UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 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)	**(IRS 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)

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $0.001

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates computed by reference to the price at which the common stock was last sold as of the last business day of the registrant's most recently completed second fiscal quarter was approximately $725.9 million.

As of February 28, 2006, a total of 28,274,386 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III—Portions of the registrant's definitive Proxy Statement to be issued in conjunction with the registrant's 2006 Annual Meeting of Stockholders, which is expected to be filed not later than 120 days after the registrant's fiscal year ended December 31, 2005. Except as expressly incorporated by reference, the registrant's Proxy Statement shall not be deemed to be a part of this report on Form 10-K.

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PART I

ITEM 1. BUSINESS

The words "Equinix", "we", "our", "ours", "us" and the "Company" refer to Equinix, Inc. All statements in this discussion that are not historical are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding Equinix's "expectations", "beliefs", "hopes", "intentions", "strategies" or the like. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Equinix cautions investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors, including, but not limited to, the risk factors discussed in this Annual Report on Form 10-K. Equinix expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Equinix's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statements are based.

Overview

Equinix provides network neutral colocation, interconnection and managed services to enterprises, content companies, systems integrators and the world's largest network providers. Through our Internet Business Exchange hubs, or IBX hubs, in eleven markets in the U.S. and Asia-Pacific, customers can directly interconnect with each other for critical traffic exchange requirements. 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 hubs, we believe we have established a critical mass of customers. This critical mass and the resulting "network effect" combined with a strong financial position continue to drive new customer growth and bookings. As a result of our largely fixed cost model, any growth in revenue would likely drive incremental margins and increased operating cash flow.

Our network neutral business model is a key differentiator for us in the market. Because we do not operate a network, we are able to offer our customers direct interconnection to the largest aggregation of bandwidth providers and Internet service providers. The world's top tier Internet service providers, numerous access networks, second tier providers and international carriers such as AOL, AT&T, British Telecom, Cable & Wireless, Comcast, Level 3, MCI (now known as Verizon Business), NTT, SingTel and Qwest are all currently located at our IBX hubs. Access to such a wide variety of networks has attracted nine of the top 10 Internet properties and numerous other enterprise and government customers, including Amazon.com, Electronic Arts, Fox Interactive Media, Fujitsu, Gannett, The Gap, Goldman Sachs, Google, IBM, MSN, NASA, Salesforce.com, Solo Cup, Sony, Washington Mutual, and Yahoo!.

Our services are comprised of three types: Colocation, Interconnection, and Managed IT Infrastructure services.

- Colocation services include cabinets, power, operations space and storage space for our customers' colocation needs.
- Interconnection services provide scalable and reliable connectivity that allow our customers to exchange traffic directly with the service provider of their choice or directly with each other.
- Managed IT infrastructure services allow our customers to leverage our significant telecommunications expertise, maximize the benefits of our IBX hubs and optimize their infrastructure and resources.

The market for our services has historically been served by large telecommunications carriers who have bundled their telecommunications services and managed services with their colocation offerings. A number of these telecommunications carriers have eliminated or reduced their colocation footprint to focus on their core

businesses. Additionally, many of the competitive providers have failed to scale their businesses and have been forced to exit the market. This reduction in supply in the industry has stabilized pricing and increased the demand for our centers because we have gained many of those customers displaced from these companies as access to their networks is also available in our IBX hubs. Strategically, we will continue to look at attractive opportunities to grow our market share and selectively improve our footprint and service offerings.

Recent Developments

During 2005, we converted our convertible secured notes and preferred stock; granted restricted shares for the first time to our executive officers; acquired three existing IBX properties in the Silicon Valley, Chicago and Los Angeles metro area markets; purchased the campus in Ashburn, Virginia that houses our original Washington, D.C. metro area IBX; amended our revolving line of credit agreement with Silicon Valley Bank and recorded a significant restructuring charge in connection with our decision to exit the approximate 40 acre ground lease for unimproved real property in San Jose. During 2006, we granted additional restricted shares to our executive officers and approved stock options to be granted to our employees as part of our annual refresh program and announced our intention to expand our presence in the Washington, D.C. and Chicago metro areas by building out brand new centers next to or nearby our existing Washington, D.C. and Chicago metro area IBX centers. For further information on our recent developments, refer to our discussion of "Recent Developments" in our "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this Annual Report on Form 10-K below.

Industry Background

The Internet is a collection of numerous independent networks interconnected with each other to form a network of networks. Users on different networks are able to communicate with each other through interconnection between these networks. For example, when a user of the Internet sends an email to another user, assuming that each person uses a different network provider, the email must pass from one network to the other in order to get to the final destination.

In order to accommodate the rapid growth of Internet traffic, an organized approach for network interconnection was needed. The exchange of traffic between these networks became known as peering. Peering is when networks trade traffic at relatively equal amounts and set up agreements to trade traffic at no charge to the other party. At first, government and non-profit organizations established places where these networks could exchange traffic, or peer, with each other—these points were known as network access points, or NAPs. Over time, many NAPs became a natural extension of carrier services and were run by such companies as MFS (now a part of Verizon Business), Sprint, Ameritech and Pacific Bell (both now known as at&t).

Ultimately, these NAPs were unable to scale with the growth of the Internet and the lack of "neutrality" by the carrier owners of these NAPs created a conflict of interest with the participants. This created a market need for network neutral interconnection points that could accommodate the rapidly growing need to increase performance for enterprise and consumer users of the Internet, especially with the rise of important content providers such as Microsoft, Yahoo!, AOL and others. In addition, the providers, as well as a growing number of enterprises required a more secure, reliable solution for direct connection to a variety of telecommunications networks as the importance of their Internet operations continued to grow.

To accommodate Internet traffic growth, the largest of these networks left the NAPs and began trading traffic by placing private circuits between each other. Peering which once occurred at the NAP locations was moved to these private circuits. Over the years, these circuits became expensive to expand and could not be built fast enough to accommodate the growth in traffic. This led to a need by the large carriers to find a more efficient way to trade traffic or peer. Customers have chosen Equinix for peering because they are now able to reach all of the networks with which they peer within one location, with simple direct connections. Their ability to peer across the room, instead of across a metro area has increased the scalability of their operations while decreasing costs for some customers by upwards of 70%.

Our IBX centers are the next-generation interconnection points. They are designed to handle the scalability issues that exist between both large and small networks, as well as the interconnection between companies who have become critical to the Internet. We have been successful in uniting the major companies that make up the Internet infrastructure including at&t, Level 3, Qwest, SAVVIS, Sprint and Verizon Business. These companies, which constitute the world's top Internet service providers, together with most of the major broadband networks, including AOL, Comcast, Cox Communications and MSN, second tier backbones such as Earthlink, Global Crossing, Verio and WilTel, top international telecommunications carriers, including Bell Canada, British Telecom, Deutsche Telecom, France Telecom, Japan Telecom, KDDI, SingTel, StarHub, Telia and Telstra, a number of fiber, sonet, ethernet and competitive local exchange companies, including Looking Glass Networks and OnFiber Communications, and incumbent local exchange companies, including at&t, BellSouth and Verizon, are our customers and use us to interconnect with each other and their customers. Additionally, we provide an important industry leadership role in the area of exchange points and are consistently looked to as an industry expert and key influencer on this subject matter.

Content providers and enterprises can now control their own network performance by economically reaching the various service providers they wish to work with by establishing direct connections for this connectivity. For our customers, this represents significant cost savings and increased flexibility to move among providers.

Our Solution

Our IBX centers provide the environment and services to meet the networking and IT operations challenges facing enterprises, networks and Internet businesses today. As a result, we are able to provide the following key benefits to our customers:

Quality. Our IBX centers provide customers with a secure, high quality solution for their colocation needs. Enterprise and content companies have demanding requirements for data center uptime, security, power backup and other important attributes. We have designed our IBX centers and processes to exceed the requirements for the most important financial institutions, government agencies and key enterprise brands such as Amazon.com, The Gap, Goldman Sachs, Macromedia, Solo Cup, Sony and Ticketmaster. We have a track record of 99.999% uptime and are continually testing and refining processes to ensure that we will continue to provide high levels of stability and quality.

Performance. Because we provide direct access to the providers that serve more than 90% of the world's Internet routes and users, customers can quickly, efficiently, cost-effectively and reliably exchange traffic with their network services providers for higher performance operations. The ability to connect directly to the more than 200 networks enables high-quality direct interconnection. With the mass of networks present, global enterprises are increasingly looking at ways to provide network diversity and increase performance of their operations, and are utilizing our IBX centers to ensure their IT infrastructures are operating at the interconnection hub of the Internet. By using multiple networks, customers are able to build redundancy into their operations in the event that one of their network service providers has a service interruption or restructuring in their business. The network service providers and geographic diversity we offer provides customers with the flexibility to enable the highest performing Internet operations.

Improved Economics. Our services such as Equinix Exchange and Equinix Internet Core Exchange facilitate peering and dramatically reduce costs for critical transit, peering and traffic exchange operations by eliminating the costs of private peering or local loops. Networks such as at&t, British Telecom, Cox Communications and Japan Telcom and content providers such as Electronic Arts, Google, MSN and Yahoo! can save between 20% and 70% of bandwidth costs through the traffic exchange services we offer. In addition, content companies and enterprises can save significant bandwidth costs because the number of networks housed within Equinix competing for the traffic of these companies results in lower prices while providing increased performance.

Access to International Markets. We offer our network, content and enterprise customers a one-stop solution for their outsourced IT infrastructure needs in the U.S. and Asia-Pacific. This is especially important for U.S. enterprises who want to expand into Asia-Pacific, where the myriad of complexities for doing business in each country remains challenging. We offer a consistent standard of quality and support for all our locations throughout the U.S. and Asia-Pacific.

Financial information about our geographic areas can be found in our consolidated financial statements and the related notes thereto and in "Management's Discussion and Analysis of Financial Condition and Results of Operation" included elsewhere in this Annual Report on Form 10-K.

Our Strategy

Our objective is to become the premier hub for critical Internet properties, enterprises, content providers and government agencies to locate their information technology infrastructure operations in order to gain maximum benefits from the choice of networks and partners in the most simple and efficient manner. Key components of our strategy include the following:

Continue to Build upon our Critical Mass of Network Providers and Content Companies, and Grow our Position within Enterprise and Government. We have assembled a critical mass of premier network providers and content companies and have become one of the core hubs of the Internet. This critical mass is a key selling point since content companies want to connect with a diverse set of networks to provide the best connectivity to their end-customers, and network companies want to sell bandwidth to content customers and interconnect with other networks in the most efficient manner available. Currently, we service over 200 unique networks, including all of the top tier networks, allowing our customers to directly interconnect with providers that serve more than 90% of global Internet routes. We have a growing mass of key players in the enterprise sector, such as The Gap, Gannett, Goldman Sachs, IBM, Salesforce.com, SOLO Cup, Sony, Washington Mutual, XM Radio and others. Similarly, we have experienced increasing success in attracting customers from the government sector, such as NASA. We expect vertical marketing efforts in the financial, government and digital media segments to be a key growth driver in 2006 and beyond.

Leverage the Network Effect. As networks, content providers and other enterprises 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. The ability to directly interconnect with a wide variety of companies is a key differentiator for us in the market.

Promote our IBX Centers as the Highest Performance Points on the Internet. Data center reliability and power availability are two of the most important attributes when customers are choosing a data center provider. Our premier IBX hubs are next-generation data centers and offer customers advanced security, reliability and redundancy. Our security design includes five levels of biometrics security to access customer cages. Our power infrastructure includes N+1 redundancy for all systems and has delivered 99.999% uptime over the period from January 1, 2002 through December 31, 2005. Our support staff, trained to aid customers with operational support, are available 24 hours a day, 365 days a year.

Provide New Products and Services within our IBX Centers. We plan to continue to offer additional products and services that are most valuable to our customers as they manage their Internet and network businesses and, specifically, as they attempt to effectively utilize multiple networks. For example, we offer an automated service called Equinix Direct to allow customers to easily choose and provision multiple networks with a simple easy to use portal.

Ensure Continuous Growth for our Customers. We plan to expand in key markets based on customer demand to ensure a smooth growth path for our customers. For example, we have acquired six new IBX centers

in our key markets over the last two years, increasing our customer cabinet capacity by 50%. Our strategy is to continue to grow in select existing markets and possibly expand to additional markets where demand and financial return potential warrant. We expect to execute this expansion strategy in a cost-effective and prudent manner through a combination of acquiring existing centers through lease or purchase, or building new centers based on key criteria, such as demand and potential financial return, in each market.

Customers

Our customers include carriers and other bandwidth providers, Internet service providers, enterprises, content providers and system integrators. We offer each customer a choice of business partners and solutions based on their colocation, interconnection and managed IT service needs. As of December 31, 2005, we had 1,138 customers worldwide.

Typical customers in each category include the following:

Carriers/Networks	Content Providers	Enterprise
AT&T	Amazon.com	Apple
British Telecom	AOL	Deutsche Boerse
Cable & Wireless	Electronic Arts	Fidelity Investments
Comcast	Fox Interactive Media	Fujitsu
Level 3	Google	The Gap
NTT	MSN	Goldman Sachs
SAVVIS	Sony	IBM
SingTel	Ticketmaster	NASA
Sprint	Wal-Mart	Washington Mutual
Verizon Business	Yahoo!	XM Radio

Customers typically sign renewable contracts of one or more years in length. Our single largest customer, IBM, represented approximately 11%, 13% and 15% of total revenues for the years ended December 31, 2005, 2004 and 2003, respectively. No other single customer accounted for more than 10% of revenues during this time.

Services

Our services are comprised of three types: Colocation, Interconnection and Managed IT Infrastructure services.

Colocation Services

Our IBX centers provide our customers with secure, reliable and fault-tolerant environments that are necessary for optimum Internet commerce interconnection. Our IBX centers include multiple layers of physical security, scalable cabinet space availability, on-site trained staff 24 hours per day, 365 days per year, dedicated areas for customer care and equipment staging, redundant AC/DC power systems and multiple other redundant, fault-tolerant infrastructure systems. Some specifications or services provided may differ in our Asia-Pacific locations in order to properly meet the local needs of customers in those locations.

Within our IBX centers, customers can place their equipment and interconnect with a choice of networks or other business partners. We also provide customized solutions for customers looking to package our IBX services as part of their complex solutions. Our colocation products and services include:

Cabinets. Our customers have several choices for colocating their networking and server equipment. They can place the equipment in one of our shared or private cages or customize their space. As a customer's

colocation requirements increase, they can expand within their original cage or upgrade into a cage that meets their expanded requirements. Cabinets are priced with an initial installation fee and an ongoing recurring monthly charge.

Power. Power is an important element of increasing importance in customers' colocation decisions. We offer both AC and DC power circuits at various amperages and phases customized to a customer's individual power requirements. Power is priced with an initial installation fee and an ongoing recurring monthly charge based on the circuit ordered.

IBXflex. This service allows customers to deploy mission-critical operations personnel and equipment on-site at our IBX centers. Because of the close proximity to their end-users, IBXflex customers can offer a faster response and quicker troubleshooting solution than those available in traditional colocation facilities. This space can also be used as a secure disaster recovery point for customers' business and operations personnel. This service is priced with an initial installation fee and an ongoing recurring monthly charge.

Interconnection Services

Our interconnection services enable scalable, reliable and cost-effective interconnection and traffic exchange between all Equinix customers. These interconnection services are either on a one-to-one basis with direct cross connects or one-to-many through one of our peering services. In peering, we provide an important industry leadership role by acting as the relationship broker between parties who would like to interconnect within our IBX centers. Our staff holds significant positions in the leading industry groups such as the North American Network Operators' Group, or NANOG, and the Internet Engineering Task Force, or IETF, and bring a tremendous amount of knowledge to this area. Our staff published industry-recognized white papers and strategy documents in the areas of peering and interconnection, many of which are used by leading institutions worldwide in furthering the education and promotion of this important network arena. To showcase these efforts, we hold peering forums which are now widely recognized as a very influential forum for the world's top peering experts. We will continue to develop additional services in the area of traffic exchange that will allow our customers to leverage the critical mass of networks now available in our IBX centers. Our current exchange services are comprised of the following:

Physical Cross-Connect/Direct Interconnections. Customers needing to directly and privately connect to another IBX customer can do so through single or multi-mode fiber. These cross connections are the physical link between customers and can be implemented within 24 hours of request. Cross-connect services are priced with an initial installation fee and an ongoing monthly recurring charge.

Equinix Internet Core Exchange. This interconnection service enables direct peering interconnections between major backbone networks and providers. Equinix Internet Core Exchange is a pre-provisioned interconnection package that enables major backbones to connect their networks directly in a centralized, neutral environment for peering and transit. The service includes pre-provisioned interconnections, premium service levels and specialized customer service features to support the quality and support levels required by the largest Internet providers in the world. Internet Core Exchange services are priced with an initial installation fee and an ongoing monthly recurring charge.

Equinix Exchange. Customers may choose to peer through and connect to our Equinix Exchange via a central switching fabric rather than purchase a direct physical cross connection. With a connection to this switch, a customer can aggregate multiple interconnects over one physical connection with up to 10 gigabits of capacity instead of purchasing individual physical cross connects. In 2005, Equinix announced a partnership with Neustar to facilitate voice over Internet protocol (VOIP) peering. The Exchange service is offered as a bundled service that includes a cabinet, power, cross connects and port charges. The service is priced by IBX with an initial installation fee and an ongoing monthly recurring charge. Individual IBX prices increase as the number of participants on the exchange service grows.

Equinix IBXLink. Customers who are located in one IBX may need to interconnect with networks or other customers located in an adjacent IBX in the same metro area. IBXLink allows customers to seamlessly interconnect between IBXs at capacities up to an OC-192, or 10 gigabit level. IBXLink services are priced with an initial installation fee and an ongoing monthly recurring charge dependent on the capacity the customer purchases.

Internet Connectivity Services. Customers who are installing equipment in our IBX centers generally require IP connectivity or bandwidth services. Although many large customers prefer to contract directly with carriers, we offer customers the ability to contract for these services through us from any of the major bandwidth providers. This service, which is primarily provided in Asia, is targeted to customers who require a single bill and a single point of support for their entire services contract through Equinix for their bandwidth needs. Internet Connectivity Services are priced with an initial installation fee and an ongoing monthly recurring charge based on the amount of bandwidth committed.

Managed IT Infrastructure Services

With the continued growth in Internet use, networks, service providers, enterprises and content providers are challenged to deliver fast and reliable service, while lowering costs. With over 200 ISPs and carriers located in our IBX centers, we leverage the value of network choice with our set of multi-network management and other outsourced IT services.

Professional Services. Our IBX centers are staffed with Internet and telecommunications specialists who are on-site and available 24 hours a day, 365 days a year. These professionals are trained to perform installations of customer equipment and cabling. Professional services are custom-priced depending on customer requirements.

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

Equinix Direct. Equinix Direct is a managed multi-homing service that allows customers to easily provision and manage multiple network connections over a single interface. Customers can choose branded networks on a monthly basis with no minimums or long-term commitments. This service is priced with an initial install fee and ongoing monthly recurring charges, dependent on the bandwith used by the customer.

Equinix Mail Service. Equinix's enterprise messaging service, available only in our Singapore location, is a complete outsourced solution, primarily based on the Lotus Notes and Microsoft Exchange platforms, to which customers entrust the operation and support of their messaging applications. This service is priced with an initial installation fee and an ongoing monthly recurring charge.

Equinix Command Center. Equinix Command Center, available only in Asia-Pacific, is a suite of managed services for the management and monitoring of enterprise-level information systems and network infrastructure. The suite of services allows customers to achieve greater efficiency of their IT infrastructure while reducing the cost and complexity of administering and managing these functions internally. The services are priced with an initial installation fee and ongoing monthly recurring charges based on customer activity.

Sales and Marketing

Sales. We use a direct sales force and channel marketing program to market our services to network, content provider, enterprise, government and Internet infrastructure businesses. We organize our sales force by customer type as well as by establishing a sales presence in diverse geographic regions, which enables efficient

servicing of the customer base from a network of regional offices. In addition to our worldwide headquarters located in Silicon Valley, we have established an Asia-Pacific regional headquarters in Singapore. Our U.S. sales offices are located in New York; Boston; Reston, Virginia; Los Angeles; Honolulu; Chicago and Silicon Valley. Our Asia-Pacific sales offices are located in Hong Kong, Singapore, Sydney and Tokyo.

Our sales team works closely with each customer to foster the natural network effect of our IBX model, resulting in access to a wider potential customer base via our existing customers. As a result of the IBX interconnection model, IBX center participants encourage their customers, suppliers and business partners to also locate in the IBX centers. These customers, suppliers and business partners, in turn, encourage their business partners to locate in IBX centers resulting in additional customer growth. This network effect significantly reduces our new customer acquisition costs. In addition, large network providers or managed service providers may refer customers to Equinix as a part of their total customer solution.

In 2004, Equinix established a channel sales program to take advantage of the many networks that were exiting the colocation business to focus on their core competencies. These channel partners are primarily large telecommunications providers whose networks are already installed in Equinix IBX centers and who have customers that require high quality colocation in addition to the network services of the telecommunications providers.

Marketing. To support our sales effort and to actively promote our brand in the U.S. and Asia-Pacific, we conduct comprehensive marketing programs. Our marketing strategies include an active public relations campaign and on-going customer communications programs. Our marketing efforts are focused on major business and trade publications, online media outlets, industry events and sponsored activities. Our staff holds leadership positions in key networking organizations and we participate in a variety of Internet, computer and financial industry conferences and place our officers and employees in keynote speaking engagements at these conferences. We also regularly measure customer satisfaction levels and host key customer forums to ensure customer needs are understood and incorporated in product and service planning efforts. From a brand perspective, we build recognition through sponsoring or leading industry technical forums and participating in Internet industry standard-setting bodies. We continue to develop and host the industry's most successful educational forums focused on peering technologies and peering practices for ISPs and content providers.

Competition

Our current and potential competition includes:

- *Internet data centers operated by established U.S. communications carriers such as AT&T, Level 3, Qwest, SAVVIS and Verizon Business and Asia-Pacific communications carriers such as NTT and SingTel.* Unlike the major network providers, who constructed data centers primarily to help sell bandwidth, we have aggregated multiple networks in one location, providing superior diversity, pricing and performance. Telecommunications companies' data centers generally only provide one choice of carrier and also prefer customers with high managed services needs as part of their pricing structures. Locating in our IBX centers provides access to top tier networks and allows customers to negotiate the best prices with a number of carriers resulting in better economics and redundancy. In 2003 and 2004, two major carriers who had built and operated their own data centers exited the U.S. colocation market. The disposition of these assets has been completed with various owners assuming the assets, including SAVVIS. Because these operators are not network neutral, we believe we have an advantage in gaining the business of those customers displaced from these carriers because access to their networks is also available in our IBX centers.
- *U.S. Network access points (NAPS) such as Switch and Data and carrier operated NAPs.* NAPs, generally operated by carriers, are typically older facilities and lack the incentive to upgrade the infrastructure in order to scale with traffic growth. In contrast, we provide state-of-the-art, secure centers and geographic diversity with 24-hour support and a full range of network and content provider offerings.

- *Vertically integrated web site hosting, colocation and ISP companies such as AboveNet, Digex/Verizon Business and SAVVIS.* Most managed service providers require that customers purchase their entire network and managed services directly from them. We are a network and service provider aggregator and allow customers the ability to contract directly with the networks and web-hosting partner best for their business. By locating in one of our IBX centers, hosting companies add more value to our business proposition by bringing in more partners and customers and thus enhancing a network effect.

Unlike other providers whose core businesses are bandwidth or managed services, we focus on neutral hubs for networks, content providers, enterprises and government. As a result, we are free of the channel conflict common at other hosting/colocation companies. We compete based on the quality of our IBX centers, our ability to provide a one-stop solution in our U.S. and Asia-Pacific locations, the superior performance and diversity of our network neutral strategy and the economic benefits of the aggregation of top networks and Internet businesses under one roof. Specifically, we have established relationships with a number of leading hosting companies such as IBM (our largest customer) and others. We expect to continue to benefit from several industry trends including the consolidation of supply in the colocation market, the need for contracting with multiple networks due to the uncertainty in the telecommunications market, customers' increasing power requirements, enterprise customers' growth in outsourcing and the continued growth of broadband.

Employees

As of December 31, 2005, we had 537 employees. We had 372 employees based in the U.S. and 165 employees based in Asia-Pacific. Of our U.S. employees, we had 220 based at our corporate headquarters in Foster City, California and our regional sales offices. Of those employees, 84 were in engineering and operations, 68 were in sales and marketing and 68 were in management and finance. We had 152 employees based at our IBX centers in Chicago, Illinois; Dallas, Texas; Honolulu, Hawaii; Los Angeles and Silicon Valley, California; New York, New York; and the Washington, D.C. area. Of our Asia-Pacific employees, we had 112 at our Asia-Pacific headquarters in Singapore and our other regional offices. Of those employees, 39 were in engineering and operations, 27 were in sales and marketing and 46 were in management and finance. We had 53 employees based at our IBX centers in Hong Kong, Singapore, Sydney, and Tokyo.

Available Information

We were incorporated in Delaware in June 1998. We are required to file reports under the Exchange Act with the SEC. You may read and copy our materials on file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. You may obtain information regarding the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website at http://www.sec.gov that contains reports, proxy and information statements and other information.

You may also obtain copies of our annual report on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K by visiting the investor relations page on our website, www.equinix.com. Information contained on our website is not part of this annual report on Form 10-K.

ITEM 1A. RISK FACTORS

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, 2005, 2004 and 2003, we incurred net losses of $42.6 million, $68.6 million and $84.2

million, respectively. 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. Although our goal is to achieve 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 or exit 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 open or become fully utilized;
- competition in the markets in which we operate;
- conditions related to international operations;
- increasing repair and maintenance expenses in connection with aging IBX centers;
- not enough available capacity in our existing IBX centers to book new revenue or delays in opening up new or acquired IBX centers may delay our ability to book new revenue in markets which have otherwise reached capacity;
- the timing and magnitude of other 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 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 $56.40 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 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;
- changes in regulatory policy or interpretation;
- changes in the ratings of our stock by securities analysts;
- purchase or development of real estate and/or additional IBX centers;
- announcements with respect to the operational performance of our IBX centers;
- market conditions for telecommunications stocks in general; and
- general economic and market conditions.

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

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

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

We 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 and December 31, 2005, 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, 2005, 2004 and 2003, we recognized 13%, 13% and 15%, respectively, 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 in the past and may decide to undertake foreign exchange hedging transactions in the future 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 markets to support these centers once they are built. In addition, unanticipated technological changes could affect customer requirements for data centers and we may not have built such requirements into our new IBX centers. Any of these contingencies, if they were to occur, could make it difficult for us to realize expected or reasonable returns on these investments.

We may begin construction of new IBX centers which could involve significant risks to our business.

We believe that most of the pre-existing built-out data centers have already been acquired, and that there are few if any viable distressed assets available for us to acquire in our key markets today. In order to sustain our growth in these markets, we may begin to acquire suitable land with or without structures and build our new IBX centers from the ground up (a "greenfield" build). A greenfield build involves substantial planning and lead-time, much longer time to completion than we have currently seen in our recent IBX retrofits of existing data centers, and significantly higher costs of construction, equipment, and materials which could have a negative impact on our returns. Site selection is also a critical factor in our expansion plans, and there may not be suitable properties available in our markets with the necessary combination of high power capacity and fiber connectivity.

While we may prefer to locate new IBX centers adjacent to our existing locations, we may be limited by the inventory and location of suitable properties as well as the need for adequate power and fiber to the site. In the event we decide to build new IBX centers separate from our existing IBX centers, we may not be able to offer the number of networks that we currently provide in an existing IBX center. Fewer networks available in a new IBX center could result in lower interconnection revenue, lower margins, and could have a negative impact on customer retention over time.

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 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 pre-existing 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 centers 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 the designed electrical capacity in these centers. 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 centers. The availability of sufficient power may also pose a risk to the successful operation of our new IBX centers. The ability to increase the power capacity of an IBX, should we decide to, is dependent on several factors including, but not limited to, the local utility's ability to provide additional power; the length of time required to provide such power; and/or whether it is feasible to upgrade the electrical infrastructure of an IBX to deliver additional power to customers. Although we are currently designing and building a much higher power specification, there is a risk that demand will continue to increase and our IBX centers could become obsolete sooner than expected.

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, and although contractual price increase clauses may exist, we may not be able to pass these increased costs on to our customers.

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

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.

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

As of December 31, 2005, STT Communications, through its subsidiary, i-STT Investments (Bermuda) Ltd., had voting control over approximately 16% of our outstanding common stock. In addition, STT Communications is not prohibited from buying shares of our stock in public or private transactions. 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.

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 we will no longer be bound by the FIRPTA covenant as of September 30, 2009. If we were to breach this covenant, we may be liable for damages to STT Communications.

If regulated materials are discovered at centers 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 STT Communications.

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.

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 centers to our IBX centers. Carriers will likely evaluate the revenue opportunity of an IBX center based on the assumption that the environment will be highly competitive. We cannot assure you that any carrier will elect to offer its services within our IBX centers or that once a carrier has decided to provide Internet connectivity to our IBX centers that it will continue to do so for any period of time. Further, many carriers are experiencing business difficulties or announcing consolidations. As a result, some carriers may be forced to downsize or terminate connectivity within our IBX centers which could have an adverse effect on our operating results.

Our new IBX centers require construction and operation of a sophisticated redundant fiber network. The construction required to connect multiple carrier facilities to our IBX centers is complex and involves factors outside of our control, including regulatory processes and the availability of construction resources. If the establishment of highly diverse Internet connectivity to our IBX centers does not occur, is materially delayed or is discontinued, or is subject to failure, our operating results and cash flow will be adversely affected. Any hardware or fiber failures on this network may result in significant loss of connectivity to our new IBX expansion centers. This could affect our ability to attract new customers to these IBX centers or retain existing customers.

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

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

- human error;
- physical or electronic security breaches;
- fire, earthquake, flood and other natural disasters;
- water damage;
- fiber cuts;
- power loss;

- sabotage and vandalism; and
- failure of business partners who provide our resale products.

Problems at one or more of our IBX centers, whether or not within our control, could result in service interruptions or significant equipment damage. We have service level commitment obligations to certain of our customers, including our significant customers. As a result, service interruptions or significant equipment damage in our IBX centers could result in difficulty maintaining service level commitments to these customers. For example, for the year ended December 31, 2005, we recorded $457,000 in service level credits to various customers, primarily associated with two separate power outages that affected our Chicago and Washington, D.C. metro area IBX centers. If we incur significant financial commitments to our customers in connection with a loss of power, or our failure to meet other service level commitment obligations, our liability insurance and revenue reserves may not be adequate. In addition, any loss of services, equipment damage or inability to meet our service level commitment obligations could reduce the confidence of our customers and could consequently impair our ability to obtain and retain customers, which would adversely affect both our ability to generate revenues and our operating results.

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

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

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

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

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

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

For the years ended December 31, 2005, 2004 and 2003, IBM accounted for 11%, 13% and 15%, 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 2011, 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 continue to see increased competition for data center space and customers from large real estate investment trusts (“REITS”) who also operate in our market. We may experience competition from our landlords, some of which are REITS, 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/REITS may enjoy a cost effective advantage in providing services similar to those provided by our IBXs, and in addition to the risk of losing customers to these parties 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. Customers may also decide it is cost effective for them to build-out their own data centers which could have a negative impact on our results of operations. 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. In addition to granting stock options to new hires, we periodically grant new stock options to certain 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 1B. UNRESOLVED STAFF COMMENTS

There is no disclosure to report pursuant to Item 1B.

ITEM 2. PROPERTIES

Our executive offices are located in Foster City, California, and we also have sales offices in several cities throughout the United States. Our Asia-Pacific headquarter office is located in Singapore and we also have some office space in Hong Kong and Tokyo, Japan. We have entered into leases for or own IBX centers in Ashburn, Virginia; Chicago, Illinois; Dallas, Texas; Honolulu, Hawaii; Los Angeles, San Jose, Santa Clara and Sunnyvale, California; Newark and Secaucus, New Jersey; Hong Kong; Singapore; Sydney, Australia and Tokyo, Japan. We own an office/warehouse complex in Ashburn, Virginia. We also hold a ground leasehold interest in certain unimproved real property in San Jose, California, consisting of approximately 40 acres; however, we recorded a restructuring charge during the fourth quarter of 2005 related to this certain unimproved real property, which we do not utilize for any purpose, as we made the decision to not develop this land and will complete the exit of this property in its entirety no later than December 31, 2007.

ITEM 3. 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 us and the 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 us, 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 us, 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 us and the individual defendants and our agreeing to assign away, not assert, or release certain potential claims we may have against our 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 us. We have 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, we are unable at this time to determine whether the outcome of the litigation would have a material impact on our 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 initial public offering 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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None during the fourth quarter of the fiscal year ended December 31, 2005.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITITIES

Our common stock is quoted on the Nasdaq National Market System under the symbol of "EQIX." Our common stock began trading in August 2000. The following table sets forth on a per share basis the low and high closing prices of our common stock as reported by the Nasdaq National Market during the last two years.

	Low	High
Fiscal 2005:		
Fourth Fiscal Quarter	$ 35.31	$ 42.53
Third Fiscal Quarter	38.28	45.09
Second Fiscal Quarter	31.61	44.11
First Fiscal Quarter	40.67	46.27
Fiscal 2004:		
Fourth Fiscal Quarter	$ 31.44	$ 43.10
Third Fiscal Quarter	26.59	33.52
Second Fiscal Quarter	27.86	35.84
First Fiscal Quarter	26.49	36.87

As of December 31, 2005, we had issued 27,444,566 shares of our common stock held by approximately 431 registered holders.

We have never declared or paid any cash dividends on our common stock and we do not anticipate paying cash dividends in the foreseeable future. We currently intend to retain our earnings, if any, for future growth. Future dividends on our common stock, if any, will be at the discretion of our board of directors and will depend on, among other things, our operations, capital requirements and surplus, general financial condition, contractual restrictions and such other factors as our board of directors may deem relevant. Our ability to pay cash dividends is limited under our line of credit with Silicon Valley Bank, such that, without the prior written consent of Silicon Valley Bank, the aggregate amount of any cash dividends may not exceed 25% of our assets.

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

During the quarter ended December 31, 2005, we did not issue or sell any new securities.

Equity Compensation Plan Information

The following table provides information as of December 31, 2005 with respect to shares of our common stock issuable under our existing equity compensation plans:

	A	B	C
Plan category	Number of securities to be issued upon exercise of outstanding options and rights	Weighted-average exercise price of outstanding options and rights	Number of securities remaining available for future issuance under equity compensation plans, excluding securities reflected in column A
Equity compensation plans approved by security holders (1)	3,487,972(2)	$ 28.67	1,754,311(3)
Equity compensation plans not approved by security holders	955,005	$ 42.04	461,766
Total	4,442,977	$ 31.55	2,216,077

(1) On each January 1, the number of shares reserved for issuance under the following equity compensation plans will be automatically increased as follows: the 2000 Equity Incentive Plan will be automatically increased by the lesser of 6% of the then outstanding shares of common stock or 6 million shares; the 2000 Director Option Plan will be automatically increased by 50,000 shares of common stock; the 2004 Employee Stock Purchase Plan will be automatically increased by the lesser of 2% of the then outstanding shares of common stock or 500,000 shares.

(2) Includes 280,438 unissued shares subject to restricted stock grants.

(3) Includes 795,909 shares available for future issuance under the 2004 Employee Stock Purchase Plan.

The following equity compensation plan that was in effect as of December 31, 2005, was adopted without the approval of our security holders:

The Equinix, Inc. 2001 Supplemental Stock Plan (the “2001 Plan”) was adopted by the Board of Directors on September 26, 2001. We have reserved 1,493,961 shares of common stock for issuance under the 2001 Plan, under which nonstatutory stock options and restricted shares may be granted to non-executive officer employees and consultants of ours or any parent or subsidiary corporation. Options granted under the 2001 Plan must have an exercise price equal to no less than 85% of the fair market value on the date of grant; however, as of December 31, 2005, all options granted under the 2001 Plan have an exercise price equal to 100% of the fair market value on the date of grant. As of December 31, 2005, options to purchase 955,005 shares of common stock were outstanding under the 2001 Plan, 461,766 shares remained available for future grants, and options covering 77,190 shares had been exercised. In the event we are acquired and either a) outstanding awards are not assumed or replaced by the acquiring entity, or b) an outstanding award holder’s employment or service is involuntarily terminated within 18 months of such acquisition, such outstanding awards under the 2001 Plan will become fully vested. The Board may amend or terminate the 2001 Plan at any time, and the 2001 Plan will continue in effect indefinitely unless the board decides to terminate the plan earlier.

ITEM 6. SELECTED FINANCIAL DATA

The following statement of operations data for the five years ended December 31, 2005 and the balance sheet data as of December 31, 2005, 2004, 2003, 2002 and 2001 have been derived from our audited consolidated financial statements and the related notes to the financial statements. Our historical results are not necessarily indicative of the results to be expected for future periods. The following selected consolidated financial data for the three years ended December 31, 2005 and as of December 31, 2005 and 2004, should be read in conjunction with our consolidated financial statements and the related notes to the consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report on Form 10-K.

	Years ended December 31,				
	2005	2004	2003	2002	2001
	(dollars in thousands, except per share data)				
Statement of Operations Data:					
Revenues	$ 221,057	$ 163,671	$ 117,942	$ 77,188	$ 63,414
Costs and operating expenses:					
Cost of revenues	158,354	136,950	128,121	104,073	94,889
Sales and marketing	20,552	18,604	19,483	15,247	16,935
General and administrative	45,110	32,494	34,293	30,659	58,286
Restructuring charges	33,814	17,685	—	28,885	48,565
Total costs and operating expenses	257,830	205,733	181,897	178,864	218,675
Loss from operations	(36,773)	(42,062)	(63,955)	(101,676)	(155,261)
Interest income	3,584	1,291	296	998	10,656
Interest expense	(8,880)	(11,496)	(20,512)	(35,098)	(43,810)
Gain (loss) on debt extinguishment and conversion	—	(16,211)	—	114,158	—
Income taxes	(543)	(153)	—	—	—
Net loss	$ (42,612)	$ (68,631)	$ (84,171)	$ (21,618)	$ (188,415)
Net loss per share:					
Basic and diluted	$ (1.78)	$ (3.87)	$ (8.76)	$ (7.23)	$ (76.62)
Weighted average shares	23,956	17,719	9,604	2,990	2,459

	As of December 31,				
	2005	2004	2003	2002	2001
	(dollars in thousands)				
Balance Sheet Data:					
Cash, cash equivalents and short-term and long-term investments	$ 188,855	$108,092	$ 72,971	$ 41,216	$ 87,721
Accounts receivable, net	17,237	11,919	10,178	9,152	6,909
Restricted cash and short-term investments	84	84	1,835	4,407	28,044
Property and equipment, net	438,790	343,361	343,554	390,048	428,917
Total assets	680,997	501,798	464,532	492,003	575,054
Capital lease and other financing obligations, excluding current portion	94,653	34,529	723	3,633	6,344
Mortgage payable, excluding current portion	58,841	—	—	—	—
Credit facility, excluding current portion	—	—	22,281	89,529	105,000
Senior notes	—	—	29,220	28,908	187,882
Convertible secured notes	—	35,824	31,683	25,354	—
Convertible subordinated debentures	86,250	86,250	—	—	—
Total stockholders' equity	288,673	273,706	320,077	284,194	203,521
Other Financial Data:					
Net cash provided by (used in) operating activities	67,595	36,912	(17,266)	(27,509)	(68,854)
Net cash used in investing activities	(108,722)	(56,865)	(49,179)	(7,528)	(153,014)
Net cash provided by financing activities	134,611	19,239	52,288	16,924	107,799

ITEM 7. MANAGEMENT'SDISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following commentary should be read in conjunction with the financial statements and related notes contained elsewhere in this Annual Report on Form 10-K. 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 "Liquidity and Capital Resources" and "Risk Factors" elsewhere in this Annual Report on Form 10-K. 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, systems integrators and the world's largest network providers. 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 December 31, 2005, we had announced IBX centers in 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 eliminated or reduced their colocation footprint to focus on their core businesses. In 2003, as an example, one major telecommunications company, Sprint, announced its plans to exit the colocation and hosting market in order to focus on its core service offerings, while another telecommunications company, Cable & Wireless Plc, sold its 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 certain of their colocation centers. Each of these colocation providers own and operate 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 the supply of suitable data center space and has had a stabilizing effect on 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, our 2005 expansions in the Silicon Valley, Chicago and Los Angeles metro area markets and our 2006 announcements on our intention to build new IBX centers in the Washington, D.C. and Chicago metro areas (see "Recent Developments" below). 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 area markets, our expansion 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 in-place customers. 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 Ashburn campus property acquisition, or a long-term leasing arrangement.

In addition to our successful strategy of acquiring previously or partially built-out centers, we are also contemplating the possibility of new construction in selective markets where the inventory for high quality data centers is limited, such as our recent announcements on our intention to build new IBX centers in the Washington, D.C. and Chicago metro areas. Decisions to build will consider factors such as customer demand, market pricing and the financial returns associated with the construction. Future purchases or construction may be completed by us or 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, was converted in November 2005 (see below).

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. Prior to this, we had not granted any restricted shares. 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 year ended December 31, 2005, we recognized a reduction in deferred stock-based compensation of $3.3 million as a result of a declining stock price and forfeitures and recorded $6.5 million of stock-based compensation expense related to these restricted shares for the year ended December 31, 2005. As of December 31, 2005, there was a total of $4.6 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, which qualifies as an operating lease, total $45.3 million, which will be paid in monthly installments, which commenced in October 2005 and will be payable through September 2020. We intend to begin placing customers in this IBX center in mid-2006. We intend to invest approximately $14.2 million of capital expenditures to upgrade this center to Equinix standards, of which $2.1 million was 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 was paid in two lump-sum payments in 2005 and the remaining $23.3 million will be paid in monthly installments, which commenced in November 2005 and will be payable through August 2015. We accounted 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 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 a financed asset purchase. We took possession of this property and took title to the equipment in November 2005, and as a result, recorded IBX equipment assets, as well as a financing obligation liability, totaling $9.7 million at that time. Payments for the equipment portion of this transaction, to be recorded as financed assets, are payable monthly, which commenced November 2005 and will be payable through August 2015, at an effective interest rate of approximately 7.50% per annum. Payments for the building portion of this transaction, which is an operating lease, are also payable monthly, which commenced November 2005 and will be payable 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. We intend to invest approximately $17.0 million of capital expenditures to upgrade this center to Equinix standards, of which $5.8 million was 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 with dark fiber to our existing two IBX centers 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 when we recorded this transaction in September 2005. In October 2005, we entered into a purchase and sale agreement to sell this Los Angeles IBX for $38.7 million and to lease it back from the purchaser pursuant to a long-term lease, which closed in December 2005 and we received proceeds from the sale of this property of $38.1 million, which was net of closing costs. However, due to our continuing involvement in regards to certain aspects of this property, the sale and leaseback of this property does not qualify as a sale-leaseback under generally accepted accounting principles, but rather is accounted for as a financing of the property. We refer to this portion of the transaction as the Los Angeles IBX financing. Pursuant to the Los Angeles IBX financing, we recorded a financing obligation liability totaling $38.1 million in December 2005. Payments under the Los Angeles IBX financing are payable monthly, which commenced in January 2006 and will be payable through December 2025, at an effective interest rate of approximately 7.75% per annum. We currently intend to begin placing customers in this center during the first half of 2006. Pursuant to the terms of the lease for the Los Angeles IBX, we are required to invest approximately $14.0 million of capital expenditures to upgrade this center to Equinix standards, of which $3.7 million was incurred in the fourth quarter of 2005 and the remainder will be incurred during 2006.

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. In October 2005, we elected to borrow $30.0 million from the $50.0 million Silicon Valley Bank revolving credit line, which we refer to as the $30.0 million drawdown. The $30.0 million drawdown was paid back in full in January 2006. The $30.0 million drawdown was used to fund a portion of the purchase of the Ashburn campus property acquisition (see below). As of December 31, 2005, the $50.0 million Silicon Valley

Bank revolving credit line had an interest rate of 6.12% 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 December 31, 2005, in addition to the $30.0 million drawdown described above, we had utilized $6.7 million of the credit line through the issuance of letters of credit, and, as a result, we had $13.3 million remaining available for borrowing under the $50.0 million Silicon Valley Bank revolving credit line. 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 were in full compliance with as of December 31, 2005. The $50.0 million Silicon Valley Bank revolving credit line provides us with additional liquidity and financing flexibility.

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, which contains six buildings with approximately 462,000 rentable square feet, and was approximately 95% leased. We refer to this transaction as the Ashburn campus property acquisition. We currently occupy approximately 269,000 square feet within three of the buildings. The total purchase price for the Ashburn campus, including closing costs, was $53.7 million, which the Company paid for in full in October 2005. We will continue to operate our existing data centers within the Ashburn campus. For those buildings that we do not occupy, we collect rental income from the current tenants and are evaluating these buildings in regards to our future expansion plans. We may decide to sell those buildings that will not be used for our current operations or expansion plans in the future. In addition, we entered into a mortgage transaction to finance the Ashburn campus. The financing totals $60.0 million at 8% and will be amortized over 20 years. We refer to this transaction as the Ashburn campus financing. The Ashburn campus financing closed in December 2005, and as a result, we received $60.0 million in cash proceeds and recorded a $60.0 million mortgage payable at that time. Payments for the Ashburn campus financing are payable monthly, which commenced February 2006 and will be payable through January 2026. The Ashburn campus financing is collateralized by the Ashburn campus property and related assets. Pursuant to the terms of the Ashburn campus financing, we have agreed to invest at least $40.0 million in capital improvements to the Ashburn campus by December 31, 2007.

In October 2005, in light of the availability of fully or partially built-out data centers in the Silicon Valley, including the possibility of expansion among some of the four IBX centers we currently have in the Silicon Valley, we made the decision to exit the approximately 40 acre San Jose ground lease because opportunities for future expansion were no longer economical. In conjunction with this decision, we entered into an agreement with the landlord of this property for an early termination of the 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 recorded a $33.8 million restructuring charge in the fourth quarter of 2005, which represents the present value of our estimated future cash payments to exit this property, as well as the write-off of all remaining property and equipment attributed to the development of this property.

In November 2005, STT Communications elected to convert the remaining convertible secured notes and unpaid interest, which remained after the 95% STT convertible secured notes conversion in January 2005, into 240,578 shares of our preferred stock. On the same date, STT Communications also exercised their outstanding preferred stock warrant for 965,674 shares of our preferred stock, resulting in $10,000 of cash proceeds to us and simultaneously converted all such preferred stock, including the 1,868,667 shares of our preferred stock that they had previously held, into 3,074,919 shares of our common stock. The conversion activity was done in connection with STT Communications' decision to divest itself of its holdings in our securities as they determined that we were no longer a core asset after re-assessing their strategic goals and objectives. We refer to this transaction as the STT divestiture. The STT divestiture was completed in November 2005.

In January 2006, the Compensation Committee of the Board of Directors approved stock options to be granted to employees, excluding executive officers, to purchase an aggregate of 648,500 shares of common stock as part of our annual refresh program. The actual grant date and the exercise price of such stock options are expected to be determined sometime in March 2006. In addition, the Compensation Committee of the Board of Directors also approved the issuance of 250,000 shares of restricted shares of common stock to executive officers. The restricted shares are subject to four-year vesting, and will only vest if the stock appreciates at pre-determined levels. All such equity awards will be accounted for under the provisions of SFAS No. 123(R), "Share-Based Payment," and related pronouncements, which are expected to have a significant impact to us. We expect stock-based compensation expense related to these equity awards to impact our results of operations through 2009. For further information on stock-based compensation, refer to "Accounting for Stock-Based Compensation" in "Critical Accounting Policies and Estimates" below.

In February 2006, we announced our intention to build out a new IBX center within the Ashburn campus property in order to further expand our existing Washington, D.C. metro area IBX center. We intend to build out one of the undeveloped buildings located on the Ashburn campus property for a cost of approximately $50.0 to $55.0 million, of which approximately $40.0 million is expected to be incurred in 2006. The center will feature an updated design that will enable us to support the increased power and cooling demands of customers. We intend to open the new center for customers in early 2007. We refer to this project as the Washington, D.C. metro area IBX expansion project. The Washington, D.C. metro area IBX expansion project will fulfill our requirement to invest at least $40.0 million in capital improvements to the Ashburn campus by December 31, 2007 pursuant to the terms of the Ashburn campus financing.

In February 2006, we entered into a definitive purchase and sale agreement to purchase a vacant 228,000 square foot standalone office/warehouse complex in the Chicago metro area for $9.8 million, payable upon closing. The agreement is subject to numerous closing conditions, including the satisfactory completion by us of a comprehensive due diligence review of the property. As part of the evaluation process, we are considering several partnering and financing options for building out this center and are also evaluating options to build out this center in a phased approach. A new center would be interconnected to our downtown Chicago IBX center through redundant dark fiber links managed by us. We refer to this project as the Chicago metro area IBX expansion project. If we purchase this building, additional significant capital expenditures would be required in order to build out a new IBX center on this property.

Critical Accounting Policies and Estimates

The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Management believes the following critical accounting policies, among others, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements:

- Revenue recognition and allowance for doubtful accounts;
- Accounting for income taxes;
- Estimated and contingent liabilities;
- Accounting for property and equipment;
- Impairment of long-lived assets, including goodwill;

- Accounting for asset retirement obligations;
- Accounting for leases and IBX acquisitions;
- Accounting for restructuring charges; and
- Accounting for stock-based compensation.

Revenue Recognition and Allowance for Doubtful Accounts. We derive more than 90% of our 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 Gigabit Ethernet ports to connect customers within our centers; (3) managed infrastructure services, such as Equinix Direct, bandwidth, mail service and managed platform solutions and (4) other services consisting of rent from non-IBX space. The remainder of our 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 for IBX space customers. Non-recurring installation fees, although generally paid in a lump sum upon installation, are deferred and recognized ratably over the greater 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 we act as the principal in the transaction, take title to products and services and bear inventory and credit risk. To the extent we do not meet the criteria for gross basis accounting for bandwidth and equipment revenue, we record the revenue on a net basis. Revenue from contract settlements is generally recognized on a cash basis when collectible and no remaining performance obligations exist to the extent that the revenue has not previously been recognized.

We occasionally guarantee certain service levels, such as uptime, as outlined in individual customer contracts. To the extent that these service levels are not achieved, we reduce revenue for any credits given to the customer as a result. We generally have the ability to determine such service level credits prior to the associated revenue being recognized, and historically, these credits have not been significant; however, during the year ended December 31, 2005, we recorded a total of $457,000 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.

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. We assess collection based on a number of factors, including past transaction history with the customer and the credit-worthiness of the customer. We generally do not request collateral from our customers, although in certain cases we obtain a security interest in a customer's equipment placed in our IBX centers or obtain a deposit. If we determine that collection of a fee is not reasonably assured, we defer the fee and recognize revenue at the time collection becomes reasonably assured, which is generally upon receipt of cash. In addition, we also maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments for those customers that we had expected to collect the revenues. If the financial condition of our 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 our 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.

