ARTICLE 9

DISCLAIMERS AND WAIVERS

9.1. **No Reliance on Documents**. Except as expressly stated herein or in the documents to be executed by Seller and delivered to Purchaser in connection with the Closing, Seller makes no representation or warranty as to the truth, accuracy or completeness of any materials, data or information delivered by Seller or its brokers or agents to Purchaser in connection with the transaction contemplated hereby. Except as expressly stated herein or in the documents to be executed by Seller and delivered to Purchaser in connection with the Closing, Purchaser acknowledges and agrees that all materials, data and information delivered by Seller to Purchaser in connection with the transaction contemplated hereby are provided to Purchaser as a convenience only and that any reliance on or use of such materials, data or information by Purchaser shall be at the sole risk of Purchaser, except as otherwise expressly stated herein. Neither Seller, nor any affiliate of Seller, nor the person or entity which prepared any report or reports delivered by Seller to Purchaser shall have any liability to Purchaser for any inaccuracy in or omission from any such reports.

9.2. **AS-IS SALE; DISCLAIMERS**. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE DOCUMENTS TO BE EXECUTED BY SELLER AND DELIVERED TO PURCHASER IN CONNECTION WITH THE CLOSING, IT IS UNDERSTOOD AND AGREED THAT SELLER IS NOT MAKING AND HAS NOT AT ANY TIME MADE ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OR REPRESENTATIONS AS TO HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

PURCHASER ACKNOWLEDGES AND AGREES THAT UPON CLOSING SELLER SHALL SELL AND CONVEY TO PURCHASER AND PURCHASER SHALL ACCEPT THE PROPERTY "AS IS, WHERE IS, WITH ALL FAULTS." EXCEPT TO THE EXTENT EXPRESSLY PROVIDED OTHERWISE IN THIS AGREEMENT OR THE DOCUMENTS EXECUTED AND DELIVERED AT CLOSING TO CONSUMMATE THIS AGREEMENT, PURCHASER HAS NOT RELIED AND WILL NOT RELY ON, AND SELLER IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESS OR IMPLIED WARRANTIES, GUARANTIES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY OR RELATING THERETO (INCLUDING SPECIFICALLY, WITHOUT LIMITATION, OFFERING PACKAGES DISTRIBUTED WITH RESPECT TO THE PROPERTY) MADE OR FURNISHED BY SELLER, THE MANAGERS OF THE PROPERTY, OR ANY REAL ESTATE BROKER OR AGENT REPRESENTING OR PURPORTING TO REPRESENT SELLER, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR INDIRECTLY, ORALLY OR IN WRITING, UNLESS SPECIFICALLY SET FORTH IN THIS AGREEMENT.

PURCHASER REPRESENTS TO SELLER THAT PURCHASER HAS CONDUCTED, OR WILL CONDUCT PRIOR TO CLOSING, SUCH INVESTIGATIONS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AS PURCHASER DEEMS NECESSARY OR DESIRABLE TO SATISFY ITSELF AS TO THE CONDITION OF THE PROPERTY AND THE EXISTENCE OR NONEXISTENCE OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO ANY HAZARDOUS OR TOXIC SUBSTANCES ON OR DISCHARGED FROM THE PROPERTY, AND WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF SELLER OR ITS AGENTS OR EMPLOYEES WITH RESPECT THERETO, OTHER THAN SUCH REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER AS ARE EXPRESSLY SET FORTH IN THIS AGREEMENT OR THE DOCUMENTS EXECUTED AND DELIVERED AT CLOSING TO CONSUMMATE THIS AGREEMENT. UPON CLOSING, PURCHASER SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING BUT NOT LIMITED TO, CONSTRUCTION DEFECTS AND ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY PURCHASER'S INVESTIGATIONS AND PURCHASER, UPON CLOSING, SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED AND RELEASED SELLER (AND SELLER'S OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES AND AGENTS) FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING CAUSES OF ACTION IN TORT), LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, WHICH

PURCHASER MIGHT HAVE ASSERTED OR ALLEGED AGAINST SELLER (OR SELLER'S OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES OR AGENTS) AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT CONSTRUCTION DEFECTS OR PHYSICAL OR ENVIRONMENTAL CONDITIONS, VIOLATIONS OF ANY APPLICABLE LAWS AND ANY AND ALL OTHER ACTS, OMISSIONS, EVENTS, CIRCUMSTANCES OR MATTERS REGARDING THE PROPERTY.