A significant portion of our customer base is comprised of businesses throughout the U.S. However, a portion of our revenues is derived from our Asia-Pacific operations. For the year ended December 31, 2003 our revenues were split approximately 85% in the U.S. and 15% in Asia-Pacific. For the years ended December 31, 2004 and 2005, our revenues were split approximately 87% in the U.S. and 13% in Asia- Pacific. As of December 31, 2005, one customer, IBM, accounted for 11% of annual revenues and 12% of accounts receivable. As of December 31, 2004, this same customer accounted for 13% of annual revenues and 12% of accounts receivable. As of December 31, 2003, this same customer accounted for 15% of annual revenues and 11% of accounts receivable. No other single customer accounted for greater than 10% of accounts receivable or annual revenues for the periods presented.

Historically, a significant portion of our non-recurring revenues are derived from the amortization of deferred installation fees. These non-recurring installation fees, although generally paid in a lump sum upon installation, are deferred and recognized ratably over the greater of the term of the related contract or expected customer relationship. This amortization period represents a significant management estimate, since we are required to estimate the expected life of our customer relationships in order to determine the appropriate length of the amortization period. Should management determine that our expected customer lives are less than originally anticipated, additional amortization would be required, which would increase revenues in the period such determination was made. Conversely, should management determine that our expected customer lives are greater than originally anticipated, less amortization would be required, which would decrease revenues in the period such determination was made.

Accounting for 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 we operate. We also account for any income tax contingencies in accordance with SFAS No. 5, “Accounting for Contingencies.”

We currently have provided for a full valuation allowance against our net deferred tax assets. We have considered the positive and negative evidences affecting the assessment of a full valuation allowance. Based on the available objective evidence, management does not believe it is more likely than not that the net deferred tax assets will be realizable in the future. Should we determine that we would be able to realize our deferred tax assets in the foreseeable future, a reversed adjustment to the valuation allowance would benefit net income in the period such determination is made.

In preparing the consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. The determination of income taxes also involves estimating the impact of additional taxes resulting from tax examinations and uncertainties in the application of complex tax laws and regulations. Accruals for tax contingencies require management to estimate the actual outcome of any such audits and the impact of uncertainties. Actual results could vary from these estimates. For example, in July 2005, we received a Notice of Proposed Assessment of Income Tax from the state of Hawaii asserting a tax deficiency, plus interest, totaling $613,000, which we refer to as the Hawaii tax assessment. The deficiency stems 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 we acquired on December 31, 2002. We strongly believe the disallowance of the refundable tax credits by the state of Hawaii is inconsistent with the applicable tax laws and that we have meritorious defenses to the claim. We intend to oppose the Hawaii tax assessment vigorously and will file a timely request with the Board of Review in the state of

Hawaii to appeal the Hawaii tax assessment. We do not believe it is probable that we will be required to pay the Hawaii tax assessment upon the completion of the appeals process. As a result, we have not accrued for any loss contingencies in connection with this Hawaii tax assessment as of December 31, 2005.

Estimated and Contingent Liabilities. Management estimates exposure on certain liabilities and contingent liabilities, such as property taxes and litigation, based on the best information available at the time of determination. With respect to real and personal property taxes, management 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 our control whereby the underlying value of the property or basis for which the tax is calculated on said property may change, such as a landlord selling the underlying property of one of our IBX center leases or a municipality changing the assessment value in a jurisdiction and, as a result, our property tax obligations may vary from period to period. Based upon the most current facts and circumstances, we make the necessary property tax accruals for each of our reporting periods. However, revisions in our estimates of the potential or actual liability could materially impact our results of operation and financial position.

For litigation claims, when management can reasonably estimate the range of loss and when an unfavorable outcome is probable, a contingent liability is recorded. For current legal proceedings, management believes that it has adequate legal defenses and that the ultimate outcome of these actions will not have a material effect on our financial position, results of operations and cash flows. Furthermore, because an unfavorable outcome to current legal proceedings is not probable, management has determined that no accrual is needed. As additional information becomes available, we will assess the potential liability related to our pending litigation and revise our estimates. Revisions in our estimates of the potential liability could materially impact our results of operation and financial position.

Accounting for Property and Equipment. Property and equipment are stated at original cost or at relative fair value for acquired property and equipment, or in the case of IBX centers that we acquire, at fair value at the time of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, generally two to five years for non-IBX equipment and two to thirteen years for IBX equipment. Leasehold improvements and assets acquired under capital lease are amortized over the shorter of the lease term or the estimated useful life of the asset or improvement, unless they are considered integral equipment, in which case they are amortized over the lease term. Buildings owned by us are depreciated over the estimated useful life of the building, which is generally forty to fifty years. Pursuant to EITF Issue 05-6, “Determining the Amortization Period for Leasehold Improvements Purchased after Lease Inception or Acquired in a Business Combination”, which we adopted in the second quarter of 2005 and which did not have a significant impact to us, (i) leasehold improvements acquired in a business combination are 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 are 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.

Should management determine that the actual useful lives of our property and equipment placed into service is less than originally anticipated, or if any of our property and equipment is deemed to have incurred an impairment, additional depreciation, or an impairment charge would be required, which would decrease net income in the period such determination was made. Conversely, should management determine that the actual useful lives of its property and equipment placed into service is greater than originally anticipated, less depreciation may be required, which would increase net income in the period such determination is made.

Impairment of Long-Lived Assets, Including Goodwill. We account for the impairment of long-lived assets in accordance with Statement of Financial Accounting Standard, or SFAS, No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets”, or in the case of goodwill, in accordance with SFAS No. 142,

"Goodwill and Other Intangible Assets." We evaluate the carrying value of our long-lived assets, consisting primarily of our IBX centers and goodwill, whenever certain events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable or at least on an annual basis during the fourth quarter for goodwill. Such events or circumstances include, but are not limited to, a prolonged industry downturn, a significant decline in our market value or significant reductions in projected future cash flows. We currently operate in one reportable segment; however our goodwill is attributed solely to our Singapore reporting unit.

Significant judgments and assumptions are required in the forecast of future operating results used in the preparation of the estimated future cash flows, including profit margins, long-term forecasts of the amounts and timing of overall market growth and our percentage of that market, groupings of assets, discount rates and terminal growth rates. In addition, significant estimates and assumptions are required in the determination of the fair value of our tangible long-lived assets, including replacement cost, economic obsolescence, and the value that could be realized in orderly liquidation. Changes in these estimates could have a material adverse effect on the assessment of our long-lived assets, thereby requiring us to write down the assets. Our net long-lived assets as of December 31, 2005 and 2004 included property and equipment of $438.8 million and $343.4 million, respectively, and goodwill and other identifiable intangible assets of $21.8 million and $22.3 million, respectively.

Accounting for Asset Retirement Obligations. We account for asset retirement obligations in accordance with Statement of Financial Accounting Standard, or SFAS, No. 143, "Accounting for Asset Retirement Obligations" and Financial Accounting Standards Board Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations, an Interpretation of FASB Statement No. 143." Our asset retirement obligations are primarily related to our IBX Centers, of which the majority are leased under long-term arrangements, and, in certain cases, are required to be returned to the landlords in original condition. All of our IBX center leases have been subject to significant development by us in order to convert them from, in most cases, vacant buildings or warehouses into IBX centers. The majority of our IBX centers' initial lease terms expire at various dates ranging from 2010 to 2020 and all of them have renewal options available to us. The actual cost of returning these IBX centers back to original condition to the landlords is unknown to us since we have not had to do this yet and do not anticipate doing this for quite some time. Therefore, in order to arrive at appropriate asset retirement obligations for our various IBX centers requires numerous estimates, including estimating how many lease renewal periods we expect to pursue for each of these IBX centers and the cost of removing and disposing of all of the property and equipment that we have placed into these IBX centers. Liabilities for these asset retirement obligations are initially recorded at their net present value and are included as a component of our property and equipment. In subsequent periods, accretion expense is recorded to accrete these liabilities to their future value over the remaining estimated period through the anticipated asset retirement date.

Should management determine that the cost of returning these IBX centers to their original condition is less than originally anticipated, less accretion expense may be required, which would increase net income in the period such determination was made, which would also benefit future periods through the actual asset retirement date. Conversely, should management determine that the cost of returning these IBX centers to their original condition is greater than originally anticipated, more accretion expense may be required, which would decrease net income in the period such determination is made, which would also negatively impact future periods through the actual asset retirement date.

Accounting for Leases and IBX acquisitions. We currently have fifteen operational IBX centers in the U.S. and Asia-Pacific and three that are not yet operational consisting of the recently-acquired Sunnyvale IBX, Chicago IBX and Los Angeles IBX, all of which are described above (see "Recent Developments") and are scheduled to open for business during the first half of 2006. Our strategy, until recently, had been to enter into long-term leases for our IBX centers rather than to purchase and own these properties; however, commencing with our recent Los Angeles IBX acquisition and Ashburn campus property acquisition, we have altered this strategy by purchasing rather than leasing these properties. We may decide to purchase, rather than lease, other property in the future, as evidenced by our recent announcement on the Chicago metro area IBX expansion

project. The majority of our IBX centers are accounted for as operating leases; however, 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, which we refer to as our new 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 account for leases in accordance with SFAS No. 13, "Accounting for Leases." Our analysis of this lease required significant judgment and estimates in order to assess the fair value of the leased property and determine our incremental borrowing rate given no implicit rate was defined within the lease to allow us to calculate the present value of the minimum lease payments. In addition, as this lease contained land, building and equipment elements, we had to separate the individual elements and analyze each element separately, as well as determine if the equipment was considered to be integral equipment to the building. Similarly, sometimes we will lease a building and at the same time buy the equipment located in the building, such as our recent Chicago IBX acquisition. In this case, we accounted 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 and then assigned the relative fair value to each element. A full purchase transaction, such as our recent purchase of the Ashburn campus property, required a similar analysis since we acquired land, building and equipment elements and also had to assign the relative fair value to each element.

While our first seven IBX centers were designed and built by us, in light of the availability of fully built-out data centers in select markets at costs significantly below those costs we would incur to build out new space, we have altered our business strategy to acquire partially or fully built-out data centers rather than build out our own data centers in order to meet our IBX expansion needs. However, in markets with high demand and where partially or fully built-out data centers are no longer available to acquire, we will continue to evaluate opportunities to build new IBX centers as evidenced by our recent announcements on the Washington, D.C. and Chicago metro area IBX expansion projects. Each individual IBX expansion transaction, either in the form of a long-term lease or the purchase of real property, is unique. For example, with respect to the Santa Clara IBX acquisition in December 2003, rather than enter into a long-term lease for both the building and IBX plant and equipment like the Washington, D.C. metro area IBX transaction mentioned above, we leased only the building in Santa Clara and purchased the IBX property and equipment located in the building. Yet, the building lease had payment terms which were at a premium to prevailing market rates for similar properties at the time of signing the lease. As a result, we recorded an unfavorable lease liability, which is being amortized into rent expense over the term of the lease. Also, given that the Santa Clara IBX was an operating data center, unlike the vacant Washington, D.C. metro area IBX, we were required to negotiate with various customers located in the IBX and enter into new contracts with these customers. In addition, we hired a number of the employees that were already working in this IBX. As a result, we recorded several intangible assets.

In summary, each individual IBX center expansion will require a significant amount of judgment and management estimates in order to properly address the accounting treatment.

Accounting for Restructuring Charges. We have recorded restructuring charges in four of the past five years as we modified our business strategy in light of changing economic circumstances. Most recently, in October 2005, in light of the availability of fully or partially built-out data centers in the Silicon Valley, including the possibility of expansion in some of the four IBX centers we currently operate in the Silicon Valley, we made the decision to exit the approximately 40 acre San Jose ground lease because opportunities for future expansion were no longer economical. In conjunction with this decision, we entered into an agreement with the landlord of this property for an early termination of the 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. As a result of the San Jose ground lease termination, we recorded a $33.8 million restructuring charge in the fourth quarter of 2005, which represents the present value of our estimated future cash payments to exit this property, as well as the write-off of all remaining property and equipment attributed to the development of this property.

We account for such activities in accordance with SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." Under the provisions of SFAS No. 146, we had to estimate the future cash payments required to exit certain leases for which we have taken restructuring charges for during 2004 and 2005, net of any estimated sub-rental income and expense, through the remainder of these lease terms and then determine the present value of such future cash flows to record the appropriate restructuring charges. In future periods, we will record accretion expense to accrete our accrued restructuring liabilities up to an amount equal to the total estimated future cash payments necessary to complete the exit of certain leases. These restructuring activities required a significant amount of judgment and management estimates in order to determine a reasonable scenario of future net cash flows required to exit certain leases. Should the actual lease exit costs differ from our estimates, we may be required to adjust our restructuring charges associated with certain of these leases, which would impact net income in the period such determination was made. In addition, in the future, circumstances may change which would require us to record additional restructuring charges, which would require similar levels of judgment and management estimates in order to determine the appropriate restructuring charge to record.

Accounting for Stock-Based Compensation. We accounted for stock-based compensation plans in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation" through December 31, 2005. As permitted under SFAS No. 123, we used the intrinsic value-based method of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," to account for our employee stock-based compensation plans through December 31, 2005. Under APB Opinion No. 25, compensation expense was based on the difference, if any, on the date of grant, between the fair value of our shares and the exercise price of the option. Unearned deferred compensation resulting from employee option grants was 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." We have also adopted the disclosure requirements of SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure—An Amendment of SFAS No. 123."

Primarily as a result of employee stock options being granted at exercise prices below fair market value prior to our initial public offering (IPO) in August 2000, we recorded a deferred stock-based compensation charge on our balance sheet of $54.5 million 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. However, we also recognize stock-based compensation in connection with employee stock option grants modified subsequent to issuance, primarily in connection with termination of employment as was the case with stock options that we modified in November 2005 in connection with an employee separation agreement with one of our executive officers, which resulted in an additional $1.4 million of stock-based compensation expense for us during the quarter ended December 31, 2005. In addition, in February 2005, the Compensation Committee of the Board of Directors approved the issuance of 320,500 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 year ended December 31, 2005, we recognized a reduction in deferred stock-based compensation of $3.3 million as a result of a declining stock price and forfeitures and recorded $6.5 million of stock-based compensation expense related to these restricted shares for the year ended December 31, 2005. As of December 31, 2005, there was a total of $4.6 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. As of December 31, 2005, deferred stock-based compensation on our balance sheet, which was primarily related to restricted shares, totaled $4.9 million, and for the years ended December 31, 2005, 2004 and 2003, we recognized stock-based compensation expense of

$8.3 million, $1.5 million and $2.9 million, respectively. Had we recognized stock-based compensation under the fair value provisions of SFAS No. 123, we would have recognized stock-based compensation expense of $32.7 million, $20.8 million and $10.3 million for the years ended December 31, 2005, 2004 and 2003, respectively, using the Black-Scholes option-pricing model with assumptions appropriate to these periods. For further detailed information on how we calculated these pro forma stock-based compensation charges, see Note 1 of our "Notes to Consolidated Financial Statements" in Item 8 of this Annual Report on Form 10-K.

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 re-measured 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 from operating to financing activities. 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. As a result, the first quarter of 2006 will be the first period in which we will report stock-based compensation under the provisions of SFAS No. 123(R) and SAB No. 107.

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 2006, and SAB No. 107 (collectively, the "new accounting guidance for stock-based compensation"). The new accounting guidance for stock-based compensation provides for several transition methods available for companies to choose:

- Modified prospective application;
- Modified retrospective application;
- Modified retrospective application to all prior periods; and
- Modified retrospective application to only interim prior periods of the year of adoption.

We have selected the modified prospective application method, which means that we will not restate any prior financial statements and only apply the new accounting guidance for stock-based compensation on a prospective basis, commencing with the first quarter of 2006, which will include all unvested and outstanding equity awards as of January 1, 2006 in addition to new equity awards that we will issue commencing in 2006 and beyond. We generally grant or administer three types of equity awards or plans: (i) stock options, which are generally subject to a four-year vest period, (ii) restricted stock with both a service and market price condition and (iii) an employee stock purchase plan. Although we will continue to monitor equity award behavior within our industry, and modify our compensation structure accordingly and as appropriate, we do not anticipate any immediate changes in the types of equity awards or the characteristics of the equity awards that we have granted in the past for at least the foreseeable future other than our intention to reduce the quantity of equity awards we grant in the future in order to manage the effects of both the dilution to our equity base as well as the size of our stock-based compensation charge; however, one change that we elected to make in regards to stock options was to reduce the contractual life of all new option grants, commencing with grants in the fourth quarter of 2005, from ten years to seven years.

The new accounting guidance for stock-based compensation allows companies a variety of choices in selecting an appropriate option-pricing model to estimate fair value. After analyzing and assessing various options, we have selected the Black-Scholes option-pricing model to estimate fair value for both stock options and our employee stock purchase plan and have selected a Monte Carlo simulation to estimate fair value for new restricted stock awards that contain both a service and market price condition as the most appropriate valuation methods for us at this time. In order to arrive at an estimate of fair value for equity awards, these option-pricing models require numerous assumptions to be made, such as the expected volatility of our stock and the expected life of the individual equity awards. In addition, the new accounting guidance for stock-based compensation requires that we apply an appropriate forfeiture rate to the stock-based compensation charge that we would otherwise incur to account for those equity awards that will not vest as a result of expected employee turnover or forfeitures. As a result, volatility, expected life and forfeiture rate represent significant assumptions that will have a significant impact on the stock-based compensation that we will record. We are currently analyzing historical trends for each of these key assumptions in order to arrive at the most appropriate estimates. Regarding estimated life, we currently expect to use the simplified method described in SAB No. 107 due to our limited history.

Furthermore, while we had previously selected to amortize stock-based compensation on an accelerated basis over the vesting period of individual equity awards in accordance with FASB Interpretation No. 28, "Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans", as permitted under a one-time election to change the method of amortization at the time of adoption of SFAS No. 123, "Accounting for Stock-Based Compensation", we have decided to switch to the straight-line method of amortizing stock-based compensation over the vesting period of individual equity awards commencing with equity awards granted during the first quarter of 2006.

The adoption of the new accounting guidance for stock-based compensation is expected to have a significant impact on our financial position and results of operations. Although the actual amount of stock-based compensation expense we will recognize starting in 2006 is difficult to estimate since it involves estimating numerous assumptions, such as the number and type of stock-based awards granted in the future, estimating our future stock price for those awards that will be granted in the future and the related assumptions used for estimating the fair values of these equity awards, such as volatility, expected life and expected forfeitures, we currently estimate that our total annual stock-based compensation for 2006 will be significant and will likely not be less than the $32.7 million that we would have recorded in 2005 had we recognized stock-based compensation under the fair value provisions of SFAS No. 123 as discussed above. Stock-based compensation will be reflected in our statement of operations in cost of revenues, sales and marketing expenses and general and administrative expenses. In addition, the new accounting guidance for stock-based compensation is expected to have significant ramifications to our income taxes in future periods.

Results of Operations

Years Ended December 31, 2005 and 2004

Revenues. Our revenues for the years ended December 31, 2005 and 2004 were split between the following revenue classifications (dollars in thousands):

	Year ended December 31,			
	2005	%	2004	%
Recurring revenues	$208,003	94%	$154,449	94%
Non-recurring revenues:				
Installation and professional services	12,193	5%	8,333	5%
Other	861	1%	889	1%
	13,054	6%	9,222	6%
Total revenues	$221,057	100%	$163,671	100%

Our revenues for the years ended December 31, 2005 and 2004 were geographically comprised of the following (dollars in thousands):

	Year ended December 31,			
	2005	%	2004	%
U.S. revenues	$191,390	87%	$141,598	87%
Asia-Pacific revenues	29,667	13%	22,073	13%
Total revenues	$221,057	100%	$163,671	100%

We recognized revenues of $221.1 million for the year ended December 31, 2005 as compared to revenues of $163.7 million for the year ended December 31, 2004, a 35% increase. We analyze 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 years ended December 31, 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 received in each quarter. To review our revenue recognition policies for our recurring revenue streams, refer to “Critical Accounting Policies and Estimates” above.

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. These 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. To review our revenue recognition policies for our non-recurring revenue streams, refer to “Critical Accounting Policies and Estimates” above.

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) utilization. Our customer count increased to 1,138 as of December 31, 2005 versus 950 as of December 31, 2004, an increase of 20%. Our utilization rate represents the percentage of our cabinet space billing versus total cabinet space available. Our utilization rate grew to 54% as of December 31, 2005 from 45% as of December 31, 2004; however, excluding the impact of our most recent expansions in the Washington, D.C. and Silicon Valley area markets, our utilization rate would have been 58% as of December 31, 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. As a result of these power limitations in our existing IBX centers, the maximum utilization rate that we expect to achieve for most IBX centers until we consider an IBX center full or sold-out is approximately 75-80% depending on the building configurations. 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 $191.4 million for the year ended December 31, 2005 as compared to $141.6 million for the year ended December 31, 2004. U.S. revenues consisted of recurring revenues of $180.4 million and $134.3 million, respectively, for the years ended December 31, 2005 and 2004, a 34% increase. U.S. recurring revenues consist primarily of colocation and interconnection services plus a nominal amount of managed infrastructure services and, commencing in the fourth quarter of 2005, in connection with our October 2005 purchase of the Ashburn campus property, a nominal amount of recurring rental income from the other tenants located on this property that we now own, which totaled $312,000. U.S. recurring revenues for the year ended December 31, 2005 included $9.8 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 customers acquired during the period as reflected in the growth in our customer count and weighted-average utilization rate as discussed above, and selective price increases in each of our IBX markets. We expect our U.S. recurring revenues, particularly colocation and interconnection services, to continue to remain our most significant source of revenue for the foreseeable future.

In addition, U.S. revenues consisted of non-recurring revenues of $11.0 million and $7.3 million, respectively, for the years ended December 31, 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 years ended December 31, 2005 and 2004. Offsetting some of this non-recurring revenue for the year ended December 31, 2005 were service level credits that we recorded totaling $457,000 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 year ended December 31, 2004. Excluding settlements and service level credits, U.S. non-recurring revenues, consisting of the recognized portion of deferred installation and professional services, increased 58% 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.

Asia-Pacific Revenues. We recognized Asia-Pacific revenues of $29.7 million for the year ended December 31, 2005 as compared to $22.1 million for the year ended December 31, 2004, a 34% increase. Asia-Pacific revenues consisted of recurring revenues of $27.6 million and $20.2 million, respectively, for the years ended December 31, 2005 and 2004, consisting primarily of colocation and managed infrastructure services. In addition, Asia-Pacific revenues consisted of non-recurring revenues of $2.1 million and $1.9 million, respectively, for the years ended December 31, 2005 and 2004. Asia-Pacific non-recurring revenues included $44,000 and $280,000, respectively, of contract settlement revenue for the years ended December 31, 2005 and 2004. Asia-Pacific revenues are generated from Hong Kong, Singapore, Sydney and Tokyo, with Singapore representing approximately 45% and 52%, respectively, of the regional revenues for the years ended December 31, 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.

Cost of Revenues. Cost of revenues were $158.4 million for the year ended December 31, 2005 as compared to $136.9 million for the year ended December 31, 2004, a 16% 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 is fixed in nature and should not vary significantly from period to period. However, there are certain costs, which are considered more 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 as compared to other times of the year.

U.S. Cost of Revenues. U.S. cost of revenues were $138.3 million for the year ended December 31, 2005 as compared to $118.3 million for the year ended December 31, 2004. U.S. cost of revenues for the year ended December 31, 2005 included (i) $57.1 million of depreciation expense and (ii) $1.9 million of accretion expense comprised of $504,000 for our asset retirement obligations and $1.4 million for our restructuring charges for certain leasehold interests recorded in 2004 and 2005 as we accrete the related liabilities to the total estimated future cash payments needed. U.S. cost of revenues for the year ended December 31, 2004 included (i) $50.1 million of depreciation expense, (ii) $35,000 of stock-based compensation expense, (iii) $355,000 of accretion expense associated with our asset retirement obligation for our various leasehold interests and (iv) $147,000 of amortization expense associated with the intangible asset acquired with our Santa Clara IBX center that became fully amortized in December 2004. Our U.S. cost of revenues for the year ended December 31, 2005 also included $6.4 million of additional operating costs not incurred in the prior year 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 plus $1.5 million of costs attributed to our three most recently acquired IBX centers in Sunnyvale, Chicago and Los Angeles which will be available to customers in 2006. Excluding depreciation, stock-based compensation, accretion expense, amortization expense and the costs associated with operating our new IBX centers, U.S. cost of revenues increased period over period to $71.1 million for the year ended December 31, 2005 from $67.4 million for the year ended December 31, 2004, a 5% increase. This increase is primarily the result of increasing utility costs in line with increasing customer installations and revenues attributed to customer growth partially offset by savings of approximately $1.8 million in operating costs, primarily rent, in connection with a property we recorded a restructuring charge for in Los Angeles in December 2004. We continue to anticipate that our cost of revenues, excluding stock-based compensation, will increase in the foreseeable future to the extent that 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 operations more fully in 2006. 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 property where our primary Washington, D.C. metro area IBX center is located. We expect that this savings in rent expense will be approximately $530,000 per quarter. However, part of the rent savings will be offset by increased depreciation of approximately $245,000 per quarter on the purchased property. In addition, any increase in U.S. cost of revenues will be offset in part from the San Jose ground lease termination. We expect that this savings in operating costs, primarily rent and property tax expense, to be approximately $1.4 million per quarter, with partial savings of approximately $940,000 realized in the fourth quarter of 2005, although this decrease in rent and property tax expense will be somewhat reduced by an increase in accretion expense associated with this restructuring charge, which is expected to be approximately $2.3 million for 2006. Furthermore, as a result of the mandatory expensing of stock-based compensation commencing in the first quarter of 2006, which is the first quarter in which we will reflect the new accounting rules for equity-based compensation, our U.S. cost of revenues will increase further. We expect that this stock-based compensation expense will be significant. For further information, refer to our discussion on “Accounting for Stock-Based Compensation” in Critical Accounting Policies and Estimates above.

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues were $20.1 million for the year ended December 31, 2005 as compared to $18.6 million for the year ended December 31, 2004. Asia-Pacific cost of revenues for the year ended December 31, 2005 included $3.6 million of depreciation expense and $259,000 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 year ended December 31, 2004 included $3.7 million of depreciation expense and $194,000 of non-cash rent expense.

Excluding depreciation and non-cash rent expense, Asia-Pacific cost of revenues increased period over period to $16.3 million for the year ended December 31, 2005 from $14.7 million for the year ended December 31, 2004, a 10% 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. We anticipate that our Asia-Pacific cost of revenues, excluding stock-based compensation, will experience moderate growth in the foreseeable future. Furthermore, as a result of the mandatory expensing of stock-based compensation commencing in the first quarter of 2006, which is the first quarter in which we will reflect the new accounting rules for equity-based compensation, our Asia-Pacific cost of revenues will increase further. We expect that this stock-based compensation expense will be significant. For further information, refer to our discussion on "Accounting for Stock-Based Compensation" in Critical Accounting Policies and Estimates above.

Sales and Marketing. Sales and marketing expenses increased to $20.6 million for the year ended December 31, 2005 from $18.6 million for the year ended December 31, 2004.

U.S. Sales and Marketing Expenses. U.S. sales and marketing expenses increased to $17.5 million for the year ended December 31, 2005 from $13.8 million for the year ended December 31, 2004. Included in U.S. sales and marketing expenses for the year ended December 31, 2005 were $1.6 million of stock-based compensation expense and $60,000 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 year ended December 31, 2004 was $60,000 of stock-based compensation expense and $59,000 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 $15.9 million for the year ended December 31, 2005 as compared to $13.7 million for the year ended December 31, 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 was primarily due to approximately $1.9 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 (68 U.S. sales and marketing employees as of December 31, 2005 versus 65 as of December 31, 2004); however, this growth was partially offset by additional recoveries of bad debt expense over the prior year of approximately $190,000 due to a strong and successful collections effort on aged receivables previously written-off. Going forward, we expect to see U.S. sales and marketing spending, excluding stock-based compensation, to increase nominally in absolute dollars as we continue to grow our business. Furthermore, as a result of the mandatory expensing of stock-based compensation commencing in the first quarter of 2006, which is the first quarter in which we will reflect the new accounting rules for equity-based compensation, our U.S. sales and marketing expenses will increase further. We expect that this stock-based compensation expense will be significant. For further information, refer to our discussion on "Accounting for Stock-Based Compensation" in Critical Accounting Policies and Estimates above.

Asia-Pacific Sales and Marketing Expenses. Asia-Pacific sales and marketing expenses decreased to $3.1 million for the year ended December 31, 2005 as compared to $4.8 million for the year ended December 31, 2004. Included in Asia-Pacific sales and marketing expenses for the year ended December 31, 2004 were $1.8 million of amortization expense associated with several intangible assets associated with our Singapore operations, which were fully amortized in December 2004. Excluding amortization expense, Asia-Pacific sales and marketing expenses were $3.1 million for the year ended December 31, 2005 versus $3.0 million for the year ended December 31, 2004, a nominal 3% increase. While there was an increase of approximately $138,000 in higher compensation costs during this period, including increases in sales compensation related to strong new customer bookings throughout 2005, particularly in Hong Kong, Sydney and Tokyo, general salary increases and

bonuses for our marketing staff and non-commissioned sales staff, as well as some moderate headcount growth (27 Asia-Pacific sales and marketing employees as of December 31, 2005 versus 26 as of December 31, 2004), and an increase in related travel and entertainment costs of approximately $132,000, this growth was mostly offset by additional recoveries of bad debt expense over the prior year of approximately $224,000 due to a strong and successful collections effort on aged receivables previously written-off. 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, excluding stock-based compensation, will experience some moderate growth in the foreseeable future. Furthermore, as a result of the mandatory expensing of stock-based compensation commencing in the first quarter of 2006, which is the first quarter in which we will reflect the new accounting rules for equity-based compensation, our Asia-Pacific sales and marketing expenses will increase further. We expect that this stock-based compensation expense will be significant. For further information, refer to our discussion on "Accounting for Stock-Based Compensation" in Critical Accounting Policies and Estimates above.

General and Administrative. General and administrative expenses increased to $45.1 million for the year ended December 31, 2005 from $32.5 million for the year ended December 31, 2004.

U.S. General and Administrative Expenses. U.S. general and administrative expenses increased to $37.3 million for the year ended December 31, 2005 as compared to $25.9 million for the year ended December 31, 2004. Included in U.S. general and administrative expenses for the year ended December 31, 2005 were $6.7 million of stock-based compensation expense and $1.7 million of depreciation expense. Included in U.S. general and administrative expenses for the year ended December 31, 2004 were $1.4 million of stock-based compensation expense and $1.8 million of depreciation expense. The increase in the stock-based compensation expense period over period is primarily a result of the non-cash charge attributed to restricted stock awards granted to our executive officers in the first quarter of 2005, net of forfeitures for two of these executive officers that have left or will terminate their employment with us during the first quarter of 2006. Excluding stock-based compensation expense and depreciation expense, U.S. general and administrative expenses increased to $28.9 million for the year ended December 31, 2005, as compared to $22.7 million for the prior period, a 27% increase. This increase is primarily due to approximately $5.2 million of higher compensation costs, including general salary increases, bonuses, headcount growth (152 U.S. general and administrative employees as of December 31, 2005 versus 126 as of December 31, 2004) and $986,000 related to accrued severance charges related to two of our officers that have left or will terminate their employment with us during the first quarter of 2006, as well as an increase in professional fees, primarily approximately $175,000 of costs associated with the STT divestiture transaction completed in November 2005. 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, excluding stock-based compensation, to increase moderately in absolute dollars as we continue to scale our operations to support our growth. Furthermore, as a result of the mandatory expensing of stock-based compensation commencing in the first quarter of 2006, which is the first quarter in which we will reflect the new accounting rules for equity-based compensation, our U.S. general and administrative expenses will increase further. We expect that this stock-based compensation expense will be significant. For further information, refer to our discussion on "Accounting for Stock-Based Compensation" in Critical Accounting Policies and Estimates above.

Asia-Pacific General and Administrative Expenses. Asia-Pacific general and administrative expenses increased to $7.8 million for the year ended December 31, 2005 as compared to $6.6 million for the year ended December 31, 2004. Included in Asia-Pacific general and administrative expenses were $284,000 and $366,000, respectively, of depreciation expense for the years ended December 31, 2005 and 2004. Excluding depreciation, Asia-Pacific general and administrative expenses increased to $7.6 million for the year ended December 31, 2005, as compared to $6.2 million for the prior period, a 21% increase. This increase is primarily due to

approximately $1.2 million of higher compensation costs, including general salary increases and bonuses, as well as some headcount growth (85 Asia-Pacific general and administrative employees as of December 31, 2005 versus 72 as of December 31, 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., such as finance, legal, marketing and information technology, also reside in our Singapore office in order to support our Asia-Pacific operations; however, each of our Asia-Pacific locations in Hong Kong, Sydney and Tokyo also have general and administrative staff dedicated to each specific operation. In addition to our Asia-Pacific headquarter office in Singapore, we also have separate office locations in Tokyo and Hong Kong (the Sydney general and administrative staff work out of the Sydney IBX). We expect that our Asia-Pacific general and administrative expenses, excluding stock-based compensation, will experience some moderate growth in the foreseeable future. Furthermore, as a result of the mandatory expensing of stock-based compensation commencing in the first quarter of 2006, which is the first quarter in which we will reflect the new accounting rules for equity-based compensation, our Asia-Pacific general and administrative expenses will increase further. We expect that this stock-based compensation expense will be significant. For further information, refer to our discussion on "Accounting for Stock-Based Compensation" in Critical Accounting Policies and Estimates above.

Restructuring Charges. During the year ended December 31, 2005, we recorded a restructuring charge of $33.8 million, which we refer to as the 2005 restructuring charge. In light of the availability of fully or partially built-out data centers in the Silicon Valley, including the possibility of expansion in or near some of the four IBX centers we currently have in the Silicon Valley, we made the decision that retaining the approximately 40 acre San Jose ground lease for future expansion was no longer economical. In conjunction with this decision, we entered into an agreement with the landlord of this property for an early termination of the 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. The restructuring charge consisted of (i) a $32.3 million charge representing the present value of our estimated future cash payments to exit this property, which is net of $4.4 million of deferred rent previously accrued for this lease (thereby creating a total restructuring liability of $36.7 million associated with this lease) and (ii) a write-off of property and equipment of $1.5 million representing development costs incurred to date to prepare this land for use. We expect, as a result of this restructuring charge, we will realize annual savings in cost of revenues of approximately $5.6 million.

During the year ended December 31, 2004, we recorded restructuring charges of $17.7 million, which we refer to as the 2004 restructuring charge. 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 charges 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 and the current restructuring charge for these properties is based on the best available information. As a result of these restructuring charges, primarily relating to the Los Angeles property, we realized annual savings in cost of revenues of approximately $1.8 million during 2005.

As of December 31, 2004, we had total accrued restructuring charges of $14.8 million recorded as a liability on our balance sheet related to the 2004 restructuring charge described above. During the year ended December 31, 2005, we (i) recorded the $36.7 million of new restructuring charge liability for the 2005 restructuring charge described above; (ii) recorded $1.4 million of accretion expense related to these excess leases and (iii) incurred net

cash payments of $3.1 million related to these excess leases resulting in an accrued restructuring charge liability on our balance sheet of $49.8 million as of December 31, 2005. We are contractually committed to these excess leases through 2015. For further detailed information on our restructuring charges, see Note 17 of our "Notes to Consolidated Financial Statements" in Item 8 of this Annual Report on Form 10-K.

Interest Income. Interest income increased to $3.6 million from $1.3 million for the years ended December 31, 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. The average annualized yield for the year ended December 31, 2005 was 3.32% versus 1.64% for the year ended December 31, 2004.

Interest Expense. Interest expense decreased to $8.9 million from $11.5 million for the years ended December 31, 2005 and 2004, respectively. During the quarter ended March 31, 2005, we converted 95% of the outstanding 14% convertible secured notes and unpaid interest totaling $38.0 million 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. In addition, STT Communications converted the remaining 5% of the outstanding 14% convertible secured notes and unpaid interest totaling $2.2 million into 240,578 shares of our preferred stock, which was immediately converted into 240,578 shares of our common stock in November 2005. These conversion activities resulted in a decrease in interest expense in 2005, offset in part, by interest expense associated with (i) the $35.3 million capital lease obligation we recorded in connection with the Washington, D.C. metro area IBX center during the fourth quarter of 2004, which bears interest at 8.50%; (ii) the $18.7 million financing we recorded in connection with the Silicon Valley metro area IBX center equipment and fiber during the first quarter of 2005, which bears interest at 8.50%; (iii) the $9.7 million financing for equipment we purchased in connection with our Chicago IBX acquisition in November 2005, which bears interest at 7.50%; (iv) the $38.1 million financing we recorded in connection with our Los Angeles IBX financing in December 2005, which bears interest at 7.75%; (v) the $60.0 million mortgage payable we recorded in connection with our Ashburn campus financing in December 2005, which bears interest at 8.00% and (vi) the $30.0 million drawdown from our $50.0 million Silicon Valley Bank revolving credit line during October 2005, which bore interest at an initial rate of 5.72% and was fully repaid in January 2006. As a result of these new financing arrangements, we expect interest expense to increase in 2006.

Loss on Debt Extinguishment and Conversion. In February 2004, with the proceeds from the convertible debenture offering, we paid off the remaining $34.3 million credit facility and two other smaller debt facilities with a combined total of $2.9 million of principal remaining, as well as redeemed the remaining $30.5 million 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 activity during the year ended December 31, 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 net deferred tax assets as management cannot conclude, based on available objective evidence including recurring historical losses, that it is more likely than not that the net value of our deferred tax assets will be realized. However, for the years ended December 31, 2005 and 2004, we recorded $543,000 and $153,000, respectively, of income tax expense, primarily representing income taxes related to alternative minimum tax and foreign jurisdictions. We have not incurred any significant income tax expense since inception and we do not expect to incur any significant income tax expense during 2006 other than alternative minimum tax.

Years Ended December 31, 2004 and 2003

Revenues. Our revenues for the years ended December 31, 2004 and 2003 were split between the following revenue classifications (dollars in thousands):

	Year ended December 31,			
	2004	%	2003	%
Recurring revenues	$154,449	94%	$109,989	93%
Non-recurring revenues:				
Installation and professional services	8,333	5%	6,189	5%
Other	889	1%	1,764	2%
	9,222	6%	7,953	7%
Total revenues	$163,671	100%	$117,942	100%

Our revenues for the years ended December 31, 2004 and 2003 were geographically comprised of the following (dollars in thousands):

	Year ended December 31,			
	2004	%	2003	%
U.S. revenues	$141,598	87%	$ 99,669	85%
Asia-Pacific revenues	22,073	13%	18,273	15%
Total revenues	$163,671	100%	$117,942	100%

We recognized revenues of $163.7 million for the year ended December 31, 2004 as compared to revenues of $117.9 million for the year ended December 31, 2003, a 39% increase. We analyze 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 once a customer has been installed in one of our IBX centers they 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 94% of our total revenues for the year ended December 31, 2004 as compared to 93% in the prior year. Historically, greater than half of our customers order new services each quarter and greater than half of our new orders come from our already installed customer base 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. Installation and professional services revenues increased 34% period over period, primarily due to strong existing and new customer growth during the year. As a percent of total revenues, we expect non-recurring revenues to represent approximately 5% of total revenues in each period. 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 the expiration of their contract.

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) utilization. Our customer count increased to 950 as of December 31, 2004 versus 712 as of December 31, 2003, an increase of 33%. Our utilization rate represents the percentage of our cabinet space billing versus total cabinet space available. Our utilization rate grew to 45% as of December 31, 2004 from 35% as of December 31, 2003. Although we have substantial capacity for growth, our

utilization rates vary from market to market among our 15 worldwide IBX centers. 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. Therefore, consistent with our lease of Sprint's Santa Clara property in December 2003 and our expansion into the Washington, D.C. metro area market in April 2004 and further expansion into the Silicon Valley market in December 2004, we continually review available space in our other operating markets.

U.S. Revenues. We recognized U.S. revenues of $141.6 million for the year ended December 31, 2004 as compared to $99.7 million for the year ended December 31, 2003. U.S. revenues consisted of recurring revenues of $134.3 million and $93.6 million, respectively, for the years ended December 31, 2004 and 2003, a 43% 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 year ended December 31, 2004 included revenue generated from the recently acquired Santa Clara IBX center. Excluding revenue from this acquired U.S. IBX hub, 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. As noted above, historically, greater than half of our new orders come from our already installed customer base each period.

In addition, U.S. revenues consisted of non-recurring revenues of $7.3 million and $6.1 million, respectively, for the years ended December 31, 2004 and 2003. Non-recurring revenues are primarily related to the recognized portion of deferred installation and professional services. Also included in U.S. non-recurring revenues are settlement fees of $609,000 and $1.2 million, respectively, for the years ended December 31, 2004 and 2003 associated with certain contract terminations. The $609,000 in settlement fees for the year ended December 31, 2004 primarily represented a bankruptcy court-mandated payment from Excite@Home. The $1.2 million in settlement fees for the year ended December 31, 2003 primarily represented bankruptcy court-mandated payments from both Worldcom and Excite@Home.

Asia-Pacific Revenues. We recognized Asia-Pacific revenues of $22.1 million for the year ended December 31, 2004 as compared to $18.2 million for the year ended December 31, 2003. Asia-Pacific revenues consisted of recurring revenues of $20.2 million and $16.3 million, respectively, for the years ended December 31, 2004 and 2003, consisting primarily of colocation and managed infrastructure services. In addition, Asia-Pacific revenues consisted of non-recurring revenues of $1.9 million for both years ended December 31, 2004 and 2003. Asia-Pacific non-recurring revenues included $280,000 and $584,000, respectively, of contract settlement revenue for the year ended December 31, 2004 and 2003. Asia-Pacific revenues are generated from Hong Kong, Singapore, Sydney and Tokyo with Singapore representing approximately 52% and 77%, respectively, of the regional revenues for the years ended December 31, 2004 and 2003. 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 Tokyo and Sydney; however, this revenue growth was partially offset by a decrease in low-margin bandwidth revenue in Singapore of approximately $3.1 million.

Cost of Revenues. Cost of revenues were $136.9 million for the year ended December 31, 2004 as compared to $128.1 million for the year ended December 31, 2003, a 7% 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 for our existing and new customer base. Given a large component of our cost of revenues are fixed in nature, we anticipate any growth in revenues will have a significant

incremental flow-through to gross profit; however, power and cooling requirements are growing on a per server basis. As a result, customers are consuming an increasing amount of power per cabinet. This, combined with the fact that we do not currently control the amount of draw our customers take from installed circuits, means that our utility costs are expected to increase in the future, and we may not be successful in raising power revenues to a sufficient level to offset such expected increases in utility costs.

U.S. Cost of Revenues. U.S. cost of revenues were $118.3 million for the year ended December 31, 2004 as compared to $107.5 million for the year ended December 31, 2003. U.S. cost of revenues included $50.1 million of depreciation expense, $35,000 of stock-based compensation expense, $355,000 of accretion expense associated with our asset retirement obligations relating to our various leaseholds and $147,000 of amortization expense associated with an intangible asset related to our Santa Clara IBX center for the year ended December 31, 2004. U.S. cost of revenues included $49.9 million of depreciation expense, $59,000 of stock-based compensation expense, $562,000 of accretion expense associated with our asset retirement obligations relating to our various leaseholds and $13,000 of amortization expense associated with an intangible asset related to our Santa Clara IBX center for the year ended December 31, 2003. Excluding depreciation, stock-based compensation, accretion expense and amortization expense, U.S. cost of revenues increased period over period to $67.7 million for the year ended December 31, 2004 from $56.9 million for the year ended December 31, 2003, a 19% increase. This increase is primarily the result of the operating costs associated with the Santa Clara IBX center acquired on December 1, 2003, as well as increasing utility costs in our IBX centers, excluding the newly-acquired Santa Clara IBX, of $4.1 million in line with increasing customer installations and revenues attributed to this customer growth and $1.2 million of higher compensation costs in our IBX centers, excluding the newly-acquired Santa Clara IBX, including general salary increases and bonuses for our IBX staff.

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues were $18.6 million for the year ended December 31, 2004 as compared to $20.6 million for the year ended December 31, 2003. Asia-Pacific cost of revenues included $3.7 million of depreciation expense and $194,000 of non-cash rent expense associated with the value attributed to warrants issued to our landlord in connection with a lease amendment for our Hong Kong IBX center for the year ended December 31, 2004. Asia-Pacific cost of revenues included $4.4 million of depreciation expense for the year ended December 31, 2003. Excluding depreciation and non-cash rent expense, Asia-Pacific cost of revenues decreased period over period to $14.7 million for the year ended December 31, 2004 from $16.2 million for the year ended December 31, 2003, a 9% decrease. This decrease is primarily the result of (i) a decrease in bandwidth costs in Singapore associated with a corresponding decrease in low-margin bandwidth revenue in this location of approximately $2.4 million; (ii) a decrease in operating costs in Singapore as a result of the asset sale of one of our two IBX centers in Singapore that occurred during the fourth quarter of 2003 of $804,000 and (iii) the renegotiation and reduction of our Hong Kong and Tokyo lease costs, resulting in rent savings of approximately $538,000. These decreases are partially offset by some cost increases in line with increasing customer installations and revenues attributed to our customer growth in this region, including increasing utility costs in our Asia-Pacific IBX centers of $649,000. Our Asia-Pacific costs of revenues are generated in Hong Kong, Singapore, Sydney and Tokyo. There are several managed IT infrastructure service revenue streams unique to our Singapore IBX hub, 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.

Sales and Marketing. Sales and marketing expenses decreased to $18.6 million for the year ended December 31, 2004 from $19.4 million for the year ended December 31, 2003.

U.S. Sales and Marketing Expenses. U.S. sales and marketing expenses increased to $13.8 million for the year ended December 31, 2004 from $12.5 million for the year ended December 31, 2003. Included in U.S. sales and marketing expenses were $119,000 and $299,000, respectively, of stock-based compensation expense and amortization expense associated with an intangible asset in connection with our Santa Clara IBX center for the years ended December 31, 2004 and 2003. Excluding stock-based compensation and amortization expense, U.S.

sales and marketing expenses increased to $13.7 million for the year ended December 31, 2004 as compared to $12.2 million for the year ended December 31, 2003, a 12% 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 increased compensation costs of $1.1 million, primarily as a result of growth in our revenue bookings and an increase in the number of sales and marketing headcount.

Asia-Pacific Sales and Marketing Expenses. Asia-Pacific sales and marketing expenses decreased to $4.8 million for the year ended December 31, 2004 as compared to $6.9 million for the year ended December 31, 2003. Included in Asia-Pacific sales and marketing expenses were $1.8 million and $2.1 million, respectively, of amortization expense associated with several intangible assets associated with our Singapore operations for the years ended December 31, 2004 and 2003. Excluding amortization expense, Asia-Pacific sales and marketing expenses decreased to $3.0 million during the year ended December 31, 2004 down from $4.8 million in the prior year, primarily as a result of headcount and overall compensation cost reductions in the Singapore region last year of approximately 14% and a decrease in overall discretionary spending due in large part to synergistic savings as a result of the combination that closed on December 31, 2002. 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.

General and Administrative. General and administrative expenses decreased to $32.5 million for the year ended December 31, 2004 from $34.3 million for the year ended December 31, 2003.

U.S. General and Administrative Expenses. U.S. general and administrative expenses decreased to $25.9 million for the year ended December 31, 2004 as compared to $28.3 million for the year ended December 31, 2003. Included in U.S. general and administrative expenses for the year ended December 31, 2004, were $1.8 million and $1.4 million of depreciation expense and stock-based compensation expense, respectively. Included in U.S. general and administrative expenses for the year ended December 31, 2003, were $5.3 million and $2.6 million of depreciation expense and stock-based compensation expense, respectively. Depreciation and stock-based compensation expense decreased period over period as certain headquarter-based assets became fully depreciated during the year, and certain stock-based compensation costs became fully amortized. Excluding depreciation and stock-based compensation expense, U.S. general and administrative expenses increased to $22.7 million for the year ended December 31, 2004, as compared to $20.4 million for the prior year, an 11% increase. This increase is primarily due to higher professional service fees and other legal-related costs and expenses of $1.8 million, including $733,000 of external costs attributed to our Sarbanes-Oxley compliance initiatives. We continue to incur additional costs related to our Sarbanes-Oxley compliance initiative and this initiative will continue to impose additional costs on Equinix as a public company, both in the form of outside professional service fees for auditors and other advisors, and internal costs related to various devoted teams throughout the organization. We also have higher overall compensation costs of $1.9 million related to annual salary merit increases and corporate bonus programs, as well as an increase in the number of new hires over the past year. In addition, during 2004, we incurred a net charge of $190,000 related to the liquidation of certain legacy subsidiaries in Europe and we do not expect this cost to recur (we initially recorded a charge of $512,000 in the third quarter, which was offset by a reduction in the charge of $322,000 in the fourth quarter as a result of a favorable settlement reached in December 2004). These increases in costs are partially offset by some savings related to the shutdown of the Pihana corporate office in Honolulu that was completed in June 2003, and the relocation of the corporate headquarter office from Mountain View to Foster City in March 2003 totaling $1.9 million. General and administrative expenses, excluding depreciation and stock-based compensation, consist primarily of salaries and related expenses, accounting, legal and administrative expenses, professional service fees and other general corporate expenses such as our corporate headquarter office lease.

Asia-Pacific General and Administrative Expenses. Asia-Pacific general and administrative expenses increased to $6.6 million for the year ended December 31, 2004 as compared to $6.0 million for the year ended December 31, 2003. Included in Asia-Pacific general and administrative expenses were $366,000 and $497,000, respectively, of depreciation expense for the years ended December 31, 2004 and 2003. Excluding depreciation, Asia-Pacific general and administrative expenses increased to $6.2 million for the year ended December 31, 2004, as compared to $5.5 million for the prior year, a 13% increase. This increase is primarily related to an increase in professional service fees of $141,000 related to our Sarbanes-Oxley compliance initiative in Singapore and higher compensation costs of $450,000 as a result of annual merit increases and corporate bonus programs. 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 administrative expenses, 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 Hong Kong and Tokyo.

Restructuring Charges. During the year ended December 31, 2004, we recorded restructuring charges of $17.7 million. In light of the availability of fully built-out data centers in select markets at that time 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 charges 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. We expect that as a result of these restructuring charges, we will realize annual savings in cost of revenues commencing in 2005 of approximately $1.8 million. As of December 31, 2004, we had total accrued restructuring charges of $14.8 million recorded as liabilities on our balance sheet related to these excess lease spaces. For further detailed information on our restructuring charges, see Note 17 of our "Notes to Consolidated Financial Statements" in Item 8 of this Annual Report on Form 10-K. We did not incur any restructuring charges during the year ended December 31, 2003.

Interest Income. Interest income increased to $1.3 million from $296,000 for the years ended December 31, 2004 and 2003, 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 to increased yields on those balances.

Interest Expense. Interest expense decreased to $11.5 million from $20.5 million for the years ended December 31, 2004 and 2003, respectively. The decrease in interest expense was primarily attributable to the reduction in the principal balance outstanding on our credit facility during 2003 and 2004. These interest expense savings were partially offset by additional non-cash interest expense associated with the $10.0 million 10% convertible secured notes issued on June 5, 2003 as a result of the Crosslink financing. However, during the quarter ended March 31, 2004, with the proceeds from the convertible debenture offering, we fully paid off the remaining credit facility and two other debt facilities, as well as fully redeemed the remaining 13% senior notes that were outstanding. In addition, 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 these various 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 was significantly reduced.

Loss on Debt Extinguishment and Conversion. In February 2004, with the proceeds from the convertible debenture offering, we fully paid off the remaining credit facility and two other debt facilities, as well as fully 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, which contained 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 such debt extinguishment or conversion activity during the year ended December 31, 2003.

Income Taxes. A full valuation allowance is recorded against our deferred tax assets as management cannot conclude, based on available objective evidence, that it is more likely than not that the value of our deferred tax assets will be realized. However, for the year ended December 31, 2004, we recorded $153,000 of income tax expense, primarily representing income taxes related to our international subsidiaries.

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 approximately $1.2 billion. As of December 31, 2005, our total indebtedness was comprised of (i) non-convertible debt and financing obligations totaling $186.2 million from our Washington D.C. metro area IBX capital lease, San Jose IBX equipment and fiber financing, Chicago IBX equipment financing, Los Angeles IBX financing, Ashburn campus mortgage payable and a drawdown from our $50.0 million Silicon Valley Bank revolving credit line and (ii) convertible debt totaling $86.3 million from our convertible subordinated debentures as outlined below.

As of December 31, 2005, our principal source of liquidity was our $188.9 million of cash, cash equivalents and short-term and long-term investments. In addition, as of December 31, 2005, we had $13.3 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 throughout 2004 and 2005 and expect this trend to continue throughout 2006 and beyond. While we expect that our cash flow from operations will continue to grow, due to our recently announced expansion plans in the Washington, D.C. and Chicago metro areas, we expect our cash flow used in investing activities, primarily as a result of our expected purchases of property and equipment to complete these expansion projects, will also increase and are expected to be greater than our cash flows generated from operating activities. As a result, although we believe we have sufficient cash, coupled with anticipated cash generated from operating activities, to meet our currently identified business objectives for at least the next twelve months, we will investigate financing opportunities in connection with our Chicago metro area expansion plans in order to minimize expected cash outlays to pursue this project and in order to continue to meet our cash requirements to fund our other capital expenditures, debt service and corporate overhead requirements (excluding the purchases, sales and maturities of our short-term and long-term investments). However, given our limited operating history, additional potential expansion opportunities that we may decide to pursue and other business risks that may cause our operating results to fluctuate, we may not achieve our desired levels of profitability or cash requirements in the future. For further information, refer to “Risk Factors” in Item 1A of this Annual Report on Form 10-K above.

Sources and Uses of Cash

Net cash provided by our operating activities was $67.6 million and $36.9 million for the years ended December 31, 2005 and 2004, respectively. Net cash used in our operating activities was $17.3 million for the

year ended December 31, 2003. Since the quarter ending September 30, 2003, we have been generating cash from our operations. In prior periods, we used cash primarily to fund our net loss, including cash interest payments on our senior notes and credit facility, although the majority of the operating cash flows used during the year ended December 31, 2003 related to the liquidation of accrued obligations, such as accrued restructuring activities and accrued merger and financing costs. We continue to experience strong collections of our accounts receivables and as our revenues have grown at a much faster pace than our costs, which is due to a significant portion of our costs remaining relatively flat from period to period such as rent for our existing IBX centers, the cash generated from our operations has grown period over period. As described above, we expect that we will continue to generate cash from our operating activities throughout 2006 and beyond.

Net cash used in investing activities was $108.7 million, $56.9 million and $49.2 million for the years ended December 31, 2005, 2004 and 2003, respectively. Net cash used in investing activities during the year ended December 31, 2005 was primarily the result of the purchases of the Los Angeles IBX and Ashburn campus properties for $34.7 million and $53.8 million, respectively, and capital expenditures required to bring our recently acquired IBX centers in the Washington, D.C., Silicon Valley, Chicago and Los Angeles metro areas to Equinix standards and to support our growing customer base offset by the net sales and maturities of short-term and long-term investments. Net cash used in investing activities during the year ended December 31, 2004 was primarily for the net purchase of short-term and long-term investments, as well as to fund capital expenditures 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. Net cash used in investing activities during the year ended December 31, 2003 was primarily the result of the purchase of short-term investments and some nominal amount of capital expenditures, partially offset by the release of restricted cash to fund a cash interest payment on our senior notes in January 2003. For 2006 and beyond, 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 additional purchases of real estate that we may undertake in the future. In February 2006, we announced the Washington, D.C. metro area IBX expansion project in which we will spend approximately $50.0 to $55.0 million of capital expenditures in order to build this new IBX center in one of the existing and vacant buildings on the Ashburn campus, of which approximately $40.0 million is expected to be incurred in 2006 and which will fulfill our requirement to invest $40.0 million in capital improvements to the Ashburn campus by December 31, 2007 pursuant to the terms of the Ashburn campus financing. Furthermore, in February 2006, we announced the Chicago metro area IBX expansion project in which we may purchase a vacant building for $9.8 million, payable upon closing. If we purchase this building, additional significant capital expenditures would be required in order to build out a new IBX center on this property.

Net cash generated by financing activities was $134.6 million, $19.2 million and $52.3 million for the years ended December 31, 2005, 2004 and 2003, respectively. Net cash generated by financing activities for the year ended December 31, 2005 was primarily the result of proceeds of $30.0 million from our drawdown on the $50.0 million Silicon Valley Bank revolving credit line in October 2005, which we repaid in full in January 2006, proceeds of $60.0 million from our Ashburn campus financing in December 2005, proceeds of $38.1 million from our Los Angeles IBX financing and proceeds from the exercises of warrants and various employee stock plans, offset primarily by principal payments for our various capital lease and other financing obligations. Net cash generated by financing activities for the year ended December 31, 2004, was primarily the result of the $86.3 million in gross proceeds from our convertible debenture offering, offset by $70.8 million in payments on our credit facility, senior notes and capital lease and other financing obligations, as well as debt extinguishment costs associated with paying down these facilities and $7.3 million in proceeds from our various employee stock plans. Net cash provided by financing activities during the year ended December 31, 2003 was primarily the result of the $104.4 million in net proceeds of our follow-on equity offering and $10.0 million in proceeds from the Crosslink financing, partially offset by $57.2 million in payments on our credit facility and $6.1 million in payments on our various capital lease and other financing obligations.

Debt Obligations—Non-Convertible Debt

As of December 31, 2005, our non-convertible debt totaled $186.2 million and was comprised of our (i) Washington D.C. metro area IBX capital lease, (ii) San Jose IBX equipment and fiber financing, (iii) Chicago IBX equipment financing, (iv) Los Angeles IBX financing, (v) Ashburn campus mortgage payable and (vi) our $30.0 million drawdown from our $50.0 million Silicon Valley Bank revolving credit line. Furthermore, as of December 31, 2005, in addition to the $30.0 million drawdown described above, we had utilized $6.7 million of the credit line through the issuance of letters of credit, and, as a result, we had $13.3 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 center. 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 will be made monthly through October 2019 at an effective interest rate of 8.50% per annum. As of December 31, 2005, principal of $34.5 million remained outstanding under this capital lease.

San Jose IBX Equipment and Fiber Financing. 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. 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 a financing obligation, totaling $18.7 million. Payments under this financing obligation will be made monthly through May 2020 at an effective interest rate of 8.50% per annum. As of December 31, 2005, principal of $15.0 million remained outstanding under this financing obligation.

Chicago IBX Equipment Financing. In July 2005, we entered into a long-term sublease 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. We took possession of this property and title to the equipment assets in November 2005, and as a result, recorded IBX equipment assets, as well as a financing obligation, totaling $9.7 million at that time. Payments under this financing obligation will be made monthly through August 2015 at an effective interest rate of 7.50% per annum. As of December 31, 2005, principal of $8.5 million remained outstanding under this financing obligation.

Los Angeles IBX Financing. In September 2005, we purchased a 107,000 square foot data center in the Los Angeles metro area for $34.7 million, which we paid for in full with cash in September 2005. In October 2005, we entered into a purchase and sale agreement to sell this Los Angeles IBX for $38.7 million and to lease it back from the purchaser pursuant to a long-term lease, which closed in December 2005 and we received net proceeds from the sale of this property of $38.1 million. However, due to our continuing involvement in regards to certain aspects of this property, the sale and leaseback of this property does not qualify as a sale-leaseback under generally accepted accounting principles, but rather is accounted for as a financing of the property. We refer to this portion of the transaction as the Los Angeles IBX financing. Pursuant to the Los Angeles IBX financing, we recorded a financing obligation liability totaling $38.1 million in December 2005. Payments under the Los Angeles IBX financing will be made monthly through December 2025 at an effective interest rate of 7.75% per annum. As of December 31, 2005, principal of $38.1 million remained outstanding under this financing obligation.

Ashburn Campus Mortgage Payable. In December 2005, we completed the financing of our October 2005 purchase of the Ashburn campus property with a $60.0 million mortgage to be amortized over 20 years. Upon receipt of the $60.0 million of cash, which we received in December 2005, we recorded a $60.0 million mortgage payable, which we refer to as the Ashburn campus mortgage payable. Payments under the Ashburn campus mortgage payable, which will commence in February 2006, will be made monthly through January 2026 at an effective interest rate of 8% per annum. As of December 31, 2005, principal of $60.0 million remained outstanding under this mortgage payable.

$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 bore 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. In October 2005, we elected to borrow $30.0 million from the $50.0 million Silicon Valley Bank revolving credit line, which we refer to as the $30.0 million drawdown and which we paid back in full in January 2006. The $30.0 million drawdown was used to fund a portion of the purchase of the Ashburn IBX property acquisition. As of December 31, 2005, the $50.0 million Silicon Valley Bank revolving credit line had an interest rate of 6.12% 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 December 31, 2005, we had utilized $6.7 million under the letters of credit sublimit with the issuance of five letters of credit in addition to the $30.0 million drawdown and, as a result, reduced the amount of borrowings available to us from $50.0 million to $13.3 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 were in compliance with as of December 31, 2005.

Debt Obligations—Convertible Debt

Convertible Secured Notes. In December 2002, in conjunction with our acquisition of i-STT Pte Ltd, 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 was payable in kind in the form of additional convertible secured notes, which we referred 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 were convertible into our preferred and common stock at a price of $9.18 per underlying share, and were convertible anytime at the option of STT Communications. Upon certain conditions, including if the closing price of our common stock exceeded $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 totaling $38.0 million into 4.1 million shares of our preferred stock, which were 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. In November 2005, STT Communications elected to convert the remaining convertible secured notes and unpaid interest totaling $2.2 million, which remained after the 95% STT convertible secured notes conversion in January 2005, into 240,578 shares of our preferred stock, which were then immediately converted into 240,578 shares of our common stock.

Convertible Subordinated Debentures. During February 2004, we sold $86.3 million in aggregate principal amount 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.

Debt Maturities, Financings, Leases and Other Contractual Commitments

We lease our IBX centers and certain equipment under non-cancelable lease agreements expiring through 2025. The following represents our debt maturities, financings, leases and other contractual commitments as of December 31, 2005 (in thousands):

	Borrowings Under Credit Line and Convertible Subordinated Debentures	Mortgage Payable	Capital Lease and Other Financing Obligations	Operating Leases Covered Under Accrued Restructuring Charges	Operating Leases (1)	Other Contractual Commitments (1)	Total
2006	$ 30,000	$ 5,521	$ 9,301	$ 13,499	$ 26,497	$ 67,294	$ 152,112
2007	—	6,022	9,568	13,954	25,735	37	55,316
2008	—	6,022	9,842	13,262	24,592	—	53,718
2009	86,250	6,022	10,122	13,309	24,636	—	140,339
2010	—	6,022	10,409	3,357	24,009	—	43,797
2011 and thereafter	—	90,838	128,355	16,607	111,424	—	347,224
	116,250	120,447	177,597	73,988	236,893	67,331	792,506
Less amount representing interest	—	(60,447)	(87,947)	—	—	—	(148,394)
Plus amount representing residual property value	—	—	6,555	—	—	—	6,555
Less amount representing estimated subrental income and expense	—	—	—	(15,466)	—	—	(15,466)
Less amount representing accretion	—	—	—	(8,691)	—	—	(8,691)
	$ 116,250	$ 60,000	$ 96,205	$ 49,831	$236,893	$ 67,331	$ 626,510

(1) Represents off-balance sheet arrangements. Other contractual commitments are described below.

In connection with five of our IBX operating leases, we have entered into five 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 $6.7 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 five 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, as of December 31, 2005, we were contractually committed for $20.3 million of unaccrued capital expenditures, primarily for IBX equipment not yet delivered and labor not yet provided, in connection with the work necessary to bring these acquired IBX centers to Equinix standards prior to making them available to customers for installation. This amount, which is expected to be paid in 2006, is reflected in the table above as an "other contractual commitment." In addition, although we are not contractually obligated to do so, we expect to incur additional capital expenditures beyond the $20.3 million contractually committed as of December 31, 2005 in these four markets during the first half of 2006 of approximately $15.0 to $25.0 million in order to complete the work needed to bring these new IBXs up to Equinix standards. This non-contractual capital expenditure spending is not reflected in the table above. Furthermore and pursuant to the terms of the Ashburn campus financing, we have agreed to invest at least $40.0 million in capital improvements to the Ashburn campus by December 31, 2007. This $40.0 million contractual commitment, which will be spent on our recently announced Washington, D.C. metro area expansion project and which we expect to pay during 2006, is reflected in the table above as an "other contractual commitment." Lastly, we have other, smaller future purchase commitments in place as of December 31, 2005, such as commitments to purchase power in select locations, primarily in the U.S. and Singapore, through 2006 and 2007 and other open purchase orders which contractually bind us for good or services to be delivered or provided in 2006. Such other purchase commitments as of December 31, 2005, which total $7.1 million, are also reflected in the table above as an "other contractual commitment."

In February 2006, we entered into a definitive purchase and sale agreement to purchase a vacant 228,000 square foot standalone office/warehouse complex in the Chicago metro area for $9.8 million, payable upon closing. The agreement is subject to numerous closing conditions, including the satisfactory completion by us of a comprehensive due diligence review of the property. As part of the evaluation process, we are considering several partnering and financing options for building out this center and are also evaluating options to build out this center in a phased approach. A new center would be interconnected to our downtown Chicago IBX center through redundant dark fiber links managed by us. We refer to this project as the Chicago metro area IBX expansion project. If we purchase this building, additional significant capital expenditures would be required in order to build out a new IBX center on this property. This subsequent event commitment is not reflected in the table above.

Summary

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, our 2005 expansions in the Silicon Valley, Chicago and Los Angeles metro area markets and our 2006 announcements on our intention to build new IBX centers in the Washington, D.C. and Chicago metro areas. 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 area markets, our expansion 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 in-place customers. 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 Ashburn campus property acquisition, or a long-term leasing arrangement.

In addition to our successful strategy of acquiring previously or partially built-out centers, we are also contemplating the possibility of new construction in selective markets where the inventory for high quality data centers is limited, such as our recent announcements on our intention to build new IBX centers in the Washington, D.C. and Chicago metro areas. Decisions to build will consider factors such as customer demand, market pricing and the financial returns associated with the construction. Future purchases or construction may be completed by us or with partners or potential customers to minimize the outlay of cash.

As of December 31, 2005, our principal source of liquidity was our $188.9 million of cash, cash equivalents and short-term and long-term investments. In addition, as of December 31, 2005, we had $13.3 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 throughout 2004 and 2005 and expect this trend to continue throughout 2006 and beyond. While we expect that our cash flow from operations will continue to grow, due to our recently announced expansion plans in the Washington, D.C. and Chicago metro areas, we expect our cash flow used in investing activities, primarily as a result of our expected purchases of property and equipment to complete these expansion projects, will also increase and are expected to be greater than our cash flows generated from operating activities. As a result, although we believe we have sufficient cash, coupled with anticipated cash generated from operating activities, to meet our currently identified business objectives for at least the next twelve months, we will investigate financing opportunities in connection with our Chicago metro area expansion plans in order to minimize expected cash outlays to pursue this project and in order to continue to meet our cash requirements to fund our other capital expenditures, debt service and corporate overhead requirements (excluding the purchases, sales and maturities of our short-term and long-term investments). However, given our limited operating history, additional potential expansion opportunities that we may decide to pursue and other business risks that may cause our operating results to fluctuate, we may not achieve our desired levels of profitability or cash requirements in the future. For further information, refer to “Risk Factors” in Item 1A of this Annual Report on Form 10-K above.

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 from operating to financing activities. 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. As a result, the first quarter of 2006 will be the first period in which we will report stock-based compensation under the provisions of SFAS No. 123(R) and SAB No. 107. 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 2006, and SAB No. 107. The adoption of SFAS No. 123(R), including related FASB Staff Positions issued during 2005 and 2006, and SAB No. 107 are expected to have a significant impact on our financial position and results of operations. For further information on our implementation strategy of SFAS No. 123(R), including related FASB Staff Positions issued during 2005 and 2006, and SAB No. 107, refer to our discussion on "Accounting for Stock-Based Compensation" in Critical Accounting Policies and Estimates above.

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. The adoption of FIN No. 47 has not had a significant impact 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. The adoption of EITF 05-7 will not have a significant impact 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. The adoption of EITF 05-8 will not have a significant impact 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 our accounting policy for such rental costs has always been to expense such costs.

In November 2005, the FASB issued FASB Staff Position No. SFAS 115-1 and SFAS 124-1 ("FSP SFAS 115-1 and 124-1"), which addresses the determination as to when an investment is considered impaired, whether that impairment is other than temporary, and the measurement of an impairment loss. FSP SFAS 115-1 and 124-1 also includes accounting considerations subsequent to the recognition of an other-than-temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. The guidance in FSP SFAS 115-1 and 124-1 amends FASB Statements No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations," and APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." The guidance in FSP SFAS 115-1 and 124-1 shall be applied to the first reporting period beginning after December 15, 2005. Early application is permitted. We are currently in the process of evaluating the impact that the adoption of FSP SFAS 115-1 and 124-1 will have on our financial position, results of operations and cash flows.

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Instruments," an amendment of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities-a replacement of FASB Statement No. 125." SFAS No. 155 improves the financial reporting of certain hybrid financial instruments by requiring more consistent accounting that eliminates exemptions and provides a means to simplify the accounting for such instruments. Specifically, SFAS No. 155 allows financial instruments that have embedded derivatives to be accounted for as a whole (eliminating the need to bifurcate the derivative from its host) if the holder elects to account for the whole instrument on a fair value basis. SFAS No. 155 also (i) clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS No. 133; (ii) establishes a requirement to evaluate interests in securitized financial

assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation; (iii) clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives and (iv) amends SFAS No. 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. We are currently in the process of evaluating the impact that the adoption of SFAS No. 155 will have on our financial position, results of operations and cash flows.

ITEM 7A. 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 or loss. 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 December 31, 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 by approximately $227,000 or decrease by approximately $227,000.

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 the majority of our debt obligations. 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. 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 had the opportunity 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. We elected to continue rolling this drawdown forward in monthly increments at the then applicable one-month LIBOR interest rates, inclusive of the applicable margin, until such time that we decided to repay the $30.0 million drawdown in full in January 2006 at which point the effective interest rate had risen to 6.12%. Therefore, any borrowings from our $50.0 million revolving credit line are subject to interest rate risk as evidenced by the change in interest rates from our recent $30.0 million drawdown.

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 do 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 December 31, 2005 was approximately $98.9 million versus approximately $106.2 million as of December 31, 2004.

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 13% 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 13-15% 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.

In addition, as we now intend to start building new, “greenfield” IBX centers, we will be subject to commodity price risk for building materials related to the construction of these IBX centers, such as steel and copper. In addition, the lead-time to procure certain pieces of equipment is substantial, such as generators. Any delays in procuring the necessary pieces of equipment for the construction of our IBX centers could delay the anticipated openings of these new IBX centers and, as a result, increase the cost of these projects.

We do not employ forward contracts or other financial instruments to hedge commodity price risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by this Item 8 are listed in Item 15(a)(1) and begin at page F-1 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There is no disclosure to report pursuant to Item 9.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures, as such

term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our evaluation under the framework in *Internal Control—Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2005. There were no significant changes in internal control over financial reporting during 2005 that has materially affected, or is reasonably likely to materially affect, our internal control over financing reporting.

Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2005 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein on page F-1 of this Annual Report on Form 10-K.

ITEM 9B. OTHER INFORMATION

There is no disclosure to report pursuant to Item 9B.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a) Identification of Directors. Information concerning the directors of Equinix is set forth under the heading "Election of Directors" in the Equinix Proxy Statement for the 2006 Annual Meeting of Stockholders and is incorporated herein by reference.

(b) Identification of Executive Officers. Information concerning executive officers of Equinix is set forth under the heading "Other Executive Officers" in the Equinix Proxy Statement for the 2006 Annual Meeting of Stockholders and is incorporated herein by reference.

(c) Audit Committee Financial Expert. Information concerning Equinix's audit committee financial expert is set forth under the heading "Report of the Audit Committee of the Board of Directors" in the Equinix Proxy Statement for the 2006 Annual Meeting of Stockholders and is incorporated herein by reference.

(d) Identification of the Audit Committee. Information concerning the audit committee of Equinix is set forth under the heading "Report of the Audit Committee of the Board of Directors" in the Equinix Proxy Statement for the 2006 Annual Meeting of Stockholders and is incorporated herein by reference.

(e) Section 16(a) Beneficial Ownership Reporting Compliance. Information concerning compliance with beneficial ownership reporting requirements is set forth under the heading "Section 16(a) Beneficial Ownership Compliance" in the Equinix Proxy Statement for the 2006 Annual Meeting of Stockholders and is incorporated herein by reference.

(f) Code of Ethics. Information concerning the Equinix Code of Ethics and Business Conduct is set forth under the heading "Code of Ethics and Business Conduct" in the Equinix Proxy Statement for the 2006 Annual Meeting of Stockholders and is incorporated herein by reference. The Code of Ethics and Business Conduct can also be found on our website, www.equinix.com.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation is set forth under the headings "Executive Compensation and Related Information" and "Report of the Compensation Committee of the Board of Directors" in the Equinix Proxy Statement for the 2006 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information concerning shares of Equinix equity securities beneficially owned by certain beneficial owners and by management is set forth under the heading "Security Ownership of Certain Beneficial Owners and Management" in the Equinix Proxy Statement for the 2006 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain relationships and related transactions is set forth under the heading "Certain Relationships and Related Transactions" in the Equinix Proxy Statement for the 2006 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information concerning fees and services of the Company's principal accountants is set forth under the heading "Report of the Audit Committee of the Board of Directors" in the Equinix Proxy Statement for the 2006 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements:

(a)(2) All schedules have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(a)(3) 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.
4.10(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.
10.9(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 and subsequently assigned to Equinix Operating Co., Inc.
10.12(1)+	Lease Agreement with Rose Ventures II, Inc., dated 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 September 9, 1999 and subsequently assigned to Equinix Operating Co., Inc.
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 and subsequently assigned to Equinix Operating Co., Inc.

Exhibit Number	Description of Document
10.23(1)	Purchase Agreement between International Business Machines Corporation and Equinix, Inc. dated May 23, 2000.
10.24(2)	2000 Equity Incentive Plan.
10.25(2)	2000 Director Option 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 and subsequently assigned to Equinix Operating Co., Inc.
10.29(3)+	Second Amendment to Lease Agreement with TrizecHahn Beaumeade Technology Center LLC, dated as of May 1, 2000 and subsequently assigned to Equinix Operating Co., Inc.
10.30(3)+	Letter Amendment to 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 and subsequently assigned to Equinix Operating Co., Inc.
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 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 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.
10.61(9)	Tenancy Agreement over units #06-01, #06-05, #06-06, #06-07 and #06-08 of Block 20 Ayer Rajah Crescent, Singapore 139964.
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.
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10.69(9)	Lease Agreement with Downtown Properties, LLC dated as of April 10, 2000, as amended.
10.70(9)	Lease Agreement with Comfort Development Limited dated November 10, 2000.

Exhibit Number	Description of Document
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.
10.83(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.
10.92(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.
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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 between Lakeside Purchaser L.L.C. as successor in interest to Carlyle-Core Chicago, LLC and Equinix Operating Co., Inc. dated as of July 15, 2003.
10.102(17)	Supplemental Lease Agreement with Comfort Development Limited dated May 18, 2004.
10.103(18)+	Lease Agreement dated as of 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 as of June 21, 2004 between Equinix Operating Co. Inc. and Sprint Communications Company L.P.
10.109(19)+	Assignment and Assumption of Lease and First Amendment to Lease dated as of 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 as of January 18, 2005 between Eden Ventures LLC and Equinix, Inc.

Exhibit Number	Description of Document
10.115	Form of Restricted Stock Agreement for the Company's executive officers under the Company's 2000 Equity Incentive Plan.
10.117(20)	Lease Agreement dated June 9, 2005 between Equinix Operating Co., Inc. and Mission West Properties L.P. and associated Guarantee of Equinix, Inc.
10.118(20)+	Agreement of Sublease dated as of July 13, 2005 between Equinix Operating Co., Inc. and Verio Inc.
10.119(21)+	Amended Loan and Security Agreement dated September 16, 2005 between Equinix, Inc. and Silicon Valley Bank
10.121(21)	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.
10.123	Purchase and Sale Agreement dated October 24, 2005 between Equinix RP, Inc. and iStar Financial Inc.
10.124(23)	Transition and Severance Agreement between Equinix, Inc. and Philip Koen dated November 7, 2005.
10.125	Assignment by Equinix, Inc. and Assumption by Equinix Operating Co., Inc. of Lease and License and Landlord Consent dated January 1, 2006 regarding the leased premises located at 600 W. 7th Street, Los Angeles, California.
10.126	Lease Agreement dated December 21, 2005 between Equinix Operating Co., Inc. and iStar El Segundo, LLC and associated Guaranty of Equinix, Inc.
10.127+	Loan and Security Agreement and Note between Equinix RP II, LLC and SFT I, Inc. dated December 21, 2005 and associated guaranty of Equinix, Inc.
10.128	Lease Agreement dated as of December 21, 2005 between Equinix RP II, LLC and Equinix, Inc.
10.129	Fifth Modification to Ground Lease by and between iStar San Jose, LLC and Equinix, Inc. dated January 1, 2006 and associated Guaranty of Equinix, Inc.
10.130	Assignment by Equinix, Inc. and Assumption by Equinix Operating Co., Inc. of Lease dated December 22, 2005 regarding the leased premises located at 44470 Chilum Place, Ashburn, Virginia.
10.131	2006 Incentive Plan.
21.1(21)	Subsidiaries of Equinix.
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.
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.
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(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 June 30, 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 September 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.
(23) Incorporated herein by reference to Exhibit 99.1 in the Registrant's Current Report on Form 8-K filed on November 8, 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.

(b) Exhibits.

See (a)(3) above.

(c) Financial Statement Schedule.

See (a)(2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

EQUINIX, INC.
(Registrant)

March 16, 2006

By /s/ PETER F. VAN CAMP

Peter F. Van Camp
Chairman of the Board and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Peter F. Van Camp or Keith D. Taylor, or either of them, each with the power of substitution, their attorney-in-fact, to sign any amendments to this Annual Report on Form 10-K (including post-effective amendments), and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ PETER F. VAN CAMP Peter F. Van Camp	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 16, 2006
/s/ KEITH D. TAYLOR Keith D. Taylor	Chief Financial Officer (Principal Financial and Accounting Officer)	March 16, 2006
/s/ STEVEN T. CLONTZ Steven T. Clontz	Director	March 16, 2006
/s/ STEVEN POY ENG Steven Poy Eng	Director	March 16, 2006
/s/ GARY HROMADKO Gary Hromadko	Director	March 16, 2006
/s/ SCOTT KRIENS Scott Kriens	Director	March 16, 2006
/s/ LOUIS J. LAVIGNE, JR. Louis J. Lavigne, Jr.	Director	March 16, 2006
/s/ MICHELANGELO A. VOLPI Michelangelo A. Volpi	Director	March 16, 2006

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10.119(21)+	Amended Loan and Security Agreement dated September 16, 2005 between Equinix, Inc. and Silicon Valley Bank
10.121(21)	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.

Exhibit Number	Description of Document
10.123	Purchase and Sale Agreement dated October 24, 2005 between Equinix RP, Inc. and iStar Financial Inc.
10.124(23)	Transition and Severance Agreement between Equinix, Inc. and Philip Koen dated November 7, 2005.
10.125	Assignment by Equinix, Inc. and Assumption by Equinix Operating Co., Inc. of Lease and License and Landlord Consent dated January 1, 2006 regarding the leased premises located at 600 W. 7th Street, Los Angeles, California.
10.126	Lease Agreement dated December 21, 2005 between Equinix Operating Co., Inc. and iStar El Segundo, LLC and associated Guaranty of Equinix, Inc.
10.127+	Loan and Security Agreement and Note between Equinix RP II, LLC and SFT I, Inc. dated December 21, 2005 and associated guaranty of Equinix, Inc.
10.128	Lease Agreement dated as of December 21, 2005 between Equinix RP II, LLC and Equinix, Inc.
10.129	Fifth Modification to Ground Lease by and between iStar San Jose, LLC and Equinix, Inc. dated January 1, 2006 and associated Guaranty of Equinix, Inc.
10.130	Assignment by Equinix, Inc. and Assumption by Equinix Operating Co., Inc. of Lease dated December 22, 2005 regarding the leased premises located at 44470 Chilum Place, Ashburn, Virginia.
10.131	2006 Incentive Plan.
21.1(21)	Subsidiaries of Equinix.
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.
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 June 30, 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 September 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.
(23) Incorporated herein by reference to Exhibit 99.1 in the Registrant's Current Report on Form 8-K filed on November 8, 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.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Stockholders of Equinix, Inc.:

We have completed integrated audits of Equinix, Inc.'s 2005 and 2004 consolidated financial statements and of its internal control over financial reporting as of December 31, 2005 and an audit of its 2003 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Equinix, Inc. and its subsidiaries at December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A, that the Company maintained effective internal control over financial reporting as of December 31, 2005 based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control—Integrated Framework* issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

San Jose, California
March 15, 2006

EQUINIX, INC.

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31, 2005	December 31, 2004
Assets		
Current assets:		
Cash and cash equivalents	$ 119,267	$ 25,938
Short-term investments	52,105	64,499
Accounts receivable, net of allowance for doubtful accounts of $145 and $337	17,237	11,919
Prepaids and other current assets	3,103	4,726
Total current assets	191,712	107,082
Long-term investments	17,483	17,655
Property and equipment, net	438,790	343,361
Goodwill	21,654	22,018
Debt issuance costs, net	3,075	3,164
Other assets	8,283	8,518
Total assets	$ 680,997	$ 501,798
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 22,557	$ 19,822
Accrued property and equipment	15,783	2,912
Borrowings from credit line	30,000	—
Current portion of accrued restructuring charges	12,400	1,952
Current portion of capital lease and other financing obligations	1,552	675
Current portion of mortgage payable	1,159	—
Other current liabilities	7,972	6,877
Total current liabilities	91,423	32,238
Accrued restructuring charges, less current portion	37,431	12,798
Capital lease and other financing obligations, less current portion	94,653	34,529
Mortgage payable, less current portion	58,841	—
Convertible secured notes	—	35,824
Convertible subordinated debentures	86,250	86,250
Deferred rent and other liabilities	23,726	26,453
Total liabilities	392,324	228,092
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, $0.001 par value per share; 100,000,000 shares authorized in 2005 and 2004; zero and 1,868,667 shares issued and outstanding in 2005 and 2004; liquidation value of zero and $18,298 as of December 31, 2005 and 2004	—	2
Common stock, $0.001 par value per share; 300,000,000 shares authorized in 2005 and 2004; 27,444,566 and 18,999,468 shares issued and outstanding in 2005 and 2004	27	19
Additional paid-in capital	839,497	776,123
Deferred stock-based compensation	(4,930)	(260)
Accumulated other comprehensive income	1,126	2,257
Accumulated deficit	(547,047)	(504,435)
Total stockholders' equity	288,673	273,706
Total liabilities and stockholders' equity	$ 680,997	$ 501,798

See accompanying notes to consolidated financial statements.

EQUINIX, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year ended December 31,		
	2005	2004	2003
Revenues	$ 221,057	$ 163,671	$ 117,942
Costs and operating expenses:			
Cost of revenues	158,354	136,950	128,121
Sales and marketing	20,552	18,604	19,483
General and administrative	45,110	32,494	34,293
Restructuring charges	33,814	17,685	—
Total costs and operating expenses	257,830	205,733	181,897
Loss from operations	(36,773)	(42,062)	(63,955)
Interest income	3,584	1,291	296
Interest expense	(8,880)	(11,496)	(20,512)
Loss on debt extinguishment and conversion	—	(16,211)	—
Net loss before income taxes	(42,069)	(68,478)	(84,171)
Income taxes	(543)	(153)	—
Net loss	$ (42,612)	$ (68,631)	$ (84,171)
Net loss per share:			
Basic and diluted	$ (1.78)	$ (3.87)	$ (8.76)
Weighted average shares	23,956	17,719	9,604

See accompanying notes to consolidated financial statements.

EQUINIX, INC.

Consolidated Statements of Stockholders' Equity and Other Comprehensive Income (Loss)
For the Three Years Ended December 31, 2005
(in thousands, except share data)

	Preferred stock		Common stock		Additional paid-in capital	Deferred stock-based compensation	Accumulated other comprehensive income (loss)	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount					
Balances as of December 31, 2002	1,868,667	$ 2	8,448,683	$ 8	$ 638,065	$ (2,865)	$ 617	$ (351,633)	$ 284,194
Issuance of common stock upon exercise of common stock options	—	—	383,198	—	1,541	—	—	—	1,541
Issuance of common stock upon exercise of common stock warrants	—	—	536,457	1	10	—	—	—	11
Issuance of common stock under employee stock purchase plan	—	—	191,307	—	569	—	—	—	569
Issuance of common stock from follow-on equity offering	—	—	5,524,780	6	104,437	—	—	—	104,443
Issuance/revaluation of common stock warrants and value of beneficial conversion feature in connection with Crosslink financing	—	—	—	—	10,004	—	—	—	10,004
Deferred stock-based compensation, net of forfeitures	—	—	—	—	1,072	(1,072)	—	—	—
Amortization of stock-based compensation	—	—	—	—	—	2,905	—	—	2,905
Comprehensive income (loss):									
Net loss	—	—	—	—	—	—	—	(84,171)	(84,171)
Foreign currency translation gain	—	—	—	—	—	—	585	—	585
Unrealized loss on short-term investments	—	—	—	—	—	—	(4)	—	(4)
Net comprehensive income (loss)	—	—	—	—	—	—	581	(84,171)	(83,590)
Balances as of December 31, 2003	1,868,667	2	15,084,425	15	755,698	(1,032)	1,198	(435,804)	320,077
Issuance of common stock upon exercise of common stock options	—	—	1,038,306	1	5,954	—	—	—	5,955
Issuance of common stock upon exercise of common stock warrants	—	—	62,100	—	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	—	—	314,637	—	1,334	—	—	—	1,334
Issuance of common stock upon conversion of convertible secured notes	—	—	2,500,000	3	9,997	—	—	—	10,000
Issuance/revaluation of common stock warrants	—	—	—	—	2,445	—	—	—	2,445
Deferred stock-based compensation, net of forfeitures	—	—	—	—	695	(695)	—	—	—
Amortization of stock-based compensation	—	—	—	—	—	1,467	—	—	1,467
Comprehensive income (loss):									
Net loss	—	—	—	—	—	—	—	(68,631)	(68,631)
Foreign currency translation gain	—	—	—	—	—	—	1,147	—	1,147
Unrealized loss on investments	—	—	—	—	—	—	(88)	—	(88)
Net comprehensive income (loss)	—	—	—	—	—	—	1,059	(68,631)	(67,572)
Balances as of December 31, 2004	1,868,667	2	18,999,468	19	776,123	(260)	2,257	(504,435)	273,706
Issuance of common stock upon exercise of common stock options	—	—	895,965	1	8,071	—	—	—	8,072
Issuance of stock upon exercise of stock warrants	965,674	1	111,840	—	1,509	—	—	—	1,510
Issuance of common stock under employee stock purchase plans	—	—	218,158	—	3,407	—	—	—	3,407
Issuance of preferred stock upon conversion of convertible secured notes	4,384,794	4	—	—	37,307	—	—	—	37,311
Issuance of common stock upon conversion of preferred stock	(7,219,135)	(7)	7,219,135	7	—	—	—	—	—
Issuance/revaluation of common stock warrants	—	—	—	—	(3)	—	—	—	(3)
Settlement of stock price guarantee	—	—	—	—	98	—	—	—	98
Tax benefit from employee stock plans	—	—	—	—	38	—	—	—	38
Deferred stock-based compensation, net of forfeitures	—	—	—	—	12,947	(12,947)	—	—	—
Amortization of stock-based compensation	—	—	—	—	—	8,277	—	—	8,277
Comprehensive income (loss):									
Net loss	—	—	—	—	—	—	—	(42,612)	(42,612)
Foreign currency translation loss	—	—	—	—	—	—	(767)	—	(767)
Unrealized loss on investments	—	—	—	—	—	—	(364)	—	(364)
Net comprehensive income (loss)	—	—	—	—	—	—	(1,131)	(42,612)	(43,743)
Balances as of December 31, 2005	—	$ —	27,444,566	$ 27	$ 839,497	$ (4,930)	$ 1,126	$ (547,047)	$ 288,673

See accompanying notes to consolidated financial statements.

EQUINIX, INC.

Consolidated Statements of Cash Flows
(in thousands)

	Year ended December 31,		
	2005	**2004**	**2003**
Cash flows from operating activities:			
Net loss	$ (42,612)	$ (68,631)	$ (84,171)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and accretion	64,502	56,281	60,642
Amortization of stock-based compensation	8,277	1,467	2,905
Amortization of intangible assets and non-cash prepaid rent	319	2,243	2,106
Amortization of debt-related issuance costs and discounts	796	2,693	5,574
Non-cash interest on convertible secured notes	879	5,112	4,693
Amortization of deferred rent	1,070	3,449	3,174
Tax benefit from employee stock option plans	38	—	—
Recovery of doubtful accounts	(464)	(50)	—
Loss (gain) on disposal of assets	(1)	36	186
Loss on debt extinguishment and conversion	—	16,211	—
Restructuring charges	33,814	17,685	—
Changes in operating assets and liabilities:			
Accounts receivable	(4,854)	(1,691)	(662)
Prepaids and other current assets	1,623	(1,458)	6,885
Other assets	1,622	(2,556)	379
Accounts payable and accrued expenses	3,755	3,086	(6,567)
Accrued restructuring charges	(3,066)	(761)	(11,350)
Other current liabilities	2,370	3,759	(497)
Other liabilities	(473)	37	(563)
Net cash provided by (used in) operating activities	67,595	36,912	(17,266)
Cash flows from investing activities:			
Purchases of short-term and long-term investments	(107,932)	(220,769)	(46,098)
Maturities of short-term investments	106,773	177,608	—
Sales of short-term investments	13,360	7,021	—
Purchase of Los Angeles IBX property	(34,748)	—	—
Purchase of Ashburn campus property	(53,759)	—	—
Purchases of other property and equipment	(45,412)	(22,934)	(7,750)
Accrued property and equipment	12,871	458	2,454
Proceeds from sale of other property and equipment	125	—	—
Purchase of restricted cash and short-term investments	—	—	(50)
Sale of restricted cash and short-term investments	—	1,751	2,265
Net cash used in investing activities	(108,722)	(56,865)	(49,179)
Cash flows from financing activities:			
Proceeds from issuance of stock	12,989	7,289	106,564
Proceeds from mortgage payable	60,000	—	—
Proceeds from Los Angeles IBX financing	38,142	—	—
Proceeds from borrowings under credit line	30,000	—	—
Proceeds from convertible subordinated debentures	—	86,250	—
Proceeds from convertible secured notes	—	—	10,000
Repayment of capital lease and other financing obligations	(5,523)	(3,632)	(6,074)
Repayment of credit facility	—	(34,281)	(57,229)
Repayment of senior notes	—	(30,475)	—
Debt extinguishment costs	—	(2,505)	—
Debt issuance costs	(997)	(3,407)	(973)
Net cash provided by financing activities	134,611	19,239	52,288
Effect of foreign currency exchange rates on cash and cash equivalents	(155)	(217)	(190)
Net increase (decrease) in cash and cash equivalents	93,329	(931)	(14,347)
Cash and cash equivalents at beginning of year	25,938	26,869	41,216
Cash and cash equivalents at end of year	$ 119,267	$ 25,938	$ 26,869
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 7,133	$ 3,181	$ 13,548

See accompanying notes to consolidated financial statements.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Equinix, Inc. ("Equinix" or the "Company") was incorporated in Delaware on June 22, 1998. Equinix is the leading global provider of network-neutral data centers and Internet exchange services for enterprises, content companies, systems integrators and network services providers. Through our Internet Business Exchange ("IBX") centers in eleven markets in the U.S. and Asia-Pacific, customers can directly interconnect with every major global network and Internet service provider for their critical peering, transit and traffic exchange requirements. These interconnection points facilitate the highest performance and growth of the Internet by serving as neutral and open marketplaces for Internet infrastructure services, allowing customers to expand their businesses while reducing costs.

As of December 31, 2005, the Company had $188,855,000 of cash, cash equivalents and short-term and long-term investments. In addition, as of December 31, 2005, the Company had $13,320,000 of additional liquidity available to it under the Company's Silicon Valley Bank Credit Line Amendment in the event the Company needs additional cash to pursue attractive strategic opportunities that may become available in the future (see Note 11). While the Company had generated negative operating cash flow in each annual period since inception through 2003, commencing with the quarter ended September 30, 2003 the Company started to generate positive operating cash flow. Since then, the Company has generated cash flow from its operations throughout 2004 and 2005 and expects this trend to continue throughout 2006 and beyond. While the Company expects that its cash flow from operations will continue to grow, due to its recently announced Washington, D.C. Metro Area IBX Expansion Project and Chicago Metro Area IBX Expansion Project (see Note 18), the Company expects its cash flow used in investing activities, primarily as a result of its expected purchases of property and equipment to complete these expansion projects, will also increase and are expected to be greater than the Company's cash flows generated from operating activities. As a result, although the Company believes it has sufficient cash, coupled with anticipated cash generated from operating activities, to meet its currently identified business objectives for at least the next twelve months, the Company will investigate financing opportunities in connection with the Chicago Metro Area IBX Expansion Project in order to minimize expected cash outlays to pursue this project and in order to continue to meet its cash requirements to fund its other capital expenditures, debt service and corporate overhead requirements (excluding the purchases, sales and maturities of our short-term and long-term investments).

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Equinix and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

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

Consolidation

The Company follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 94, "Consolidation of All Majority-Owned Subsidiaries" and Emerging Issues Task Force ("EITF") Abstract

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

No. 96-16, "Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights." As a result, all majority-owned subsidiaries are consolidated unless the Company does not have control. Evidence of such a lack of effective control includes the Company's inability to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise.

On December 31, 2002, the Company acquired a Singaporean company, i-STT Pte Ltd ("i-STT") (the "i-STT Acquisition"), and as a result, acquired a 60% interest in its subsidiary, i-STT Nation Limited, an IBX center operation in Thailand. However, as a result of certain substantive participating rights granted to minority shareholders, i-STT Nation Limited was not considered a controlled subsidiary and accordingly, it was not consolidated. Accordingly, the Company accounted for i-STT Nation Limited as an equity investment using the equity method of accounting. Under the purchase price allocation of i-STT, the Company attributed no value to this investment as i-STT Nation Limited was in the early stages of operations and was not able to generate positive operating cashflow for the foreseeable future. During the year ended December 31, 2003, the Company made the decision to wind-down i-STT Nation Limited, entered into a wind-down agreement and liquidated this subsidiary. The costs of wind-down were accounted for as a purchase price adjustment consistent with EITF 95-3, "Costs to Exit an Activity of an Acquired Company." As of the date of the i-STT Acquisition, the Company planned to exit the Thailand business. However, because i-STT Nation Limited was not a wholly-owned subsidiary, third-party consents were required for the Company to exit this business and since, as of the date of the i-STT Acquisition, the Company did not have such consents, the Company was unable to estimate the timing for such exit. In early 2003, the Company had several meetings with the third parties whose consent was required to discuss the cost and timing for the Company to exit the business. The Company and the third parties reached an agreement that the Company's maximum cost to exit this business would not exceed $650,000 and that if certain events happened, including a reduction in i-STT Nation Limited's operating losses over the first half of 2003, that this amount would be reduced. The exit plan specifically indentified all significant actions to be taken by the Company and the third parties to complete the exit plan. Based on this agreement, and because the Company was uncertain as to whether i-STT Nation Limited would reduce its operating costs, in the first quarter of 2003 the Company recorded the $650,000 liability for the estimated costs of exiting the business as a purchase price adjustment. The identified wind-down activities were completed in the second half of 2003 and the actual costs of wind-down totaled $518,000, which resulted in a further adjustment to the purchase price in the fourth quarter of 2003 to reduce the remaining liability by $132,000.

The Company's cumulative translation adjustment as of December 31, 2005, 2004 and 2003 was $1,582,000, $2,349,000 and $1,202,000, respectively.

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

The Company considers all highly liquid instruments with an original maturity from the date of purchase of three months or less to be cash equivalents. Cash equivalents consist of money market mutual funds, commercial paper and certificates of deposit with financial institutions with maturities up to 90 days. Short-term investments generally consist of certificates of deposits and commercial paper with original maturities of between 90 and 360 days and highly liquid debt securities of corporations, municipalities and agencies of the U.S. government and the U.S. government. Long-term investments generally consist of debt securities of corporations, municipalities and agencies of the U.S. government and the U.S. government with maturities at the date of acquisition of greater than 360 days. Short-term and long-term investments are classified as "available-for-sale" and are carried at fair value based on quoted market prices with unrealized gains and losses reported in stockholders' equity as a component of other comprehensive income. The cost of securities sold is based on the specific identification method. The Company reviews its investment portfolio quarterly to determine if any securities may be other-than-temporarily impaired due to increased credit risk, changes in industry or sector of a certain instrument or ratings downgrades.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Financial Instruments and Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash, cash equivalents and short-term and long-term investments to the extent these exceed federal insurance limits and accounts receivable. Risks associated with cash, cash equivalents and short-term and long-term investments are mitigated by the Company's investment policy, which limits the Company's investing to only those marketable securities rated at least A-1/P-1 and AA/Aa2 investment grade, as determined by independent credit rating agencies.

A significant portion of the Company's customer base is comprised of businesses throughout the U.S. However, a portion of the Company's revenues are derived from the Company's Asia-Pacific operations. For the year ended December 31, 2005 the Company's revenues were split approximately 87% in the U.S. and 13% in Asia- Pacific. For the year ended December 31, 2004 the Company's revenues were split approximately 87% in the U.S. and 13% in Asia- Pacific. For the year ended December 31, 2003 the Company's revenues were split approximately 85% in the U.S. and 15% in Asia-Pacific. For the years ended December 31, 2005, 2004 and 2003, one customer, IBM, accounted for 11%, 13% and 15%, respectively, of revenues for those years. As of December 31, 2005 and 2004, this same customer accounted for 12% of accounts receivable as of both dates. No other single customer accounted for greater than 10% of accounts receivables or revenues for the periods presented.

Property and Equipment

Property and equipment are stated at the Company's original cost or relative fair value for acquired property and equipment. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, generally two to five years for non-IBX center equipment and two to thirteen years for IBX center equipment. Leasehold improvements and assets acquired under capital lease are amortized over the shorter of the lease term or the estimated useful life of the asset or improvement, which is generally ten to fifteen years for the leasehold improvements, unless they are considered integral equipment, in which case they are amortized over the lease term. Buildings owned by the Company are depreciated over their estimated useful life of the building, which is generally forty to fifty years. Pursuant to EITF Issue 05-6, "Determining the Amortization Period for Leasehold Improvements Purchased after Lease Inception or Acquired in a Business Combination", which the Company adopted in the second quarter of 2005 and which did not have a significant impact, (i) leasehold improvements acquired in a business combination are 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 are 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.

Asset Retirement Costs

SFAS No. 143, "Accounting for Asset Retirement Obligations" and FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations, an Interpretation of FASB Statement No. 143" establish accounting standards for recognition and measurement of a liability for an asset retirement obligation and the associated asset retirement cost. The fair value of a liability for an asset retirement obligation is to be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated retirement costs are capitalized and included as part of the carrying value of the long-lived asset and amortized over the useful life of the asset. Subsequent to the initial measurement, the Company is accreting the liability in relation to the asset retirement obligations over time and the accretion expense is being recorded as a cost of

revenue. The Company's asset retirement obligations are primarily related to its IBX Centers, of which the majority are leased under long-term arrangements, and, in certain cases, are required to be returned to the landlords in original condition. All of the Company's IBX center leases have been subject to significant development by the Company in order to convert them from, in most cases, vacant buildings or warehouses into IBX centers. The majority of the Company IBX centers' initial lease terms expire at various dates ranging from 2010 to 2020 and all of them have renewal options available to the Company.

During the year ended December 31, 2005, the Company recorded additional asset retirement costs related to a new lease totaling $517,000 and recorded a reduction of asset retirement costs in connection with the purchase of the Ashburn Campus (see Note 2) totaling $426,000 as the Company no longer has the obligation to return the property to it original condition now that it owns this property and has no other significant asset retirement obligations in connection with this property. During the year ended December 31, 2004, the Company recorded additional asset retirement costs related to new leases totaling $83,000. In addition, during the fourth quarter of 2004, the Company revised certain of its estimates used in its calculations for asset retirement costs. As a result, the Company recorded an increase to its asset retirement obligations of $1,057,000 and increased the related long-lived assets accordingly, which the Company reflects within leasehold improvements in property and equipment. For the years ended December 31, 2005, 2004 and 2003, the Company recorded accretion expense related to its asset retirement obligations of $504,000, $355,000 and $562,000, respectively.

Goodwill and Other Intangible Assets

The Company is required to perform an impairment review of its goodwill balance on at least on an annual basis, which the Company performs during the fourth quarter. This impairment review involves a two-step process as follows:

Step 1—The Company compares the fair value of its reporting units to the carrying value, including goodwill of each of those units. For each reporting unit where the carrying value, including goodwill, exceeds the unit's fair value, the Company moves on to step 2. If a unit's fair value exceeds the carrying value, no further work is performed and no impairment charge is necessary.

Step 2—The Company performs an allocation of the fair value of the reporting unit to its identifiable tangible and non-goodwill intangible assets and liabilities. This derives an implied fair value for the reporting unit's goodwill. The Company then compares the implied fair value of the reporting unit's goodwill with the carrying amount of the reporting unit's goodwill. If the carrying amount of the reporting unit's goodwill is greater than the implied fair value of its goodwill, an impairment charge would be recognized for the excess.