9.3. **Survival of Disclaimers**. The provisions of this Article IX shall survive Closing or any termination of this Agreement.

ARTICLE 10

MISCELLANEOUS

10.1. **Confidentiality.** Purchaser and Seller and their respective representatives shall hold in strictest confidence all data and information obtained with respect to the other party or its business, whether obtained before or after the execution and delivery of this Agreement, and shall use its best efforts to not disclose the same to others; provided, however, that it is understood and agreed that such party may disclose such data and information to the employees, lenders, consultants, accountants and attorneys of the other party provided that such persons agree to treat such data and information confidentially, provided, however, either party shall be permitted to make such disclosures as may be required in order to comply with all financial reporting, securities laws and other Legal Requirements applicable to such party. In the event this Agreement is terminated or Purchaser fails to perform hereunder, Purchaser shall use its best efforts to promptly return to Seller any statements, documents, schedules, exhibits or other written information obtained from Seller in connection with this Agreement or the transaction contemplated herein. Purchaser agrees that none of the written information obtained from Seller in connection with this Agreement and the transactions contemplated herein will be used by Purchaser for any purpose other than evaluating a possible purchase of the Property or used in any way or manner detrimental to the interests of Seller. In the event of a breach or threatened breach by either party or its agents or representatives of this Section 10.1, the other party shall be entitled to an injunction restraining such party or its agents or representatives from disclosing, in whole or in part, such confidential information. Nothing herein shall be construed as prohibiting the aggrieved party from pursuing any other available remedy at law or in equity for such breach or threatened breach. The provisions of this Section 10.1 shall survive Closing or any termination of this Agreement.

10.2. **Public Disclosure**. Prior to the Closing, any release to the public of information with respect to the sale contemplated herein or any matters set forth in this Agreement will be made only in the form approved by Purchaser and Seller; provided, however, Seller and Purchaser shall be permitted to make such disclosures as may be required in order to comply with all financial reporting, securities laws and other Legal Requirements applicable to Purchaser and Seller. For a period of ninety (90) days, following the Closing, Purchaser and Seller may disclose to the public information with respect to any matters set forth in this Agreement; provided, however, the disclosing party shall deliver written notice to the non-disclosing party delivered not later than five (5) business days prior to such disclosure and such disclosure subject to the non-disclosing party's reasonable approval. The provisions of this Section 10.2 shall survive Closing or any termination of this Agreement.

10.3. **Assignment.** Subject to the provisions of this Section 10.3, the terms and provisions of this Agreement are to apply to and bind the permitted successors and assigns of the parties hereto. Purchaser shall have the right, exercised by written notice to Seller delivered not later than five (5) business days prior to Closing and subject to the Assignment Procedures, to assign its rights under this Agreement to one or more Affiliates of Purchaser which Affiliate(s) of Purchaser shall become the transferee(s) under each of the closing documents for the Property. Except as set forth in the preceding sentence, Purchaser may not designate or nominate any other person or entity to become the transferee under any of the closing documents or assign its rights under this Agreement without first obtaining Seller's written approval, which approval may be granted or withheld in Seller's sole discretion. In the event Purchaser intends to assign its rights hereunder the following shall apply (the "**Assignment Procedures**"): (a) Purchaser and the proposed assignees shall execute an assignment and assumption of this Agreement in form and substance reasonably satisfactory to Seller pursuant to which Purchaser and each such assignee shall be jointly and severally liable under this Agreement, and (b) in no event shall any assignment of this Agreement release or discharge Purchaser from any liability or obligation hereunder. "**Affiliate**" shall mean, with respect to any specified entity, an entity that controls, is controlled by, or is under common control with such specified entity, with control meaning the power through the ownership of voting securities by contract or otherwise to direct the management and policies of such entity.