During the three months ended December 31, 2005, the Company performed its annual test for goodwill impairment as required by SFAS No. 142. Equinix currently operates in one reportable segment, but has determined that it operates in a number of reporting units for the purposes of SFAS No. 142. The Company concluded that goodwill was not impaired as the fair value of its Singapore reporting unit exceeded the carrying value of this reporting unit, including goodwill. The primary methods used to determine the fair values for SFAS No. 142 impairment purposes were the discounted cash flow and market methods. The assumptions supporting the discounted cash flow method, including the discount rate, which was assumed to be 14%, were determined using the Company's best estimates as of the date of the impairment review.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Goodwill and other intangible assets, net, consisted of the following as of December 31 (in thousands):

	2005	2004
Goodwill	$21,654	$22,018
Other intangibles:		
Intangible asset—customer contracts	4,051	4,114
Intangible asset—tradename	313	318
Intangible asset—workforce	160	160
	4,524	4,592
Accumulated amortization	(4,349)	(4,357)
	175	235
	$21,829	$22,253

The Company's goodwill is fully attributed to the Company's Singapore operation and 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.

Other identifiable intangible assets, comprised of customer contracts, tradename and workforce, are carried at cost, less accumulated amortization, and were acquired as a result of the i-STT Acquisition and the Santa Clara IBX Acquisition (see Note 2). The Company amortizes these other identifiable intangibles on a straight-line basis over their estimated useful lives, which are two years for customer contracts acquired in the i-STT Acquisition and five years for customer contracts acquired in the Santa Clara IBX Acquisition and one year for both tradename and workforce. Other intangible assets, net, are included in other assets on the accompanying balances sheets as of December 31, 2005 and 2004.

For the years ended December 31, 2005, 2004 and 2003, the Company recorded $60,000, $2,049,000 and $2,106,000, respectively, of amortization expense associated with its other intangible assets. The Company's remaining intangible asset is expected to be fully amortized by 2008. The Company expects to record amortization expense through 2008 as follows (in thousands):

Year ending:	
2006	$ 60
2007	60
2008	55
Total	$175

Fair Value of Financial Instruments

The carrying value amounts of the Company's financial instruments, which include cash equivalents, short-term and long-term investments, accounts receivable, accounts payable, accrued expenses and long-term obligations, including the Mortgage Payable (see Note 5), approximate their fair value due to either the short-term maturity or the prevailing interest rates of the related instruments. The fair value of the Company's Convertible Subordinated Debentures, which were issued in February 2004, are based on quoted market prices (see Note 9). The estimated fair value of the Convertible Subordinated Debentures was approximately $98.9 million and $106.2 million, respectively, as of December 31, 2005 and 2004.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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

The Company accounts for impairment of long-lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. During the quarters ended December 31, 2005 and 2004, the Company wrote-down the value of some property and equipment, primarily leasehold improvements, located in excess lease spaces that the Company exited from or intends to exit from and that do not currently provide any ongoing benefit (see Note 17).

In light of a number of factors, including the continued difficulty in the economy and the Company's significant losses to date, an impairment assessment was undertaken of the Company's IBX centers as of December 31, 2002. This assessment involved an assessment of the future net cash flows generated by each IBX center over their respectful useful lives and comparing this against the carrying value of that IBX center. The revenue and cost assumptions used in this analysis were based on numerous factors, including the current revenue and cost performance of each IBX hub, historical growth rates, the remaining space to fill each IBX center to full capacity relative to the market demand in each of the individual geographic markets of each IBX hub, expected inflation rates and any other available economic indicators and factors that the Company believed were relevant. This analysis showed that the total of the undiscounted future cash flows was greater than the carrying amount of the assets, and accordingly, no impairment was deemed to have occurred. Significant judgments and assumptions were required in the forecast of future operating results used in the preparation of the estimated future cash flows, including profit margins, customer growth and the timing of overall market growth and the Company's percentage of that market. The Company has reviewed this analysis annually as of December 31, 2003, 2004 and 2005 and updated it appropriately to add new IBX centers that the Company has acquired (see Note 2) and noted that the Company had generally performed better in all significant aspects compared to the projections used in the prior year and that no impairment indicators or triggering events were present. As a result, no further impairment analysis was performed; however, if future results do not match these estimates, revised future forecasts could result in a material adverse effect on the assessment of the Company's long-lived assets, thereby requiring the Company to write down the assets.

Revenue Recognition

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; (3) managed infrastructure services, such as Equinix Direct, bandwidth, mail service and managed platform solutions and (4) other services consisting of rent from non-IBX space. 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 for IBX space customers. 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 generally 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 year ended December 31, 2005, the Company recorded a total of $457,000 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.

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.

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."

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Stock-Based Compensation

The Company accounted for its stock-based compensation plans in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation" through December 31, 2005. As permitted under SFAS No. 123, the Company used 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 through December 31, 2005. Under APB Opinion No. 25, compensation expense was 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 was 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").

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 addition, 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 December 31, 2005, there was a total of $43,000 of deferred stock-based compensation remaining to be amortized, primarily 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. For further information on stock-based compensation, refer to "Stock-Based Compensation" in Note 12.

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 year ended December 31, 2005, the Company recognized a reduction in deferred stock-based compensation of $3,310,000 as a result of a declining stock price and forfeitures and recorded $6,428,000 of stock-based compensation expense related to these restricted shares for the year ended December 31, 2005. As of December 31, 2005, there was a total of $4,649,000 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 (in thousands):

	2005	2004	2003
Cost of revenues	$ —	$ 35	$ 59
Sales and marketing	1,561	60	294
General and administrative	6,716	1,372	2,552
	$8,277	$1,467	$2,905

EQUINIX, INC.

NOTES TO 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):

	2005	2004	2003
Net loss as reported	$(42,612)	$(68,631)	$(84,171)
Employee stock-based compensation expense included in net loss	8,112	1,459	2,818
Stock-based compensation expense if SFAS No.123 had been adopted	(32,529)	(20,756)	(10,238)
Pro forma net loss	$(67,029)	$(87,928)	$(91,591)
Basic and diluted net loss per share:			
As reported	$ (1.78)	$ (3.87)	$ (8.76)
Pro forma	(2.80)	(4.96)	(9.54)

The Company's fair value calculations for employee grants were made using the Black-Scholes option pricing model with the following weighted average assumptions for the years ended December 31:

	2005	2004	2003
Dividend yield	0%	0%	0%
Expected volatility	78%	98%	110%
Risk-free interest rate	4.00%	2.58%	2.24%
Expected life (in years)	3.9	3.5	3.5

The weighted-average fair value of stock options per share on the date of grant was $24.61, $19.48 and $3.91 for the years ended December 31, 2005, 2004 and 2003, respectively. The Company's fair value calculations for employee's stock purchase rights under the Purchase Plan (see Note 12) were made using the Black-Scholes option pricing model with weighted average assumptions consistent with those used for employee grants as indicated above; however, the assumption for expected life (in years) used for the Purchase Plan was approximately 1.25 years for each of the periods presented.

Commencing with the first quarter of 2006, the Company will adopt SFAS No. 123(R), "Share-Based Payment," and related pronouncements, which are expected to have a significant impact to the Company (see "Recent Accounting Pronouncements" below).

Comprehensive Income

Comprehensive income (loss) is defined as the change in equity of a company during a period from transactions and other events and circumstances excluding transactions resulting from investments by owners and distributions to owners. The primary difference between net income (loss) and comprehensive income (loss) for Equinix results from foreign currency translation adjustments and unrealized gains and losses on available-for-sale securities.

The financial position of foreign subsidiaries is translated using the exchange rates in effect at the end of the period, while income and expense items are translated at average rates of exchange during the period. Gains or losses from translation of foreign operations where the local currency is the functional currency are included as

other comprehensive income or loss. The net gains and losses resulting from foreign currency transactions are recorded in net income (loss) in the period incurred and were not significant for any of the periods presented. Certain inter-company balances are designated as long term. Accordingly, exchange gains and losses associated with these long-term inter-company balances are recorded as a component of other comprehensive income (loss), along with translation adjustments.

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" and EITF Issue 04-8 "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share." 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 qualified 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 did 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 years ended December 31 (in thousands, except per share amounts):

	2005	2004	2003
Numerator:			
Net loss	$(42,612)	$(68,631)	$(84,171)
Denominator:			
Weighted average shares	23,956	17,719	9,606
Weighted average unvested shares subject to repurchase	—	—	(2)
Total weighted average shares	23,956	17,719	9,604
Net loss per share:			
Basic and diluted	$ (1.78)	$ (3.87)	$ (8.76)

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 December 31:

	2005	2004	2003
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	—	4,191,193	6,160,765
Shares reserved for conversion of convertible subordinated debentures	2,183,548	2,183,548	—
Common stock warrants	10,688	290,110	245,835
Common stock related to stock-based compensation plans	4,442,977	3,801,794	3,407,938
Common stock subject to repurchase	—	—	150

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Derivatives and Hedging Activities

The Company follows SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, which requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through the statement of operations. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings, or recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. As of December 31, 2005, the Company had not entered into any hedging activities; however, the Convertible Subordinated Debentures that were issued in February 2004 contain one remaining embedded derivative, which had a zero fair value as of December 31, 2005 (see Note 9).

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 from operating to financing activities. 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. As a result, the first quarter of 2006 will be the first period in which the Company will report stock-based compensation under the provisions of SFAS No. 123(R) and SAB No. 107. 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 2006, and SAB No. 107. The adoption of SFAS No. 123(R), including related FASB Staff Positions issued during 2005 and 2006, and SAB No. 107 are expected to have a significant impact on the Company's financial position and results of operations. Under SFAS No. 123(R), the Company has selected the modified prospective application method and, as a result, will not restate any prior financial statements. In addition, the Company has selected to use the Black-Scholes option-pricing model to estimate fair value for both stock options and its employee stock purchase plan and a Monte Carlo simulation to estimate fair value for new restricted stock awards issued after January 1, 2006 that contain both a service period and market price condition. Furthermore, the Company has decided to switch to the straight-line method of amortizing stock-based compensation over the vesting period of individual equity awards issued after January 1, 2006 in conjunction with its adoption of SFAS No. 123(R), which is allowed as a one-time election at the time of adoption. Partially as a result SFAS No. 123(R), the Company has elected to reduce the contractual life of all new stock option grants, commencing with grants in the fourth quarter of 2005, from ten years to seven years.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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 it 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 adoption of FIN No. 47 has not had a significant impact on the Company's 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 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 adoption of EITF 05-7 will not have a significant impact on the Company's 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 adoption of EITF 05-8 will not have a significant impact on the Company's 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's accounting policy for such rental costs has always been to expense such costs.

In November 2005, the FASB issued FASB Staff Position No. SFAS 115-1 and SFAS 124-1 ("FSP SFAS 115-1 and 124-1"), which addresses the determination as to when an investment is considered impaired, whether that impairment is other than temporary, and the measurement of an impairment loss. FSP SFAS 115-1 and 124-1 also includes accounting considerations subsequent to the recognition of an other-than-temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. The guidance in FSP SFAS 115-1 and 124-1 amends FASB Statements No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations," and APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." The guidance in FSP SFAS 115-1 and 124-1 shall be applied to the first reporting period beginning after December 15, 2005. Early application is permitted. The Company is currently in the process of evaluating the impact that the adoption of FSP SFAS 115-1 and 124-1 will have on its financial position, results of operations and cash flows.

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Instruments," an amendment of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities-a replacement of FASB Statement No. 125." SFAS No. 155 improves the financial reporting of certain hybrid financial instruments by requiring more consistent accounting that eliminates exemptions and provides a means to simplify the accounting for such instruments. Specifically, SFAS No. 155 allows financial instruments that have embedded derivatives to be accounted for as a whole (eliminating the need to bifurcate the derivative from its host) if the holder elects to account for the whole instrument on a fair value basis. SFAS No. 155 also (i) clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS No. 133; (ii) establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation; (iii) clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives and (iv) amends SFAS No. 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS No. 155 is effective for all financial instruments

acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. The Company is currently in the process of evaluating the impact that the adoption of SFAS No. 155 will have on its financial position, results of operations and cash flows.

2. IBX Acquisitions and Expansions

Santa Clara IBX Acquisition

In December 2003, the Company entered into a definitive agreement to sublease an already constructed 160,000 square foot data center in Santa Clara, California, and acquire certain related assets from Sprint Communications Company, L.P. ("Sprint"). The Company refers to this transaction as the Santa Clara IBX acquisition (the "Santa Clara IBX Acquisition").

As a result of the Santa Clara IBX Acquisition, the Company recorded the following assets and liabilities as of December 1, 2003 (in thousands):

Property and equipment	$ 3,980
Intangible asset—customer contracts	300
Intangible asset—workforce	160
Total assets acquired	$ 4,440
Use tax payable	$ 317
Asset retirement obligation	63
Unfavorable lease obligation	4,060
Total liabilities acquired	$ 4,440

The sublease with Sprint, which expires in 2014, has payment terms which based on the findings of an independent valuation appraisal were at a premium to prevailing market rates for similar properties at the time of the Santa Clara IBX Acquisition. As a result, the Company recorded an unfavorable lease liability of $4,060,000, which will be amortized into rent expense over the term of this sublease. In addition, the Company recorded both a use tax and asset retirement obligation liability in connection with this property.

Pursuant to the terms of the sublease agreement with Sprint, the Company obtained title to certain fixed assets contained within this IBX hub, which had a total fair value of $3,980,000. Concurrent with the negotiations with Sprint to sublease the property and take over the operations of this IBX hub, the Company also negotiated with the various customers already located within this IBX center and entered into new contracts with the key customers. The Company also hired a number of Sprint employees that were working within this IBX center. The customer contracts intangible asset has a useful life of five years, the term of the primary key customer contract, and the workforce intangible asset has a useful life of one year.

Washington, D.C. Metro Area IBX Expansion

In April 2004, the Company entered into a long-term lease for a 95,000 square foot data center in the Washington, D.C. metro area. This center is adjacent to the Company's existing Washington D.C. metro area IBX. This lease, which includes the leasing of all of the IBX plant and machinery equipment located within the building, is classified as a capital lease (the "Washington, D.C. Metro Area IBX Capital Lease"). The Company 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 $35,309,000. Monthly payments under this lease,

which commenced in November 2004, will be made through October 2019 at an effective interest rate of 8.50% per annum (see Note 5). The Company refers to this transaction as the "Washington, D.C. Metro Area IBX Expansion."

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 Building Operating Lease") and the equipment purchase and fiber lease portions of the transaction are financed assets (the "San Jose IBX Equipment & Fiber Financing"). 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 a financing obligation liability, totaling $18,713,000. Payments under the San Jose IBX Equipment & Fiber Financing will be made monthly through May 2020 at an effective interest rate of 8.50% per annum. Payments under the San Jose IBX 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, which qualifies as an operating lease, total $45,255,000, which will be paid in monthly installments, which commenced in October 2005 and will be payable through September 2020 (the "Sunnyvale IBX Lease"). The Company intends to begin placing customers in this IBX center in mid-2006.

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 was paid in two lump-sum payments during 2005 and the remaining $23,260,000 will be paid in monthly installments, which commenced in November 2005 and and will be payable through August 2015.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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 Building Operating Lease") and the equipment purchase portion of the transaction represent financed assets (the "Chicago IBX Equipment Financing"). The Company took possession of this property and took title to the equipment in November 2005, and as a result, recorded IBX equipment assets, as well as a financing obligation liability, totaling $9,669,000 at that time. Payments under the Chicago IBX Equipment Financing will be made monthly, which commenced November 2005 and and will be payable through August 2015, at an effective interest rate of approximately 7.50% per annum. Payments under the Chicago IBX Building Operating Lease will also be made in monthly installments, which commenced in November 2005 and and will be payable 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.

Los Angeles IBX Acquisition

In September 2005, the Company purchased a 107,000 square foot data center in the Los Angeles metro area, which is comprised of the building, building improvements and land for a total purchase price, including closing costs, of $34,748,000, which the Company paid for in full with cash in September 2005 (the "Los Angeles IBX Acquisition"). This center will be interconnected by dark fiber to the Company's existing two IBX centers in the downtown Los Angeles area. 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. In October 2005, the Company entered into a purchase and sale agreement to sell this Los Angeles IBX for $38,700,000 and to lease it back from the purchaser pursuant to a long-term lease (the "Los Angeles IBX Sale-Leaseback"). The Los Angeles IBX Sale-Leaseback closed in December 2005 and the Company received net proceeds from the sale of this property of $38,142,000. However, due to our continuing involvement in regards to certain aspects of this property, the Los Angeles IBX Sale-Leaseback does not qualify as a sale-leaseback under generally accepted accounting principles, but rather is accounted for as a financing of this property (the "Los Angeles IBX Financing"). Pursuant to the Los Angeles IBX Financing, the Company recorded a financing obligation liability totaling $38,142,000 in December 2005, which includes a residual property value of $6,555,000 (the "Residual Property Value"). The Residual Property Value represents a deferred gain on the Los Angeles Sale-Leaseback. Payments under the Los Angeles IBX Financing will be made monthly, commencing January 2006 through December 2025, at an effective interest rate of approximately 7.75% per annum. The Company intends to begin placing customers in this IBX center in mid-2006.

Pursuant to the terms of the Los Angeles IBX Sale-Leaseback, the Company has agreed to make certain pre-approved capital improvements to this property by December 21, 2007, which the Company anticipates will cost approximately $14,000,000, of which $3,700,000 was incurred in the fourth quarter of 2005 (the "Required Capital Expenditure Spending for the New Los Angeles IBX") (see Note 14). The Company expects to spend the remaining Required Capital Expenditure Spending for the New Los Angeles IBX during 2006.

Ashburn Campus Property Acquisition

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 was approximately 95% leased at the time of purchase (the "Ashburn Campus Property Acquisition"). The Company currently occupies approximately 269,000 square feet within three of the buildings. The total purchase price for

the Ashburn Campus, including closing costs, was $53,759,000, which the Company paid for in full with cash in October 2005. The Company will continue to operate its existing IBX centers within the Ashburn Campus. For those buildings that the Company does not occupy, it will collect rental income from the current tenants and are evaluating these buildings in regards to its future expansion plans. The Company assessed the fair value of the building, building improvements and land elements of the Ashburn Campus Property Acquisition and then assigned the relative fair value to each element.

In December 2005, the Company financed the Ashburn Campus Property Acquisition with a Mortgage Payable (see Note 5).

3. Balance Sheet Components

Cash, Cash Equivalents and Short-term and Long-Term Investments

Cash, cash equivalents and short-term and long-term investments consisted of the following as of December 31 (in thousands):

	2005	2004
Money market	$ 72,491	$ 15,944
Commercial paper	57,607	30,391
U.S. government and agency obligations	43,911	38,048
Corporate bonds	12,370	17,202
Auction rate securities	—	6,507
Other securities	2,476	—
Total available-for-sale securities	188,855	108,092
Less amounts classified as cash and cash equivalents	(119,267)	(25,938)
Total securities classified as investments	69,588	82,154
Less amounts classified as short-term investments	(52,105)	(64,499)
Total market value of long-term investments	$ 17,483	$ 17,655

The original maturities of all short-term investments were less than one year as of December 31, 2005 and 2004. The original maturities of all long-term investments was greater than one year and less than two years with the exception of one long-term investment totaling $1,917,000 and $3,164,000, which had an original maturity of greater than two years and less than three years, as of December 31, 2005 and 2004, respectively. As of December 31, 2005 and 2004, cash equivalents included investments in other securities with various contractual maturity dates that did not exceed 90 days. Gross realized gains and losses from the sale of securities classified as available-for-sale were not material for the years ended December 31, 2005, 2004 and 2003. For the purpose of determining gross realized gains and losses, the cost of securities is based upon specific identification.

As of December 31, 2005 and 2004, unrealized gains and losses were net losses of $456,000 and $92,000, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

As of December 31, 2005, the Company's net unrealized losses in its available-for-sale securities was comprised of the following (in thousands):

	Unrealized gains	Unrealized losses	Net unrealized losses
Cash and cash equivalents	$ 6	$ (4)	$ 2
Short-term investments	1	(250)	(249)
Long-term investments	—	(209)	(209)
	$ 7	$ (463)	$ (456)

The Company reviews its investment portfolio to determine if any securities may be other-than-temporarily impaired due to increased credit risk, changes in industry or sector of a certain instrument or ratings downgrades. The securities held at December 31, 2005 were not other-than-temporarily impaired. While certain marketable securities carried unrealized losses, the Company expects that it will receive both principal and interest according to the stated terms of each of the securities and that the decline in market value is due to changes in the interest rate environment from the time the securities were purchased as compared to interest rates at December 31, 2005.

There were eleven marketable securities which carried an unrealized loss for longer than twelve months. The net unrealized loss of these instruments was $179,000. These eleven securities have an aggregate fair value of $16,365,000 and were comprised of three corporate bonds rated AA or better, and eight government agency securities which carry a rating of AAA. There were thirty-one marketable securities which carried an unrealized loss less than twelve months. The net unrealized loss of these instruments was $284,000. These securities have an aggregate fair value of $70,089,000, and were comprised of asset-backed securities rated AAA, corporate bonds rated AA or better, commercial paper rated A-1/P-1 or better, government agency securities and U.S. treasuries both of which carry a rating of AAA.

As of December 31, 2004, the Company's net unrealized losses in its available-for-sale securities was comprised of the following (in thousands):

	Unrealized gains	Unrealized losses	Net unrealized losses
Cash and cash equivalents	$ —	$ —	$ —
Short-term investments	61	(87)	(26)
Long-term investments	1	(67)	(66)
	$ 62	$ (154)	$ (92)

As of December 31, 2004, there were no individual marketable securities which carried an unrealized loss for the past twelve consecutive months; however, there were seven marketable securities which carried an unrealized loss for at least six months. The net unrealized losses of these seven instruments was $51,000. These seven debt instruments had an aggregate fair value of $16,042,000 and were comprised of four corporate bonds rated AA or better, and three government agency securities. The Company had evaluated the credit risk of the securities which carried unrealized losses for six or more consecutive months. The credit risk of these instruments had not been adversely affected by a ratings downgrade and there had been no negative impact relating to the industry or sector of the issuers of these instruments. The government agency securities had continued to trade at consistent spreads over the past year, providing further indication that there had been no negative impact to these securities. The credit ratings of these securities remained within the Company's

investment policy guidelines. Based upon this evaluation, the Company had determined that the unrealized losses were predominantly the result of rising interest rates relative to rates at the time the securities were purchased in the first half of 2004. This decline in value of these investments was primarily related to changes in interest rates and was considered to be temporary in nature, and as a result, the Company had continued to account for these as unrealized losses as of December 31, 2004.

Accounts Receivable

Accounts receivable, net, consists of the following as of December 31 (in thousands):

	2005	2004
Accounts receivable	$ 36,430	$ 26,119
Unearned revenue	(19,048)	(13,863)
Allowance for doubtful accounts	(145)	(337)
	$ 17,237	$ 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.

Additions (reductions) to the allowance for doubtful accounts were approximately ($464,000), ($50,000) and zero for the years ended December 31, 2005, 2004 and 2003, respectively. Charges (recoveries) against the allowance were approximately ($272,000), ($72,000) and $82,000 for the years ended December 31, 2005, 2004 and 2003, respectively.

Property and Equipment

Property and equipment is comprised of the following as of December 31 (in thousands):

	2005	2004
Leasehold improvements	$ 402,208	$ 393,758
IBX plant and machinery	151,232	89,960
IBX equipment	65,024	47,437
Buildings	51,279	8,862
Computer equipment and software	31,440	21,711
Land	15,416	—
Furniture and fixtures	2,218	2,041
	718,817	563,769
Less accumulated depreciation	(280,027)	(220,408)
	$ 438,790	$ 343,361

Leasehold improvements, IBX plant and machinery, IBX equipment, buildings and computer equipment and software recorded under capital leases aggregated $35,309,000 as of both December 31, 2005 and 2004, respectively. Amortization on the assets recorded under capital leases is included in depreciation expense and accumulated depreciation on such assets totaled $2,354,000 and $119,000 as of December 31, 2005 and 2004, repectively. For the years ended December 31, 2005, 2004 and 2003, the Company recorded $62,620,000, $55,926,000 and $60,080,000, respectively, of total depreciation expense. The Company recorded substantial property and equipment assets during 2005 in connection with various IBX acquisitions and expansions (see Note 2).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

As of December 31, 2005 and 2004, the Company had accrued property and equipment of $15,783,000 and $2,912,000, respectively. The Company intends to spend a significant amount in additional property and equipment during 2006 in connection with recently acquired IBX properties and expansion efforts. For further information, refer to "Other Purchase Commitments" in Note 14.

In October 2005, the Company wrote-off all remaining property and equipment, primarily leasehold improvements, in connection with the Company's San Jose Ground Lease totaling $1,486,000. In December 2004, the Company wrote-off all remaining property and equipment, primarily leasehold improvements, located in the excess lease space on the floor above the Company's Los Angeles IBX totaling $3,816,000. The Company decided to exit from both of these excess lease spaces and these assets do not provide any ongoing benefit (see Note 17).

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following as of December 31 (in thousands):

	2005	2004
Accounts payable	$ 3,337	$ 2,835
Accrued compensation and benefits	8,632	5,969
Accrued taxes	3,571	3,376
Accrued utility and security	3,420	2,457
Accrued professional fees	1,303	1,741
Accrued interest	873	1,706
Accrued other	1,421	1,738
	$ 22,557	$ 19,822

In February 2005, the Compensation Committee of the Board of Directors adopted the Company's 2005 Cash Incentive Plan ("Cash Incentive Plan"). The Cash Incentive Plan applied to the fiscal year ending December 31, 2005. All regular and full-time employees, excluding sales personnel, were eligible to earn annual cash bonuses under the plan. The adoption of the Cash Incentive Plan represents the first time that the Company has adopted a formal bonus plan, resulting in an increase to accrued employee compensation and benefits. In January 2006, the 2006 Incentive Plan was adopted to cover cash bonuses for employees for the 2006 fiscal year.

As of December 31, 2005, the Company had also recorded $986,000 of severance in connection with two of our executive officers that have left or will terminate their employment with us during the first quarter of 2006 (see "Employment Agreements" in Note 14).

Other Current Liabilities

Other current liabilities consisted of the following as of December 31 (in thousands):

	2005	2004
Customer deposits	$ 868	$ 3,229
Deferred installation revenue	6,324	3,019
Deferred rent	399	422
Other current liabilities	381	207
	$ 7,972	$ 6,877

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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. Upon completion of this installation project, this deposit was reclassified to deferred installation revenue and amortized into revenue over the expected life of the customer relationship.

Deferred Rent and Other Liabilities

Deferred rent and other liabilities consisted of the following as of December 31 (in thousands):

	2005	2004
Deferred rent	$ 18,392	$ 22,493
Asset retirement obligations	3,649	3,054
Deferred installation revenue	1,334	725
Other liabilities	351	181
	$ 23,726	$ 26,453

The Company currently leases the majority of its IBX centers and certain equipment under noncancelable operating lease agreements expiring through 2025. 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.

4. Capital Lease and Other Financing Obligations

Capital lease and other financing obligations consisted of the following as of December 31 (in thousands):

	2005	2004
Washington, D.C. Metro Area IBX Capital Lease	$34,530	$35,204
San Jose IBX Equipment & Fiber Financing	14,953	—
Chicago IBX Equipment Financing	8,582	—
Los Angeles IBX Financing	38,140	—
	96,205	35,204
Less current portion	(1,552)	(675)
	$94,653	$34,529

Washington, D.C. Metro Area IBX Capital Lease

In November 2004, the Company recorded the Washington, D.C. Metro Area IBX Capital Lease (see Note 2). Monthly payments under the Washington, D.C. Metro Area IBX Capital Lease, which commenced in November 2004, will be made through October 2019 at an effective interest rate of 8.50% per annum. As of December 31, 2005, principal of $34,530,000 remained outstanding.

San Jose IBX Equipment & Fiber Financing

In February 2005, the Company recorded the San Jose IBX Equipment & Fiber Financing (see Note 2). Monthly payments under the San Jose IBX Equipment & Fiber Financing, which commenced in February 2005, will be made through May 2020 at an effective interest rate of 8.50% per annum. As of December 31, 2005, principal of $14,953,000 remained outstanding.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Chicago IBX Equipment Financing

In November 2005, the Company recorded the Chicago IBX Equipment Financing (see Note 2). Monthly payments under the Chicago IBX Equipment Financing, which commenced in November 2005, will be made through August 2015 at an effective interest rate of 7.50% per annum. As of December 31, 2005, principal of $8,582,000 remained outstanding.

Los Angeles IBX Financing

In December 2005, the Company recorded the Los Angeles IBX Financing (see Note 2). Monthly payments under the Los Angeles IBX Financing, which commenced in January 2006, will be made through December 2025 at an effective interest rate of 7.75% per annum. As of December 31, 2005, principal of $38,140,000 remained outstanding.

Venture Leasing Loan Agreement and VLL Loan Amendment

In August 1999, the Company entered into a Loan Agreement with Venture Lending & Leasing II, Inc. and other lenders ("VLL" and the "Venture Leasing Loan Agreement"). The Venture Leasing Loan Agreement provided financing for equipment and tenant improvements at the Newark, New Jersey IBX center and a secured term loan facility for general working capital purposes. The amount of financing provided was up to $10,000,000, which was allowed to be used to finance up to 85% of the projected cost of tenant improvements and equipment for the Newark IBX center. The full $10,000,000 was fully drawn during 1999. Notes issued bore interest at a rate of 8.5% per annum and were repayable in 42 monthly installments plus a final balloon interest payment equal to 15% of the original advance amount due at maturity and are collateralized by the assets of the Newark, New Jersey IBX. The Venture Leasing Loan Agreement had an effective interest rate of 14.7% per annum.

In connection with the Venture Leasing Loan Agreement, the Company granted VLL warrants to purchase 9,375 shares of the Company's common stock at $96.00 per share (the "VLL Warrants"). These warrants were immediately exercisable and were set to expire on June 30, 2006. The fair value of the warrant using the Black-Scholes option pricing model with the following assumptions: deemed fair market value per share of $153.60, dividend yield 0%, expected volatility of 80%, risk-free interest rate of 5.0% and a contractual life of seven years, was $1,174,000. Such amount was recorded as a discount to the applicable debt, and was being amortized to interest expense, using the effective interest method, over the life of the agreement.

In October 2002, the Company amended the Venture Leasing Loan Agreement to secure certain short-term cash deferment benefits (the "VLL Loan Amendment"). Under the original terms of the Venture Leasing Loan Agreement, the Company borrowed $10,000,000 which was repayable over 42 months at 8.5% per annum plus a 15% balloon interest payment calculated on the original advance amount. Under the terms of the VLL Loan Amendment, the Company extended the maturity of the loan by 24 months. Commencing January 1, 2003, the Company re-amortized the remaining principal balance and related balloon interest payment over the amended 27-month period ending March 1, 2005. The VLL Loan Amendment had an effective interest rate of approximately 14.7% per annum.

In connection with the VLL Loan Amendment, the Company granted VLL warrants to purchase 32,187 shares of the Company's common stock at $0.32 per share (the "VLL Loan Amendment Warrants") and repriced the original remaining VLL Warrants, issued in August 1999, to have an exercise price of $0.32 versus the original $96.00 per share (the "Amended and Restated Original VLL Warrants"). Both the VLL Loan Amendment Warrants and the Amended and Restated Original VLL Warrants were immediately exercisable and the VLL Loan Amendment Warrants expire on October 11, 2007 and the Amended and Restated Original VLL

Warrants expire on the original expiration date of June 30, 2006. The fair value of the VLL Loan Amendment Warrants using the Black-Scholes option-pricing model was approximately $220,000 with the following assumptions: fair market value per share of $7.04, dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 4.0% and a contractual life of five years. Such amount was recorded as a discount to the applicable debt based upon the guidance of APB Opinion No. 14 and was amortized to interest expense, using the effective interest method, over the remaining life of the VLL Loan Amendment. Following the modification of the Amended and Restated Original VLL Warrants, an additional charge of approximately $45,000 was recorded as an additional debt discount representing the difference between the fair value of the modified option determined in accordance with the provisions of SFAS No. 123 and the value of the old warrants immediately before its terms were modified.

In March 2004, with the proceeds from the Convertible Subordinated Debentures (see Note 9), the Company repaid all amounts outstanding under the VLL Loan Amendment, including $749,000 of principal, plus accrued and unpaid interest, and terminated the VLL Loan Amendment. As a result, the Company recognized a loss on debt extinguishment on this transaction of $170,000, comprised of the write-off of unamortized debt issuance costs and debt discount totaling $74,000 and other transaction fees of $96,000. Refer to Loss on Debt Extinguishment and Conversion (see Note 10).

Heller Loan and Heller Loan Amendment

In June 2001, the Company obtained a $5,000,000 loan from Heller Financial Leasing, Inc. (the “Heller Loan”), which was fully drawn down at that time. Repayments on the Heller Loan were made over 36 months and interest accrued at 13.0% per annum. The Heller Loan was secured by certain equipment located in the New York metropolitan area IBX center.

In connection with the Heller Loan, the Company granted Heller Financial Leasing, Inc. a warrant to purchase 1,171 shares of the Company’s common stock at $128.00 per share (the “Heller Warrant”). This warrant was immediately exercisable and expires in five years from the date of grant. The fair value of the warrant using the Black-Scholes option pricing model was $18,000 with the following assumptions: fair market value per share of $36.16, dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 5% and a contractual life of five years. Such amount was recorded as a discount to the applicable loan amount, and was amortized to interest expense using the effective interest method, over the life of the loan.

In August 2002, the Company amended the Heller Loan to secure certain short-term cash deferment benefits (the “Heller Loan Amendment”). Under the terms of the Heller Loan Amendment, the Company extended the maturity of the loan by nine months. Commencing September 2002, the Company began to benefit from the reduction in monthly payments over the following 14 months thereby deferring approximately $1,200,000 of principal payments. Commencing November 2003, the deferred principal payments began to be repaid over the remaining 17 months of the loan ending March 2005. The Heller Loan Amendment had an effective interest rate of approximately 16.5% per annum.

In February 2004, with the proceeds from the Convertible Subordinated Debentures, the Company repaid all amounts outstanding under the Heller Loan Amendment, including $2,177,000 of principal, plus accrued and unpaid interest, and terminated the Heller Loan Amendment. As a result, the Company recognized a loss on debt extinguishment on this transaction of $267,000, comprised of the write-off of unamortized debt issuance costs and debt discount totaling $87,000 and other transaction fees of $180,000. Refer to Loss on Debt Extinguishment and Conversion (see Note 10).

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Maturities

Combined aggregate maturities for future minimum capital lease and other financing obligations as of December 31, 2005 are as follows (in thousands):

	Capital lease obligations	Financing obligations	Total
2006	$ 3,733	$ 5,568	$ 9,301
2007	3,826	5,742	9,568
2008	3,922	5,920	9,842
2009	4,020	6,102	10,122
2010	4,121	6,288	10,409
2011 and thereafter	41,167	87,188	128,355
	60,789	116,808	177,597
Less amount representing unamortized discount	(26,259)	(61,688)	(87,947)
Plus amount representing residual property value	—	6,555	6,555
	34,530	61,675	96,205
Less current portion	(829)	(723)	(1,552)
	$ 33,701	$ 60,952	$ 94,653

5. Mortgage Payable

In December 2005, the Company financed the Ashburn Campus Property Acquisition (see Note 2) with a $60,000,000, 8% mortgage to be amortized over 20 years (the "Mortgage Payable"). Upon closing the Mortgage Payable, the Company received $60,000,000 in cash proceeds and recorded a $60,000,000 mortgage payable at that time. Payments for the Mortgage Payable are payable monthly, which commenced February 2006, and will be payable through January 2026. The Mortgage Payable is collateralized by the Ashburn Campus property and related assets. Pursuant to the terms of the Mortgage Payable, the Company has agreed to invest at least $40,000,000 in capital improvements to the Ashburn Campus by December 31, 2007 (see Note 14). The Mortgage Payable has numerous covenants; however, there are no specific financial ratio or minimum operating performance covenants. As of December 31, 2005, the Company was in compliance with all covenants in connection with the Mortgage Payable.

The costs incurred related to the Mortgage Payable were capitalized and are being amortized to interest expense using the effective interest method over the life of the Mortgage Payable. These debt issuance costs, net of amortization, were $655,000 as of December 31, 2005.

The Company's future payment obligations for the Mortgage Payable as of December 31, 2005 are as follows (in thousands):

2006	$ 5,521
2007	6,022
2008	6,022
2009	6,022
2010	6,022
2011 and thereafter	90,838
	120,447
Less amount representing interest	(60,447)
	60,000
Less current portion	(1,159)
	$ 58,841

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

6. Senior Notes

On December 1, 1999, the Company issued 200,000 units, each consisting of a $1,000 principal amount 13% Senior Note due 2007 (the "Senior Notes") and one warrant to purchase 0.527578 shares (for an aggregate of 105,515 shares) of common stock for $0.2144 per share (the "Senior Note Warrants"), for aggregate net proceeds of $193,400,000, net of offering expenses. Of the $200,000,000 gross proceeds, $16,207,000 was allocated to additional paid-in capital for the deemed fair value of the Senior Note Warrants and recorded as a discount to the Senior Notes. The discount on the Senior Notes was being amortized to interest expense, using the effective interest method, over the life of the debt. The Senior Notes had an effective interest rate of 14.1% per annum. The fair value attributed to the Senior Note Warrants was consistent with the Company's treatment of its other common stock transactions prior to the issuance of the Senior Notes. The fair value was based on recent equity transactions by the Company at the time.

Interest was payable semi-annually, in arrears, on June 1 and December 1 of each year. The notes were unsecured, senior obligations of the Company and were effectively subordinated to all existing and future indebtedness of the Company, whether or not secured.

The Senior Notes were governed by the Indenture dated December 1, 1999, between the Company, as issuer, and State Street Bank and Trust Company of California, N.A., as trustee (the "Senior Note Indenture"). Subject to certain exceptions, the Senior Note Indenture restricted, among other things, the Company's ability to incur additional indebtedness and the use of proceeds therefrom, pay dividends, incur certain liens to secure indebtedness or engage in merger transactions.

During the first half of 2002, the Company retired $52,751,000 of Senior Notes plus forgiveness of $785,000 of accrued and unpaid interest thereon in exchange for 499,565 shares of the Company's common stock, valued at $18,351,000 based on the actual exchange dates of the Senior Notes and $2,511,000 of cash. The Company wrote-off a proportionate amount of unamortized debt issuance costs and debt discount associated with these Senior Notes totaling $1,293,000 and $3,093,000, respectively. The Company incurred debt extinguishment costs totaling approximately $1,100,000 in connection with the retirement of these Senior Notes and recognized a gain on these transactions of $27,188,000.

In December 2002, the Company, in connection with, and as a condition to closing the i-STT Acquisition and acquisition of Pihana Pacific, Inc. ("Pihana") on December 31, 2002 (the "Pihana Acquisition") (collectively with the i-STT Acquisition, the "Combination") and Financing (see Note 8), initiated an exchange offer to substantially reduce the amount of Senior Notes then outstanding in order to improve the Company's existing capital structure and reduce the amount of outstanding debt of the Company (the "Senior Note Exchange"). The Senior Note Exchange was contingent on both the Combination and Financing closing, all of which were subject to stockholder vote. The Combination, Financing and Senior Note Exchange closed on December 31, 2002, and the Company retired an additional $116,774,000 of Senior Notes plus forgiveness of $8,855,000 of accrued and unpaid interest thereon in exchange for 1,857,436 shares of the Company's common stock, valued at $12,482,000 based on the actual exchange date of the Senior Notes and $15,181,000 of cash. The Company wrote-off a proportionate amount of unamortized debt issuance costs and debt discount associated with these Senior Notes totaling $2,492,000 and $6,004,000, respectively. The Company incurred debt extinguishment costs totaling approximately $2,500,000 in connection with the retirement of these Senior Notes and recognized a gain on these transactions of $86,970,000. In conjunction with the Combination, Financing and Senior Note Exchange, the Company amended the Indenture in order to allow the Combination and Financing to occur.

In March 2004, with the proceeds from the Convertible Subordinated Debentures (see Note 9), the Company redeemed all amounts outstanding under the Senior Notes, including $30,475,000 of principal, plus accrued and unpaid interest, and terminated the Senior Notes. The redemption price of the Senior Notes was equal to 106.5%

of their principal, which resulted in an additional cash premium paid of $1,981,000 (the "Senior Note Cash Premium"). As a result, the Company recognized a loss on debt extinguishment on this transaction of $3,759,000, comprised of the Senior Note Cash Premium, the write-off of unamortized debt issuance costs and debt discount totaling $1,653,000 and other transaction fees of $125,000. Refer to Loss on Debt Extinguishment and Conversion (see Note 10).

7. Credit Facility

On December 20, 2000, the Company and a newly created, wholly-owned subsidiary of the Company, entered into a $150,000,000 Credit Facility (the "Credit Facility") with a syndicate of lenders. The Credit Facility consisted of the following:

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

The Credit Facility had a number of covenants, which included achieving certain minimum revenue targets and limiting cumulative EBITDA losses and maximum capital spending limits among others. As of September 30, 2001, the Company was not in compliance with one of these covenants. However, the syndicate of lenders provided a forbearance and, in October 2001, the Company successfully completed the renegotiation of the Credit Facility and amended certain of the financial covenants to reflect the prevailing economic environment as part of the Amended and Restated Credit Facility (the "Amended and Restated Credit Facility"). As required under this amendment, the Company repaid $50,000,000 of the $150,000,000 Credit Facility outstanding as of September 30, 2001, of which $25,000,000 represented a permanent reduction. As such, the Amended and Restated Credit Facility provided a total of $125,000,000 of debt financing and consisted of the following:

- Term loan facility, redesignated as tranche A, in the amount of $100,000,000, which represented the remaining $100,000,000 outstanding after repayment of the $50,000,000 in October 2001.
- Term loan facility, redesignated as tranche B, in the amount of $25,000,000, of which $5,000,000 was immediately drawn with the remaining $20,000,000 available for future draw. The remaining $20,000,000 was only available for drawdown commencing September 30, 2002 and only if the Company remained in full compliance with all covenants as outlined in the Amended and Restated Credit Facility, and met an additional EBITDA test. The ability to draw on the remaining $20,000,000 expired on December 31, 2002.

As of June 30, 2002, the Company was not in compliance with certain provisions, including the revenue covenant, of the Amended and Restated Credit Facility. As a result, in August 2002, the Company further amended the Amended and Restated Credit Facility (the "First Amendment to the Amended and Restated Credit Facility"). The most significant terms and conditions of the First Amendment to the Amended and Restated Credit Facility were as follows:

- The Company was granted a full waiver for the covenants that were not in compliance as of June 30, 2002. In addition, the amendment reset the minimum revenue and cash balance and maximum EBITDA loss covenants through September 30, 2002.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

- The Company agreed to repay $5,000,000 of the then outstanding balance of $105,000,000 as of June 30, 2002, which was designated as a tranche B term loan. This amount was repaid in August 2002. In addition, the remaining $20,000,000 available for borrowing under the Amended and Restated Credit Facility, also designated as a tranche B term loan, was permanently eliminated. As a result, the First Amendment to the Amended and Restated Credit Facility reduced the credit facility to a $100,000,000 credit facility, which was designated a tranche A term loan, and which remained fully outstanding as of September 30, 2002.
- The Company must convert at least $100,000,000 of Senior Notes into common stock or convertible debt on or before November 8, 2002. As of September 30, 2002, a total of $147,249,000 of Senior Note principal remained outstanding.

In November 2002, the lenders agreed to waive certain conditions of the First Amendment to the Amended and Restated Credit Facility (the "November 2002 Waiver"). The most significant terms and conditions of the November 2002 Waiver were as follows:

- The Company was granted a waiver to reset the minimum revenue and maximum EBITDA loss covenants through December 31, 2002 and the minimum cash balance covenant through March 31, 2003.
- The Company was granted a waiver, subject to certain conditions, of an event of default created by a minimum cash covenant default and a payment default, if any, in existence pursuant to a previously outstanding debt facility since paid off in full.
- The Company was granted a waiver of the covenant requiring the Company to convert $100,000,000 of Senior Notes by November 8, 2002.
- The Company was granted a waiver, subject to certain conditions, of a default or an event of default created by a failure by the Company to make the interest payment due on the Senior Notes in December 2002.

The November 2002 Waiver expired upon the earlier of the closing of the Second Amendment to the Amended and Restated Credit Facility, the termination of the Combination, or December 31, 2002, provided that if the sole reason the Combination has not closed by that date is as a result of pending regulatory and related approvals, the date may be extended for up to three successive 30-day periods, but such date shall not be extended past March 31, 2003.

On December 31, 2002, the Company closed the Combination, Financing (see Note 8) and Senior Note Exchange (see Note 6), and in conjunction, the Company further amended the First Amendment to the Amended and Restated Credit Facility (the "Second Amendment to the Amended and Restated Credit Facility"). The most significant terms and conditions of the Second Amendment to the Amended and Restated Credit Facility were as follows:

- the Company was granted a full waiver of previous covenant breaches and was granted consent to use cash in connection with the Senior Note Exchange (see Note 6);
- future revenue and EBITDA covenants were eliminated and the remaining minimum cash balance and maximum capital expenditure covenants and other ratios were reset consistent with the expected future performance of the combined company for the remaining term of the loan;
- the Company permanently repaid $8,490,000 of the then currently outstanding $100,000,000 balance, bringing the total amount owed under this facility to $91,510,000 as of December 31, 2002; and

- the amortization schedule for the remaining amount owed under this facility was amended such that the minimum amortization due in 2003-2004 was significantly reduced.

In November 2003, in connection with the Follow-on Equity Offering (see Note 12), the Company received consent from its senior lenders to amend the terms of Second Amendment to the Amended and Restated Credit Facility (the "Third Amendment to the Amended and Restated Credit Facility"). The most significant terms and conditions of the Third Amendment to the Amended and Restated Credit Facility are as follows:

- the Company permanently repaid $55,248,000 of the then currently outstanding principal balance of $90,519,000;
- the banks agreed to amend the cash sweep provision, which was to commence on March 31, 2004 and would have required the Company to pay down its principal balance in an amount equal to 50% of any cash on the Company's balance sheet in excess of $20,000,000. This provision was amended such that it will not commence until March 31, 2005 and will only be triggered on cash amounts in excess of $25,000,000; and
- the banks agreed to extend the term of the Third Amendment to the Amended and Restated Credit Facility from December 2005 to December 2006. In addition, the banks amended the amortization schedule.

Loans under the Third Amendment to the Amended and Restated Credit Facility beared interest at floating rates, plus applicable margins, based on either the prime rate or LIBOR. Interest rates on the First Amendment to the Amended and Restated Credit Facility were increased by 0.50% and the frequency of interest payments had been amended to monthly from quarterly, and such modifications remained in effect under the terms of the Third Amendment to the Amended and Restated Credit Facility.

Borrowings under the Third Amendment to the Amended and Restated Credit Facility were collateralized by a first priority lien against substantially all of the Company's assets.

The costs related to the issuance of the Credit Facility were capitalized and were being amortized to interest expense using the effective interest method, over the life of the Credit Facility. As a result of amending and restating the Credit Facility multiple times from 2001 to 2003, the Company incurred additional lender fees, which had been added to debt issuance costs and were being amortized to interest expense using the effective interest method over the remaining life of the Third Amendment to the Amended and Restated Credit Facility. The Company applied EITF 96-19, "Debtor's Accounting for a Substantive Modification and Exchange of Debt Instruments", and concluded that the amendments to the Credit Facility were not substantive.

In February 2004, with the proceeds from the Convertible Subordinated Debentures, the Company repaid all amounts outstanding under the Credit Facility, including $34,281,000 of principal, plus accrued and unpaid interest, and terminated the Credit Facility. As a result, the Company recognized a loss on debt extinguishment on this transaction of $4,405,000, comprised of the write-off of unamortized debt issuance costs totaling $4,282,000 and other transaction fees of $123,000. Refer to Loss on Debt Extinguishment and Conversion (see Note 10).

8. Convertible Secured Notes

The Financing

In conjunction with the Combination, STT Communications made a $30,000,000 strategic investment in the Company (the "Financing") in the form of a convertible secured note (the "Convertible Secured Note"),

convertible into shares of preferred stock, with a detachable warrant for the further issuance of 965,674 shares of preferred stock (the "Convertible Secured Note Warrant"). The Convertible Secured Note bore non-cash interest at a rate of 14% per annum, payable semi-annually in arrears on May 1 and November 1, and had an initial term through November 2007. Interest on the Convertible Secured Note was payable in kind in the form of additional convertible secured notes having a principal amount equal to the amount of interest then due having terms which were identical to the terms of the Convertible Secured Note (the "PIK Notes") (collectively, the "STT Convertible Secured Notes").

The Convertible Secured Note Warrant was valued at $4,646,000, which was recorded as a discount to the debt principal. The fair value of the Convertible Secured Note Warrant was calculated under the provisions of APB 14 and determined using the Black-Scholes option-pricing model under the following assumptions: contractual life of five years, risk-free interest rate of 4%, expected volatility of 135% and no expected dividend yield. The Company had considered the guidance in EITF Abstract No. 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios", and had determined that the Convertible Secured Note did 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 agreement. The allocated value to the Convertible Secured Note Warrant of $4,646,000 was amortized using the effective interest rate method to interest expense over the five-year term of the Convertible Secured Note. The Convertible Secured Note Warrant was exercised in November 2005, resulting in 965,674 shares of the Company's preferred stock being issued and total cash proceeds to the Company of $10,000. On the same date in November 2005, STT Communications elected to convert the preferred stock issued in connection with the Convertible Secured Note Warrant into 965,674 shares of the Company's common stock. The preferred stock converted into common stock on a 1 to 1 basis.

The Convertible Secured Note was secured by (i) a first priority security interest in i-STT's assets and Pihana's Singapore assets and by a pledge of the stock of i-STT's subsidiaries and (ii) by a second priority security interest in all of the collateral securing the Company's obligations under the Credit Facility, as amended. The Convertible Secured Note was guaranteed by all of the Company's existing subsidiaries and by all of the Company's future domestic subsidiaries. In November 2004, the Company and STT Communications entered into an Omnibus Amendment Agreement in which STT Communications' security interests in the Company in connection with the Financing were lifted, except for one of the Company's cash accounts, secured in the amount of any outstanding STT Convertible Secured Notes plus six months of forward-looking interest. In November 2005, this final security interest in the Company was lifted in conjunction with the Remaining STT Convertible Secured Notes Conversion (see below).

The Convertible Secured Note, the Convertible Secured Note Warrant and any outstanding PIK Notes could be converted into shares of the Company's Series A or Series A-1 preferred stock at a price of $9.1779 per underlying share at any time at the option of STT Communications (the "Conversion Price"). The Conversion Price would have been adjusted to mitigate or prevent dilution, if dividends were declared, or the Company issued, or contracted to issue, shares of the Company's common stock at a price per share below the Conversion Price. After December 31, 2004 and through December 31, 2005, the Company was eligible to convert 95% of the STT Convertible Secured Notes and after December 31, 2005, the Company was eligible to convert 100% of the STT Convertible Secured Notes, if:

- the closing price of the Company's common stock exceeded $32.1235 for thirty consecutive trading days;
- the average daily trading volume of the Company's common stock during that thirty day trading window exceeded 17,188; and

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

- the Company had caused a registration statement to become effective under the Securities Act which provided for the resale by the noteholders of the shares of the Company's common stock issued or issuable upon conversion.

The Company was required to offer to purchase the Convertible Secured Note and any outstanding PIK Notes together with any accrued and unpaid interest if the Company experienced a change of control, as defined. In addition, in connection with the Financing, the Company issued a warrant to STT Communications, which would have become exercisable if the Company did experience a change of control (the "Change in Control Warrant"). The Change of Control Warrant, which had an exercise price of $0.01 per share and a contractual life of five years, was contingently exercisable for shares of the Company's common stock with a total current market value of up to 20% of:

- the $30,000,000 principal amount of the Convertible Secured Note, plus
- the principal amount of any issued and outstanding PIK Notes, minus
- the principal amount of any portion of the Convertible Secured Note which had been converted into shares of the Company's capital stock or repaid in cash, plus
- accrued and unpaid interest on any then outstanding portion of the Convertible Secured Note.

The Change in Control Warrant expired unexercised in November 2005 upon the Remaining STT Convertible Secured Notes Conversion (see below).

Furthermore, the Company, in order to provide a mechanism to allow STT Communications to ensure the Company's compliance with covenants under the Second Amendment to the Amended and Restated Credit Facility, as amended (see Note 7), issued two additional warrants to STT Communications in conjunction with the Financing, which were no longer outstanding as a result of the Company paying off the Credit Facility in full in February 2004 (see Note 7). These two additional warrants, comprised of the Series A Cash Trigger Warrant and the Series B Cash Trigger Warrant (collectively, the "Cash Trigger Warrants"), were contingently exercisable if the Company (i) did not have sufficient funds to pay, and failed to pay when due, any principal, interest, fee or other amount due under the Second Amendment to the Amended and Restated Credit Facility, as amended, or (ii) breached the Company's obligations to maintain certain minimum cash balances under the terms of the Second Amendment to the Amended and Restated Credit Facility, as amended. The Cash Trigger Warrants, which were to have a contractual life for as long as the Company had any remaining amounts due under the Second Amendment to the Amended and Restated Credit Facility, as amended, would have had an exercise price and be exercisable for shares of the Company's common stock valued at up to $30,000,000 as follows:

- The Series A Cash Trigger Warrant would have had a value of $10,000,000, with an exercise price per share which was the lesser of (i) $9.792 or (ii) 90% of the then current market value of shares of the Company's common stock. The $9.792 exercise price of the Series A Cash Trigger Warrant would have been adjusted to mitigate or prevent dilution if fundamental changes occured to the Company's common stock, dividends were declared, or the Company issued, or contracted to issue, shares of the Company's common stock at a price per share below $9.792.
- The Series B Cash Trigger Warrant would have had a value of $20,000,000, with an exercise price per share equal to 90% of the then current market value of shares of the Company's common stock.

The holder of the Cash Trigger Warrants, STT Communications, had no obligation to exercise such warrants. If the Cash Trigger Warrants were exercised based on the inability to pay any principal, interest or fees

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

due under the Second Amendment to the Amended and Restated Credit Facility, as amended, the Cash Trigger Warrants would have been exercisable for not less than $5,000,000 and not more than $5,000,000 plus the amount of the missed payment. If the Cash Trigger Warrants were exercised on the inability of the Company to maintain certain minimum cash balances under the terms of the Second Amendment to the Amended and Restated Credit Facility, as amended, the Cash Trigger Warrants would have been exercisable for not less than $5,000,000 and not more than $5,000,000 plus any shortfall in the Company's minimum cash balance requirement.

The Company applied EITF 00-27, "Application of Issue No. 98-5 to Certain Convertible Instruments", and EITF 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services", and concluded that neither a commitment date, or a measurement date, had occurred when the Financing was closed as of December 31, 2002 in relation to the Change in Control Warrant and the Cash Trigger Warrants. As a result, the Change in Control Warrant and the Cash Trigger Warrants were treated as unissued for accounting purposes.

During 2003 and 2004, the Company issued four PIK Notes to STT Communications totaling $8,466,000. The terms of the PIK Notes were identical to the terms of the Convertible Secured Note issued on December 31, 2002. The PIK Notes were due December 2007. The Company had considered the guidance of EITF Abstract No. 00-27, "Application of Issue No. 98-5 to Certain Convertible Instruments," and had determined that the PIK Notes did 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 December 31, 2004, the Company had a total of $38,466,000 of principal outstanding for the STT Convertible Secured Notes, which were presented net of remaining discount as $35,824,000 on the accompanying balance sheet as of December 31, 2004 and were convertible into 4,191,193 shares of the Company's preferred and common stock as of December 31, 2004. The costs related to the Financing were capitalized and were being amortized to interest expense using the effective interest method, over the life of the Convertible Secured Note. Debt issuance costs, net of amortization, were $336,000 as of December 31, 2004.

During the quarter ended March 31, 2005, the Company converted an aggregate of $38,035,000 of the 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 remained outstanding (the "Remaining STT Convertible Secured Notes") and continued to be governed by the terms of the Financing. On February 1, 2005, STT Communications elected to convert the Series A-1 preferred stock issued in connection with the 95% STT Convertible Secured Notes Conversion 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." 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.

In November 2005, STT Communications elected to convert the Remaining STT Convertible Secured Notes and associated interest into 240,578 shares of the Company's Series A-1 preferred stock (the "Remaining STT Convertible Secured Notes Conversion"). The converted amount represented the Remaining STT Convertible

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Secured Notes Conversion plus interest due through November 7, 2005. On November 7, 2005, STT Communications elected to convert its Series A-1 preferred stock issued in connection with the Remaining STT Convertible Secured Notes Conversion into 240,578 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 Remaining STT Convertible Secured Notes Conversion, the outstanding Remaining STT Convertible Secured Notes, plus interest through November 7, 2005 and unamortized discount and debt issuance costs, was converted into stockholders' equity in accordance with APB Opinion No. 26, "Early Extinguishment of Debt." As a result of the Remaining STT Convertible Secured Notes Conversion, a total of $2,105,000 was credited to stockholders' equity during the fourth quarter of 2005, which was comprised of $2,202,000 of Remaining STT Convertible Secured Notes principal, including PIK Notes issued on May 1, 2005 and November 1, 2005, and $6,000 of interest through the conversion date, offset by $91,000 and $12,000 of unamortized debt discount and issuance costs, respectively.

The Crosslink Financing

In April 2003, the Company and certain of its subsidiaries, along with STT Communications and its affiliate, entered into a Securities Purchase and Admission Agreement with various entities affiliated with Crosslink Capital ("Crosslink") for a $10,000,000 investment in the Company by Crosslink in the form of convertible secured notes (the "Crosslink Convertible Secured Notes"), convertible into shares of the Company's common stock, with detachable warrants for the further issuance of 500,000 shares of common stock (the "Crosslink Convertible Secured Note Warrants") (collectively, the "Crosslink Financing"). This transaction closed in June 2003 and the Crosslink Convertible Secured Note Warrants were also fully exercised in June 2003. The Crosslink Convertible Secured Notes bore non-cash interest at a rate of 10% per annum, commencing on the second anniversary of the closing of the Crosslink Financing, payable semi-annually in arrears on May 1 and November 1, and had an initial term through November 2007. Interest on the Crosslink Convertible Secured Notes were payable in kind in the form of additional convertible secured notes having a principal amount equal to the amount of interest then due having terms which are similar to the terms of the Crosslink Convertible Secured Notes (the "Crosslink PIK Notes").

The Crosslink Convertible Secured Notes were convertible into shares of the Company's common stock at a price of $4.00 per underlying share at any time at the option of the holders. The Crosslink PIK Notes were to be convertible into shares of the Company's common stock at a price of $4.84 per underlying share at any time at the option of the holders. Such conversion prices were to have been adjusted to mitigate or prevent dilution, if dividends were declared on the Company's common stock or the Company issued, or contracted to issue, shares of the Company's common stock at a price per share below $4.84 per share.

The Crosslink Convertible Secured Note Warrants were valued at $2,796,000, which was recorded as a discount to the debt principal. The fair value of the Crosslink Convertible Secured Note Warrants was calculated under the provisions of APB Opinion No. 14 and determined using the Black-Scholes option-pricing model under the following assumptions: contractual life of five years, risk-free interest rate of 4%, expected volatility of 135% and no expected dividend yield. The Company had considered the guidance of EITF Abstract No. 00-27, "Application of Issue No. 98-5 to Certain Convertible Instruments," and had determined that the Crosslink Convertible Secured Notes did contain a beneficial conversion feature. The beneficial conversion feature was valued at $7,204,000 (the "Crosslink Beneficial Conversion Feature"), and was also reflected as a discount to the debt principal. The combined values of both the Crosslink Convertible Secured Note Warrants and the Crosslink Beneficial Conversion Feature, totaling $10,000,000, was being amortized using the effective interest rate method to interest expense over the term of the Crosslink Convertible Secured Notes.

The Crosslink Convertible Secured Notes shared with the Company's Convertible Secured Note issued on December 31, 2002, in connection with the Financing, a second priority security interest in all of the collateral

securing the Company's obligations under the Second Amendment to the Amended and Restated Credit Facility. Such second priority security interest was lifted in connection with the Crosslink Conversion (see below).

The Convertible Secured Note and PIK Notes issued in connection with the Financing, the Crosslink Convertible Secured Notes and the Crosslink PIK Notes were collectively referred to herein as the "Convertible Secured Notes."

In March 2004, holders of the Company's Convertible Secured Notes issued in connection with the Crosslink Financing, converted the $10,000,000 of principal into 2,500,000 shares of the Company's common stock. The Company refers to this transaction as the "Crosslink Conversion." As a result of the Crosslink Conversion and the fact that the Crosslink Financing had the Crosslink Beneficial Conversion Feature, the Company recognized a loss on debt conversion on this transaction of $7,610,000, representing the write-off of unamortized debt discount, in accordance with EITF Issue 00-27 "Application of Issue No. 98-5 to Certain Convertible Instruments." Refer to Loss on Debt Extinguishment and Conversion (see Note 10).

9. Convertible Subordinated Debentures

In February 2004, the Company issued $86,250,000 principal amount of 2.5% Convertible Subordinated Debentures due February 15, 2024 (the "Convertible Subordinated Debentures"). Interest is payable semi-annually, in arrears, on February 15 and August 15 of each year.

The Convertible Subordinated Debentures are governed by the Indenture dated February 11, 2004, between the Company, as issuer, and U.S. Bank National Association, as trustee (the "Indenture"). The Indenture does not contain any financial covenants or any restrictions on the payment of dividends, the incurrence of senior debt or other indebtedness, or the issuance or repurchase of securities by the Company. The Convertible Subordinated Debentures are unsecured and rank junior in right of payment to the Company's existing or future senior debt.

The Convertible Subordinated Debentures are convertible into shares of the Company's common stock. Each $1,000 principal amount of Convertible Subordinated Debentures are convertible into 25.3165 shares of the Company's common stock. This represents an initial conversion price of approximately $39.50 per share of common stock. As of December 31, 2005, the Convertible Subordinated Debentures were convertible into 2,183,548 shares of the Company's common stock. Holders of the Convertible Subordinated Debentures may convert their individual debentures into shares of the Company's common stock only under any of the following circumstances:

- during any calendar quarter after the quarter ending June 30, 2004 (and only during such calendar quarter) if the sale price of the Company's common stock, for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the previous calendar quarter, is greater than or equal to 120% of the conversion price per share of our common stock, or approximately $47.40 per share;
- subject to certain exceptions, during the five business-day period after any five consecutive trading-day period in which the trading price per Convertible Subordinated Debenture for each day of that period was less than 98% of the product of the sale price of the Company's common stock and the conversion rate on each such day;
- if the Convertible Subordinated Debentures have been called for redemption; or
- upon the occurrence of certain specified corporate transactions described in the Indenture, such as a consolidation, merger or binding share exchange in which the Company's common stock would be converted into cash or property other than securities.

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The conversion rates may be adjusted upon the occurrence of certain events including for any cash dividend, but they will not be adjusted for accrued and unpaid interest. Holders of the Convertible Subordinated Debentures will not receive any cash payment representing accrued and unpaid interest upon conversion of a debenture. Instead, interest will be deemed cancelled, extinguished and forfeited upon conversion. Convertible Subordinated Debentures called for redemption may be surrendered for conversion prior to the close of business on the business day immediately preceding the redemption date.

The Company may redeem all or a portion of the Convertible Subordinated Debentures at any time after February 15, 2009 at a redemption price equal to 100% of the principal amount of the Convertible Subordinated Debentures, plus accrued and unpaid interest, if any, to but excluding the date of redemption.

Holders of the Convertible Subordinated Debentures have the right to require us to purchase all or a portion of the Convertible Subordinated Debentures on February 15, 2009, February 15, 2014 and February 15, 2019, each of which is referred to as a purchase date. In addition, upon a fundamental change of the Company, as defined in the Indenture, each holder of the Convertible Subordinated Debentures may require us to repurchase some or all of the Convertible Subordinated Debentures at a purchase price equal to 100% of the principal amount plus accrued and unpaid interest.

The Company has considered the guidance in EITF Abstract No. 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios", and has determined that the Convertible Subordinated Debentures do 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 initial conversion price outlined in the agreement. The Convertible Subordinated Debentures contained two embedded derivatives, a bond parity clause and a contingent interest provision, which no longer exists as a result of the filing of a registration statement, which was declared effective by the SEC in July 2004. The remaining embedded derivative, the bond parity clause, had a zero fair value as of December 31, 2005 and 2004. The Company will be remeasuring the remaining embedded derivative each reporting period, as applicable. Changes in fair value will be reported in the statement of operations.

The costs related to the Convertible Subordinated Debentures were capitalized and are being amortized to interest expense using the effective interest method, through February 15, 2009, the first date that the holders of the Convertible Subordinated Debentures can force redemption to the Company. Debt issuance costs related to the Convertible Subordinated Debentures, net of amortization, were $2,011,000 and $2,651,000 as of December 31, 2005 and 2004, respectively.

10. Loss on Debt Extinguishment and Conversion

As a result of the extinguishment of debt associated with the Credit Facility, Heller Loan Amendment, VLL Loan Amendment and the Senior Notes, as well as the Crosslink Conversion, the Company recognized a total loss on debt extinguishment and conversion totaling $16,211,000 for the year ended December 31, 2004, as summarized below (in thousands):

	Credit facility	Heller loan amendment	VLL loan amendment	Senior notes	Crosslink conversion	Total
Write-off of debt issuance costs and discounts	$(4,282)	$ (87)	$ (74)	$(1,653)	$ (7,610)	$(13,706)
Senior note cash premium	—	—	—	(1,981)	—	(1,981)
Other transaction costs	(123)	(180)	(96)	(125)	—	(524)
	$(4,405)	$ (267)	$ (170)	$(3,759)	$ (7,610)	$(16,211)

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11. Silicon Valley Bank Credit Line and Amendment

In December 2004, the Company entered into a $25,000,000 line of credit arrangement with Silicon Valley Bank that originally would have matured in December 2006 (the "Silicon Valley Bank Credit Line"). This facility was a $25,000,000 revolving line of credit which, at the Company's election, up to $10,000,000 could have been converted into a 24-month term loan, repayable in eight quarterly installments. Borrowings under the Silicon Valley Bank Credit Line bore interest at floating interest rates plus applicable margins over the LIBOR rate or the greater of the bank's prime rate or 4.0%. If the Company elected to convert any revolving borrowings into a 24-month term loan, the applicable margin upon conversion to a term loan would have increased by 0.25% per annum.

The Silicon Valley Bank Credit Line also featured sublimits, which enabled the Company to issue letters of credit (the "Letters of Credit Sublimit"), 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 during the period that such sublimits remain utilized and outstanding. As of December 31, 2004 the Company had utilized $3,172,000 under the Letters of Credit Sublimit with the issuance of three letters of credit and, as a result, reduced the amount of borrowings available to the Company from $25,000,000 to $21,828,000. As of December 31, 2004, there has been no other utilization among the other sublimits.

The Silicon Valley Bank Credit Line was collateralized by the Company's domestic assets except that such security interest did not include real and intellectual property. The Silicon Valley Bank Credit Line had several covenants, including financial covenants that were subject to a quarterly test and which required the Company to maintain a minimum cash balance, a 6-month cumulative revenue target and a minimum operating cash flow target. The Silicon Valley Bank Credit Line was furthermore subject to a tiered financial covenant test, Covenant Levels 1 and 2, which were also reflected in the applicable borrowing margins that were available to the Company. As of December 31, 2004, the Company was still subject to Covenant Level 1. In January 2005, the Company converted 95% of the outstanding STT Convertible Secured Notes and accrued and unpaid interest, into 4,144,216 shares of the Company's preferred stock (see Note 8). As a result of this conversion, the Company became subject to Covenant Level 2 and the applicable borrowing margin was reduced by 0.25% per annum. In addition, two of the financial covenants were adjusted during Covenant Level 2 such that the minimum cash balance was increased and the minimum operating cash flow target was removed.

The costs incurred related to the Silicon Valley Bank Credit Line were capitalized and were being amortized to interest expense using the effective interest method over the life of the Silicon Valley Bank Credit Line. These debt issuance costs, net of amortization, were $177,000 as of December 31, 2004.

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. In October 2005, the Company elected to borrow $30,000,000 from the Silicon Valley Bank Credit Line Amendment at a one-month LIBOR interest rate, inclusive of the applicable margin, of 5.72% per annum (the "$30,000,000 Drawdown"), which was used to fund a portion of the Ashburn Campus Property Acquisition (see Note 2). Upon the one-month maturity date of the $30,000,000 Drawdown, the Company had the opportunity 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. The Company elected to continue rolling this drawdown forward

in monthly increments at the then applicable one-month LIBOR interest rates, inclusive of the applicable margin, until such time as the Company decided to repay the $30,000,000 Drawdown in full in January 2006 at which point the effective interest rate had risen to 6.12% (see Note 18). As of December 31, 2005, the Silicon Valley Bank Credit Line Amendment had an interest rate of 6.12% 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 December 31, 2005, the Company had utilized $6,680,000 under the letters of credit sublimit with the issuance of five letters of credit and, as a result, further reduced the amount of borrowings available to the Company from $50,000,000 to $13,320,000. 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 December 31, 2005. In addition, the Company's ability to pay cash dividends is limited under the Silicon Valley Bank Credit Line Amendment, such that, without the prior written consent of Silicon Valley Bank, the aggregate amount of any cash dividends may not exceed 25% of the Company's assets.

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 accordance 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 $409,000 as of December 31, 2005.

12. Stockholders' Equity

In December 2002, the Company amended and restated its Certificate of Incorporation to change the authorized share capital to 300,000,000 shares of common stock and 100,000,000 shares of preferred stock, of which 25,000,000 has been designated Series A, 25,000,000 has been designated as Series A-1 and 50,000,000 is undesignated.

Preferred Stock

On December 31, 2002, as a result of the i-STT Acquisition, the Company issued 1,868,667 shares of Series A preferred stock to STT Communications. As of December 31, 2004, this preferred stock had a total liquidation value of $18,298,000. In November 2005, STT Communications elected to convert these shares into 1,868,667 shares of the Company's common stock.

The rights, preferences and privileges of the Series A and Series A-1 preferred stock were as follows:

Voting Rights. Holders of Series A preferred stock were entitled to one vote for each share of common stock into which such preferred stock could then be converted. Except as otherwise provided by the Delaware General Corporation Law, Series A-1 preferred stock shall have no voting rights. Until the earlier of either December 31, 2004 or the date on which less than 100 shares of the Company's Series A preferred stock remained outstanding, the holders of shares of Series A preferred stock were entitled to elect a number of directors at any election of directors, as follows:

- three directors for so long as the holders of Series A preferred stock collectively beneficially owned at least 30% of the Company's outstanding voting stock;

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- two directors for so long as the holders of Series A preferred stock collectively beneficially owned at least 15% of the Company's outstanding voting stock;
- one director for so long as the holders of Series A preferred stock collectively beneficially owned at least 100 shares of the Company's outstanding voting stock; and
- no directors at such time as the holders of Series A preferred stock collectively beneficially owned less than 100 of the Company's outstanding voting stock.

Effective December 31, 2004, these voting rights expired.

Dividend Rights. Holders of Series A preferred stock and Series A-1 preferred stock were entitled to receive an amount equal to any dividend paid on the Company's common stock as may be declared from time to time by the Company's board of directors.

Liquidation Rights. In the event of the Company's liquidation, dissolution or winding up, the Company's assets available for distribution to stockholders were to be distributed to holders of common stock, Series A preferred stock and Series A-1 preferred stock on a pro rata basis, based on the number of shares of common stock held by each assuming full conversion of Series A preferred stock and Series A-1 preferred stock, until holders of Series A preferred stock and Series A-1 preferred stock had received $9.792 per share of Series A preferred stock and Series A-1 preferred stock, plus the amount of any declared but unpaid dividends for each share of Series A preferred stock and Series A-1 preferred stock. Thereafter, any remaining available assets for distribution to stockholders were to be distributed among the holders of the Company's common stock pro rata based on the number of shares of common stock held by each.

Redemption Rights. Beginning after December 31, 2009, the Company was allowed any time it may lawfully do so, at the option of the Company's board of directors, redeem some or all of the Series A preferred stock or Series A-1 preferred stock, on a pro rata basis, at a price in cash per share equal to the number of shares of the Company's common stock into which such share may then be converted multiplied by the average closing sale price of the Company's common stock on The Nasdaq National Market (or any trading system on which the Company's common stock may then trade) over the 30 consecutive trading day period ending five trading days prior to the date of redemption. There were no sinking fund provisions applicable to the Company's Series A preferred stock or Series A-1 preferred stock.

Conversion and Other Rights. The Company's Series A preferred stock was convertible at any time into shares of common stock on a one-for-one basis. The Company's Series A-1 preferred stock was convertible into Series A preferred stock or shares of common stock on a one-for-one basis as long as the conversion of the Series A-1 preferred stock would not cause STT Communications to hold more than 40% of outstanding voting stock; however, this restriction was lifted subsequent to December 31, 2004. Notwithstanding this limitation, and except for limitations imposed by the HSR Antitrust Improvements Act of 1976, as amended (the "HSR Act"), the Company's Series A-1 preferred stock was convertible into Series A preferred stock or common stock in the following circumstances:

- STT Communications made a fully financed tender offer for all of the Company's outstanding stock and at least 50% of the outstanding shares not held by STT Communications were tendered;
- the Company commenced bankruptcy or reorganization proceedings;
- a third party obtained a 15% interest in the Company;
- the Company agreed to sell a 15% or greater interest in the Company to a third party;

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- the Company sold all or substantially all of its assets, or entered into an agreement to sell all or substantially all of its assets;
- a third party commenced a bona fide, fully financed tender offer;
- STT Communications' nominees were not elected to our board of directors despite STT Communications voting in favor of such nominees;
- the Company breached certain material agreements with STT Communications contained in the Financing or Combination agreements;
- STT Communications' interest in the Company fell below 10%; or
- the Cash Trigger Warrants were exercised (see Note 8).

In addition, the Company was able to force all but 100 shares of the Company's Series A preferred stock and all shares of Series A-1 preferred stock (subject to the conversion restrictions described above) to convert into shares of the Company's common stock after the Company reported four consecutive quarters of net income. However, as mentioned above, all of the Company's preferred stock was converted to common stock at the election of STT Communications in November 2005.

The Company's Series A and Series A-1 preferred stock had no preemptive or other subscription rights.

Common Stock

On November 21, 2003, the Company sold 5,524,780 shares of common stock at a purchase price of $20.00 per share, which resulted in net proceeds to the Company of $104,443,000. The Company refers to this transaction as the follow-on equity offering (the "Follow-on Equity Offering).

As of December 31, 2005, the Company has reserved the following shares of authorized but unissued shares of common stock for future issuance:

Conversion of convertible subordinated debentures	2,183,548
Common stock options	5,863,145
Common stock purchase plans	795,909
Common stock warrants	10,688
	8,853,290

Employee Stock Purchase Plans

In May 2000, the Company adopted the 2000 Employee Stock Purchase Plan (the "2000 Purchase Plan") under which 31,250 shares were reserved for issuance, and after January 1, 2005, no additional shares were added to the 2000 Purchase Plan. The last purchase under the 2000 Purchase Plan was in July 2005, at which time the 2000 Purchase Plan ceased and the unused reserved shares expired.

In June 2004, the Company's stockholders approved the adoption of the 2004 Employee Stock Purchase Plan and International Employee Stock Purchase Plan (the "2004 Purchase Plans", collectively with the 2000 Purchase Plan, the "Purchase Plans") as successor plans to the 2000 Purchase Plan. A total of 500,000 shares have been reserved for issuance under the 2004 Purchase Plans, and the number of shares available for issuance under the 2004 Purchase Plans automatically increases on January 1 each year beginning in 2005 by the lesser of

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2% of the shares of common stock then outstanding or 500,000 shares. The 2004 Purchase Plans permit eligible employees to purchase common stock on favorable terms via payroll deductions, up to 15% of the employee's cash compensation, subject to certain share and statutory dollar limits. Two overlapping offering periods commence during each calendar year, on each February 14 and August 14 or such other periods or dates as determined by the Compensation Committee from time to time, and the offering periods last up to 24 months with a purchase date every six months. The price of each share purchased is 85% of the lower of a) the fair market value per share of common stock on the last trading day before the commencement of the applicable offering period or b) the fair market value per share of common stock on the purchase date. The 2004 Purchase Plans are administered by the Compensation Committee of the Board of Directors, and such plans will terminate automatically in June 2014 unless a) the 2004 Purchase Plans are extended by the Board of Directors and b) the extension is approved within 12 months by the Company's stockholders.

For the year ended December 31, 2005, 218,158 shares were issued under the Purchase Plans at a weighted average purchase price of $15.62 per share. For the year ended December 31, 2004, 314,637 shares were issued under the 2000 Purchase Plan at a weighted average purchase price of $4.24 per share. For the year ended December 31, 2003, 191,307 shares were issued under the 2000 Purchase Plan at a weighted average purchase price of $2.98 per share.

Stock Option Plans

In May 2000, the Company's stockholders approved the adoption of the 2000 Equity Incentive Plan as the successor plan to the 1998 Stock Plan. In August 2000 the Company ceased to issue additional grants under the 1998 Stock Plan, and unexercised options under the predecessor 1998 Stock Plan that cancel due to an optionee's termination may be reissued under the successor 2000 Equity Incentive Plan. Under the 2000 Equity Incentive Plan, nonstatutory stock options, restricted shares, restricted stock units, and stock appreciation rights may be granted to employees, outside directors and consultants at not less than 85% of the fair market value on the date of grant, and incentive stock options may be granted, for a limited time, to employees at not less than 100% of the fair market value on the date of grant. Options granted prior to October 1, 2005 generally expire 10 years from the grant date, and options granted to employees and consultants on or after October 1, 2005 will generally expire seven years from the grant date, subject to continuous service of the optionee. As of December 31, 2005, the Company has reserved a total of 6,572,927 shares for issuance under the 2000 Equity Incentive Plan of which 659,964 were still available for grant, and the plan reserve may be increased on January 1 each year by the lesser of 6% of the common stock then outstanding or 6,000,000 shares. The 2000 Equity Incentive Plan is administered by the Compensation Committee of the Board of Directors, and the Board may terminate or amend the plan, with approval of the stockholders as may be required by applicable regulations, at any time.

In May 2000, the Company's stockholders approved the adoption of the 2000 Director Option Plan, which was amended and restated effective January 1, 2003. Under the 2000 Director Option Plan, each non-employee board member who was not previously an employee of the Company will receive an automatic initial nonstatutory stock option to purchase 7,000 shares (in addition to an option for 8,000 shares, or 13,000 if chairperson of the Audit Committee, granted from the 2000 Equity Incentive Plan), which vests in four annual installments. In addition, each non-employee board member will receive an annual nonstatutory stock option to purchase 2,500 shares (in addition to an option to purchase 2,500 shares granted from the 2000 Equity Incentive Plan) on the date of the Company's regular Annual Meeting of Stockholders, provided the board member will continue to serve as a director thereafter. Such annual option shall vest in full on the earlier of a) the first anniversary of the grant, or b) the date of the regular Annual Meeting of Stockholders held in the year following the grant date. A new director who receives an initial option will not receive an annual option in the same calendar year. Options granted under the 2000 Director Option Plan will have an option price not less than 100%

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of the fair market value on the date of grant and will have a 10-year contractual term, subject to continuous service of the board member. As of December 31, 2005, the Company has reserved 343,440 shares subject to options for issuance under the 2000 Director Option Plan of which 298,438 were still available for grant, and an additional 50,000 shares may be added to the reserve on January 1 each year. The 2000 Director Option Plan is administered by the Compensation Committee of the Board of Directors, and the Board may terminate or amend the plan, with approval of the stockholders as may be required by applicable regulations, at any time.

In September 2001, the Company adopted the 2001 Supplemental Stock Plan, under which nonstatutory stock options and restricted shares may be granted to consultants and employees who are not executive officers or board members, at not less than 85% of the fair market value on the date of grant. Options granted prior to October 1, 2005 generally expire 10 years from the grant date, and options granted on or after October 1, 2005 will generally expire seven years from the grant date, subject to continuous service of the optionee. As of December 31, 2005, the Company has reserved a total of 1,493,961 shares for issuance under the 2001 Supplemental Stock Plan, of which 461,766 were still available for grant. The 2001 Supplemental Stock Plan is administered by the Compensation Committee of the Board of Directors, and the plan will continue in effect indefinitely unless the Board decides to terminate it earlier.

The 1998 Stock Plan, 2000 Equity Incentive Plan, 2000 Director Option Plan and 2001 Supplemental Stock Plan are collectively referred to as the “Stock Option Plans.”

A summary of the Stock Option Plans is as follows:

	Shares available for grant	Number of shares outstanding	Weighted-average exercise price per share
Balances, December 31, 2002	4,752,838	725,821	$ 65.51
Additional shares authorized	556,921	—	—
Options granted	(3,275,295)	3,275,295	5.52
Options exercised	—	(383,198)	4.02
Options forfeited	209,980	(209,980)	20.08
Balances, December 31, 2003	2,244,444	3,407,938	17.56
Additional shares authorized	955,066	—	—
Options granted	(1,523,200)	1,523,200	29.78
Options exercised	—	(1,038,306)	5.74
Options forfeited	91,038	(91,038)	28.50
Balances, December 31, 2004	1,767,348	3,801,794	25.42
Additional shares authorized	1,189,968	—	—
Options & restricted shares granted	(1,701,875)	1,701,875	34.15
Options exercised	—	(895,965)	9.01
Options forfeited	164,727	(164,727)	40.77
Balances, December 31, 2005	1,420,168	4,442,977	31.55

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The following table summarizes information about outstanding equity awards as of December 31, 2005:

	Outstanding			Exercisable	
Range of exercise prices	Number of shares	Weighted-average remaining contractual life	Weighted-average exercise price	Number of shares	Weighted-average exercise price
$0.00	280,438(1)	—	$ 0.00	—	$ 0.00
$ 2.13 to $ 8.49	743,101	7.17	3.49	660,324	3.42
$ 8.64 to $ 17.70	418,549	7.40	16.63	322,541	16.39
$ 18.61 to $ 26.81	444,589	7.94	25.85	184,074	25.57
$ 26.90 to $ 30.02	812,651	7.81	29.78	390,474	29.73
$ 30.38 to $ 39.38	466,611	7.59	35.77	115,343	34.75
$ 39.55 to $ 42.87	396,782	9.26	41.59	49,864	41.88
$ 42.91 to $ 45.09	635,309	9.11	44.73	132,940	44.81
$ 45.12 to $ 64.00	31,405	5.37	55.44	31,209	55.46
$ 71.04 to $100.80	8,601	5.09	89.29	8,574	89.34
$101.00 to $384.00	204,941	4.58	150.24	204,941	150.24
	4,442,977	7.80	31.55	2,100,284	32.98

(1) Represents unissued and unvested shares subject to restricted stock grants.

The weighted-average remaining contractual life of options outstanding at December 31, 2005, 2004 and 2003 was 7.80 years, 8.37 years and 8.91 years, respectively. The weighted-average exercise price of options outstanding at December 31, 2005, 2004 and 2003 was $31.55, $25.42 and $17.56, respectively. The weighted-average exercise price of options exercisable at December 31, 2005, 2004 and 2003 was $32.98, $37.21 and $37.19, respectively.

Stock-Based Compensation

Employees

The Company used the intrinsic-value method prescribed in APB No. 25 in accounting for its stock-based compensation arrangements with employees through December 31, 2005. As a result, stock-based compensation expense was recognized for employee stock option grants in those instances in which (i) the fair value of the underlying common stock was greater than the exercise price of the stock option at the date of grant and (ii) employee stock option grants were modified subsequent to issuance, primarily in connection with termination of employment, as was the case with the Transition and Separation Agreement in November 2005, which resulted in $1,389,000 of stock-based compensation expense being recorded in the fourth quarter of 2005 (see “Employment Agreements” in Note 14). In addition, 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. For further information on stock-based compensation, refer to “Stock-Based Compensation” and “Recent Accounting Pronouncements” in Note 1.

In total, the Company recorded deferred stock-based compensation, net of forfeitures, related to employees of $12,545,000 and $695,000 for the years ended December 31, 2005 and 2004, respectively. A total of

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

$8,112,000, $1,459,000 and $2,818,000 has been amortized to stock-based compensation expense for the years ended December 31, 2005, 2004 and 2003, respectively, on an accelerated basis over the vesting period of the individual equity awards, in accordance with FASB Interpretation No. 28. As of December 31, 2005, there was a total of $4,692,000 of deferred stock-based compensation remaining to be amortized related to employee equity awards.

Non-Employees

The Company uses the fair value method to value options granted to non-employees. In connection with its grant of options to non-employees, the Company recorded deferred stock-based compensation of $402,000 and zero for the years ended December 31, 2005 and 2004, respectively. A total of $165,000, $8,000 and $87,000 has been amortized to stock-based compensation expense for the years ended December 31, 2005, 2004, and 2003, respectively. As of December 31, 2005, there was a total of $238,000 of deferred stock-based compensation remaining to be amortized related to non-employee equity awards.

There were four non-employee stock options grants during 2005. There were no non-employee stock options grants during 2004. There was one non-employee stock option grant during 2003. The Company's calculations for non-employee grants were made using the Black-Scholes option-pricing model with the following weighted average assumptions for the years ended December 31:

	2005	2004	2003
Dividend yield	0%	—	0%
Expected volatility	72%	—	110%
Risk-free interest rate	4.42%	—	4.62%
Contractual life (in years)	8.50	—	10.00

Warrants

In January 2000, the Company entered into an operating lease agreement for its new corporate headquarters facility in Mountain View, California. In connection with the lease agreement, the Company granted the lessor a warrant to purchase up to 1,034 shares of the Company's common stock at $192.00 per share (the "Headquarter Warrant"). The warrant expires 10 years from the date of grant. The warrant was valued at $186,000 using the Black-Scholes option pricing model and was recorded as additional rent expense during the Company's lease term at that location (the Company terminated this lease and moved its headquarters to Foster City in March 2003). The following assumptions were used in determining the fair value of the warrant: deemed fair value per share of $209.60, dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 6.0% and a contractual life of 10 years.

In addition, the Company has issued several warrants in connection with its capital lease and other financing obligations (see Note 5) and Senior Notes (see Note 6). No warrants were issued during 2005; however, the Convertible Secured Note Warrant (see Note 8) and the Hong Kong Lease Amendment Warrants (see Note 14) were exercised during 2005. In addition, VLL Loan Amendment Warrants covering 3,628 shares and Senior Note Warrants covering 8,230 shares were exercised during 2005.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Company has the following common stock warrants outstanding as of December 31, 2005:

	Underlying shares outstanding	Exercise price	Expiration date
Common stock warrants:			
Heller Warrant	1,172	$ 128.00	June 26, 2006
VLL Loan Amendment Warrants	94	0.32	October 11, 2007
Senior Note Warrants	8,388	0.21	December 1, 2007
Headquarter Warrant	1,034	192.00	January 28, 2010
	10,688		

13. Income Taxes

Income or loss before income taxes is attributable to the following geographic locations for the years ended December 31 (in thousands):

	2005	2004	2003
United States	$(40,781)	$(60,319)	$(68,807)
Foreign	(1,288)	(8,159)	(15,364)
Loss before income taxes	$(42,069)	$(68,478)	$(84,171)

The provision for income tax of $543,000 for the year ended December 31, 2005 was primarily attributable to the federal and state alternative minimum tax. The provision for income tax of $153,000 for the year ended December 31, 2004 was primarily recorded for the Company's foreign operations. No provision for federal income taxes was recorded from inception through December 31, 2003 as the Company incurred net operating losses ("NOL") during this period.

State tax expense not based on income is included in general and administrative expenses and the aggregated amount was immaterial for the years ended December 31, 2005, 2004 and 2003.

The fiscal 2005, 2004 and 2003 income tax expense differed from the amounts computed by applying the U.S. federal income tax rate of 35% to pre-tax income (loss) as a result of the following for the years ended December 31 (in thousands):

	2005	2004	2003
Federal tax at statutory rate	$(14,724)	$(23,967)	$(29,460)
State taxes	128	—	—
Domestic NOL not benefitted	14,605	15,475	21,798
Foreign NOL not benefitted	451	2,936	4,707
Meals and entertainment	73	58	28
Non-cash interest expense	322	5,579	2,666
Stock option deduction	(726)	—	—
Other	414	72	261
Total tax expense	$ 543	$ 153	$ —

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The types of temporary differences that give rise to significant portions of the Company's deferred tax assets and liabilities are set out below as of December 31 (in thousands):

	2005	2004
Deferred tax assets:		
Depreciation and amortization	$ 59,073	$ 42,663
Reserves	30,343	15,730
Charitable contributions	—	19
Deferred compensation	2,689	66
Capitalized start-up costs	—	195
Stock warrants	6,308	6,499
State tax	44	—
Net operating losses and credits	48,982	56,606
Gross deferred tax assets	147,439	121,778
Valuation allowance	(147,439)	(121,778)
Total deferred tax assets	$ —	$ —

The Company's accounting for deferred taxes under SFAS No. 109 involves the evaluation of a number of factors concerning the realizability of the Company's deferred tax assets in each tax jurisdiction. To support the Company's conclusion that a 100% valuation allowance was required, the Company primarily considered such factors as the Company's history of operating losses, the nature of the Company's deferred tax assets and the absence of taxable income in prior carryback years. Although the Company's operating plans assume taxable and operating income in future periods within the next several years, the Company's evaluation of all the available evidence in assessing the realizability of the deferred tax assets indicates that such plans are not considered sufficient to overcome the available negative evidence. Approximately $735,000 of the valuation allowance for deferred tax assets is attributable to employee stock option deductions, the benefit from which will be allocated to additional paid-in capital rather than current income when subsequently recognized. In addition, approximately $6,400,000 of the valuation allowance for deferred tax assets relates to the i-STT Acquisition in Singapore, the benefit from which will be allocated to goodwill associated with the i-STT Acquisition rather than current tax expense when subsequently recognized.

The valuation allowance increased by $25,661,000, $54,503,000 and $34,099,000 in fiscal 2005, 2004 and 2003, respectively. The change of valuation allowance in fiscal 2005 was primarily attributable to the increase in the temporary differences related to fixed assets and accruals. The changes of valuation allowance in fiscal 2004 and 2003 were primarily due to the increase in net operation loss generated in the years.

Federal and State tax laws, including California tax laws, impose substantial restrictions on the utilization of net operating loss and credit carryforwards in the event of an "ownership change" for tax purposes, as defined in Section 382 of the Internal Revenue Code. In 2003, the Company conducted an analysis to determine whether an ownership change had occurred due to the significant stock transactions in each of the reporting years disclosed. The analysis indicated that an ownership change occurred during the fiscal year 2002, which resulted in an annual limitation of approximately $819,000, for the net operating loss carryforwards generated prior to 2003 and therefore, the Company has substantially reduced its federal and state net operating loss carryforwards for the period prior to 2003 to approximately $16,400,000. Additionally, Section 382 of the Internal Revenue Code limits the Company's ability to utilize the tax deductions associated with its depreciable assets as of the end of the 2002 tax year to offset the taxable income in future years, due to the existence of a Net Unrealized Built-In Loss ("NUBIL") at the time of the change in control. Such a limitation will be effective for a five-year period

subsequent to the change in control through 2007. The Company has also updated the analysis for the fiscal year 2005 and concluded there was no ownership change under Section 382 of the Internal Revenue Code in the year.

The Company expects to pay a limited amount of tax for fiscal year 2006. The tax costs will be primarily limited to alternative minimum taxes as the Company anticipates utilizing its net operating loss carryforwards from post-2002 tax years and expects to have significant tax deductions attributable to stock options exercised in the year.

The Company has net operating loss carryforwards of approximately $65,000,000 and $50,000,000 available to reduce future taxable income for federal and state income tax purposes, respectively, as of December 31, 2005. The federal net operating loss carryforwards will begin to expire, if not utilized, in the year 2019. The state net operating loss carryforwards will begin to expire, if not utilized, in the year 2006. In addition, the Company's foreign operations had approximately $88,400,000 of net operating loss and unclaimed capital allowance carryforwards available to reduce future taxable income for local income tax purposes. Approximately $21,400,000 of the foreign operating loss carryforwards will begin to expire, if not utilized, in the year 2006, while the rest of the foreign operating loss carryforwards can be carried forward indefinitely.

14. Commitments and Contingencies

Operating Lease Terminations and Amendments

In October 2003, a wholly-owned subsidiary of the Company entered into an asset sale agreement with an affiliated company of STT Communications (the "Buyer"), which is also a current customer of Equinix, in which (a) the Company exited from its IBX center lease in Singapore (the "Pihana Singapore IBX Hub") that the Company acquired in the Pihana Acqusition effective September 30, 2003, (b) the Buyer has entered into a new lease agreement directly with the landlord for the Pihana Singapore IBX Hub, (c) the Company sold the related assets located in and transferred certain agreements related to the operations of the Pihana Singapore IBX Center to the Buyer for one Singapore dollar (pursuant to the Pihana Acqusition, these assets had no value ascribed to them as the Pihana Singapore IBX Center was operating at a loss and generating negative cash flow), (d) the Company contemporaneously entered into a separate colocation agreement for a smaller portion of space in the Pihana Singapore IBX Center for 60 months in which the Company will be the customer of the Buyer at current fair value rates at the time (approximately $4,000 per month for approximately 1,980 square feet) and (e) the Buyer has agreed to procure additional IBX center services in the Company's other Singapore IBX center that it acquired in the i-STT Acquisition at current fair value rates at the time (approximately $600 per month) (the "Singapore Asset Sale Agreement"). As a result of the Singapore Asset Sale Agreement, the Company surrendered several deposits related to the Pihana Singapore IBX Hub; however, this loss was offset by the write-off of the associated deferred rent and asset retirement obligation liabilities associated with the Pihana Singapore IBX Center resulting in a nominal loss on asset sale of $18,000. As a result of this transaction, the Company has only one primary IBX center in Singapore (the one acquired in the i-STT Acquisition) rather than two. The Company accounted for the Singapore Asset Sale Agreement consistent with the accounting provisions of SFAS No. 57, "Related Party Disclosures", EITF 00-21, "Revenue Arrangements with Multiple Deliverables", and APB No. 29, "Accounting for Non-Monetary Transactions."

In May 2004, a wholly-owned subsidiary of the Company amended its lease for its Hong Kong IBX center (the "Amendment to the Hong Kong IBX Lease"). Pursuant to the terms of the Amendment to the Hong Kong IBX Lease, the Company amended the term of the lease and the monthly rent payments due under the lease. In addition, the Company issued a guarantee to the landlord that the Company's wholly-owned Hong Kong subsidiary will comply with all terms of the amended lease for the remainder of the lease term. The remaining monthly lease payments covered under this guarantee through October 2013 total $6,488,000 as of December 31, 2005. In exchange for entering into the Amendment to the Hong Kong IBX Lease, the Company issued warrants to the

landlord to purchase 100,000 shares of the Company's common stock at an exercise price of $15.00 per share, which were immediately exercisable (the "Hong Kong Lease Amendment Warrants") and which were exercised for cash during 2005. The Hong Kong Warrants were valued at $2,477,000 using the Black-Scholes option-pricing model, which are being amortized to rent expense over the remaining term of the lease. The following assumptions were used in determining the fair value of the Hong Kong Warrants: fair market value per share of $28.13, dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 2.80% and a contractual life of seven years. The value of these warrants is included in other assets on the accompanying balance sheet as of December 31, 2005 and 2004. For the year ended December 31, 2005 and 2004, the Company recorded $259,000 and $194,000, respectively, of non-cash rent expense associated with the Hong Kong Lease Amendment Warrants.

In June 2004, a wholly-owned subsidiary of the Company amended its lease for its Tokyo IBX center (the "Amendment to the Tokyo IBX Lease"). Pursuant to the terms of the Amendment to the Tokyo IBX Lease, which is governed by Japanese law, the Company amended the monthly rent payments due under the lease for the remainder of the lease term commencing April 2004, resulting in a monthly reduction of 3,500,000 Japanese yen (approximately $30,000 as translated using effective exchange rates at December 31, 2005).

In October 2005, the Company announced that it had entered into an agreement for the early termination of its approximate 40 acre ground lease of real property in San Jose, California (the "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 recorded a significant restructuring charge in the fourth quarter of 2005 (see Note 17). Pursuant to the terms of the San Jose Ground Lease Termination, the revised lease termination date is December 31, 2007; however, the landlord has the right to terminate the San Jose Ground Lease prior to December 31, 2007 upon providing the Company at least ten days prior written notice. Regardless of the actual termination date for the San Jose Ground Lease, the Company is obligated to pay $40,000,000 over the next four years, commencing January 1, 2006, in equal quarterly installments. The Company does not currently use the San Jose Ground Lease property for any purpose.

Operating Lease Commitments

The Company currently leases the majority of its IBX centers and certain equipment under noncancelable operating lease agreements. The majority of the Company's operating leases for its IBX centers expire at various dates expiring from 2010 through 2020 with renewal options available to the Company. 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.

Minimum future operating lease payments as of December 31, 2005 are summarized as follows (in thousands):

Year ending:	
2006	$ 26,497
2007	25,735
2008	24,592
2009	24,636
2010	24,009
2011 and thereafter	111,424
Total	$ 236,893

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Total rent expense was approximately $29,425,000, $30,837,000 and $28,646,000 for the years ended December 31, 2005, 2004 and 2003, respectively. Deferred rent, primarily included in deferred rent and other liabilities on the accompanying balance sheets, was $18,792,000 and $22,915,000 as of December 31, 2005 and 2004, respectively.

In October 2005 and December 2004, the Company recorded restructuring charges related to three excess operating leaseholds that the Company intends to exit from (see Note 17). As a result, as of December 31, 2005, the Company had a restructuring accrual related to these excess operating leases totaling $49,831,000 on the accompanying balance sheet. As a result of already presenting the liability associated with these operating leases on the Company's balance sheet, the future lease costs associated with these three leases for excess space are not presented in the operating lease totals presented above.

Other Purchase Commitments

Primarily as a result of the Company's recent Sunnyvale IBX Acquisition, Chicago IBX Acquisition and Los Angeles IBX Acquisition (see Note 2), as of December 31, 2005, the Company was contractually committed for $20,274,000 of unaccrued capital expenditures, primarily for IBX equipment not yet delivered and labor not yet provided, in connection with the work necessary to bring these acquired IBX centers to Equinix standards prior to making them available to customers for installation, including the Required Capital Expenditure Spending for the New Los Angeles IBX. Furthermore and pursuant to the terms of the Mortgage Payable (see Note 5), the Company has agreed to invest at least $40,000,000 in capital improvements to the Ashburn Campus by December 31, 2007, which the Company expects to spend fully during 2006 as a result of the Washington, D.C. Metro Area IBX Expansion Project (see Note 18). Lastly, the Company has numerous other, smaller future purchase commitments in place as of December 31, 2005, such as commitments to purchase power in select locations, primarily in the U.S. and Singapore, through 2006 and 2007 and other open purchase orders which contractually bind the Company for good or services to be delivered or provided in 2006. Such other miscellaneous purchase commitments total $7,057,000 as of December 31, 2005.

Letter of Credit Commitments

In connection with five of our IBX operating leases, the Company has entered into five 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 Silicon Valley Bank Credit Line Amendment (see Note 11). The letters of credit total $6,680,000, are collateralized by the Silicon Valley Bank Credit Line and automatically renew in successive one-year periods until the final lease expiration dates. If the landlords for any of these IBX operating leases decide to draw down on these letters of credit, the Company will be required to fund these letters of credit.

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

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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.

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, and the Company can estimate its potential exposure to be less than approximately $3.4 million, it is not probable. As a result, the Company has not accrued for any settlements in connection with this litigation as of December 31, 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, 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 December 31, 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.

Employment Agreements

In January 2001, the Company had agreed to indemnify an officer of the Company for any claims brought by his former employer under an employment and non-compete agreement the officer had with this employer. As of December 31, 2005, no claims had been made by the former employer.

Through September 2003, the Company had entered into severance agreements with certain of its executive officers. Under the terms of the agreements, the officers are entitled to one year's salary, bonus and certain healthcare benefits in the event of an involuntary termination for reasons other than cause. In the fourth quarter of 2005, the Company had accrued $318,000 in connection with one of the these severance agreements for an executive officer whose employment with the Company ended in early 2006 as agreed upon during the fourth quarter of 2005.

In November 2005, the Company entered into a transition and separation agreement with one of the Company's executive officers in which the agreed-upon separation date with the Company would be in March 2006 (the "Transition and Separation Agreement"). Pursuant to the terms of the Transition and Separation Agreement, the Company accrued $668,000 of severance-related costs during 2005. In addition, the Company modified all outstanding stock option grants for this executive officer and, as a result, the Company recorded $1,389,000 of stock-based compensation expense during the fourth quarter of 2005 in connection with these modifications.

Employee Benefit Plan

The Company has a 401(k) Plan that allows eligible employees to contribute a portion of their compensation, limited to $14,000 in 2005. Employee contributions and earnings thereon vest immediately. Although the Company may make discretionary contributions to the 401(k) Plan, no contributions have ever been

made as of December 31, 2005. However, commencing in 2006, the Company has elected to begin making contributions on behalf of its employees, which will be limited to 50 percent of the employees' first 6% of salary deferred into their 401(k) account and will be subject to vesting based on the individual employee's start date.

Guarantor Arrangements

As permitted under Delaware law, the Company has agreements whereby the Company indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Company's request in such capacity. The term of the indemnification period is for the officer's or director's lifetime. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a director and officer insurance policy that limits the Company's exposure and enables the Company to recover a portion of any future amounts paid. As a result of the Company's insurance policy coverage, the Company believes the estimated fair value of these indemnification agreements is minimal. The Company has no significant liabilities recorded for these agreements as of December 31, 2005.

The Company enters into standard indemnification agreements in the ordinary course of business. Pursuant to these agreements, the Company indemnifies, holds harmless, and agrees to reimburse the indemnified party for losses suffered or incurred by the indemnified party, generally the Company's business partners or customers, in connection with any U.S. patent, or any copyright or other intellectual property infringement claim by any third party with respect to the Company's services. The term of these indemnification agreements is generally perpetual any time after execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the estimated fair value of these agreements is minimal. The Company has no significant liabilities recorded for these agreements as of December 31, 2005.