10.4. **Notices.** Any notice pursuant to this Agreement shall be given in writing by (a) personal delivery, (b) reputable overnight delivery service with proof of delivery, (c) United States Mail, postage prepaid, registered or certified mail, return receipt requested, or (d) legible facsimile transmission, sent to the intended addressee at the address set forth below, or to such other address or to the attention of such other person as the addressee shall have designated by written notice sent in accordance herewith, and shall be deemed to have been given upon receipt or refusal to accept delivery, or, in the case of facsimile transmission, as of the date of the facsimile transmission provided that an original of such facsimile is also sent to the intended addressee by means described in clauses (a), (b) or (c) above. Unless changed in accordance with the preceding sentence, the addresses for notices given pursuant to this Agreement shall be as follows:

If to Seller:

c/o Trizec Properties, Inc.
10 South Riverside Plaza
Suite 1100
Chicago, Illinois 60606
Attention: Evan M. Boris and
Catherine Began
Telephone No. (312) 798-6005 and
(312) 798-6117
Fax No. (312) 466-1710

with a copy to:

DLA Piper Rudnick Gray Cary US LLP
203 North LaSalle Street
Chicago, Illinois 60601
Attention: James L. Beard, Esq.
Telephone No. (312) 368-2169
Fax No. (312) 630-7379

If to Purchaser:

Equinix, Inc.
301 Velocity Way
Foster City, CA 94404
Attention: Renee Lanam and
Paul Silliman
Telephone No. (650) 513-7085
Fax No. (650) 513-7909

with a copy to:

Orrick, Herrington & Sutcliffe LLP
405 Howard Street
San Francisco, CA 94105
Attention: William G. Murray
Telephone No. (415) 773-5807
Fax No. (415) 773-5759

10.5. **Modifications.** This Agreement cannot be changed orally, and no executory agreement shall be effective to waive, change, modify or discharge it in whole or in part unless such executory agreement is in writing and is signed by the parties against whom enforcement of any waiver, change, modification or discharge is sought.

10.6. **Entire Agreement**. This Agreement, including the exhibits and schedules hereto, contains the entire agreement between the parties hereto pertaining to the subject matter hereof and fully supersedes all prior written or oral agreements and understandings between the parties pertaining to such subject matter, other than any confidentiality agreement executed by Purchaser or its principals or Affiliates in connection with the Property.

10.7. **Further Assurances**. Each party agrees that it will execute and deliver such other documents and take such other action, whether prior or subsequent to Closing, as may be reasonably requested by the other party to consummate the transaction contemplated by this Agreement so long as the same imposes no additional liability on such party. The provisions of this Section 10.7 shall survive Closing.

10.8. **Counterparts.** This Agreement may be executed in counterparts, all such executed counterparts shall constitute the same agreement, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

10.9. **Facsimile Signatures**. In order to expedite the transaction contemplated herein, telecopied, facsimile or email (in pdf format) signatures may be used in place of original signatures on this Agreement. Seller and Purchaser intend to be bound by the signatures on the

telecopied or emailed document, are aware that the other party will rely on the telecopied or emailed signatures, and hereby waive any defenses to the enforcement of the terms of this Agreement based on the form of signature.

10.10. **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall nonetheless remain in full force and effect; provided that the invalidity or unenforceability of such provision does not materially adversely affect the benefits accruing to any party hereunder.

10.11. **Applicable Law**. This Agreement shall be governed by and construed in accordance with the laws of the State in which the Property is located. Purchaser and Seller agree that the provisions of this Section 10.11 shall survive the Closing or any termination of this Agreement.

10.12. **No Third-Party Beneficiary.** The provisions of this Agreement and of the documents to be executed and delivered at Closing are and will be for the benefit of Seller and Purchaser only and are not for the benefit of any third party, and accordingly, no third party shall have the right to enforce the provisions of this Agreement or of the documents to be executed and delivered at Closing.

10.13. **Captions.** The section headings appearing in this Agreement are for convenience of reference only and are not intended, to any extent and for any purpose, to limit or define the text of any section or any subsection hereof.

10.14. **Construction.** The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

10.15. **Recordation.** This Agreement may not be recorded by any party hereto without the prior written consent of the other party hereto. The provisions of this Section 10.15 shall survive the Closing or any termination of this Agreement.

10.16. **Like Kind Exchange**.

(i) Seller, at its option, may elect to use the proceeds for the sale of the Property to purchase a replacement property as part of a like-kind exchange under Section 1031 of the Code. If Seller desires to sell the Property as part of such a like-kind exchange, Seller shall notify Purchaser no later than two (2) business days prior to the Closing Date. Provided Seller has so notified Purchaser, Purchaser agrees to cooperate with Seller to effect the like-kind exchange contemplated hereunder and to execute and deliver all documents which reasonably may be required to effectuate such exchange as a qualified transaction pursuant to Section 1031 of the Code; provided that: (i) the Closing shall not be delayed; (ii) Purchaser incurs no additional cost or liability in connection with the like-kind exchange; (iii) Seller pays all costs associated with the like-kind exchange; and (iv) Purchaser is not obligated to take title to any other property.

(ii) Purchaser, at its option, may elect to exchange other property of like-kind and qualifying use within the meaning of Section 1031 of the Code, for fee title in the Property. If Purchaser desires to purchase the Property as part of such like-kind exchange, Purchaser shall notify Seller no later than two (2) business days prior to the Closing Date. Provided Purchaser has so notified Seller, Seller agrees to cooperate with Purchaser to effect the like-kind exchange contemplated hereunder and to execute and deliver all documents which reasonably may be required to effectuate such exchange as a qualified transaction pursuant to Section 1031 of the Code; provided that: (i) the Closing shall not be delayed; (ii) Seller incurs no additional cost or liability in connection with the like-kind exchange; (iii) Purchaser pays all costs associated with the like-kind exchange; and (iv) Seller is not obligated to take title to any other property.

10.17. **Attorneys' Fees and Costs**. In the event suit or action is instituted to interpret or enforce the terms of this Agreement, or in connection with any arbitration or mediation of any dispute, the prevailing party shall be entitled to recover from the other party such sum as the court, arbitrator or mediator may adjudge reasonable as such party's costs and attorney's fees, including such costs and fees as are incurred in any trial, on any appeal, in any bankruptcy proceeding (including the adjudication of issues peculiar to bankruptcy law) and in any petition for review. Each party shall also have the right to recover its reasonable costs and attorney's fees incurred in collecting any sum or debt owed to it by the other party, with or without litigation, if such sum or debt is not paid within fifteen (15) days following written demand therefor.

10.18. **Governmental Approvals**. Nothing contained in this Agreement shall be construed as authorizing Purchaser to apply for a zoning change, variance, subdivision maps, lot line adjustment, or other discretionary governmental act, approval or permit with respect to the Property prior to the Closing, and Purchaser agrees not to do so. Purchaser agrees not to submit any reports, studies or other documents, including, without limitation, plans and specifications, impact statements for water, sewage, drainage or traffic, environmental review forms, or energy conservation checklists to any governmental agency, or any amendment or modification to any such instruments or documents prior to the Closing except to the extent disclosure is required by applicable law. Purchaser's obligation to purchase the Property shall not be subject to or conditioned upon Purchaser's obtaining any variances, zoning amendments, subdivision maps, lot line adjustment or other discretionary governmental act, approval or permit.