The Company enters into arrangements with its business partners, whereby the business partner agrees to provide services as a subcontractor for the Company's implementations. The Company may, at its discretion and in the ordinary course of business, subcontract the performance of any of its services. Accordingly, the Company enters into standard indemnification agreements with its customers, whereby the Company indemnifies them for other acts, such as personal property damage, of its subcontractors. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has general and umbrella insurance policies that enable the Company to recover a portion of any amounts paid. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the estimated fair value of these agreements is minimal. The Company has no significant liabilities recorded for these agreements as of December 31, 2005.

The Company has service level commitment obligations to certain of its customers. As a result, service interruptions or significant equipment damage in the Company's IBX centers, whether or not within our control, could result in service level commitments to these customers. The Company's liability insurance may not be adequate to cover those expenses. In addition, any loss of services, equipment damage or inability to meet the Company's service level commitment obligations, particularly in the early stage of the Company's development, could reduce the confidence of the Company's customers and could consequently impair the Company's ability to obtain and retain customers, which would adversely affect both the Company's ability to generate revenues and the Company's operating results. Historically, these service level credits have not been significant; however, during the year ended December 31, 2005, the Company recorded a total of $457,000 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. The Company generally has the ability to determine such service level credits prior to the associated revenue being recognized. The Company has no significant liabilities in connection with service level credits as of December 31, 2005.

Under the terms of the Combination Agreement, the Company is contractually obligated to use commercially reasonable efforts to ensure that at all times from and after the closing of the Combination, until such time as neither STT Communications nor its affiliates hold the Company's capital stock or debt securities (or the capital stock received upon conversion of the debt securities) received by STT Communications in connection with the Combination, that none of the Company's capital stock issued to STT Communications is constituted as "United States real property interests" within the meaning of Section 897(c) of the Internal Revenue Code of 1986. Under Section 897(c) of the Code, the Company's 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 the Company equals or exceeds 50% of the sum of the aggregate fair market values of (a) the Company's "United States real property interests," (b) the Company's interests in real property located outside the U.S., and (c) any other assets held by the Company which are used or held for use in the Company's trade or business. The Company refers to this provision in the Combination Agreement as the FIRPTA covenant. Pursuant to the FIRPTA covenant, the Company may be forced to take commercially reasonable proactive steps to ensure the Company's compliance with the FIRPTA covenant, including, but not limited to, (a) a sale-leaseback transaction with respect to all 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 the Company's outstanding stock (this reorganization would require the submission of that transaction to the Company's stockholders for their approval and the consummation of that exchange). The Company has entered into an agreement with STT Communications and its affiliate pursuant to which, the Company will no longer be bound by the FIRPTA covenant as of September 30, 2009. Currently, the Company is in compliance with the FIRPTA covenant. The Company has no liabilities recorded related to non-compliance with the FIRPTA covenant as of December 31, 2005.

When as part of an acquisition the Company acquires all of the stock or all of the assets and liabilities of a company, the Company assumes the liability for certain events or occurrences that took place prior to the date of acquisition. The maximum potential amount of future payments the Company could be required to make for such obligations is undeterminable at this time. The Company has no significant liabilities recorded for any such liabilities as of December 31, 2005; however, refer to "Estimated and Contingent Liabilities" above.

The majority of our operating leases are signed by wholly-owned subsidiaries of the Company. In certain of these cases, particularly for the leases of our IBX properties, the landlord has asked the Company to issue a guarantee to the landlord that these wholly-owned subsidiaries of the Company will comply with all terms of the lease for the remainder of the lease term. The vast majority of such leases are accounted for as an operating lease and, as a result, future operating lease payments are not recorded on our balance sheet. For a summary of these future operating lease commitments, refer to "Operating Lease Commitments" above. The Company believes that it has sufficient cash, coupled with anticipated cash flows generated from operations, to meet the Company's currently identified business objectives and that the Company and its wholly-owned subsidiaries will be able to comply with all terms of these leases for the remainder of their lease terms. The Company has no significant liabilities recorded for these guarantor agreements as of December 31, 2005.

15. Related Party Transactions

Trade Activity with Affiliates of STT Communications and Other Related Parties

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 year ended December 31, 2005, revenues recognized with related parties, primarily entities affiliated with STT Communications, were $6,034,000 and as of December 31, 2005, accounts receivable with these related parties was $811,000. For the year ended December 31, 2005, costs and services procured with related parties, primarily entities affiliated with STT Communications, were $3,148,000 and as of December 31, 2005, accounts payable with these related parties was $574,000. For the year ended December 31, 2004, revenues recognized with related parties, primarily entities affiliated with STT Communications, were $5,347,000 and as of December 31, 2004, accounts receivable with these related parties was $955,000. For the year ended December 31, 2004, costs and services procured with related parties, primarily entities affiliated with STT Communications, were $2,701,000 and as of December 31, 2004, accounts payable with these related parties was $281,000. For the year ended December 31, 2003, revenues recognized with related parties, primarily entities affiliated with STT Communications, were $6,946,000, and as of December 31, 2003, accounts receivable with these related parties was $1,393,000. For the year ended December 31, 2003, costs and services procured with related parties, primarily entities affiliated with STT Communications, were $481,000, and as of December 31, 2003, accounts payable with these related parties was $139,000.

Other Transactions

During 2003, the Company entered into an agreement with STT Communications to wind-down the Company's Thailand joint venture (see Note 1). In October 2003, the Company entered into an asset sale agreement with an affiliate of STT Communications (see Note 14). In November 2004, the Company and STT Communications entered into an Omnibus Amendment Agreement in which STT Communications' security interests in the Company in connection with the Financing were lifted, except for one of the Company's cash accounts, secured in the amount of any outstanding STT Convertible Secured Notes plus six months of forward-looking interest. (see Note 8). During 2005, all of the outstanding STT Convertible Secured Notes and accrued and unpaid interest through November 7, 2005, was converted into 4,384,794 shares of the Company's stock (see Note 8).

16. 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 for the years ended December 31 (in thousands):

	2005	2004	2003
Total revenues:			
United States	$191,390	$141,598	$ 99,669
Asia-Pacific	29,667	22,073	18,273
	$221,057	$163,671	$117,942
Cost of revenues:			
United States	$138,249	$118,311	$107,477
Asia-Pacific	20,105	18,639	20,644
	$158,354	$136,950	$128,121
Loss from operations:			
United States	$ (35,448)	$ (34,107)	$ (48,621)
Asia-Pacific	(1,325)	(7,955)	(15,334)
	$ (36,773)	$ (42,062)	$ (63,955)

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Company's long-lived assets are located in the following geographic areas as of December 31 (in thousands):

	2005	2004
United States	$ 457,280	$ 360,694
Asia-Pacific	32,005	34,022
	$ 489,285	$ 394,716

The Company's goodwill totaling $21,654,000 and $22,018,000 as of December 31, 2005 and 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):

	2005	2004	2003
Colocation	$ 152,606	$ 111,986	$ 77,136
Interconnection	40,877	31,414	20,361
Managed infrastructure	14,208	11,049	12,492
Rental	312	—	—
Recurring revenues	208,003	154,449	109,989
Non-recurring revenues	13,054	9,222	7,953
	$ 220,057	$ 163,671	$ 117,942

17. Restructuring Charges

2004 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 restructuring charges 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. Both lease terms run through 2015.

The Company adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", at the beginning of its fiscal year 2003. 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. 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.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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

	Accrued restructuring charge as of December 31, 2004	Accretion expense	Cash payments	Accrued restructuring charge as of December 31, 2005
Estimated lease exit costs	$ 14,750	$ 873	$(1,921)	$ 13,702
	14,750	$ 873	$(1,921)	13,702
Less current portion	(1,952)			(2,171)
	$ 12,798			$ 11,531

A summary of the 2004 restructuring charges 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 liability as both current and non-current on the accompanying balance sheet as of December 31, 2004. The Company is contractually committed to these two excess space leases through 2015.

The Company's minimum future payments associated with these two excess space leases is as follows (in thousands):

2006	$ 2,765
2007	3,217
2008	3,262
2009	3,309
2010	3,357
2011 and thereafter	16,607
	32,517
Less amount representing estimated subrental income and expense	(15,466)
	17,051
Less amount representing accretion	(3,349)
	13,702
Less current portion	(2,171)
	$ 11,531

2005 Restructuring Charges

In October 2005, in light of the availability of fully or partially built-out data centers in the Silicon Valley, including the possibility of expansion among some of the four IBX centers we currently have in the Silicon Valley, the Company made the decision that retaining the approximately 40 acre San Jose Ground Lease for future expansion was no longer economical. In conjunction with this decision, the Company entered into an agreement with the landlord of this property for the early termination of the San Jose Ground Lease property whereby the Company will pay $40,000,000 over the next four years plus property taxes, commencing January 1, 2006, to terminate this lease, which would otherwise require significantly higher cumulative lease payments through 2020 (see Note 14) (the "San Jose Ground Lease Termination"). As a result of the San Jose Ground Lease Termination, the Company recorded a $33,814,000 restructuring charge in the fourth quarter of 2005, which represents the present value of the Company's estimated future cash payments to exit this property, as well as the write-off of all remaining property and equipment attributed to the development of this property.

The Company estimated the future cash payments required to exit the San Jose Ground Lease, 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. The Company's use of this property terminates on December 31, 2007 and can be terminated at any time prior to December 31, 2007 upon the landlord providing the Company at least ten days prior written notice; however, even if the landlord early terminates, the Company is still required to pay the full $40,000,000 of payments due. 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 the San Jose Ground Lease.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

A summary of the 2005 restructuring charges through December 31, 2005 is outlined as follows (in thousands):

	Total 2005 restructuring charges	Non-cash charges	Transfer of deferred rent liability	Accretion expense	Cash payments	Accrued restructuring charge as of December 31, 2005
Estimated lease exit costs	$ 32,328	$ —	$ 4,441	$ 505	$(1,145)	$ 36,129
Write-off of property and equipment	1,486	(1,486)	—	—	—	—
	$ 33,814	$(1,486)	$ 4,441	$ 505	$(1,145)	36,129
Less current portion						(10,229)
						$ 25,900

Prior to the Company's decision to exit the San Jose Ground Lease in October 2005, the Company had recorded deferred rent in connection with this leasehold as it straightlined the associated rent expense from lease inception in May 2000 to October 2005 totaling $4,441,000. In conjunction with the Company's decision to exit from the San Jose Ground Lease, the Company reclassified this deferred rent liability from deferred rent to accrued restructuring charges as of October 31, 2005 and adjusted the restructuring charge accordingly.

The Company's minimum future payments associated with the San Jose Ground Lease are as follows (in thousands):

2006	$ 10,734
2007	10,737
2008	10,000
2009	10,000
2010	—
2011 and thereafter	—
	41,471
Less amount representing estimated subrental income and expense	—
	41,471
Less amount representing accretion	(5,342)
	36,129
Less current portion	(10,229)
	$ 25,900

18. Subsequent Events

On January 1, 2006, pursuant to the provisions of the Company's stock plans (see Note 12), the number of common shares in reserve automatically increased by 1,646,674 shares for the 2000 Equity Incentive Plan, 500,000 shares for the 2004 Purchase Plans and 50,000 shares for the 2000 Director Option Plan.

In January 2006, the Company fully repaid the $30,000,000 Drawdown from the Silicon Valley Bank Credit Line Agreement (see Note 11).

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In January 2006, the Compensation Committee of the Board of Directors approved stock options to be granted to employees, excluding executive officers, to purchase an aggregate of 648,500 shares of common stock as part of the Company's annual refresh program. The actual grant date and the exercise price of such stock options are expected to be determined sometime in March 2006. In addition, the Compensation Committee of the Board of Directors also approved the issuance of 250,000 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 at pre-determined levels. All such equity awards will be accounted for under the provisions of SFAS No. 123(R), "Share-Based Payment," and related pronouncements, which are expected to have a significant impact to the Company. For further information on stock-based compensation, refer to "Stock-Based Compensation" and "Recent Accounting Pronouncements" in Note 1.

In February 2006, the Company announced its intention to build out a new IBX center within the Ashburn Campus (see Note 2) in order to further expand its existing Washington, D.C. metro area IBX center. The Company intends to build out one of the undeveloped buildings located on the Ashburn Campus for a cost of approximately $50,000,000 to $55,000,000, of which approximately $40,000,000 is expected to be incurred in 2006. The center will feature an updated design that will enable the Company to support the increased power and cooling demands of customers. The Company intends to open the new center for customers in early 2007 (the "Washington, D.C. Metro Area IBX Expansion Project"). The Washington, D.C. Metro Area IBX Expansion Project will fulfill the Company's requirement to invest at least $40,000,000 in capital improvements to the Ashburn Campus by December 31, 2007 pursuant to the terms of the Mortgage Payable (see Note 5).

In February 2006, the Company entered into a definitive purchase and sale agreement to purchase a vacant 228,000 square foot standalone office/warehouse complex in the Chicago metro area for $9,750,000, payable upon closing. The agreement is subject to numerous closing conditions, including the satisfactory completion by the Company of a comprehensive due diligence review of the property. As part of the evaluation process, the Company is considering several partnering and financing options for building out this center and is also evaluating options to build out this center in a phased approach. A new center would be interconnected to the Company's downtown Chicago IBX center through redundant dark fiber links managed by the Company (the "Chicago Metro Area IBX Expansion Project"). If the Company pursues the Chicago Metro Area IBX Expansion Project, additional significant capital expenditures would be required in order to build out a new IBX center on this property.

EQUINIX, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
QUARTERLY FINANCIAL INFORMATION (Unaudited)

The Company believes that period-to-period comparisons of its financial results should not be relied upon as an indication of future performance. The Company's revenues and results of operations have been subject to significant fluctuations, particularly on a quarterly basis, and the Company's revenues and results of operations could fluctuate significantly quarter-to-quarter and year-to-year. Significant quarterly fluctuations in revenues will cause significant fluctuations in our cash flows and the cash and cash equivalents and accounts receivable accounts on the Company's balance sheet. Causes of such fluctuations may include the volume and timing of new orders and renewals, the sales cycle for our services, the introduction of new services, changes in service prices and pricing models, trends in the Internet infrastructure industry, general economic conditions, extraordinary events such as acquisitions or litigation and the occurrence of unexpected events.

The unaudited quarterly financial information presented below has been prepared by the Company and reflects all adjustments, consisting only of normal recurring adjustments, which in the opinion of management are necessary to present fairly the financial position and results of operations for the interim periods presented.

The following table presents selected quarterly information for fiscal 2005 and 2004:

	First quarter	Second quarter	Third quarter	Fourth quarter
	(in thousands, except per share data)			
2005:				
Revenues	$ 48,684	$52,479	$58,096	$ 61,798
Net loss	(5,794)	(3,431)	(783)	(32,604)(a)
Basic and diluted net loss per share	(0.26)	(0.14)	(0.03)	(1.25)
2004:				
Revenues	$ 36,820	$39,423	$42,439	$ 44,989
Net loss	(30,142)(b)	(9,205)	(6,615)	(22,669)(c)
Basic and diluted net loss per share	(2.00)	(0.51)	(0.36)	(1.21)

(a) Includes a $33,814,000 restructuring charge (see Note 17).
(b) Includes a $16,211,000 loss on debt extinguishment and conversion (see Note 10).
(c) Includes a $17,685,000 restructuring charge (see Note 17).

Exhibit 10.115

EQUINIX, INC. 2000 EQUITY INCENTIVE PLAN
NOTICE OF RESTRICTED STOCK AWARD

You have been granted restricted shares of Common Stock of Equinix, Inc. (the "Company") on the following terms:

Name of Recipient:

Total Number of Shares Granted:

Fair Market Value per Share:

Total Fair Market Value of Award:

Date of Grant:

Vesting Commencement Date:

Vesting Schedule: The first 12.5% of the shares subject to this award shall vest on the later of (A) the date after you complete six months of continuous "Service" (as defined in the Restricted Stock Agreement) from the Vesting Commencement Date and (B) the first trading day on which the Common Stock closes at or above the price appreciation target for the first vesting installment as set forth on Schedule A. Thereafter, an additional 12.5% of the shares subject to this award shall vest on the later of (A) your completion of each six months of continuous Service thereafter and (B) the first trading day on which the Common Stock closes at or above the price appreciation target for the applicable vesting installment as set forth on Schedule A.

You and the Company agree that these shares are granted under and governed by the terms and conditions of the Equinix, Inc. 2000 Equity Incentive Plan (the "Plan") and the Restricted Stock Agreement, which is attached to and made a part of this document.

You further agree that the Company may deliver by email all documents relating to the Plan or this award (including, without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a web site maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a web site, it will notify you by email. By your signature below, you agree to pay any withholding taxes due on vesting or transfer of the shares.

Recipient:

_____

Equinix, Inc.

By: _____

Title: _____

EQUINIX, INC. 2000 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AGREEMENT

Payment for Shares	No payment is required for the shares that you are receiving, except for satisfying any withholding taxes that may be due as a result of the grant of this award or the vesting or transfer of the shares.
Transfer	On the terms and conditions set forth in the Notice of Restricted Stock Award and this Agreement, the Company agrees to transfer to you the number of Shares set forth in the Notice of Restricted Stock Award.
Vesting	The shares will vest in installments, as shown in the Notice of Restricted Stock Award. No additional shares will vest after your service as an employee, consultant or outside director of the Company or a parent or subsidiary of the Company ("Service") has terminated for any reason.
Change in Control	In the event of a Change in Control, then the vesting of the shares will automatically accelerate as if you had completed an additional 12 months of Service and the price appreciation targets set forth on Schedule A during that 12 month period shall not be applicable. In addition, in the event of a Change in Control, then the vesting of the shares will not otherwise automatically accelerate unless this award is, in connection with the Change in Control, not to be assumed by the successor corporation (or its parent) or to be replaced with a comparable award for shares of the capital stock of the successor corporation (or its parent). The determination of award comparability will be made by the Company's Board of Directors, and its determination will be final, binding and conclusive. Change in Control is defined in the Company's 2000 Equity Incentive Plan.
Involuntary Termination	If the award is assumed by the successor corporation (or its parent) and you experience an Involuntary Termination within eighteen months following a Change in Control, the vesting of the shares will automatically accelerate so that this award will, immediately before the effective date of the Involuntary Termination, become fully vested for all of the shares of Common Stock subject to this award. An Involuntary Termination means the termination of your Service by reason of: your involuntary dismissal or discharge by the Company for reasons other than Misconduct (as defined below), or (b) your voluntary resignation following (1) a change in your position with the Company which materially reduces your level of responsibility, (2) a reduction in your level of compensation (including base salary, fringe benefits and participation in bonus or incentive programs) or (3) a relocation of your place of employment by more than fifty (50) miles, provided and only if such change, reduction or relocation is effected by the Company without your consent.

	Misconduct means fraud, embezzlement, dishonesty or any unauthorized use or disclosure of confidential information or trade secrets of the Company or any parent or subsidiary or any other intentional misconduct adversely affecting the business or affairs of the Company or a parent or subsidiary of the Company.
Shares Restricted	Unvested shares will be considered "Restricted Shares." You may not sell, transfer, pledge or otherwise dispose of any Restricted Shares without the written consent of the Company, except as provided in the next sentence. You may transfer Restricted Shares to your spouse, children or grandchildren or to a trust established by you for the benefit of yourself or your spouse, children or grandchildren. However, a transferee of Restricted Shares must agree in writing on a form prescribed by the Company to be bound by all provisions of this Agreement.
Forfeiture	If your Service terminates for any reason, then your shares will be forfeited to the extent that they have not vested before the termination date and do not vest as a result of the termination. This means that the Restricted Shares will immediately revert to the Company. You receive no payment for Restricted Shares that are forfeited. The Company determines when your Service terminates for this purpose.
Leaves of Absence and Part-Time Work	For purposes of this award, your Service does not terminate when you go on a military leave, a sick leave or another*bona fide* leave of absence, if the leave was approved by the Company in writing and if continued crediting of Service is required by applicable law, the Company's leave of absence policy or the terms of your leave. But your Service terminates when the approved leave ends, unless you immediately return to active work. If you go on a leave of absence, then the vesting schedule specified in the Notice of Restricted Stock Award may be adjusted in accordance with the Company's leave of absence policy or the terms of your leave. If you commence working on a part-time basis, then the vesting schedule specified in the Notice of Restricted Stock Award may be adjusted in accordance with the Company's part-time work policy or the terms of an agreement between you and the Company pertaining to your part-time schedule.
Stock Certificates	The Company will hold your Restricted Shares for you. After shares have vested, a stock certificate for those shares will be released to a broker for your account. The Company will select the broker at its discretion.

Voting Rights	You may vote your shares even before they vest.
Withholding Taxes	No stock certificates will be released to you unless you have made arrangements acceptable to the Company to pay any withholding taxes that may be due as a result of this award or the vesting of the shares. With the Company's consent, these arrangements may include (a) withholding shares of Company stock that otherwise would be issued to you when they vest, (b) surrendering shares that you previously acquired, or (c) deducting the withholding taxes from any cash compensation payable to you. The fair market value of the shares you surrender, determined as of the date taxes otherwise would have been withheld in cash, will be applied as a credit against the withholding taxes.
Restrictions on Resale	By signing this Agreement, you agree not to sell any shares at a time when applicable laws, Company policies or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.
No Retention Rights	Your award or this Agreement does not give you the right to be employed or retained by the Company or a subsidiary of the Company in any capacity. The Company and its subsidiaries reserve the right to terminate your Service at any time, with or without cause.
Adjustments	In the event of a stock split, a stock dividend or a similar change in Company capital stock, the number of shares that remain subject to forfeiture will be adjusted accordingly.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to their choice-of-law provisions).
The Plan and Other Agreements	The text of the Plan is incorporated in this Agreement by reference. This Agreement and the Plan constitute the entire understanding between you and the Company regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement between the parties.

BY SIGNING THE COVER SHEET OF THIS AGREEMENT, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

Schedule A

Vesting Triggers Tied to Stock Price Appreciation

Vesting Installment	Time Based Vesting Date	Stock Price Appreciation Target

In order to vest at each six (6) month interval, the Common Stock must have closed on at least one (1) trading day, at or above the corresponding price appreciation target indicated for the applicable vesting installment. If the price is achieved at a later date, then the Shares vest on that date. Vesting may be cumulative as tied to closing stock price appreciation.

Exhibit 10.123

EXECUTION VERSION

AGREEMENT OF PURCHASE AND SALE

This Agreement, dated as of October 24, 2005 (the "Effective Date"), is between Equinix RP, Inc., a Delaware corporation ("**Seller**"), and iStar Financial Inc., a Maryland real estate investment trust ("**Buyer**").

ARTICLE I

PURCHASE AND SALE OF PROPERTY

Section 1.1 Sale.

Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, subject to the terms, covenants and conditions set forth herein, all of Seller's right, title and interest in and to the following property (collectively, the "**Property**"):

(a) Real Property. The fee simple interest in that certain real property commonly known as "Maple Data Center" and located at 1920 East Maple Avenue, El Segundo, CA 90245, as more particularly described in **Exhibit A** attached hereto and made a part hereof (the "**Land**"), together with (1) all improvements located thereon, including, without limitation, a data center containing approximately 106,885 rentable square feet (the "**Improvements**"), (2) all rights, benefits, privileges, easements, tenements, hereditaments, rights-of-way and other appurtenances thereon or in any way appertaining thereto, including all mineral rights, development rights, air and water rights, and (3) all strips and gores and any land lying in the bed of any street, road or alley, open or proposed, adjoining such Land (collectively, the "**Real Property**");

(b) Tangible Personal Property. All of the equipment, machinery, furniture, furnishings, supplies and other tangible personal property owned by Seller and located on and used exclusively in the operation, ownership or maintenance of the Real Property (collectively, the "**Tangible Personal Property**"). Seller will provide or make available to Buyer any list which is in Seller's possession of such Tangible Personal Property prior to the Effective Date; and

(c) Intangible Personal Property. To the extent assignable at no cost to Seller, all intangible personal property, if any, owned by Seller and related to the Real Property and the Improvements, any plans and specifications and other architectural and engineering drawings for the Improvements; any warranties; any contracts or contract rights related to the Property (but excluding the Service Contracts, as defined in Section 7.3(d)); and any governmental permits, approvals and licenses (including any pending applications) (collectively, the "**Intangible Personal Property**"). Seller will provide or make available to Buyer any list which is in Seller's possession of such Intangible Personal Property prior to the Effective Date.

Section 1.2 Purchase Price.

(a) The purchase price of the Property is Thirty Eight Million Seven Hundred Thousand Dollars ($38,700,000) (the "**Purchase Price**").

(b) The Purchase Price shall be paid as follows:

(1) Within two (2) business days after the Effective Date, Buyer shall deposit in escrow with 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 (the "**Title Company**") cash or other immediately available funds in the amount of One Million Dollars ($1,000,000) (the "**Deposit**").

(2) The Deposit shall be held in an interest bearing account and all interest thereon, less investment fees, if any, shall be deemed a part of the Deposit. If the sale of the Property as contemplated hereunder is consummated, then the Deposit shall be paid to Seller at the Closing (as defined in Section 1.2(b)(3) below) and credited against the Purchase Price. **IF THE SALE OF THE PROPERTY IS NOT CONSUMMATED DUE TO SELLER'S DEFAULT HEREUNDER, THEN BUYER MAY ELECT, AS BUYER'S SOLE AND EXCLUSIVE REMEDY, EITHER TO: (1) TERMINATE THIS AGREEMENT AND RECEIVE A REFUND OF THE DEPOSIT, IN WHICH EVENT NEITHER PARTY SHALL HAVE ANY FURTHER RIGHTS OR OBLIGATIONS HEREUNDER EXCEPT AS PROVIDED IN SECTIONS 6.1, 9.3 AND 9.9 BELOW, AND EXCEPT THAT BUYER SHALL BE ENTITLED TO RECOVERY FROM SELLER OF BUYER'S ACTUAL OUT-OF-POCKET COSTS INCURRED IN CONNECTION HEREWITH, NOT TO EXCEED FIFTY THOUSAND DOLLARS ($50,000), OR (2) ENFORCE SPECIFIC PERFORMANCE OF THIS AGREEMENT. BUYER SHALL NOT HAVE ANY OTHER RIGHTS OR REMEDIES HEREUNDER AS A RESULT OF ANY DEFAULT BY SELLER PRIOR TO CLOSING, AND BUYER HEREBY WAIVES ANY OTHER SUCH REMEDY AS A RESULT OF A DEFAULT HEREUNDER BY SELLER. IF THE SALE IS NOT CONSUMMATED DUE TO ANY DEFAULT BY BUYER HEREUNDER, THEN SELLER SHALL RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES. THE PARTIES HAVE AGREED THAT SELLER'S ACTUAL DAMAGES, IN THE EVENT OF A FAILURE TO CONSUMMATE THIS SALE DUE TO BUYER'S DEFAULT PRIOR TO CLOSING, WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. AFTER NEGOTIATION, THE PARTIES HAVE AGREED THAT, CONSIDERING ALL THE CIRCUMSTANCES EXISTING ON THE DATE OF THIS AGREEMENT, THE AMOUNT OF THE DEPOSIT IS A REASONABLE ESTIMATE OF THE DAMAGES THAT SELLER WOULD INCUR IN SUCH EVENT. BY PLACING THEIR INITIALS BELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY WAS REPRESENTED BY COUNSEL WHO EXPLAINED, AT THE TIME THIS AGREEMENT WAS MADE, THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION. THE FOREGOING IS NOT INTENDED TO LIMIT BUYER'S OBLIGATIONS UNDER SECTIONS 6.1, 9.3 AND 9.9.**

INITIALS: **SELLER** /s/ RFL **BUYER** /s/ JSS

(3) The balance of the Purchase Price, which is Thirty Seven Million Seven Hundred Thousand Dollars ($37,700,000) (plus or minus the prorations pursuant to Section 8.4 hereof) shall be paid to Seller in cash or by wire transfer of other immediately available funds at the consummation of the purchase and sale contemplated hereunder (the "**Closing**").

ARTICLE II

CONDITIONS

Section 2.1 Buyer's Conditions Precedent.

Subject to the provisions of Section 9.3 hereof, Seller has provided and/or shall provide Buyer and its consultants and other agents and representatives with access to the Property to perform Buyer's inspections and review and determine the present condition of the Property. Seller has delivered or made available to Buyer at Seller's offices or at the Real Property, or shall prior to the Effective Date deliver or make available to Buyer at Seller's offices or at the Real Property, copies of all Due Diligence Materials (as defined in Section 2.2 below) in possession or control of Seller or any Seller Related Parties, except as otherwise specifically provided herein. Notwithstanding anything to the contrary contained herein, the Due Diligence Materials shall expressly exclude (i) those portions of the Due Diligence Materials that would disclose Seller's cost of acquisition of the Real Property (ii) any reports, presentations, summaries and the like prepared for any of Seller's boards, committees, partners or investors in connection with its consideration of the acquisition of the Real Property or sale of the Property, (iii) any proposals, letters of intent, draft contracts or the like prepared by or for other prospective purchasers of the Property or any part thereof, (iv) Seller's internal memoranda, attorney-client privileged materials or internal appraisals and (v) any information which is the subject of a confidentiality agreement between Seller and a third party (the items described in clauses (i), (ii) (iii), (iv) and (v) being collectively referred to as the "**Confidential Information**"). Buyer's obligation to purchase the Property is conditioned upon Buyer's review and approval of the following, within the applicable time periods described in Sections 2.2 and 4.1 hereof and Seller's delivery of such items in the condition approved by Buyer:

(a) Title to the Property and survey matters in accordance with Article IV below.

(b) The Due Diligence Materials, including, but not limited to all contracts pertaining to the operation of the Property, including all management, leasing, service and maintenance agreements, and equipment leases.

(c) The proposed lease between the Buyer and Equinix Operating Co., Inc., together with a Guaranty of Lease from Equinix, Inc., in favor of Buyer (such lease and guaranty are referred to herein collectively as the "**Equinix Lease**"), a copy of such lease and guaranty are attached hereto as**Exhibit F**.

(d) The physical condition of the Property.

(e) The zoning, land use, building, environmental and other statutes, rules, or regulations applicable to the Property.

(f) The books and records pertaining to the operation of the Property in each case for each of the three (3) most recent years during which the Property has been owned by Seller and for the current year (to the extent available), current real estate tax bills, any warranties, licenses, permits, certificates of occupancy, plans and specifications, and any current rent roll, current accounts receivable schedule and list of Tangible Personal Property in such form as Seller shall have in its possession for the Property, and other agreements or documents pertaining to the Property which will be binding on Buyer after Closing.

(g) Any other matters Buyer deems relevant to the Property.

Without limiting the foregoing, the following are conditions to the Buyer's obligation to close: (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 prior to or at the time of Closing; (2) Seller shall have delivered all items required by Section 8.3(a); and (3) Title Company shall be unconditionally committed to issue the ALTA Form 1970 Owner's Title Insurance Policy, in the amount of the Purchase Price, insuring fee title to the Property vested in Buyer or Buyer's nominee, subject only to those Conditions of Title (the "Permitted Exceptions"), with those endorsements or additional coverages, including extended coverage, requested by Buyer ("Title Policy"), provided that the Title Company shall have committed in writing to issue the Title Policy in the form described prior to the end of the Contingency Period.

Section 2.2 Contingency Period.

Buyer shall have until 5:00 p.m. Pacific Time on November 1, 2005, (such period being referred to herein as the "**Contingency Period**") to review and approve the matters described in Sections 2.1(b)-(g) above in Buyer's sole discretion (title and survey review and approval shall be governed by the provisions of Section 4.1 below). If Buyer determines to proceed with the purchase of the Property, then Buyer shall, before the end of the Contingency Period, so notify Seller in writing, in which case Buyer shall be deemed to have approved all of the matters described in Sections 2.1(a)-(g) above (subject to the provisions of Sections 3.1 and 4.1 below as to title and survey matters), including, without limitation, all documents, contracts, agreements, the Equinix Lease, reports and other items and materials related to the Property prepared by or on behalf of Seller and all of the items contained in or referenced at the internet site: ftp://ddftp:Eqixaj98@ftp.equinix.com to the extent such documents, contracts, agreements, reports and other items and materials are delivered to Buyer or otherwise made available to Buyer on the internet site, (such items prepared by or on behalf of Seller or delivered or made available by Buyer are, collectively, referred to herein as the "**Due Diligence Materials,**" an index of the materials contained on the foregoing website and otherwise delivered to Buyer is attached hereto as **Exhibit G**), and the Deposit shall become nonrefundable except as expressly provided herein. If before the end of the Contingency Period Buyer fails to give Seller such written notice, then Buyer shall be deemed to have elected to terminate this Agreement, the Deposit shall be returned to Buyer, and neither party shall have any further rights or obligations hereunder except as provided in Sections 6.1, 9.3 and 9.9 below. Buyer acknowledges in

connection with the foregoing that Seller has recently acquired the Property and that the Due Diligence Materials being made available to Seller are the materials received by Seller in connection with its acquisition of the Property and certain of the materials developed by Seller in that process. Seller makes no representation or warranty as to the accuracy or completeness of such materials or items, except as otherwise specifically set forth herein.

ARTICLE III

BUYER'S EXAMINATION

Section 3.1 Representations and Warranties of Seller.

Subject to the disclosures contained in **Schedule 1** attached hereto and made a part hereof (the "**Disclosure Items**"), matters contained in the Due Diligence Materials, and any matters of public record where the Property is located, Seller hereby makes the following representations and warranties with respect to the Property. Notwithstanding anything to the contrary contained herein or in any document delivered in connection herewith, Seller shall have no liability with respect to the Disclosure Items.

(a) Seller has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by Seller's creditors, (iii) suffered the appointment of a receiver to take possession of all, or substantially all, of Seller's assets, (iv) suffered the attachment or other judicial seizure of all, or substantially all, of Seller's assets, (v) admitted in writing its inability to pay its debts as they come due, or (vi) made an offer of settlement, extension or composition to its creditors generally.

(b) Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended (the "**Code**") and any related regulations.

(c) This Agreement has been, and all documents executed by Seller which are to be delivered to Buyer at Closing will be, duly authorized, executed and delivered by Seller or the appropriate Seller affiliate, and (ii) this Agreement does not and such other documents will not violate any provision of any agreement or judicial order to which Seller, or such affiliate, is a party or to which Seller, such affiliate, or, to the best of Seller's knowledge, the Property is subject.

(d) Seller has not entered into any, and to the best of Seller's knowledge, there are no, leases or occupancy agreements in effect with respect to the Property.

(e) Seller has not entered into any, and to the best of Seller's knowledge, the only contracts, warranties, licenses and permits in effect for the Property are set forth in a list attached hereto as **Exhibit E** and made a part hereof.

(f) Seller has not received any written notice of any, and to the best of Seller's knowledge, there is no, litigation or governmental proceeding (including, but not limited to any condemnation proceeding) pending or threatened with respect to the Property, or with respect to Seller which would impair Seller's ability to perform its obligations hereunder.

(g) To the best of Seller's knowledge, Seller has received no written notice from any governmental authority of any violation of any law applicable to the Property (including, without limitation, any Environmental Law as defined in Section 3.6(a)(2) below) that has not been corrected.

(h) To Seller's knowledge, Seller has not released, generated or handled any Hazardous Materials (as defined below) on the Property, except for such as are customarily used or stored in connection with the ownership, operation or maintenance of properties such as the Property. In the course of Seller's due diligence performed as a part of the acquisition of the Property and during the period of Seller's ownership of the Property, Seller received no written report, written correspondence or written notice regarding (i) any release or generation of Hazardous Materials on the Property, (ii) the handling of Hazardous Materials on the Property in violation of applicable law, or (iii) any incorporation of Hazardous Materials in the Improvements. 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.

(i) Seller and any applicable beneficial owners of Seller are in compliance with all the requirements of Executive Order No. 133224, 66 Fed Reg. 49079 (September 25, 2001) (the "**Order**") and other similar requirements contained in the rules and regulations of the Office of Foreign Asset Control. Department of the Treasury ("**OFAC**") and in any enabling legislation or other Executive Orders in respect thereof (the Order and such other rules, regulations, legislation, or orders are collectively called the "**Orders**"). Seller agrees to make its policies, procedures and practices regarding compliance with the Orders available to Buyer for its review and inspection during normal business hours and upon reasonable prior notice. Neither Seller nor any applicable beneficial owner of Seller;

(1) is listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "**Lists**");

(2) has been determined by competent authority to be subject to the prohibitions contained in the Orders;

(3) is owned or controlled by, nor acts for or on behalf of, any person or entity on the Lists or any other person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Orders; or

(4) shall transfer or permit the transfer of any interest in Seller or any applicable beneficial owner in Seller to any person who is or whose beneficial owners are listed on the Lists.

(j) To the best of Seller's knowledge, all of the Due Diligence Materials delivered or made available by Seller to Buyer constitute all of the documents or materials delivered to Seller in connection with Seller's acquisition of the Property.

Each of the representations and warranties of Seller contained in this Section 3.1: (1) are true in all material respects as of the date hereof and shall be true in all material respects as of the date of Closing, subject in each case to (A) any Exception Matters (as defined below) discovered prior to Closing (subject to Buyer's right described in Section 3.2 on account of material Exception Matters discovered between the end of the Contingency Period and the Closing), (B) the Disclosure Items, and (C) or otherwise specifically approved in writing; and (2) shall survive the Closing as provided in Section 3.3 below.

Section 3.2 No Liability for Exception Matters.

As used herein, the term "**Exception Matter**" shall refer to a matter which would make a representation or warranty of Seller contained in this Agreement untrue or incorrect and which is disclosed to Buyer in the Due Diligence Materials, the Disclosure Items, or otherwise, or is a matter of public record, or is otherwise discovered by Buyer before the Closing. If Buyer first obtains knowledge of any material Exception Matter after the close of the Contingency Period and prior to Closing and such Exception Matter was not contained in the Due Diligence Materials, the Disclosure Items or is not a matter of public record, Buyer's sole remedy shall be to terminate this Agreement on the basis thereof, upon written notice to Seller within the earlier of (a) ten (10) days following Buyer's discovery of such Exception Matter or (b) the Closing, which ever occurs first, in which event the Deposit (plus Buyer's out of pocket costs up to $50,000 in the case of a breach of a Seller representation) shall be returned to Buyer, unless within five (5) days after receipt of such notice or by the Closing, as the case may be, Seller notifies Buyer in writing that it elects to attempt to cure or remedy such Exception Matter, in which event there shall be no return of the Deposit unless and until Seller is unable to so cure or remedy within the time period set forth below. Seller shall be entitled to extend the Closing Date (as defined in Section 8.2 below) for up to fifteen (15) business days in order to attempt to cure or remedy any Exception Matter. Buyer's failure to give notice within ten (10) days after it has obtained knowledge of a material Exception Matter shall be deemed a waiver by Buyer of such Exception Matter. Seller shall have no obligation to cure or remedy any Exception Matter, even if Seller has notified Buyer of Seller's election to attempt to cure or remedy any Exception Matter (except as specifically provided in Section 4.1(c) hereof), and, subject to Buyer's right to terminate this Agreement as set forth above, Seller shall have no liability whatsoever to Buyer with respect to any Exception Matters. Upon any termination of this Agreement, neither party shall have any further rights nor obligations hereunder, except as provided in Sections 6.1, 9.3 and 9.9 below. If Buyer obtains knowledge of any Exception Matter before the Closing, but nonetheless elects to proceed with the acquisition of the Property, Seller shall have no liability with respect to such Exception Matter, notwithstanding any contrary provision, covenant, representation or warranty contained in this Agreement or in any Other Documents (as defined in Section 9.19 below).

Section 3.3 Survival of Seller's Representations and Warranties of Sale.

Without limiting any liability or obligation of Equinix, Inc., or Equinix Operating Co. Inc., the representations and warranties of Seller contained herein or in any Other Documents shall survive for a period of six (6) months after the Closing. Any claim which Buyer may have against Seller for a breach of any such representation or warranty, whether such breach is known or unknown, which is not specifically asserted by written notice to Seller within such six (6) month period shall not be valid or effective, and Seller shall have no liability with respect thereto.

Section 3.4 Seller's Knowledge.

For purposes of this Agreement and any document delivered at Closing, whenever the phrase "**to the best of Seller's knowledge**" or the "**knowledge**" of Seller or words of similar import are used, they shall be deemed to mean and are limited to the current actual knowledge only of Paul Silliman, Kristine Mostofizadeh and Darin Daskarolis, at the times indicated only, and not any implied, imputed or constructive knowledge of such individual(s) or of Seller or any Seller Related Parties (as defined in Section 3.7 below), and without any independent investigation or inquiry having been made or any implied duty to investigate, make any inquiries or review the Due Diligence Materials. Furthermore, it is understood and agreed that such individual(s) shall have no personal liability in any manner whatsoever hereunder or otherwise related to the transactions contemplated hereby.

Section 3.5 Representations and Warranties of Buyer.

Buyer represents and warrants to Seller as follows:

(a) This Agreement and all documents executed by Buyer which are to be delivered to Seller at Closing do not and at the time of Closing will not violate any provision of any agreement or judicial order to which Buyer is a party or to which Buyer is subject.

(b) Buyer has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by Buyer's creditors, (iii) suffered the appointment of a receiver to take possession of all, or substantially all, of Buyer's assets, (iv) suffered the attachment or other judicial seizure of all, or substantially all, of Buyer's assets, (v) admitted in writing its inability to pay its debts as they come due, or (vi) made an offer of settlement, extension or composition to its creditors generally.

(c) Buyer has been duly organized, is validly existing and is in good standing in the state in which it was formed, and, if required to do so, is qualified to do business in the state in which the Real Property is located. This Agreement has been, and all documents executed by Buyer which are to be delivered to Seller at Closing will be, duly authorized, executed and delivered by Buyer.

(d) Buyer is purchasing the Property as investment rental property, and not for Buyer's own operations or use.

(e) Other than Seller's Broker (as defined in Section 6.1 below) Buyer has no contractual arrangement with any broker or finder with respect to the Property.

(f) Buyer is in compliance with all laws, statutes, rules and regulations or any federal, state or local governmental authority in the United States of America applicable to Buyer and all beneficial owners of Buyer, including, without limitation, the requirements of Executive Order No. 133224, 66 Fed Reg. 49079 (September 25, 2001) (the "**Order**") and other similar requirements contained in the rules and regulations of the Office of Foreign Asset Control.

Department of the Treasury ("**OFAC**") and in any enabling legislation or other Executive Orders in respect thereof (the Order and such other rules, regulations, legislation, or orders are collectively called the "**Orders**"). Buyer agrees to make its policies, procedures and practices regarding compliance with the Orders available to Seller for its review and inspection during normal business hours and upon reasonable prior notice. Neither Buyer nor any beneficial owner of Buyer;

(1) is listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "**Lists**");

(2) has been determined by competent authority to be subject to the prohibitions contained in the Orders;

(3) is owned or controlled by, nor acts for or on behalf of, any person or entity on the Lists or any other person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Orders; or

(4) shall transfer or permit the transfer of any interest in Buyer or any beneficial owner in Buyer to any person who is or whose beneficial owners are listed on the Lists.

Each of the representations and warranties of Buyer contained in this Section shall be deemed remade by Buyer as of the Closing. The representations and warranties of Buyer contained herein or in any Other Documents shall survive for a period of six (6) months after the Closing. Any claim which Seller may have against Buyer for a breach of any such representation or warranty, whether such breach is known or unknown, which is not specifically asserted by written notice to Buyer within such six (6) month period shall not be valid or effective, and Buyer shall have no liability with respect thereto.

Section 3.6 Buyer's Independent Investigation.

(a) By Buyer electing to proceed under Section 2.2, Buyer will be deemed to have acknowledged and agreed that it has been given a full opportunity to inspect and investigate each and every aspect of the Property, either independently or through agents of Buyer's choosing, including, without limitation:

(1) All matters relating to title and survey, together with all governmental and other legal requirements such as taxes, assessments, zoning, use permit requirements and building codes.

(2) The physical condition and aspects of the Property, including, without limitation, the interior, the exterior, the square footage within the improvements on the Real Property, the structure, seismic aspects of the Property, the foundation, roof, paving, parking facilities, utilities, and all other physical and functional aspects of the Property. Such examination of the physical condition of the Property shall include an examination for the presence or absence of Hazardous Materials, as defined below, which shall be performed or

arranged by Buyer (subject to the provisions of Section 9.3 hereof) at Buyer's sole expense. For purposes of this Agreement, "**Hazardous Materials**" shall mean inflammable explosives, radioactive materials, asbestos, asbestos–containing materials, polychlorinated biphenyls, lead, lead-based paint, radon, under and/or above ground tanks, hazardous materials, hazardous wastes, hazardous substances, oil, or related materials, which are listed or regulated in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 6901, et seq.), the Resources Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901, et seq.), the Clean Water Act (33 U.S.C. Section 1251, et seq.), the Safe Drinking Water Act (14 U.S.C. Section 1401, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. Section 1801, et seq.), and the Toxic Substance Control Act (15 U.S.C. Section 2601, et seq.), the California Hazardous Waste Control Law (California Health and Safety Code Section 25100, et seq.), the Porter-Cologne Water Quality Control Act (California Water Code Section 13000, et seq.), and the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health and Safety Code Section 25249.5, et seq.) and any other applicable federal, state or local laws (collectively, "**Environmental Laws**").

(3) Any easements and/or access rights affecting the Property.

(4) The Equinix Lease.

(5) All contracts and any other documents or agreements of significance affecting the Property.

(6) All other matters of material significance affecting the Property, including, but not limited to, the Due Diligence Materials.

(b) Except as expressly stated herein, Seller makes no representation or warranty as to the truth, accuracy or completeness of any materials, data or information delivered by Seller to Buyer in connection with the transaction contemplated hereby. Buyer acknowledges and agrees that all materials, data and information delivered by Seller to Buyer in connection with the transaction contemplated hereby are provided to Buyer as a convenience only and that any reliance on or use of such materials, data or information by Buyer shall be at the sole risk of Buyer, except as otherwise expressly stated herein. Without limiting the generality of the foregoing provisions, Buyer acknowledges and agrees that (a) any environmental or other report with respect to the Property which is delivered by Seller to Buyer shall be for general informational purposes only, (b) Buyer shall not have any right to rely on any such report delivered by Seller to Buyer, but rather will rely on its own inspections and investigations of the Property and any reports commissioned by Buyer with respect thereto, (c) neither Seller nor, any affiliate of Seller shall have any liability to Buyer for any inaccuracy in or omission from any such report and (d) the failure to deliver any report as to the environmental or other condition of the Property, including any proposal for work at the Property which was not performed by Seller, shall not be actionable by Buyer under this Agreement or otherwise.

(c) EXCEPT AS EXPRESSLY SET FORTH IN SECTION 3.1 ABOVE AND ELSEWHERE IN THIS AGREEMENT, BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SELLER IS SELLING AND BUYER IS PURCHASING THE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT BUYER IS NOT

RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM SELLER, ANY SELLER RELATED PARTIES, OR THEIR AGENTS OR BROKERS, OR ANY OTHER PERSON ACTING OR PURPORTING TO ACT ON BEHALF OF SELLER AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (i) the quality, nature, adequacy and physical condition and aspects of the Property, including, but not limited to, the structural elements, seismic aspects of the Property, foundation, roof, appurtenances, access, landscaping, parking facilities and the electrical, mechanical, HVAC, plumbing, sewage, and utility systems, facilities and appliances, the square footage within the improvements on the Real Property, (ii) the quality, nature, adequacy, and physical condition of soils, geology and any groundwater, (iii) the existence, quality, nature, adequacy and physical condition of utilities serving the Property, (iv) the development potential of the Property, and the Property's use, habitability, merchantability, or fitness, suitability, value or adequacy of the Property for any particular purpose, (v) the zoning or other legal status of the Property or any other public or private restrictions on use of the Property, (vi) the compliance of the Property or its operation with any applicable codes, laws, regulations, statutes, ordinances, covenants, conditions and restrictions of any governmental or quasi-governmental entity or of any other person or entity, (vii) the presence of Hazardous Materials on, under or about the Property or the adjoining or neighboring property, (viii) the quality of any labor and materials used in any improvements on the Real Property, (ix) the condition of title to the Property, (x) the Equinix Lease or other documents or agreements affecting the Property, or any information contained in any rent roll furnished to Buyer for the Property, (xi) the value, economics of the operation or income potential of the Property, or (x) any other fact or condition which may affect the Property, including without limitation, the physical condition, value, economics of operation or income potential of the Property. Subject to Section 7.3 hereof and notification of any event which would trigger the provisions of Article V, Seller shall have no legal obligation to apprise Buyer regarding any event or other matter involving the Property which occurs after the Effective Date or to otherwise update the Due Diligence Items, unless and until an event or other matter occurs which would cause Seller to be unable to remake any of its representations or warranties contained in this Agreement.

Section 3.7 Release.

(a) Without limiting the above, without limiting any provisions of the Equinix Lease, and subject to the representations and warranties of Seller contained in Section 3.1 hereof, Buyer on behalf of itself and its successors and assigns waives its right to recover from, and forever releases and discharges, Seller, Seller's affiliates, Seller's investment advisor, the partners, trustees, beneficiaries, shareholders, members, managers, directors, officers, employees and agents and representatives of each of them, and their respective heirs, successors, personal representatives and assigns (collectively, the "**Seller Related Parties**"), from any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, court costs and attorneys' fees and disbursements), whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with (i) the physical condition of the Property including, without limitation, all structural and seismic elements, all mechanical, electrical, plumbing, sewage, heating, ventilating, air conditioning and other systems, the environmental condition of the Property and the presence of Hazardous Materials

on, under or about the Property, or (ii) any law or regulation applicable to the Property, including, without limitation, any Environmental Law and any other federal, state or local law, except to the extent caused by the negligence or willful misconduct of Seller or any Seller Related Parties. Buyer and Seller acknowledge that the release contained in this Section 3.7(a) shall not apply to any fraud on the part of Seller in connection with the negotiation or execution of this Agreement or in the delivery or disclosure of any Due Diligence Materials.

(b) In connection with Section 3.7(a) above, Buyer expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows: "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." BUYER ACKNOWLEDGES AND AGREES THAT IT HAS BEEN REPRESENTED BY LEGAL COUNSEL OF ITS CHOICE IN CONNECTION WITH THIS AGREEMENT, AND THAT SUCH COUNSEL HAS EXPLAINED TO BUYER THE PROVISIONS OF THIS SECTION 3.7. BY INITIALING BELOW, BUYER CONFIRMS IT HAS AGREED TO THE PROVISIONS OF THIS SECTION 3.7.

BUYER'S INITIALS: _____

(c) Notwithstanding anything to the contrary set forth in this Section 3.7 or in Section 3.6, Seller acknowledges that an affiliate of Seller is simultaneous with the Closing executing the Equinix Lease and that nothing contained in these sections shall limit, modify or amend the obligations of the tenant under the Equinix Lease.

Section 3.8 Survival.

The provisions of this Article III shall survive the Closing subject to the limitations and qualifications contained in such provisions and in Sections 9.11 and 9.19 hereof.

ARTICLE IV

TITLE

Section 4.1 Conditions of Title.

(a) On or prior to the Effective Date, Seller shall deliver or make available to Buyer a copy of the title insurance policy (the **Title Report**") that Seller received from the Title Company when Seller purchased the Property, together with copies of all underlying documents relating to title exceptions referred to therein, promptly upon Seller's receipt thereof. Seller shall also furnish or make available to Buyer prior to the Effective Date a current survey of the Property. Buyer shall immediately order an update thereto from a duly licensed surveyor (the "**Survey**") if desired by Buyer or if necessary to support the issuance of the Title Policy (as defined in Section 4.2 below). Buyer shall provide to Seller a copy of the Survey, which shall be certified to the Title Company, Buyer and Seller. Buyer shall pay the cost of any recertification of the Survey.

(b) Within five (5) business days after the Effective Date (the "**Title Review Date**"), Buyer shall furnish Seller with a written statement of objections, if any, to the title to the Property, including, without limitation, any objections to any matter shown on the Survey (collectively, "**Objections**"). In the event the Title Company amends or updates the Title Report after the Title Review Date (each, a "**Title Report Update**"), Buyer shall furnish Seller with a written statement of Objections to any matter first raised in a Title Report Update within five (5) business days after its receipt of such Title Report Update (each, a "**Title Update Review Period**"). Should Buyer fail to notify Seller in writing of any Objections in the Title Report prior to the Title Review Date, or to any matter first disclosed in a Title Report Update prior to the Title Update Review Period, as applicable, Buyer shall be deemed to have approved such matters which shall be considered to be "**Conditions of Title**" as defined in Section 4.1(e) below.

(c) If Seller receives a timely Objection in accordance with Section 4.1(b)**("Buyer's Notice")**, Seller shall have the right, but not the obligation, within five (5) business days after receipt of Buyer's Notice **("Seller's Response Period**"), to elect to attempt to cure any such matter upon written notice to Buyer**("Seller's Response")**, and may extend the Closing Date for up to fifteen (15) business days to allow such cure. If Seller does not give any Seller's Response, Seller shall be deemed to have elected not to attempt to cure any such matters. Notwithstanding the foregoing, Seller shall in any event be obligated to cure all matters or items (i) that are mortgage or deed of trust liens or security interests against the Property, in each case granted by Seller, (ii) real estate tax liens, other than liens for taxes and assessments not yet delinquent, and (iii) that have been voluntarily placed against the Property by Seller (and not third parties) after the date of this Agreement and that are not otherwise permitted pursuant to the provisions hereof. Seller shall be entitled to apply the Purchase Price towards the payment or satisfaction of such liens, and may cure any Objection by causing the Title Company to insure against collection of the same out of the Property. Seller acknowledges that the tenant under the Equinix Lease shall continue to be responsible under and in accordance with the terms of the Equinix Lease for the removal of any mechanic's or materialman's liens created by Seller during Seller's period of ownership and existing as of the Closing.

(d) If Seller elects (or is deemed to have elected) not to attempt to cure any Objections raised in any Buyer's Notice timely delivered by Buyer to Seller pursuant to Section 4.1(b), or if Seller notifies Buyer that it elects to attempt to cure any such Objection but then does not for any reason effect such cure on or before the Closing Date as it may be extended hereunder, then Buyer, as its sole and exclusive remedy, shall have the option of terminating this Agreement by delivering written notice thereof to Seller within three (3) business days after (as applicable) (i) its receipt of Seller's Response stating that Seller will not attempt to cure any such Objection or (ii) the expiration of Seller's Response Period if Seller does not deliver a Seller's Response or (iii) Seller's failure to cure by the Closing Date (as it may be extended hereunder) any Objection which Seller has previously elected to attempt to cure pursuant to a Seller's Response. In the event of such a termination, the Deposit shall be returned to Buyer, and neither party shall have any further rights or obligations hereunder except as provided in Sections 6.1, 9.3 and 9.9 below. If no such termination notice is timely received by Seller hereunder, Buyer shall be deemed to have waived all such Objections in which event those Objections shall become "**Conditions of Title**" under Section 4.1(e). If the Closing is not consummated for any reason other than Seller's default hereunder, Buyer shall be responsible for any title or escrow cancellation charges.

(e) At the Closing, Seller shall convey title to the Property to Buyer by deed in the form of **Exhibit B** attached hereto (the "**Deed**") subject to no exceptions other than:

(1) Interests of tenant under the Equnix Lease;

(2) Matters created by or with the written consent of Buyer;

(3) Non-delinquent liens for real estate taxes and assessments; and

(4) Any exceptions disclosed by the Title Report and any Title Report Update which is approved or deemed approved by Buyer in accordance with this Article IV above, and any other exceptions to title disclosed by the public records or which would be disclosed by an inspection and/or survey of the Property.

All of the foregoing exceptions shall be referred to collectively as the "**Conditions of Title**." Subject to the terms and conditions contained elsewhere in this Agreement, by acceptance of the Deed and the Closing of the purchase and sale of the Property, (x) Buyer agrees it is assuming for the benefit of Seller all of the obligations of Seller with respect to the Conditions of Title from and after the Closing, and (y) Buyer agrees that Seller shall have conclusively satisfied its obligations with respect to title to the Property. The provisions of this Section shall survive the Closing.

Section 4.2 Evidence of Title.

Delivery of title in accordance with the foregoing shall be evidenced by the willingness of the Title Company to issue the Title Policy at Closing. The Title Policy may contain such endorsements as reasonably required by Buyer provided that the Title Company shall have committed to issue such endorsements prior to the Title Review Date. Buyer shall pay the costs for all such endorsements. Seller shall have no obligation to provide any indemnity or agreement to the Title Company or Buyer to support the issuance of the Title Policy or any such endorsements other than an affidavit in the form attached hereto as **Exhibit H** and a gap indemnity, to the extent necessary in a form reasonably approved by Seller and the Title Company.

ARTICLE V

RISK OF LOSS AND INSURANCE PROCEEDS

Section 5.1 Minor Loss.

Buyer shall be bound to purchase the Property for the full Purchase Price as required by the terms hereof, without regard to the occurrence or effect of any damage to the Property or destruction of any improvements thereon or condemnation of any portion of the Property, provided that: (a) the cost to repair any such damage or destruction does not exceed One Million Dollars ($1,000,000) in the estimate of an architect or contractor selected by Seller and

reasonably acceptable to Buyer or in the case of a condemnation, the diminution in the value of the remaining Property as a result of a partial condemnation is not material (as hereinafter defined), (b) the tenant under the Equinix Lease shall be obligated to pay rent under the Equinix Lease commencing on the Closing Date without any abatement or reduction due to such casualty or condemnation, and (c) upon the Closing, there shall be a credit against the Purchase Price due hereunder equal to the amount of any insurance proceeds or condemnation awards collected by Seller as a result of any such damage or destruction or condemnation, plus the amount of any insurance deductible, less any sums expended by Seller toward the collection of such proceeds or awards and the restoration or repair of the Property (the nature of which restoration or repairs, but not the right of Seller to effect such restoration or repairs, shall be subject to the approval of Buyer, which approval shall not be unreasonably withheld, conditioned or delayed). If the proceeds or awards have not been collected as of the Closing, then such proceeds or awards shall be assigned to Buyer, except to the extent needed to reimburse Seller for sums expended to collect such proceeds or awards or to repair or restore the Property, and Seller shall retain the rights to such proceeds and awards to such extent.

Section 5.2 Major Loss.

If the cost to repair the damage or destruction as specified above exceeds One Million Dollars ($1,000,000) in the estimate of an architect or contractor selected by Seller and reasonably acceptable to Buyer, would result in an abatement or diminution of rent under the Equinix Lease, or the diminution in the value of the remaining Property as a result of a condemnation is material (as hereinafter defined) (in each case a "**Major Loss**"), then Buyer may, at its option to be exercised within ten (10) days of Seller's notice of the occurrence of such Major Loss, either terminate this Agreement or consummate the purchase for the full Purchase Price as required by the terms hereof. If Buyer elects to terminate this Agreement by delivering written notice thereof to Seller or fails to give Seller notice within such ten (10) day period that Buyer will proceed with the purchase, then this Agreement shall terminate, the Deposit shall be returned to Buyer and neither party shall have any further rights or obligations hereunder except as provided in Sections 6.1, 9.3 and 9.9 below. If Buyer elects to proceed with the purchase, then upon the Closing, there shall be a credit against the Purchase Price due hereunder equal to the amount of any insurance proceeds or condemnation awards collected by Seller as a result of any such damage or destruction or condemnation, plus the amount of any insurance deductible, less any sums expended by Seller toward the collection of such proceeds or awards or to restoration or repair of the Property (the nature of which restoration or repairs, but not the right of Seller to effect such restoration or repairs, shall be subject to the approval of Buyer, which approval shall not be unreasonably withheld, conditioned or delayed). If the proceeds or awards have not been collected as of the Closing, then such proceeds or awards shall be assigned to Buyer, except to the extent needed to reimburse Seller for sums expended to collect such proceeds or awards or to repair or restore the Property, and Seller shall retain the rights to such proceeds and awards to such extent. A condemnation shall be deemed material if any portion of any net rentable area of the Property or any parking is taken which would cause the Property to be in violation of any existing laws or regulations, including but not limited to, zoning regulations, or the existing access to the Property is materially and adversely affected, permanently.

ARTICLE VI

BROKERS AND EXPENSES

Section 6.1 Brokers.

The parties represent and warrant to each other that no broker or finder was instrumental in arranging or bringing about this transaction except for Liberty-Greenfield/California, Inc. ("**Seller's Broker**"). At Closing, Seller shall pay the commission due, if any, to Seller's Broker, which shall be paid pursuant to a separate agreement between Seller and Seller's Broker. If any other person brings a claim for a commission or finder's fee based upon any contact, dealings or communication with Buyer or Seller, then the party through whom such person makes his claim shall defend the other party (the "**Indemnified Party**") from such claim, and shall indemnify the Indemnified Party and hold the Indemnified Party harmless from any and all costs, damages, claims, liabilities or expenses (including without limitation, court costs and reasonable attorneys' fees and disbursements) incurred by the Indemnified Party in defending against the claim. The provisions of this Section 6.1 shall survive the Closing or, if the purchase and sale is not consummated, any termination of this Agreement.

Section 6.2 Expenses.

Except as expressly provided in this Agreement, each party hereto shall pay its own expenses incurred in connection with this Agreement and the transactions contemplated hereby.

ARTICLE VII

AGREEMENTS

Section 7.1 Buyer's Approval of Agreements Affecting the Property.

Between the Effective Date and the Closing, Seller shall not enter into any lease or other agreement affecting the Property, which will be binding on the Property or Buyer after Closing, except for agreements which are terminable on no more than thirty (30) days' notice without payment of any penalty or fee or other cost to Seller or the then contracting party, without first obtaining Buyer's approval of the proposed action, which approval will not be unreasonably withheld, conditioned or delayed. In such case, Buyer shall specify in detail the reasons for its disapproval of any such proposed action. If Buyer fails to give Seller notice of its approval or disapproval of any such proposed action requiring its approval under this Section 7.1 within three (3) business days after Seller notifies Buyer of Seller's desire to take such action, then Buyer shall be deemed to have given its approval.

Section 7.2 Maintenance of Improvements and Operation of Property; Removal of Tangible Personal Property.

Seller agrees to keep its customary property insurance covering the Property in effect until the Closing (provided, however, that the terms of any such coverage maintained in blanket form may be modified as Seller deems necessary). Seller shall maintain all Improvements substantially in their present condition (ordinary wear and tear, casualty and condemnation

excepted), and shall operate and manage the Property in a manner consistent with Seller's practices in effect prior to the Effective Date, provided that Seller shall in no event be obligated to make any capital expenditures or repairs. Seller shall not remove any Tangible Personal Property, except as may be required for necessary repair or replacement, and replacement shall be of approximately equal quality and quantity as the removed item of Tangible Personal Property.

Section 7.3 Additional Seller Covenants.

Seller covenants as follows:

(a) That until Closing or any earlier termination of this Agreement, Seller will not negotiate the terms of, entertain, solicit or enter into a contract for the sale or lease of the Property or any interest therein to any other person or enter into any discussions regarding same, whether or not such transaction is contingent on the termination of this Agreement. The foregoing shall not apply to negotiations with customers of Seller or its affiliates for space in the Property.

(b) Except as requested by Buyer, not undertake to modify the zoning classification of the Real Property.

(c) Seller shall use commercially reasonable efforts to promptly provide Buyer with copies of all notices sent or received by Seller and to notify Buyer of any other material discoveries or events occurring at the Property.

(d) Buyer shall not assume any of the contracts pertaining to the operation of the Property, including all management, leasing, service, or maintenance agreements or equipement leases (the "**Service Contracts**") and the Seller shall cause the tenant under the Equinix Lease to assume all Service Contracts. Seller shall indemnify and hold Buyer harmless from any costs, damages, liabilities or expenses, including, without limitation, reasonable attorneys fees and expenses, and defend Buyer from any claims arising out of or relating to any Service Contracts. The provisions of this Section 7.3(d) shall survive the Closing.

ARTICLE VIII

CLOSING AND ESCROW

Section 8.1 Escrow Instructions.

Upon execution of this Agreement, the parties hereto shall deposit an executed counterpart of this Agreement with the Title Company, and this instrument shall serve as the instructions to the Title Company as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and Buyer agree to execute such reasonable additional and supplementary escrow instructions as may be appropriate to enable the Title Company to comply with the terms of this Agreement; provided, however, that in the event of any conflict between the provisions of this Agreement and any supplementary escrow instructions, the terms of this Agreement shall control.

Section 8.2 Closing.

The Closing hereunder shall be held and delivery of all items to be made at the Closing under the terms of this Agreement shall be made at the offices of the Title Company or as otherwise mutually agreed on December 15, 2005, and before 12:00 p.m. local time, or such other earlier date and time as Buyer and Seller may mutually agree upon in writing (the "**Closing Date**"). Except as expressly provided herein, such date and time may not be extended without the prior written approval of both Seller and Buyer. Notwithstanding the foregoing, under no circumstance shall the Closing Date be extended beyond December 31, 2005.

Section 8.3 Deposit of Documents.

(a) At or before the Closing, Seller shall deposit into escrow the following items:

(1) the duly executed and acknowledged Deed in the form attached hereto as **Exhibit B** conveying the Real Property to Buyer subject to the Conditions of Title;

(2) four (4) duly executed counterparts of the Bill of Sale in the form attached hereto as **Exhibit C** (the "Bill of Sale");

(3) four (4) duly executed counterparts of an Assignment of Warranties and Other Intangible Property in the form attached hereto as **Exhibit D** (the "**Assignment**");

(4) four (4) duly executed counterparts of the Equinix Lease, including, without limitation, the Guaranty of Lease executed by Equinix, Inc.

(5) an affidavit pursuant to Section 1445(b)(2) of the Code, and on which Buyer is entitled to rely, that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Code;

(6) California 593-C Certificate; and

(7) an affidavit in the form of **Exhibit H**, duly executed by Seller, and such authority documentation as the Title Company may reasonably require, and, to the extent required, a gap indemnity in a form reasonably acceptable to Seller and the Title Company.

(b) At or before Closing, Buyer shall deposit into escrow the following items:

(1) immediately available funds necessary to close this transaction, including, without limitation, the Purchase Price (less the Deposit and interest thereon net of investment fees, if any) and funds sufficient to pay Buyer's closing costs and share of prorations hereunder;

(2) four (4) duly executed counterparts of the Bill of Sale; and

(3) four (4) duly executed counterparts of the Assignment.

(c) Seller and Buyer shall each execute and deposit a closing statement, such transfer tax declarations and such other instruments as are reasonably required by the Title Company or otherwise required to close the escrow and consummate the acquisition of the Property in accordance with the terms hereof. Seller and Buyer hereby designate Title Company as the "**Reporting Person**" for the transaction pursuant to Section 6045(e) of the Code and the regulations promulgated thereunder and agree to execute such documentation as is reasonably necessary to effectuate such designation.

(d) Within five (5) business days after the Closing Date, Seller shall deliver or make available at the Property to Buyer: any materials delivered to Seller in connection with Seller's acquisition of the Property, including all warranties and other Intangible Personal Property. Seller shall deliver possession of the Property to Buyer as required hereunder.

(e) Upon Title Company's receipt of all the closing deliveries required under Section 8.3 and authorization from each of Buyer and Seller to proceed with the Closing, the Title Company shall record the deed, release the funds to Seller and deliver fully executed originals of the other conveyance documents in equal number to Buyer and Seller. Title Company shall not proceed with such Closing until it is unconditionally committed to issue the Title Policy.

Section 8.4 Prorations and Closing Costs.

(a) The parties acknowledge that since simultaneous with the Closing the parties are entering into the Equinix Lease, which is a triple-net lease, there will be no proration of costs and expenses relating to the Property at Closing.

(b) Seller shall pay at the Closing (i) all county transfer or documentary taxes and any municipal transfer or documentary taxes, and (ii) the premium for the basic CLTA portion of the Title Policy, exclusive of any endorsements. Buyer shall pay at closing the balance of the cost of the Title Policy. All other costs and expenses of Closing or escrow shall be paid by the parties in accordance with the custom in the area where the Property is located. The parties will execute and deliver any required transfer or other similar tax declarations to the appropriate governmental entity at Closing.

(c) The provisions of this Section 8.4 shall survive the Closing.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Notices.

Any notices required or permitted to be given hereunder shall be given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by facsimile with confirmation of receipt, or (d) by a commercial overnight courier that guarantees next day delivery and provides a receipt, and such notices shall be addressed as follows:

To Buyer:	iStar Financial Inc. 1114 Avenue of the Americas, 27th Floor New York, NY 10036 Attention: Tim O'Connor and Nina Matis, Esq. E-Mail: toconnor@istarfinancial.com and nmatis@istarfinancial.com Telephone: 212-930-9400 Fax No.: 212-930-9494
with a copy to:	Katten Muchin Rosenman LLP 1025 Thomas Jefferson Street, N.W. East Lobby – Suite 700 Washington, D.C. 20007 Attention: John D. Muir, Jr., Esq. Telephone: 202-625-3839 Fax No.: 202-339-6054
To Seller:	Equinix Operating Co., Inc. 301 Velocity Way, 5th Floor Foster City, CA 94404 Attn: Paul Silliman and Renee Lanam E-mail: psilliman@equinix.com and rlanam@equinix.com Telephone: (650) 513-7085 Fax No.: (650) 513-7909
with a copy to:	Orrick, Herrington & Sutcliffe LLP 405 Howard Street San Francisco, CA 94105 Attn: William G. Murray, Jr. E-mail: wmurray@orrick.com Telephone: (415) 773-5807 Fax No.: (415) 773-5759

or to such other address as either party may from time to time specify in writing to the other party. Any notice or other communication sent as hereinabove provided shall be deemed effectively given (a) on the date of delivery, if delivered in person; (b) on the date mailed if sent by certified mail, postage prepaid, return receipt requested or by a commercial overnight courier; or (c) on the date of transmission, if sent by facsimile with confirmation of receipt. Such notices shall be deemed received (a) on the date of delivery, if delivered by hand or overnight express delivery service; (b) on the date indicated on the return receipt if mailed; or (c) on the date of transmission, if sent by facsimile. If any notice mailed is properly addressed but returned for any reason, such notice shall be deemed to be effective notice and to be given on the date of mailing. Any notice send by the attorney representing a party, shall qualify as notice under this Agreement.

Section 9.2 Entire Agreement.

This Agreement, together with the Exhibits and schedules hereto, contains all representations, warranties and covenants made by Buyer and Seller and constitutes the entire understanding between the parties hereto with respect to the subject matter hereof. Any prior correspondence, memoranda or agreements are replaced in total by this Agreement together with the Exhibits and schedules hereto.

Section 9.3 Entry and Indemnity.

In connection with any entry by Buyer, or its agents, employees or contractors onto the Property, Buyer shall give Seller reasonable advance notice of such entry and shall conduct such entry and any inspections in connection therewith (a) during normal business hours, (b) so as to minimize, to the greatest extent possible, interference with Seller's business, (c) in compliance with all applicable laws, and (d) otherwise in a manner reasonably acceptable to Seller. Without limiting the foregoing, prior to any entry to perform any on-site testing, including but not limited to any borings, drillings or samplings, Buyer shall give Seller written notice thereof, including the identity of the company or persons who will perform such testing and the proposed scope and methodology of the testing. Seller shall approve or disapprove, in Seller's sole discretion, the proposed testing within three (3) business days after receipt of such notice. If Seller fails to respond within such three (3) business day period, Seller shall be deemed to have disapproved the proposed testing. If Buyer or its agents, employees or contractors take any sample from the Property in connection with any such approved testing, Buyer shall provide to Seller a portion of such sample being tested to allow Seller, if it so chooses, to perform its own testing. Buyer shall permit Seller or its representative to be present to observe any testing or other inspection or due diligence review performed on or at the Property. Upon the request of Seller, Buyer shall promptly deliver to Seller copies of any reports relating to any testing or other inspection of the Property performed by Buyer or its agents, representatives, employees, contractors or consultants. Notwithstanding anything to the contrary contained herein, Buyer shall not contact any governmental authority without first obtaining the prior written consent of Seller thereto in Seller's sole discretion, and Seller, at Seller's election, shall be entitled to have a representative participate in any telephone or other contact made by Buyer to a governmental authority and present at any meeting by Buyer with a governmental authority; provided that the foregoing shall not apply to contacts for the sole purpose of confirming the land-use or zoning status of the Property. Buyer shall maintain, and shall assure that its contractors maintain, public liability and property damage insurance in amounts and in form and substance adequate to insure against all liability of Buyer and its agents, employees or contractors, arising out of any entry or inspections of the Property pursuant to the provisions hereof, and Buyer shall provide Seller with evidence of such insurance coverage upon request by Seller. Buyer shall indemnify and hold Seller harmless from and against any costs, damages, liabilities, losses, expenses, liens or claims (including, without limitation, court costs and reasonable attorneys' fees and disbursements) arising out of or relating to any entry on the Property by Buyer, its agents, employees or contractors in the course of performing the inspections, testings or inquiries provided for in this Agreement, including, without limitation, any release of Hazardous Materials or any damage to the Property; provided that Buyer shall not be liable to Seller solely as a result of the discovery by Buyer of a pre-existing condition on the Property to the extent the activities of Buyer, its agents, representatives, employees, contractors or consultants do not exacerbate the condition. The provisions of this

Section 9.3 shall be in addition to any access or indemnity agreement previously executed by Buyer in connection with the Property; provided that in the event of any inconsistency between this Section 9.3 and such other agreement, the provisions of this Section 9.3 shall govern. The foregoing indemnity shall survive beyond the Closing, or, if the sale is not consummated, beyond the termination of this Agreement. Buyer's right of entry, as provided in this Section 9.3, shall continue up through the date of Closing.

Section 9.4 Time.

Time is of the essence in the performance of each of the parties' respective obligations contained herein.

Section 9.5 Attorneys' Fees.

If either party hereto fails to perform any of its obligations under this Agreement or if any dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Agreement, whether prior to or after Closing, or if any party defaults in payment of its post-Closing financial obligations under this Agreement, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default and/or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements.

Section 9.6 Assignment.

Buyer's rights and obligations hereunder shall not be assignable without the prior written consent of Seller in Seller's sole discretion. Notwithstanding the foregoing, Buyer shall have the right, without the necessity of obtaining Seller's consent but with prior written notice to Seller at least five (5) days prior to the Closing Date, to assign its right, title and interest in and to this Agreement to an affiliate of Buyer at any time before the Closing Date. Buyer shall in no event be released from any of its obligations or liabilities hereunder in connection with any assignment. Subject to the provisions of this Section, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

Section 9.7 Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Section 9.8 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 9.9 Confidentiality and Return of Documents.

Buyer and Seller shall each maintain as confidential any and all material obtained about the other or, in the case of Buyer, about the Property, this Agreement or the transactions

contemplated hereby, and shall not disclose such information to any third party. Except as may be required by law, Buyer will not divulge any such information to other persons or entities including, without limitation, appraisers, real estate brokers, or competitors of Seller. Notwithstanding the foregoing, Buyer shall have the right to disclose information with respect to the Property to its officers, directors, employees, attorneys, accountants, environmental auditors, engineers, potential lenders, and permitted assignees under this Agreement and other consultants to the extent necessary for Buyer to evaluate its acquisition of the Property provided that all such persons are told that such information is confidential and agree (in writing for any third party engineers, environmental auditors or other consultants) to keep such information confidential. The provisions of this paragraph shall survive the Closing or any termination of this Agreement. In the event the transaction contemplated by this Agreement does not close as provided herein, upon the request of Seller, Buyer shall promptly return to Seller all Due Diligence Materials and other documents and copies obtained by Buyer in connection with the purchase of the Property hereunder. The provisions of this Section 9.9 shall not be applicable at any time after Closing that Equinix, Inc. or one of its affiliates is not a tenant in the Property.

Section 9.10 Interpretation of Agreement.

The article, section and other headings of this Agreement are for convenience of reference only and shall not be construed to affect the meaning of any provision contained herein. Where the context so requires, the use of the singular shall include the plural and vice versa and the use of the masculine shall include the feminine and the neuter. The term "**person**" shall include any individual, partnership, joint venture, corporation, trust, unincorporated association, any other entity and any government or any department or agency thereof, whether acting in an individual, fiduciary or other capacity.

Section 9.11 Limited Liability.

The obligations of Seller under this Agreement and under all of the Other Documents are intended to be binding only on the property of Seller and shall not be personally binding upon, nor shall any resort be had to, the private properties of any Seller Related Parties.

Section 9.12 Amendments.

This Agreement may be amended or modified only by a written instrument signed by Buyer and Seller.

Section 9.13 No Recording.

Neither this Agreement or any memorandum or short form thereof may be recorded by Buyer.

Section 9.14 Drafts Not an Offer to Enter Into a Legally Binding Contract.

The parties hereto agree that the submission of a draft of this Agreement by one party to another is not intended by either party to be an offer to enter into a legally binding contract with respect to the purchase and sale of the Property. The parties shall be legally bound with respect to the purchase and sale of the Property pursuant to the terms of this Agreement only if and when

the parties have been able to negotiate all of the terms and provisions of this Agreement in a manner acceptable to each of the parties in their respective sole discretion, and both Seller and Buyer have fully executed and delivered to each other a counterpart of this Agreement (or a copy by facsimile transmission) (the "**Effective Date**").

Section 9.15 No Partnership.

The relationship of the parties hereto is solely that of Seller and Buyer with respect to the Property and no joint venture or other partnership exists between the parties hereto. Neither party has any fiduciary relationship hereunder to the other.

Section 9.16 No Third Party Beneficiary.

The provisions of this Agreement are not intended to benefit any third parties.

Section 9.17 Limitation on Liability.

Notwithstanding anything to the contrary contained herein, after the Closing: (a) the maximum aggregate liability of Seller, and the maximum aggregate amount which may be awarded to and collected by Buyer (including, without limitation, for any breach of any representation, warranty and/or covenant by Seller) under this Agreement or any documents executed pursuant hereto or in connection herewith, including, without limitation, the Deed, the Bill of Sale, the Assignment (collectively, the "**Other Documents**"), shall under no circumstances whatsoever exceed One Million Dollars ($ 1,000,000).

Section 9.18 Survival.

Except as expressly set forth to the contrary herein, no representations, warranties, covenants or agreements of Seller contained herein shall survive the Closing.

Section 9.19 Survival of Article IX.

The provisions of this Article IX shall survive the Closing.

[signature page follows]

The parties hereto have executed this Agreement as of the date set forth in the first paragraph of this Agreement.

Seller: Equinix RP, Inc.,
a Delaware corporation

By: /s/ RENEE F. LANAM
Its: Secretary

Buyer: iStar Financial Inc.,
a Maryland real estate investment trust

By: /s/ JAY S. SUGARMAN
Its: Chairman & CEO

Exhibit 10.125

ASSIGNMENT AND ASSUMPTION OF LEASE AND LICENSE
AND LANDLORD CONSENT

THIS ASSIGNMENT AND ASSUMPTION OF LEASE AND LICENSE AND LANDLORD CONSENT (this "**Assignment**") is entered into as of January 1, 2006 (the "**Effective Date**") by and among GIP W. 7TH STREET, LLC, a Delaware limited liability company ("**Landlord**"), EQUINIX, INC., a Delaware corporation ("**Assignor**"), and EQUINIX OPERATING CO., INC., a Delaware corporation ("**Assignee**").

RECITALS

A. Landlord is the owner of that certain improved real property located at 600 W. 7th Street, Los Angeles, California (the "**Building**"). The Building is a part of that certain data center telecommunications project, with all common areas and appurtenant parking facilities, and containing building improvements commonly know as "600 W. 7th Street" and located at 600 W. 7th Street, Los Angeles, California (the "**Project**").

B. Pursuant to that certain Telecommunications Office Lease dated as of August 6, 1999 by and between 600 Seventh Street Associates, Inc., a California corporation (as predecessor in interest to Landlord) ("600 Associates"), as landlord, and Assignor, as tenant, as amended by that certain Letter Agreement dated as of August 24, 2000 by and between 600 Associates (as predecessor in interest to Landlord) and Assignor, and that certain Second Amendment to Lease dated as of November 30, 2003 by and between JMA Robinson Redevelopment, LLC, a Delaware limited liability company (as predecessor in interest to Landlord) ("JMA") and Assignor (collectively, the "**Lease**"), Assignor has certain rights to use and occupy certain premises (the "**Premises**") as more particularly described in the Lease, and pursuant to that certain License Agreement For Use of Colocation Space dated as of January 19, 2004 by and between JMA (as predecessor in interest to Landlord), as licensor, and Assignor, as licensee (the "**License**"), Assignor has certain rights to use and to install equipment in certain equipment space (the "**Equipment Space**") as more particularly described in the License. A copy of each of the Lease and the License is attached hereto as Schedule "1".

C. Assignor desires to assign to Assignee, and Assignee desires to assume from Assignor, all of Assignor's rights and obligations under the Lease and the License.

D. Landlord agrees to consent to this Assignment subject to the conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignee and Assignor hereby agree as follows:

1. **Assignment and Assumption.** In consideration of the assignment of the Lease and the License, Assignee hereby covenants and agrees, effective as of the Effective Date, to assume and fully perform, discharge and satisfy all of the obligations and duties of Tenant under the Lease including, without limitation, the obligation to pay Base Rent and any and all Additional Rent, as set forth in the Lease and all of the obligations and duties of Licensee under the License including, without limitation, the obligation to pay the Monthly License Fees and any additional fees or payments, as set forth in the License. Assignor, as the original Tenant under the Lease and the original Licensee under the License shall remain fully liable (jointly and severally) for the full performance, discharge and satisfaction of each and every term, covenant and condition to be performed, discharged and satisfied by tenant under the Lease and licensee under the License.

2. **Effective Date.** This Assignment shall become effective as of the Effective Date.

3. **Security Deposit.** Assignor hereby assigns to Assignee all of Assignor's right, title and interest to the Security Deposit as set forth in the Lease.

4. **Premises "As-Is".** Notwithstanding anything to the contrary, Assignor and Assignee acknowledge that Landlord shall have no responsibility for any work which may be required to prepare or remodel the Premises for Assignee's use except as otherwise provided in the Lease and the License.

5. **Landlord's Consent.** Landlord hereby consents to this Assignment subject to the conditions set forth herein.

6. **Amendment of Lease and License.** The provisions of the Lease and/or the License may be modified or amended or changed by agreement between Landlord and Assignee at any time, or by course of conduct, without the consent of or without notice to Assignor, including, without limitation, any extension of the Term pursuant to the Lease or the License, as applicable, or otherwise, and such modification, amendment or change shall not release Assignor from its obligations under the Lease or the License, as applicable.

7. **Attorneys' Fees.** In the event that any party hereto shall institute any action or proceeding against the other relating to the provisions of this Assignment, the party not prevailing in such actions or proceeding shall reimburse all reasonable attorneys' fees, costs and expenses incurred in connection with such action or proceedings including, without limitation, any post-judgment fees, costs or expenses incurred on any appeal or in collection of any judgment.

8. **Notices.** Any notice delivered by Landlord or Tenant to the other pursuant to the provisions of the Lease or the License shall, until further notice, be addressed as follows:

TO LANDLORD: GIP 7th Street, LLC
c/o Digital Realty Trust, L.P.
600 West 7th Street
Los Angeles, California 90017
Attention: James Trout
FAX: (877) 745-9491

With a copy to: Paul, Hastings, Janofsky & Walker LLP
515 South Flower Street, 25th Floor
Los Angeles, California 90071-2228
Attn: David A. Blumenfeld, Esq.
FAX: (213) 627-0705

TO ASSIGNEE: At the Premises
Attn: Duane MacKenzie

With a copy to Assignor: Equinix, Inc.
301 Velocity Way, 5th Floor
Foster City, CA 94404
Attn: Director of Real Estate

9. **Effect of Assignment.** Except to the extent the Lease or the License is modified by this Assignment, the terms and provisions of the Lease and the License, as applicable, shall remain unmodified and in full force and effect.

10. **Entire Agreement: No Modifications.** This Assignment embodies the entire understanding between Landlord, Assignor and Assignee with respect to the subject matter herein. Any prior correspondence,

memoranda, understandings, offers, negotiations and agreements, oral or written, are replaced in total by this Assignment. This Assignment may not be modified or amended except in writing, signed by the parties hereto.

11. **Successors and Assigns.** This Assignment shall inure to the benefit of and be binding upon the parties to this Assignment and their respective successors and assigns.

12. **Construction.** The parties acknowledge that each party and its counsel, if any, have reviewed and approved this Assignment and that no rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall be employed in the interpretation of this Assignment or any amendments or exhibits to it or any document executed and delivered by either party in connection with this Assignment. All captions in this Assignment are for reference only and shall not be used in the interpretation of this Assignment or any related document. Whenever required by the context of this Assignment, the singular shall include the plural, the masculine shall include the feminine, and vice versa. If any provision of this Assignment shall be determined to be illegal or unenforceable, such determination shall not affect any other provision of this Assignment and all such provisions shall remain in full force and effect.

13. **Defined Terms.** All words commencing with initial capital letters in this Assignment and not defined herein shall have the same meaning as set forth in the Lease or the License, as applicable.

14. **Applicable Law.** This Assignment shall be governed by and construed in accordance with the laws of California.

15. **Authority.** Each individual executing this Assignment on behalf of Assignor, Assignee and Landlord hereby covenants and warrants that the respective party has full right and authority to enter into this Assignment and that the person signing on behalf of such party is authorized to do so.

16. **Counterparts.** If this Assignment is executed in counterparts, each counterpart shall be deemed an original which together shall constitute the same document.

[Signatures Appear on Next Page]

IN WITNESS WHEREOF, the undersigned have executed this Assignment as of the Effective Date.

ASSIGNOR:

EQUINIX, INC.,
a Delaware corporation

By: /s/ RENEE F. LANAM
Name: Renee F. Lanam
Title: Chief Development Officer

ASSIGNEE:

EQUINIX OPERATING CO., INC.,
a Delaware corporation

By: /s/ RENEE F. LANAM
Name: Renee F. Lanam
Title: Secretary

LANDLORD:

GIP 7TH STREET, LLC
a Delaware limited liability company

By: GIP 7TH STREET HOLDING COMPANY, LLC
a Delaware limited liability company
Its Member and Manager

By: DIGITAL REALTY TRUST, L.P.,
a Maryland limited partnership,
its Member and Manager

By: DIGITAL REALTY TRUST, INC.,
a Maryland corporation,
its General Partner

By: /s/ JAMES R. TROUT
Name: James R. Trout
Its: Vice President

Exhibit 10.126

Execution Copy

LEASE AGREEMENT

by and between

iSTAR EL SEGUNDO LLC
a Delaware limited liability company

as LANDLORD

and

EQUINIX OPERATING CO., INC.,
a Delaware corporation,

as TENANT

Premises: Maple Data Center
1920 East Maple Avenue
El Segundo, California 90245

Dated as of December 21, 2005

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LEASE AGREEMENT

THIS LEASE AGREEMENT is made as of December 21, 2005, by and between iSTAR EL SEGUNDO LLC, a Delaware limited liability company ("Landlord"), with an address at c/o iStar Financial Inc., 1114 Avenue of the Americas, 27th Floor, New York, New York 10036, and EQUINIX OPERATING CO., INC., a Delaware corporation ("Tenant"), with an address at c/o Equinix, Inc., 301 Velocity Way, 5th Floor, Foster City, California 94404.

In consideration of the rents and provisions herein stipulated to be paid and performed, Landlord and Tenant hereby covenant and agree as follows:

1. Demise of Premises. Landlord hereby demises and lets to Tenant, and Tenant hereby takes and leases from Landlord, for the term and upon the provisions hereinafter specified, the following described property (hereinafter collectively referred to as the "Leased Premises"): (a) the premises described in Exhibit "A" hereto, together with the Appurtenances (collectively, the "Land"); (b) the buildings, structures and other improvements now or hereafter located on the Land, including, without limitation, the roof of the buildings located on the Land (collectively, the "Improvements"); and (c) the fixtures, machinery, equipment and other property described in Exhibit "B" hereto (collectively, the "Equipment").

2. Certain Definitions.

"Adjustment Date" shall mean the Adjustment Date as defined in Schedule 1.

"Additional Rent" shall mean Additional Rent as defined in Section 7(a).

"Affiliated Party" shall mean Affiliated Party as defined in Section 19(a).

"Alterations" shall mean all changes, additions, improvements or repairs to, all alterations, reconstructions, renewals, replacements or removals of and all substitutions or replacements for any of the Improvements or Equipment, both interior and exterior, structural and non-structural, and ordinary and extraordinary. Notwithstanding the foregoing, Alterations shall not include the addition, reconfiguration or removal of internal cabling, server cages or other equipment installed in the Premises primarily for the service of Tenant's Customers.

"Appurtenances" shall mean all tenements, hereditaments, easements, rights-of-way, rights, privileges in and to the Land, including (a) easements over other lands granted by any Easement Agreement and (b) any streets, ways, alleys, vaults, gores or strips of land adjoining the Land.

"Basic Rent" shall mean Basic Rent as defined in Section 6.

"Basic Rent Payment Date" shall mean the Basic Rent Payment Dates as defined in Section 6.

"Broker" shall mean Broker as defined in Section 32(a).

"Cash Security Deposit" shall mean Cash Security Deposit as defined in Section 31(a).

"Casualty" shall mean any injury to or death of any person or any loss of or damage to any property (including the Leased Premises) included within or related to the Leased Premises resulting from a fire or other casualty affecting the Leased Premises.

"Code" shall mean Code as defined in Section 30.

"Commencement Date" shall mean Commencement Date as defined in Section 5(a).

"Condemnation" shall mean a Taking.

"Condemnation Notice" shall mean notice of the institution of any proceeding for Condemnation.

"Costs" of a Person or associated with a specified transaction shall mean all reasonable costs and expenses incurred by such Person or associated with such transaction, including, without limitation, attorneys' fees and expenses, court costs, brokerage fees, escrow fees, title insurance premiums, recording fees and transfer taxes, as the circumstances require, subject to any limitations hereinafter set forth.

"Customer" shall mean a Person that has entered into an agreement with Tenant, or an affiliate of Tenant, for the provision of telecommunication, collocation or any similar or successor services from the Leased Premises.

"Default Rate" shall mean the Default Rate as defined in Section 6(c).

"Easement Agreement" shall mean any conditions, covenants, restrictions, easements, declarations, licenses and other agreements listed as Permitted Encumbrances or as may hereafter affect the Leased Premises.

"EBITDA" shall mean as of any applicable date for Guarantor, and all of its subsidiaries, prepared in accordance with GAAP (such entities are collectively herein called the "Subject Entity"), the net income (or loss) calculated for the trailing 12-month period prior to the applicable test date of such Subject Entity excluding the income (or loss) of any Subject Entity to the date it became part of the Subject Entity, which aggregate amount is then increased for the Subject Entity by the sum of Subject Entity's:

(i) interest expenses, plus

(ii) income and franchise taxes included in the determination of such net income, plus

(iii) depreciation, plus

(iv) amortization, plus

(v) accretion, plus

(vi) non-recurring, non-cash restructuring charges, plus

(vii) foreign exchange losses, plus

(viii) stock based compensation expenses,

during such periods, to the extent such items were deducted in calculating the net income under GAAP."

"Environmental Law" shall mean (i) whenever enacted or promulgated, any applicable federal, state and local law, statute, ordinance, rule, regulation, license, permit, authorization, approval, consent, court order, judgment, decree, injunction, code, requirement or agreement with any governmental entity, (x) relating to pollution (or the cleanup thereof), or the protection of air, water vapor, surface water, groundwater, drinking water supply, land (including land surface or subsurface), plant, aquatic and animal life from injury caused by a Hazardous Substance or (y) concerning exposure to, or the use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, handling, labeling, production, disposal or remediation of any Hazardous Substance, and (ii) any common law or equitable doctrine (including, without limitation, injunctive relief and tort doctrines such as negligence, nuisance, trespass and strict liability) that may impose liability or obligations or injuries or damages due to or threatened as a result of the presence of, exposure to, or ingestion of, any Hazardous Substance. The term Environmental Law includes, without limitation, the federal Comprehensive Environmental Response Compensation and Liability Act of 1980, the Superfund Amendments and Reauthorization Act, the federal Water Pollution Control Act, the federal Clean Air Act, the federal Clean Water Act, the federal Resources Conservation and Recovery Act of 1976 (including the Hazardous and Solid Waste Amendments to RCRA), the federal Solid Waste Disposal Act, the federal Toxic Substance Control Act, the federal Occupational Safety and Health Act of 1970, the federal National Environmental Policy Act and the federal Hazardous Materials Transportation Act, each as amended and as now or hereafter in effect and any similar state or local Law.

"Environmental Violation" shall mean any violation of any Environmental Law.

"Equipment" shall mean the Equipment as defined in Section 1.

"Event of Default" shall mean an Event of Default as defined in Section 20(a).

"Expenses" shall mean the Expenses as defined in Section 7(a).

"Expiration Date" shall mean the Expiration Date as defined in Section 5(a).

"Federal Funds" shall mean federal or other immediately available funds which at the time of payment are legal tender for the payment of public and private debts in the United States of America.

"GAAP" shall mean GAAP as defined in Section 26(a).

"Guarantor" shall mean Equinix, Inc., a Delaware corporation, or a successor to Guarantor by acquisition or merger, or by a consolidation or reorganization pursuant to which Guarantor ceases to exist as a legal entity.

"Good Condition and Repair" shall mean Good Condition and Repair as defined in Section 7(a).

"Hazardous Substance" means (i) any substance, material, product, petroleum, petroleum product, derivative, compound or mixture, mineral (including asbestos), chemical, gas, medical waste, or other pollutant, in each case whether naturally occurring, man-made or the by-product of any process, that is toxic, harmful or hazardous or acutely hazardous to the environment or public health or safety or (ii) any substance supporting a claim under any Environmental Law, whether or not defined as hazardous as such under any Environmental Law. Hazardous Substances include, without limitation, any toxic or hazardous waste, pollutant, contaminant, industrial waste, petroleum or petroleum-derived substances or waste, radon, radioactive materials, asbestos, asbestos containing materials, urea formaldehyde foam insulation, lead, polychlorinated biphenyls.

"Impositions" shall mean the Impositions as defined in Section 8.

"Improvements" shall mean the Improvements as defined in Section 1.

"Indemnitee" shall mean an Indemnitee as defined in Section 14.

"Initial Alterations" shall mean the Initial Alterations as defined in Section 12(a).

"Insurance Requirements" shall mean the requirements of all insurance policies maintained in accordance with this Lease.

"Land" shall mean the Land as defined in Section 1.

"Landlord Transfer" shall mean a Landlord Transfer as defined in Section 8.

"Law" shall mean any constitution, statute, rule of law, code, ordinance, order, judgment, decree, injunction, rule, regulation, policy, requirement or administrative or judicial determination, even if unforeseen or extraordinary, of every duly constituted governmental authority, court or agency, now or hereafter enacted or in effect.

"Lease" shall mean this Lease Agreement.

"Lease Year" shall mean, with respect to the first Lease Year, the period commencing on the Commencement Date and ending at midnight on the last day of the twelfth (12th) consecutive calendar month following the month in which the Commencement Date occurred, and each succeeding twelve (12) month period during the Term.

"Leased Premises" shall mean the Leased Premises as defined in Section 1.

"Legal Requirements" shall mean the requirements of all present and future Laws (including, but not limited to, Environmental Laws and Laws related to accessibility

to, usability by, and discrimination against, disabled individuals) and all covenants, restrictions and conditions now or hereafter of record which may be applicable to Tenant or to the Leased Premises, or to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or restoration of the Leased Premises, even if compliance therewith necessitates structural changes or improvements or results in interference with the use or enjoyment of the Leased Premises or requires Tenant to carry insurance other than as required by this Lease.

"Letter of Credit" shall mean Letter of Credit as defined in Section 31(a).

"Monetary Obligations" shall mean Rent and all other sums payable by Tenant under this Lease to Landlord, to any third party on behalf of Landlord or to any Indemnitee.

"Net Award" shall mean (a) the entire award payable by reason of a Condemnation whether pursuant to a judgment or by agreement or otherwise, or (b) the entire proceeds of any insurance required under clauses (i), (ii) (to the extent payable to Landlord), (iv), (v) (vi), (vii) or (viii) of Section 15(a), as the case may be, less any expenses incurred by Landlord in collecting such award or proceeds.

"Non-Preapproved Assignee" shall mean Non-Preapproved Assignee as defined in Section 19(b).

"Non-Preapproved Assignment" shall mean Non-Preapproved Assignment as defined in Section 19(b).

"Original Amount" shall mean Original Amount as defined in Section 31(a).

"Partial Casualty" shall mean any Casualty which does not constitute a Termination Event.

"Partial Condemnation" shall mean any Condemnation which does not constitute a Termination Event.

"Permitted Encumbrances" shall mean those covenants, restrictions, reservations, liens, conditions and easements and other encumbrances listed on Exhibit "C" hereto (but such listing shall not be deemed to revive any such encumbrances that have expired or terminated or are otherwise invalid or unenforceable).

"Person" shall mean an individual, partnership, association, limited liability company, corporation or other entity.

"Preapproved Assignee" shall mean Preapproved Assignee as defined in Section 19(a).

"Preapproved Assignment" shall mean Preapproved Assignment as defined in Section 19(a).

"Prime Rate" shall mean the interest rate per annum as published, from time to time, in The Wall Street Journal as the "Prime Rate" in its column entitled "Money Rate". The Prime Rate may not be the lowest rate of interest charged by any "large U.S. money center commercial banks" and Landlord makes no representations or warranties to that effect. In the event The Wall Street Journal ceases publication or ceases to publish the "Prime Rate" as described above, the Prime Rate shall be the average per annum discount rate (the "Discount Rate") on ninety-one (91) day bills ("Treasury Bills") issued from time to time by the United States Treasury at its most recent auction, plus three hundred (300) basis points. If no such 91-day Treasury Bills are then being issued, the Discount Rate shall be the discount rate on Treasury Bills then being issued for the period of time closest to ninety-one (91) days.

"Renewal Date" shall mean Renewal Date as defined in Section 5(b).

"Renewal Notice" shall mean Renewal Notice as defined in Section 5(b).

"Renewal Term" shall mean Renewal Term as defined in Section 5(b).

"Rent" shall mean, collectively, Basic Rent and Additional Rent.

"Requesting Party" shall mean Requesting Party as defined in Section 23.

"Required Replacements" shall mean the Required Replacements as defined in Section 7(a).

"Responding Party" shall mean Responding Party as defined in Section 23.

"Restoration Fund" shall mean Restoration Fund as defined in Section 18(a).

"Review Criteria" shall mean Review Criteria as defined in Section 19(b).

"Security Deposit" shall mean Security Deposit as defined in Section 31(a).

"SNDA" shall mean SNDA as defined in Section 29.

"State" shall mean the state in which the Leased Premises are located.

"Sublease" shall mean Sublease as defined in Section 19(c).

"Successor Landlord" shall mean Successor Landlord as defined in Section 29(c).

"Successor Party" shall mean Successor Party as defined in Section 19(a).

"Surviving Obligations" shall mean any obligations of Tenant under this Lease, actual or contingent, which arise on or prior to the expiration or prior termination of this Lease or which survive such expiration or termination by their own terms.

"Taking" shall mean (a) any taking or damaging of all or a portion of the Leased Premises (i) in or by condemnation or other eminent domain proceedings pursuant to any Law, general or special, or (ii) by reason of any agreement with any condemnor in settlement of or under threat of any such condemnation or other eminent domain proceeding, or (iii) by any other means, or (b) any de facto condemnation. The Taking shall be considered to have taken place as of the earlier of the date actual physical possession is taken by the condemnor, or the date on which the right to compensation and damages accrues under the law applicable to the Leased Premises.

"Tenant's Plans" shall mean Tenant's Plans as defined in Section 12(d).

"Term" shall mean the Term as defined in Section 5.

"Termination Date" shall mean the Termination Date as defined in Section 17.

"Termination Event" shall mean a Termination Event as defined in Section 17.

"Termination Notice" shall mean Termination Notice as defined in Section 17(a).

"Third Party Purchaser" shall mean the Third Party Purchaser as defined in Section 19(g).

"Warranties" shall mean the Warranties as defined in Section 3(c).

"Work" shall mean the Work as defined in Section 12(c).

3. Title and Condition.

(a) The Leased Premises are demised and let subject to (i) the Permitted Encumbrances, (ii) any state of facts which an accurate survey or physical inspection of the Leased Premises might show, (iii) all Legal Requirements, including any existing violation of any thereof, and (iv) the condition of the Leased Premises in all respects as of the commencement of the Term, without representation or warranty by Landlord.

(b) Tenant acknowledges that the Leased Premises are in acceptable condition and repair at the inception of this Lease. LANDLORD LEASES AND WILL LEASE AND TENANT TAKES AND WILL TAKE THE LEASED PREMISES "AS IS WITH ALL FAULTS". TENANT ACKNOWLEDGES THAT LANDLORD (WHETHER ACTING AS LANDLORD HEREUNDER OR IN ANY OTHER CAPACITY) HAS NOT MADE AND WILL NOT MAKE, NOR SHALL LANDLORD BE DEEMED TO HAVE MADE, ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT TO ANY MATTERS CONCERNING THE LEASED PREMISES, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OR REPRESENTATION AS TO (i) ITS FITNESS, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE, (ii) THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, (iii) THE EXISTENCE OF

ANY DEFECT, LATENT OR PATENT, (iv) LANDLORD'S TITLE THERETO, (v) VALUE, (vi) COMPLIANCE WITH SPECIFICATIONS, (vii) LOCATION, (viii) USE, (ix) CONDITION, (x) MERCHANTABILITY, (xi) QUALITY, (xii) DESCRIPTION, (xiii) DURABILITY (xiv) OPERATION, (xv) THE EXISTENCE OF ANY HAZARDOUS SUBSTANCE, OR (xvi) COMPLIANCE OF THE LEASED PREMISES WITH ANY LAW OR LEGAL REQUIREMENT; AND ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY TENANT. TENANT ACKNOWLEDGES THAT THE LEASED PREMISES ARE OF ITS SELECTION AND TO ITS SPECIFICATIONS AND THAT THE LEASED PREMISES HAVE BEEN INSPECTED BY TENANT AND ARE SATISFACTORY TO IT.