10.19. **Exclusive.** Until this Agreement is terminated, Seller will cease its marketing efforts and will not solicit, negotiate or enter into any backup letters of intent, proposals, options or contracts with regard to the purchase and sale of the Property.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the Effective Date.

SELLER:

TRIZEC REALTY, LLC, a California limited liability company

By: /s/ EVAN M. BORIS

Name: Evan M. Boris
Its: Vice President

PURCHASER:

EQUINIX, INC, a Delaware corporation

By: /s/ KEITH D. TAYLOR

Name: Keith D. Taylor
Its: CFO

Escrow Agent executes this Agreement below solely for the purpose of acknowledging that it agrees to be bound by the provisions of Sections 1.5 and 1.6 hereof.

ESCROW AGENT:

FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation

By: /s/ JAMES MCINTOSH

Name: James McIntosh
Its: V.P.

ASSIGNMENT AND ASSUMPTION OF
SALE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF SALE AGREEMENT (this "Assignment") is dated as of October 11, 2005, between EQUINIX, INC., a Delaware corporation ("Assignor"), and EQUINIX RP II LLC, a Delaware limited liability company ("Assignee").

Assignor hereby assigns to Assignee all of its right, title and interest in and to that certain Sale Agreement dated as of October 3, 2005 between Assignor, as buyer, and Trizec Realty, LLC, a California limited liability company, as seller ("Seller") (the "Purchase Agreement"), and Assignee hereby assumes all of Assignor's obligations under the Purchase Agreement. Assignee hereby indemnifies, releases and holds harmless Assignor from and against any and all costs, claims, actions, obligations and liabilities directly or indirectly relating to or arising under the Purchase Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed on the day and year first above written.

ASSIGNOR:

Equinix, Inc.,
a Delaware corporation

By: /s/ PETER VAN CAMP

Name: Peter Van Camp
Title: Chief Executive Officer

ASSIGNEE:

Equinix RP II LLC,
a Delaware limited liability company

By: /s/ PETER VAN CAMP

Name: Peter Van Camp
Title: Manager

Exhibit 21.1

List of Equinix's Subsidiaries

Name	Jurisdiction
Equinix Operating Co., Inc.	Delaware
Equinix-DC, Inc.	Delaware
Equinix Europe, Inc.	Delaware
Equinix Cayman Islands Holdings	Cayman Islands
Equinix Dutch Holdings N.V.	Netherlands
Equinix Netherlands B.V.	Netherlands
Equinix Germany GmbH	Germany
Equinix Asia Pacific Pte Ltd	Singapore
Equinix Singapore Holdings Pte Ltd	Singapore
Equinix Singapore Pte Ltd	Singapore
Equinix Pacific Pte Ltd	Singapore
Equinix Shanghai Co., Ltd.	China
Pihana Pacific SDN, BHD	Malaysia
Equinix Pacific, Inc.	Delaware
Equinix Pacific Business Recovery, Inc.	Delaware
Pihana Pacific Business Recovery Hong Kong Limited	Hong Kong
Equinix Japan KK (in Kanji)	Japan
Equinix Australia Pty Ltd	Australia
Equinix Hong Kong Ltd	Hong Kong
Equinix RP, Inc.	Delaware
Equinix RP II LLC	Delaware

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter F. Van Camp, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equinix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 26, 2005

/s/ PETER F. VAN CAMP

Peter F. Van Camp
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Keith D. Taylor, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equinix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: October 26, 2005

/s/ KEITH D. TAYLOR

Keith D. Taylor
Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Equinix, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter F. Van Camp, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ PETER F. VAN CAMP

Peter F. Van Camp
Chief Executive Officer
October 26, 2005

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Equinix, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Keith D. Taylor, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ KEITH D. TAYLOR

Keith D. Taylor
Chief Financial Officer
October 26, 2005