(c) Landlord hereby assigns to Tenant, without recourse or warranty whatsoever, on a non-exclusive basis, all assignable warranties, guaranties, indemnities and similar rights (collectively "Warranties") which Landlord may have against any manufacturer, seller, engineer, contractor or builder in respect of the Leased Premises. Such assignment shall remain in effect until the expiration or earlier termination of this Lease, whereupon such assignment shall cease and all of the Warranties shall automatically revert to Landlord. In confirmation of such reversion Tenant shall execute and deliver promptly any certificate or other document reasonably required by Landlord. Landlord shall also retain the right to enforce any guaranties (i) to the extent of Landlord's obligations hereunder, and (ii) upon the occurrence of an Event of Default. Tenant in its reasonable discretion, may enforce and shall comply with the terms of all Warranties in accordance with their respective terms, provided that if Tenant does not enforce any Warranty, Landlord shall have the right to do so. Tenant shall not take any actions which would cause any of the Warranties to lapse.

4. Use of Leased Premises; Quiet Enjoyment.

(a) Tenant may occupy and use the Leased Premises as a data center, any facility that as a result of technological changes is a substantially equivalent, or a technological successor, to a data center, so long as such change does not have any material negative impact on the value of the Leased Premises, or, for any other purpose previously approved by Landlord in writing and in a manner consistent with applicable Laws, Legal Requirements and the Permitted Encumbrances. In approving any alternative uses, Landlord shall act reasonably taking into account technological changes and changes in the telecommunications industry. Tenant shall not use or occupy or permit the Leased Premises to be used or occupied, nor do or permit anything to be done in or on the Leased Premises, in a manner which would or is likely to (i) violate any Law or Legal Requirement, (ii) make void or voidable or cause any insurer to cancel any insurance required by this Lease, or make it impossible to obtain any such insurance at commercially reasonable rates, (iii) make void or voidable, cancel or cause to be cancelled or release any warranty, guaranty or indemnity, (iv) cause structural injury to any of the Improvements or (v) constitute a public or private nuisance or waste.

(b) Subject to the provisions hereof, so long as no Event of Default has occurred and is continuing, Tenant shall quietly hold, occupy and enjoy the Leased Premises throughout the Term, without any hindrance, ejection or molestation by Landlord with respect to matters that arise after the date hereof.

(c) Landlord acknowledges that Tenant will operate the Leased Premises as a highly secure facility which has very limited access. As a result thereof, Landlord shall not under any circumstances enter the Leased Premises without being accompanied by a representative of Tenant and after, at least, 48 hours prior written notice. Subject to the foregoing requirement, Landlord shall be entitled to enter the Premises at the following times and for the following purposes: (i) as required to perform Landlord's obligations under this Lease and to inspect the Premises to confirm that Tenant is in compliance with its obligations under the Lease, provided, however, that such inspection shall only occur once a quarter (unless an Event of Default exists in which case Landlord may enter the Leased Premises as often as Landlord deems necessary in its sole discretion, subject to the notice requirements set forth above), and (ii) showing the Leased Premises to prospective purchasers or lenders, or, during the last 180 days of the Term, to prospective tenants. Notwithstanding anything to the contrary but subject to the notice requirements set forth above in this Section 4.(c), Landlord shall have access to the Leased Premises at ay time in order to enforce its self-help rights or any of its other remedies under this Lease. In exercising such entry rights, Landlord will endeavor to minimize, to the extent reasonably practicable, the interference with Tenant's business.

5. Term.

(a) Subject to the provisions hereof, Tenant shall have and hold the Leased Premises for an initial term (such term, as extended or renewed in accordance with the provisions hereof, being called the "Term") commencing on December 21, 2005 (the "Commencement Date") and ending on the last day of the two hundred fortieth (240th) calendar month next following the date hereof (the "Expiration Date").

(b) Provided that if, on or prior to the Expiration Date or any other Renewal Date (as hereinafter defined) this Lease shall not have been terminated pursuant to any provision hereof, Tenant shall have the right to extend the Term of this Lease so long as no Event of Default exists at the time of any such request or on the applicable Renewal Date, for three (3) consecutive additional periods of five (5) years each (each such extension, a "Renewal Term") as of the Expiration Date and on the fifth (5^{th}) and tenth (10th) anniversary of the Expiration Date (the Expiration Date and each such fifth (5th) and tenth (10th) anniversary thereafter occurring being a 'Renewal Date") upon notice by Tenant to Landlord in writing (a "Renewal Notice") no more than thirty-six (36) months and no less than twelve (12) months prior to the applicable Renewal Date. Any such extension of the Term shall be subject to all of the provisions of this Lease, as the same may be amended, supplemented or modified.

(c) Basic Rent for any Renewal Term shall be calculated as set forth in Schedule 1.

(d) If Tenant fails to exercise its option pursuant to Section 5(b) to have the Term extended, or if an Event of Default occurs and so long as such Event of Default shall continue, then Landlord shall have the right during the remainder of the Term then in effect, to (i) advertise the availability of the Leased Premises for sale or reletting and to erect upon the Leased Premises one (1) sign reasonably acceptable to Tenant indicating such availability and (ii) show the Leased Premises to prospective purchasers or tenants or their agents subject to the requirements of Section 4(c).

6. Basic Rent.

(a) Commencing on the Commencement Date, Tenant shall pay to Landlord, in lawful money of the United States, without set-off, counterclaim, recoupment, abatement, suspension, deferment, diminution, deduction, reduction or defense, except as otherwise specifically set forth herein, for each calendar month of the Term, monthly rent in the amount set forth in the monthly rent schedule set forth in Schedule 1 ("Basic Rent"), in advance, on the first day of the Term and then on the first day of each calendar month (each such day being a "Basic Rent Payment Date"); without abatement, deduction, claim, offset, prior notice or demand. If the first day of the Term is not the first day of a calendar month, then the amount of the Basic Rent due and payable shall be prorated. Each such rental payment shall be made, at Landlord's sole discretion, to Landlord by wire transfer in Federal Funds in accordance with the wiring instructions set forth on Exhibit "E" attached hereto and made a part hereof and/or to such one or more other Persons, at such addresses as Landlord may direct by fifteen (15) days' prior written notice to Tenant (in which event Tenant shall give Landlord notice of each such payment concurrent with the making thereof), on or before the applicable Basic Rent Payment Date.

(b) In the event that any installment of Basic Rent is not paid within five (5) business days of the date due, Tenant shall pay to Landlord, in addition to the Basic Rent, an amount equal to three percent (3%) of the amount of such unpaid installment or portion thereof to reimburse Landlord for its cost and inconvenience incurred as a result of Tenant's delinquency; provided that Tenant shall not be obligated to pay such amount the first time in each Lease Year that Tenant is late in paying the Basic Rent, provided that Tenant actually pays such Basic Rent within five (5) business days of written notice from Landlord.

(c) Interest at the rate (the 'Default Rate") of four percent (4%) over the Prime Rate per annum shall be due and payable on the following sums until paid in full: (A) all overdue installments of Basic Rent from the respective due dates thereof provided, however, that with the first late payment of all or any installment of Basic Rent in any Lease Year, the Default Rate shall not be due and payable unless the Basic Rent has not been paid within five (5) business days following written notice from Landlord that such installment is past due, (B) all overdue amounts of Additional Rent relating to obligations which Landlord shall have paid on behalf of Tenant, from the date of payment thereof by Landlord, and (C) all other overdue amounts of Additional Rent, from the date when any such amount becomes overdue.

7. Additional Rent.

(a) Tenant shall pay and discharge, as additional rent (collectively, "Additional Rent") (i) all expenses incurred in the use, operation and maintenance of the Leased Premises, including, without limitation, the following: electricity, gas, water, sewer, storm water, fuel and other reasonable utility charges, (ii) premiums and other charges for insurance (including, but not limited to, property insurance, rent loss insurance and liability insurance); and (iii) all costs incurred in connection with service and maintenance contracts; (iv) all costs required to keep the Leased Premises and Equipment in Good Condition and Repair, as defined below, and (v) all Impositions in accordance with Section 8 below. All of the foregoing items described in the preceding clauses (i)-(v) are referred to herein as "Expenses." Except as otherwise agreed to by Landlord and Tenant, all of such Expenses shall be paid directly by

Tenant and Tenant shall, upon the written request of Landlord, provide Landlord with reasonable evidence of such payment. As used herein the phrase "Good Condition and Repair" shall mean that the Leased Premises are in the condition that one would expect the Leased Premises to be in, if throughout the Term Tenant (y) uses and maintains the Leased Premises and Equipment in a commercially reasonable manner and in an accordance with the requirements of this Lease and (z) makes all Required Replacements. "Required Replacements" are the replacements to nonfunctioning equipment, fixtures, and improvements that a commercially reasonable owner-user would make. Good Condition and Repair shall not require the replacement of functioning but obsolete Equipment or Improvements. Notwithstanding the foregoing, Tenant shall not be obligated to pay any portion of the following items:

(i) Sums paid to subsidiaries or other affiliates of Landlord for services on or to Leased Premises, but only to the extent that the costs of such services exceed the competitive cost for such services rendered by persons or entities of similar skill, competence and experience.

(ii) Advertising and promotional expenditures.

(iii) Landlord's charitable and political contributions.

(iv) Any expenses for which Landlord has received actual reimbursement .

(v) Wages, salaries, benefits or other similar compensation paid to employees of Landlord or Landlord's agents.

(vi) Penalties or other costs incurred due to a violation by Landlord, as determined by written admission, stipulation, final judgment or arbitration award, of any of the terms and conditions of this Lease or any Law relating to the Leased Premises.

(vii) Landlord's general corporate office overhead and administrative expenses (which shall not be deemed to include a management fee).

(viii) The cost of abatement or removal of any Hazardous Substances, except for the costs of any such actions taken by Landlord to comply with any Laws in connection with the ordinary operation and maintenance of the Leased Premises or any costs for which Tenant is responsible under Sections 9 and 14.

(ix) All direct and indirect costs of refinancing, selling, exchanging or otherwise transferring ownership of the Leased Premises or any interest therein or portion thereof, including broker commissions, attorneys' fees and closing costs.

(x) Reserves for bad debts, rent loss, capital items or future expenses.

(xi) Third party claims paid by Landlord for personal injury or property damage, including costs of Landlord's defense thereof, except that the foregoing shall not relieve Tenant of responsibility for claims (and the defense costs thereof) for which Tenant is responsible pursuant to Section 14 or any other provision of this Lease.

(b) Tenant shall pay and discharge any Additional Rent referred to in Section 7(a) when the same shall become due, provided that amounts which are billed to Landlord or any third party, but not to Tenant, shall be paid within thirty (30) days after Landlord's demand for payment thereof. Any demand by Landlord for the payment of Additional Rent shall be accompanied by reasonably supporting material explaining the Additional Rent amount.

8. Payment of Impositions. Tenant shall, before interest or penalties are due thereon, pay and discharge all taxes (including real and personal property, franchise, sales, use, gross receipts and rent taxes), all charges for any easement or agreement maintained for the benefit of the Leased Premises, all assessments and levies, all permit, inspection and license fees, all rents and charges for water, sewer, utility and communication services relating to the Leased Premises and all other public charges whether of a like or different nature, even if unforeseen or extraordinary, imposed upon or assessed against (a) Tenant, (b) Tenant's possessory interest in the Leased Premises, (c) the Leased Premises, or (d) Landlord as a result of or arising in respect of the acquisition, ownership, occupancy, leasing, use, possession or sale of the Leased Premises, any activity conducted on the Leased Premises, or the Rent (collectively, the "Impositions"); provided, that nothing herein shall obligate Tenant to pay (i) income, excess profits or other taxes of Landlord which are determined on the basis of Landlord's net income or net worth (unless such taxes are in lieu of or a substitute for any other tax, assessment or other charge upon or with respect to the Leased Premises which, if it were in effect, would be payable by Tenant under the provisions hereof or by the terms of such tax, assessment or other charge), (ii) any estate, inheritance, succession, gift or similar tax imposed on Landlord or (iii) any capital gains tax imposed on Landlord in connection with the sale of the Leased Premises to any Person. If any Imposition may be paid in installments without interest or penalty, Tenant shall have the option to pay such Imposition in installments; in such event, Tenant shall be liable only for those installments which accrue or become due and payable during the Term. Tenant shall prepare and file all tax reports required by governmental authorities which relate to the Impositions. Tenant shall deliver to Landlord (A) copies of all settlements and notices pertaining to the Impositions which may be issued by any governmental authority within ten (10) days after Tenant's receipt thereof, (B) receipts for payment of all taxes required to be paid by Tenant hereunder within thirty (30) days after the due date thereof and (C) receipts for payment of all other Impositions within ten (10) days after Landlord's request therefor. Notwithstanding the foregoing, Tenant shall, during the first three (3) years of the Term, not be obligated to pay any increase in the real property taxes or assessments applicable to the Leased Premises that results from an increase in the assessed value of the Leased Premises in excess of $37,700,000 (the "Base Amount") due to the sale, hypothecation, encumbrance or other transfer of the Leased Premises or any interest therein, or any interest in the Landlord at whatever level (a "Landlord Transfer"). The protection provided in the preceding sentence shall expire at the end of such three (3) year period and Tenant shall then be obligated to pay any increases in such real property taxes or assessments applicable to the Leased Premises, except as provided in the following sentence. Further to the preceding sentence, Tenant shall, during the succeeding three (3) years of the Term, not be obligated to pay more than one-half (1/2) of any increase in the real property taxes or assessments applicable to the Leased Premises that results from an increase in the assessed value

of the Leased Premises in excess of the Base Amount of a Landlord Transfer during the first three (3) year period or the second three (3) year period referenced above. The protection provided in the preceding sentence shall expire at the end of six (6) years from the Commencement Date and Tenant shall then be obligated to pay on a going forward basis any increases in such real property taxes or assessments applicable to the Leased Premises from and after such date, including such as may have been triggered by any Landlord Transfers during the first six (6) years of the Term.

9. Compliance with Laws and Easement Agreements; Environmental Matters; Underground Storage Tanks

(a) Tenant shall, at its expense, comply with and conform to, and cause the Leased Premises and any other Person occupying any part of the Leased Premises to comply with and conform to, all Insurance Requirements and Legal Requirements (including all applicable Environmental Laws). Tenant shall not at any time (i) cause, permit or suffer to occur any Environmental Violation or (ii) permit any subtenant, assignee or other Person occupying the Leased Premises under or through Tenant to cause, permit or suffer to occur any Environmental Violation and, at the request of Landlord, Tenant shall promptly remediate or undertake any other appropriate response action to correct any existing Environmental Violation in a manner which is commercially reasonable and sufficient to remediate or correct such Environmental Violation to levels consistent with non-residential use of the Leased Premises and in accordance and compliance with all applicable Legal Requirements. Any and all reports prepared for or by Landlord with respect to the Leased Premises shall be for the sole benefit of Landlord and no other Person shall have the right to rely on any such reports.

(b) Tenant, at its sole cost and expense, will at all times promptly abide by, discharge and perform all of the covenants, conditions and agreements contained in any Easement Agreement on the part of Landlord or the occupier to be kept and performed thereunder. Tenant will not alter, modify, amend or terminate any Easement Agreement, give any consent or approval thereunder, or enter into any new Easement Agreement without, in each case, prior written consent of Landlord, which consent shall not be unreasonably withheld, delayed or conditioned.

(c) If Tenant fails to comply with any requirement of any Environmental Law in connection with any Environmental Violation which occurs or is found to exist, after the expiration of a reasonable period of time of not less than thirty (30) days provided by Landlord to Tenant in writing to cure such Environmental Violation, Landlord shall have the right (but no obligation) to take any and all actions as Landlord shall deem reasonably necessary or advisable in order to cure such Environmental Violation.

(d) Tenant shall promptly notify Landlord after becoming aware of any Environmental Violation (or alleged Environmental Violation) or noncompliance with any of the covenants contained in this Section 9 and shall forward to Landlord immediately upon receipt thereof copies of all orders, reports, notices, permits, applications or other communications relating to any such violation or noncompliance.

(e) Landlord acknowledges that there presently exists on the Leased Premises generators and other redundant power generation equipment, including fuel storage tanks, specialized HVAC and fire suppression systems, which may contain Hazardous Substances. During the Term Tenant may, in accordance with the provisions of this Lease, install up to two additional fuel storage tanks of similar size to the existing storage tanks, replace the existing fuel storage tanks, install or replace any battery back-up systems, install or replace the HVAC or fire suppression systems, so long as all of such work is done in accordance with the requirements of this Lease and all Hazardous Substances involved in any of such systems or equipment are handled, used, stored, maintained and disposed of in accordance with applicable Laws, including, without limitation, Environmental Laws. The installation of additional fuel storage tanks (but not the replacement of any existing fuel tanks) shall be subject to (i) Landlord's prior written approval with respect to the location of such additional fuel storage tank(s); and (ii) Landlord's right to require removal of any additional fuel storage tank(s) at the end of the Term.

(f) If required by Landlord, at least ninety (90) days prior to the (i) end of the Term or (ii) termination of the Lease, Tenant shall remove any additional fuel storage tanks installed upon the Leased Premises pursuant to Section 9(e) above in accordance with all then applicable Legal Requirements, approvals, regulations and ordinance applicable thereto and Tenant shall cause such area of the Leased Premises to be fully restored with appropriate closure letters from the applicable governmental authorities (the "Storage Tank Removal"). The Storage Tank Removal obligation shall not apply to storage tanks located on the Leased Premises as of the date hereof. Tenant agrees that in no manner, expressed or implied, shall Landlord have any responsibility for any and all storage tanks located now or in the future on the Leased Premises (the "Storage Tanks"), including the maintenance, operation, and as applicable, the Storage Tank Removal. Tenant hereby agrees to indemnify, defend and hold harmless Landlord from any and all claims and damages in any way relating to the construction, maintenance, operation of any Storage Tanks on the Leased Premises and if applicable, the Storage Tank Removal, including claims and damages from subsurface and groundwater conditions relating to any of the construction, maintenance, operation and, if applicable, the Storage Tank Removal. Such indemnity shall survive the termination or expiration of the Lease.

(g) At all times, Tenant shall cause the Storage Tanks, at Tenant's sole cost and expense, to be maintained and operated in accordance with all applicable Laws and all Legal Requirements, but not limited to, making any changes thereto as may be required from time to time by such applicable Laws, Legal Requirements, ordinances or other requirements. Tenant shall maintain complete and accurate records of all maintenance and all testing of the Storage Tanks, and each portion thereof, and make such records available upon ten (10) days' prior written notice to Landlord. Additionally, Tenant shall furnish Landlord with copies of all certification and inspection reports obtained by Tenant for any purpose in connection with the Storage Tanks, including but not limited to as required for insurance purposes, within thirty (30) days of Tenant's receipt of such certification and inspection reports.

(h) Prior to the end of the Term (but not more than sixty (60) days prior thereto), Tenant shall furnish Landlord with an environmental report (which report shall be customary at the time it is furnished) reasonably acceptable to Landlord which report must indicate that the Storage Tanks are not leaking, or, if any leakage is detected, that areas in which

the Storage Tanks are located are not contaminated above reportable levels by any leakage from the Storage Tanks and to the extent such report reveals that there are any Hazardous Substance in such areas, Tenant shall be solely responsible, at Tenant's sold cost and expense, for removing and remediating such areas in accordance with applicable Legal Requirements and in a manner reasonably acceptable to Landlord (including repairing any damage to the Leased Premises in connection .

(i) All costs and expenses incurred by Landlord relating to the review, approval, monitoring or implementation and monitoring of the Storage Tanks shall be paid for by Tenant promptly upon demand, and in any event within ten (10) Business Days of written demand therefor.

10. Liens; Recording.

(a) Subject to the provisions of Section 9(b) hereof, Tenant shall not, directly or indirectly, create or permit to be created or to remain and shall promptly after notice thereof discharge or remove, any lien, levy or encumbrance on the Leased Premises or on any Rent or any other sums payable by Tenant under this Lease, other than the Permitted Encumbrances and any mortgage, lien, encumbrance or other charge created by or resulting solely from any act or omission of Landlord. NOTICE IS HEREBY GIVEN THAT LANDLORD SHALL NOT BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO TENANT OR TO ANYONE HOLDING OR OCCUPYING THE LEASED PREMISES THROUGH OR UNDER TENANT, AND THAT NO MECHANICS' OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF LANDLORD IN AND TO THE LEASED PREMISES. LANDLORD MAY AT ANY TIME POST ANY NOTICES ON THE LEASED PREMISES REGARDING SUCH NON-LIABILITY OF LANDLORD.

(b) Tenant shall execute, deliver and record, file or register all such instruments as may be required or permitted by any present or future Law in order to evidence the respective interests of Landlord and Tenant in the Leased Premises, and shall cause a memorandum of this Lease (or, if such a memorandum cannot be recorded, this Lease), and any supplement hereto or thereto, to be recorded in such manner and in such places as may be required or permitted by any present or future Law in order to protect the validity and priority of this Lease.

11. Maintenance and Repair.

(a) Tenant shall at all times maintain the Leased Premises and the Equipment in Good Condition and Repair and in compliance with all Legal Requirements. Tenant shall take every action reasonably necessary or appropriate for the preservation and safety of the Leased Premises. Tenant shall promptly make all Alterations of every kind and nature, whether foreseen or unforeseen, which may be required to comply with the foregoing requirements of this Section 11(a). Landlord shall not be required to make any Alteration, whether foreseen or unforeseen, or to maintain any of the Leased Premises. Tenant hereby expressly waives any right which may be provided for in any Law now or hereafter in effect to make Alterations at the expense of Landlord or, to require Landlord to make Alterations, including California Civil Code Sections 1941 and 1942. Any Alteration made by Tenant pursuant to this Section 11 shall be made in conformity with the provisions of Section 12.

(b) If any Improvement hereafter constructed, shall (i) encroach upon any setback or any property, street or right-of-way adjoining the Leased Premises, (ii) violate the provisions of any restrictive covenant affecting the Leased Premises, (iii) hinder or obstruct any easement or right-of-way to which the Leased Premises is subject or (iv) impair the rights of others in, to or under any of the foregoing, Tenant shall, promptly after receiving notice thereof, either (A) obtain from all necessary parties waivers or settlements of all claims, liabilities and damages resulting from each such encroachment, violation, hindrance, obstruction or impairment, whether the same shall affect Landlord, Tenant or both, or (B) take such reasonable action as shall be necessary to remove all such encroachments, hindrances or obstructions and to end all such violations or impairments, including, if necessary, making Alterations. Tenant acknowledges and agrees that Landlord shall have no obligation to correct any of the foregoing conditions to the extent that any one or more of them exist prior to the Commencement Date and that Tenant shall continue to be bound by the terms of this Lease regardless of the existence of any such pre-existing conditions.

(c) Landlord and Tenant acknowledge that it is Tenant's responsibility to keep the Leased Premises in Good Condition and Repair and in compliance with all Legal Requirements. Landlord shall not perform any repairs, modifications or improvements to the Leased Premises, unless (i) Tenant has failed to take the necessary actions to maintain the Leased Premises in Good Condition and Repair, after fifteen (15) days advance written notice from Landlord, or (ii) in Landlord's reasonable judgment such actions are required on an emergency basis to protect life or property and Tenant is not responding to such emergency; provided, however, that under no circumstances shall Landlord be obligated to perform any repairs, modifications or improvements to the Leased Premises or keep the Leased Premises in Good Condition and Repair.

12. Alterations and Improvements.

(a) Landlord has reviewed and approved the initial alterations contemplated by Tenant as described onExhibit "D" (the "Initial Alterations"), and acknowledges that such Initial Alterations shall not require further approval by Landlord but that Tenant shall deliver to Landlord the as-built drawings in CAD and hard copy and copies of any permits for such Initial Alterations upon completion thereof, as required below. Tenant shall not remove any portion of the Initial Alterations at the end of the Term and such Initial Alternations shall become a part of the Leased Premises and Landlord's property. Tenant shall be required to complete the Initial Alterations on or before the second (2nd) anniversary of the Commencement Date, subject to reasonable extensions for force majeure delays, and in accordance with this Section 12.

(b) Tenant shall have the right, without having obtained the prior written consent of Landlord and provided that no Event of Default then exists, (i) to make any improvements, alterations or modifications to the Premises the cost of which is less than two hundred and fifty thousand dollars ($150,000) (so long as such improvements do not devalue the Leased Premises or increase Landlord's obligations or liability during or after the Term in any

way), (ii) to make non-structural Alterations which are reasonably required or desirable for the operation of Tenant's business in the Leased Premises and which are not visible from the exterior of the Leased Premises, or (iii) to install or replace Equipment in the Improvements or accessions to the Equipment. If Tenant desires to make Alterations to the Leased Premises which are not covered by clauses (i), (ii) or (iii) above, the prior written approval of Landlord shall be required which shall not be unreasonably withheld, delayed or conditioned. Tenant shall not construct upon the Land any additional buildings without having first obtained the prior written consent of Landlord which shall not be unreasonably withheld, delayed or conditioned. Landlord and Tenant acknowledge that Tenant is in the business of providing telecommunications and collocation services to its customers. Over the Term of this Lease it is likely that, due to technological innovations, the nature of these services and/or the equipment or facilities required to perform these services in an optimal manner may change. Landlord acknowledges that any Alterations required to accommodate such changes in Tenant's business shall be deemed reasonable so long as they do not impair the value of the Leased Premises. An Alteration will not be deemed to impair the value of the Leased Premises, if the Alteration can be removed at the end of the Term, and the Leased Premises can be reasonably restored to their condition prior to such Alteration.

(c) If Tenant makes any Alterations pursuant to this Section 12 or as required by Sections 11 or 16 (such Alterations and actions being hereinafter collectively referred to as "Work"), then prior to commencing any Work, Tenant shall (i) submit to Landlord, for Landlord's written approval, where required, detailed plans and specifications therefor in form satisfactory to Landlord, (ii) if such Alterations require a filing with any Governmental Authority or require the consent of such authority, then such plans and specifications shall (A) be prepared and certified by a registered architect or licensed engineer, and (B) comply with all Laws to the extent necessary for such governmental filing or consent, (iii) at its expense, obtain all required permits, approvals and certificates, (iv) furnish to Landlord duplicate original policies or certificates of insurance evidencing worker's compensation coverage (covering all persons to be employed by Tenant, and all contractors and subcontractors supplying materials or performing work in connection with such Alterations) and comprehensive public liability (including property damage coverage) insurance, comprehensive form automobile liability insurance and Builder's Risk coverage (issued on a completed value basis) all in such form, with such companies, for such periods and in such amounts as Landlord may require, naming Landlord and its employees and agents as additional insureds. All Alterations shall be performed by Tenant at Tenant's sole cost and expense (A) in a good and workmanlike manner using materials of first class quality, (B) in compliance with all Laws, and (C) in accordance with the plans and specifications previously approved by Landlord. Tenant shall at its cost and expense obtain all approvals, consents and permits from every Governmental Authority having or claiming jurisdiction prior to, during and upon completion of such Alterations. If any such Work involves the replacement of existing Equipment or parts thereto, and except in instances where such Equipment is obsolete, all replacement Equipment or parts shall have a functional value and useful life equal to the lesser of (A) the functional value and useful life on the date hereof of the Equipment being replaced or (B) the functional value and useful life of the Equipment being replaced immediately prior to the occurrence of the event which required its replacement (assuming such replaced Equipment was then in the condition required by this Lease). Notwithstanding the preceding to the contrary, in the event that Tenant installs any new equipment on the Leased Premises that is not a replacement for existing Equipment, Tenant shall

be entitled to remove such equipment at the end of the Term. Tenant shall promptly reimburse Landlord, as Additional Rent and upon demand, for any and all costs and expenses incurred by Landlord in connection with Landlord's review of Tenant's plans and specifications for any such Alteration, not to exceed fifteen hundred dollars ($1500).

(d) Landlord agrees to respond to any written request for approval of all Tenant's plans and specifications for any Alterations ("Tenant's Plans") within ten (10) Business Days after Tenant's request, provided Tenant's Plans comply in all material respects with the requirements of this Section 12. In addition, Landlord agrees to respond to any resubmission of Tenant's Plans within five (5) Business Days after written resubmission. If Landlord either fails to approve or disapprove the Initial Plans on or before the end of the applicable review period set forth herein, Tenant's Plans or revisions thereto shall be deemed to be approved by Landlord. Tenant may at the time that any Tenant's Plans are submitted to Landlord also request that Landlord indicate whether or not the Alterations described in such Tenant's Plans will be required to be removed at the end of the Term or upon the earlier termination of this Lease. In the event that any Alterations or new equipment are in the category that do not require Landlord's consent for the construction or installation thereof, Tenant may remove such items at the end of the Term, at Tenant's election, provided that Tenant agrees that Tenant shall not remove the Initial Alterations at the end of the Term.

(e) Upon completion of any Alterations and any work pursuant to this Section 12, Tenant, at its expense, shall promptly obtain certificates of final approval of such Alterations as may be required by any Governmental Authority, and shall furnish Landlord with copies thereof, together with "as built" plans and specifications for such Alterations prepared on an Autocad Computer Assisted Drafting and Design System (or such other system or medium as Landlord may accept).

(f) Tenant shall, at Tenant's sole cost and expense, upon the expiration of the Term or earlier termination of this Lease, at the request of Landlord remove all Alterations made during the Term of this Lease and restore the Leased Premises to their condition as of the date hereof, normal wear and tear excepted. Notwithstanding the foregoing Tenant shall not be required to remove the following at the end of the Term or earlier termination of this Lease: (i) Alterations which Landlord has agreed, pursuant to Section 12(c) above, that Tenant shall not be required to remove, (ii) Alterations which are substantially consistent in form or function to the Improvements existing as of the date hereof, and (iii) the Initial Alterations.

13. Approved Alterations. Subject to the provisions of this Lease, Tenant may install, at its sole cost, risk and expense: (i) satellite dishes and communications equipment on the roof of the Improvements and on the Land in an amount and of a type reasonably required for the conduct of Tenant's business on the Leased Premises, (ii) on the Land or Improvements such additional generators, storage tanks, HVAC equipment, electrical or telecommunications switching equipment or similar equipment of a type reasonably required for the conduct of Tenant's business on the Leased Premises, and (iii) on the Land and with access to the Improvements, such additional fiber or other communications lines as may be reasonably required for the conduct of Tenant's business on the Leased Premises. All work done in connection with the items described in clauses (i), (ii) and (iii) above shall be deemed Alterations and shall be subject Sections 12(b)-12(e) above but shall not require any prior consent from the Landlord.

14. Indemnification.

(a) Tenant shall pay, protect, indemnify, defend, save and hold harmless Landlord and all other Persons described in Section 29 (each an "Indemnitee") from and against any and all liabilities, losses, damages (including punitive damages), penalties, Costs (including reasonable attorneys' fees and costs), causes of action, suits, claims, demands or judgments of any nature whatsoever arising from (i) any matter pertaining to the ownership, leasing, use, non-use, occupancy, operation, management, condition, design, construction, maintenance, repair or restoration of the Leased Premises and Tenant's business operations thereon, (ii) any casualty in any manner arising from the Leased Premises, whether or not Indemnitee has or should have knowledge or notice of any defect or condition causing or contributing to said casualty, (iii) any violation by Tenant of any provision of this Lease, any contract or agreement to which Tenant is a party, any Legal Requirement or any Permitted Encumbrance, or (iv) any alleged, threatened or actual Environmental Violation, including, with out limitation, (A) liability for response costs and for costs of removal and remedial action incurred by the United States Government, any state or local governmental unit or any other Person, or damages from injury to or destruction or loss of natural resources, including the reasonable costs of assessing such injury, destruction or loss, incurred pursuant to Section 107 of CERCLA, or any successor section or act or provision of any similar state or local Law, (B) liability for costs and expenses of abatement, correction or clean-up, fines, damages, response costs or penalties which arise from the provisions of any of the other Environmental Laws and (C) liability for personal injury or property damage arising under any statutory or common-law tort theory, including damages assessed for the maintenance of a public or private nuisance or for carrying on of a dangerous activity. Notwithstanding the foregoing, the indemnification contained in this Section 14(a) shall not cover any of the foregoing that result from the gross negligence or willful misconduct of Landlord or the breach by Landlord of any provision of this Lease.

(b) In case any action or proceeding is brought against any Indemnitee by reason of any such claim, (i) such Indemnitee shall notify Tenant to resist or defend such action or proceeding by retaining counsel reasonably satisfactory to such Indemnitee, and such Indemnitee will cooperate, at no cost to such Indemnitee, and assist in the defense of such action or proceeding if reasonably requested to do so by Tenant, and (ii) Tenant may, except in the event of a conflict of interest or a bona fide dispute between Tenant and any such Indemnitee or during the continuance of an Event of Default, retain its own counsel and defend such action (it being understood that Landlord may employ counsel of its choice to monitor the defense of any such action, the reasonable cost of which shall be paid by Tenant in the event of a conflict of interest, a bona fide dispute between Landlord and Tenant or during the continuance of an Event of Default). In the event of a conflict of interest or dispute or during the continuance of an Event of Default or Tenant's request that Landlord handle its own defense, Landlord shall have the right to select counsel, and the cost of such counsel shall be paid by Tenant. Notwithstanding the foregoing, Tenant shall not enter into any settlement which would affect Landlord or the Leased Premises without Landlord's prior written consent which may be withheld in its sole and absolute discretion.

(c) The obligations of Tenant under this Section 14 shall survive any termination, expiration or rejection in bankruptcy of this Lease with respect to matters that occurred or existed prior to such termination, expiration or rejection.

15. Insurance.

(a) Tenant shall maintain (or, in the case of the insurance described in clause (vi) below, require its contractors, subcontractors, architects and engineers, as applicable, to maintain) the following insurance on or in connection with the Leased Premises:

(i) Insurance against physical loss or damage to the Improvements and Equipment as provided under a standard "All Risk" or "Special Perils" property policy including, but not limited to, flood (to the extent that the Leased Premises is in a flood zone) in amounts not less than the actual replacement cost of the Improvements and Equipment. Such policies shall contain Replacement Cost and Agreed Amount Endorsements and shall contain deductibles not more than $100,000 per occurrence.

(ii) Commercial General Liability Insurance (including, but not limited to, Medical Expense and Host Liquor Liability) and Business Automobile Liability Insurance (including Non-Owned and Hired Automobile Liability) against claims for personal and bodily injury, death or property damage occurring on, in or as a result of the use of the Leased Premises, in an amount not less than $1,000,000 per occurrence and $2,000,000 annual aggregate and all other coverage extensions that are usual and customary for properties of this size and type provided, however, that the Landlord shall have the right to require such higher limits as may be commercially reasonable and customary for properties of this size, type and location.

(iii) Worker's compensation insurance covering all persons employed by Tenant in connection with any work done on or about the Leased Premises for which claims for death, disease or bodily injury may be asserted against Landlord, Tenant or the Leased Premises or, in lieu of such Workers' Compensation Insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate agency of the State or States in which the Leased Premises are located.

(iv) Comprehensive Boiler and Machinery Insurance on any of the Equipment or any other equipment on or in the Leased Premises in an amount not less than $4,000,000 per accident for damage to property. Either such Boiler and Machinery policy or the All-Risk policy required in (i) above shall include at least $1,000,000 per incidence for Off-Premises Service Interruption, Expediting Expenses, and Hazardous Materials Clean-up Expense and may contain a deductible not to exceed $100,000.

(v) Business Interruption coverage on an "actual loss sustained" basis over the period of indemnity (such coverage shall be available for up to a period of at least twelve (12) months)**.** Such insurance shall name Landlord as loss payee solely with respect to Basic Rent payable to or for the benefit of the Landlord under this Lease.

(vi) During any period in which the Initial Alterations or other Alterations at the Leased Premises that require Landlord's consent are being undertaken,

builder's risk insurance covering the total completed value including any "soft costs" with respect to the Improvements being altered or repaired (on a completed value, non-reporting basis), replacement cost of work performed and equipment, supplies and materials furnished in connection with such construction or repair of Improvements or Equipment, together with such "soft cost" endorsements and such other endorsements as Landlord may reasonably require and general liability, workers' compensation and automobile liability insurance with respect to the Improvements being constructed, altered or repaired.

(vii) Earthquake and earth movement insurance (including subsidence), insuring in an amount equal to the probable maximum loss of the Leased Premises (as determined by a seismic study acceptable to Landlord in its sole discretion with a maximum deductible of no greater than ten percent (10%) of the replacement cost of the Leased Premises covered under the policy);

(viii) If not covered by the policy required in Section 15(a)(i) above, insurance coverage for terrorism and terrorist acts, in form and content and with coverages acceptable to Landlord in its sole discretion. Landlord and Tenant acknowledge that Tenant shall not be required to carry the insurance coverage described in Sections 15(a)(vii) and (viii) if such insurance cannot be obtained at commercially reasonable rates and is not customarily carried by institutional owners or tenants of facilities similar to the Leased Premises.

(ix) Umbrella excess liability insurance for not less than $10,000,000 per occurrence, subject to an aggregate cap of not less than $10,000,000.

(x) In connection with the two (2) underground storage tanks presently located on the Leased Premises and any additional fuel underground Storage Tanks installed on the Leased Premises as approved by Landlord in accordance with Section 9 of this Lease, Tenant shall, at all times during the Term of this Lease, at Tenant's sole cost and expense, obtain and keep in force or reimburse Landlord for the cost of Storage Tank Pollution Liability Insurance in the amount of $1,000,000 per claim and $1,000,000 in the aggregate. For each new Storage Tank installed, the Tenant shall increase the aggregate limit by $500,000.

(xi) Law and Ordinance coverage in form and substance reasonably satisfactory to Landlord.

(xii) Such other insurance (or other terms with respect to any insurance required pursuant to this Section 15, including, without limitation, amounts of coverage, deductibles, form of mortgagee clause) on or in connection with the Leased Premises as Landlord may reasonably require, which at the time is usual and commonly obtained in connection with properties similar in type of building size, use and location to the Leased Premises.

(b) The insurance required by Section 15(a) shall be written by companies which have a Best's rating of A or above or a comparable claims paying ability assigned by Standard & Poor's Corporation or equivalent rating agency approved by Landlord and are admitted in, and approved to write insurance policies by, the State Insurance Department for the state in which the Leased Premises are located. The insurance policies (i) shall be for

such terms as Landlord may reasonably approve, (ii) shall be primary and without right of contribution of any other insurance carried by or on behalf of Landlord (if any), and (iii) shall be in amounts sufficient at all times to satisfy any coinsurance requirements thereof. The insurance referred to in Sections 15(a)(i), 15(a)(iv), 15(a)(v), 15(a)(vi) 15(a)(vii**),** 15(viii), 15(a)(x) and 15(a)(xi) shall name Landlord as Owner and Landlord as loss payee as its interest may appear. The insurance referred to in Sections 15(a)(ii) and 15(a)(ix) shall name Landlord as an additional insured. Any obligation imposed upon the insureds shall be the sole obligation of Tenant and not of any other insured. If said insurance or any part thereof shall expire, be withdrawn, become void, voidable, unreliable or unsafe for any reason, including a breach of any condition thereof by Tenant or the failure or impairment of the capital of any insurer, or if for any other reason whatsoever said insurance shall become reasonably unsatisfactory to Landlord, Tenant shall within thirty (30) days prior to the expiration date of the policy or following written notice from Landlord obtain new or additional insurance reasonably satisfactory to Landlord. In addition, at Landlord's written request Tenant shall grant to the holder of any Mortgage the same rights as Landlord under this Section 15 and Section 16.

(c) Each policy required by any provision of Section 15(a), except clause (iii) thereof, shall provide that it may not be cancelled on any renewal date except after thirty (30) days' prior notice to Landlord. Each such policy shall also provide that any loss otherwise payable thereunder shall be payable notwithstanding any change in title to or ownership of the Leased Premises and, to the extent available, shall provided that any loss otherwise payable thereunder shall be payable notwithstanding (i) any act or omission of Landlord or Tenant which might, absent such provision, result in a forfeiture of all or a part of such insurance payment, and (ii) the occupation or use of the Leased Premises for purposes more hazardous than those permitted by the provisions of such policy.

(d) Tenant shall pay as they become due all premiums for the insurance required by Section 15(a), shall renew or replace each policy and upon written request deliver to Landlord evidence of timely payment of the full premium therefor or installment then due and shall promptly deliver to Landlord all original certificates of insurance.

(e) Anything in this Section 15 to the contrary notwithstanding, any insurance which Tenant is required to obtain pursuant to Section 15(a) may be carried under a "blanket" or umbrella policy or policies covering other properties or liabilities of Tenant, provided that such "blanket" or umbrella policy or policies otherwise comply with the provisions of this Section 15 and provided further that Tenant shall provide to Landlord a Statement of Values which shall be reviewed annually and amended as necessary based on Replacement Cost Valuations. Upon written request, a certified copy of each such "blanket" or umbrella policy shall promptly be delivered to Landlord.

(f) Tenant shall have the replacement cost and insurable value of the Improvements and Equipment determined from time to time as required by the replacement cost and agreed amount endorsements and shall deliver to Landlord the new replacement cost and agreed amount endorsement or certificate evidencing such endorsement promptly upon Tenant's receipt thereof.

(g) Tenant shall promptly comply with and conform to (i) all provisions of each insurance policy required by this Section 15 and (ii) all requirements of the insurers thereunder applicable to Landlord, Tenant or the Leased Premises or to the use, manner of use, occupancy, possession, operation, maintenance, alteration or repair of the Leased Premises, even if such compliance necessitates Alterations or results in interference with the use or enjoyment of the Leased Premises.

(h) Tenant shall not carry separate insurance concurrent in form or contributing in the event of a Casualty with that required in this Section 15 unless (i) Landlord are included therein as named insureds, with loss payable as provided herein, and (ii) such separate insurance complies with the other provisions of this Section 15. Tenant shall immediately notify Landlord of such separate insurance and shall deliver to Landlord the certified copies of such policies.

(i) All policies shall contain effective waivers by the carrier against all claims for insurance premiums against Landlord and shall contain full waivers of subrogation against the Landlord.

(j) All proceeds of any insurance required under Section 15(a) shall be payable as follows:

(i) Proceeds payable under clauses (ii), (iii) and (iv) of Section 15(a) and proceeds attributable to the general liability coverage of Builder's Risk insurance under clause (vi) of Section 15(a) shall be payable to the Person entitled to receive such proceeds.

(ii) Proceeds of insurance required under clause (i) and (vii)—(xi) of Section 15(a) and proceeds attributable to Builder's Risk insurance (other than its general liability coverage provisions) under clause (vi) and clause (vii) of Section 15(a) shall be payable to Landlord and applied as set forth in Section 17 or, if applicable, Section 18. Tenant shall apply the Net Award to restoration of the Leased Premises in accordance with the applicable provisions of this Lease unless a Termination Event shall have occurred and Tenant has given a Termination Notice in which case the Landlord shall be entitled to keep the Net Award.

(iii) Proceeds of insurance required under clause (v) of Section 15(a) shall be payable to Landlord, and any amounts so received shall be applied against Basic Rent as the same shall become due and owing.

16. Casualty and Condemnation.

(a) If any Casualty to the Leased Premises occurs the insurance proceeds for which are reasonably estimated by Tenant to be equal to or in excess of Two Hundred Fifty Thousand Dollars ($250,000), Tenant shall give Landlord prompt notice thereof. So long as no Event of Default exists, Tenant is hereby authorized to adjust, collect and compromise all claims under any of the insurance policies required by Section 15(a) (except public liability insurance claims payable to a Person other than Tenant, or Landlord) and to execute and deliver on behalf of Landlord all necessary proofs of loss, receipts, vouchers and releases required by the insurers and Landlord shall have the right to join with Tenant therein.

Notwithstanding the foregoing, any final adjustment, settlement or compromise of any such claim that is in excess of Two Hundred Fifty Thousand Dollars ($250,000) shall be subject to the prior written approval of Landlord. If an Event of Default exists, Tenant shall not be entitled to adjust, collect or compromise any such claim or to participate with Landlord in any adjustment, collection and compromise of the Net Award payable in connection with a Casualty. Tenant agrees to sign, upon the request of Landlord, all such proofs of loss, receipts, vouchers and releases. Each insurer is hereby authorized and directed to make payment under said policies, excluding return of unearned premiums, directly to Landlord and Tenant jointly, and Tenant hereby appoints Landlord as Tenant's attorney-in-fact to endorse any draft therefor.

(b) Tenant, promptly upon receiving a Condemnation Notice, shall notify Landlord thereof. Landlord shall be authorized to collect, settle and compromise the amount of any Net Award and, provided that so long as an Event of Default does not exist, Tenant shall be entitled to participate with Landlord in any Condemnation proceeding or negotiations under threat thereof or to contest the Condemnation or the amount of the Net Award therefor. Subject to the provisions of this Section 16(b), Tenant hereby irrevocably assigns to Landlord any award or payment to which Tenant is or may be entitled by reason of any Condemnation, whether the same shall be paid or payable for Tenant's leasehold interest hereunder or otherwise; but nothing in this Lease shall impair Tenant's right to any award or payment on account of Tenant's trade fixtures, equipment or other tangible property which is not part of the Equipment, moving expenses or loss of business, if available, to the extent that and so long as (i) Tenant shall have the right to make, and does make, a separate claim therefor against the condemnor and (ii) such claim does not in any way reduce either the amount of the award otherwise payable to Landlord for the Condemnation of Landlord's fee interest in the Leased Premises or the amount of the award (if any) otherwise payable for the Condemnation of Tenant's leasehold interest hereunder.

(c) If any Partial Casualty (whether or not insured against) or Partial Condemnation shall occur to the Leased Premises, this Lease shall continue, notwithstanding such event, and the Basic Rent payable hereunder shall be appropriately adjusted to reflect any reduction in the net rentable area of the Improvements that is unavailable for Tenant's use and occupancy if the lost use of such space adversely affects Tenant's ability to operate its business in a material manner, as a result of such Partial Casualty or Partial Condemnation, but only to the extent Landlord receives the insurance proceeds under Section 15(a)(v) to cover the lost Basic Rent and if any such insurance proceeds relating to lost Basic Rent (or lost profits but only to the extent of Basic Rent due and payable) are paid to Tenant, Tenant shall pay such sums to Landlord, and only for so long as Tenant's use and occupancy is adversely affected. Except as provided in the preceding sentence, Tenant's Basic Rent shall not abate or be reduced during Tenant's restoration of the Improvements. Promptly after such Partial Casualty or Partial Condemnation, Tenant, as required in Section 11(a), shall commence and diligently continue to restore the Leased Premises as nearly as possible to their value, condition and character immediately prior to such event (assuming the Leased Premises to have been in the condition required by this Lease), and so long as no Event of Default exists, any Net Award up to and including $500,000 shall be paid by Landlord directly to Tenant for the purpose of paying the cost of such restoration, provided, that Tenant shall pay Landlord the amount of any shortfall to the extent the Net Award is insufficient to cover the cost of the restoration or Tenant shall provide Landlord with adequate security to secure the payment of such shortfall as and when

required by Landlord. Any Net Award in excess of $500,000 shall (unless such Casualty and Condemnation resulting in the Net Award is a Termination Event) be made available by Landlord to Tenant for the restoration of the Leased Premises pursuant to and in accordance with and subject to the provisions of Section 18(b) hereof. Landlord and Tenant hereby waive the provisions of California Civil Code Sections 1932 and 1933 and California Code of Civil Procedure Section 1265.130.

17. Termination Events.

(a) If (i) all of the Leased Premises shall be taken by a Taking, (ii) all of the Leased Premises shall be substantially damaged or destroyed by a Casualty, (iii) any portion of the Leased Premises shall be taken by a Taking and the remaining portion of the Leased Premises is unsuitable or uneconomical for the continuation of Tenant's business therein, or (iv) any portion of the Leased Premises is destroyed or damaged by a Casualty and the estimated time to repair or replace the Leased Premises is in excess of one (1) year, as reasonably estimated by Landlord, or under applicable law the Leased Premises cannot be rebuilt to a condition that is suitable and economical for the operation of Tenant's business therein (each of the events described in the above clauses (i), (ii), (iii) and (iv) shall hereinafter be referred to as a "Termination Event"), then Tenant shall have the option, within thirty (30) days after Tenant receives a Condemnation Notice, or within thirty (30) days after the Casualty, as the case may be, to give to Landlord written notice (a "Termination Notice") in the form described in Section 17(b) of the Tenant's election to terminate this Lease.

(b) A Termination Notice shall contain notice of Tenant's intention to terminate this Lease on the first Basic Rent Payment Date occurring after the date of such Termination Notice.

18. Restoration.

(a) In the event that the Lease is not terminated as a result of any Condemnation or Casualty as provided in Section 17 above, Landlord shall hold any Net Award in excess of $500,000 in a fund (the "Restoration Fund") and disburse amounts from the Restoration Fund only in accordance with the following conditions:

(i) prior to commencement of restoration, (A) the architects, contracts, contractors, plans and specifications for the restoration shall have been approved by Landlord, which approval shall not be unreasonably withheld, delayed or conditioned, and (B) if requested by Landlord, Landlord shall be provided with acceptable performance and payment bonds which insure completion of and payment for the restoration, are in an amount and form and have a surety acceptable to Landlord, and name Landlord as additional dual obligees;

(ii) at the time of any disbursement, no Event of Default shall exist and no mechanics' or materialmen's liens shall have been filed against the Leased Premises and remain undischarged, subject to Tenant's rights under Section 14 hereof;

(iii) disbursements shall be made monthly in an amount not exceeding the cost of the work completed since the last disbursement, upon receipt of (A) satisfactory evidence, including architects' certificates, of the stage of completion, the estimated

total cost of completion and performance of the work to date in a good and workmanlike manner in accordance with the contracts, plans and specifications, (B) waivers of liens, (C) contractors' and subcontractors' sworn statements as to completed work and the cost thereof for which payment is requested and (D) a satisfactory bring-down of title insurance;

(iv) each request for disbursement shall be accompanied by a certificate of Tenant, signed by an officer of Tenant, describing the work for which payment is requested, stating the cost incurred in connection therewith, stating that Tenant has not previously received payment for such work and, upon completion of the work, also stating that the work has been fully completed and complies with the applicable requirements of this Lease;

(v) Landlord may retain ten percent (10%) of the Restoration Fund until the restoration is fully completed;

(vi) the Restoration Fund shall not be commingled with Landlord's other funds and shall bear interest at a rate agreed to by Landlord and Tenant;

(vii) such other customary reasonable conditions as Landlord may reasonably impose.

(b) Prior to commencement of restoration and at any time during restoration, if the estimated cost of completing the restoration work free and clear of all liens, as reasonably determined by Landlord, exceeds the amount of the Net Award available for such restoration, the amount of such excess shall, within ten (10) days following written request by Landlord, be paid by Tenant to Landlord to be added to the Restoration Fund or Tenant shall provide Landlord with reasonable adequate security to secure the payment of such excess as and when required. Any sum so added by Tenant which remains in the Restoration Fund upon completion of restoration shall be refunded to Tenant. For purposes of determining the source of funds with respect to the disposition of funds remaining after the completion of restoration, the Net Award shall be deemed to be disbursed prior to any amount added by Tenant.

(c) If any sum remains in the Restoration Fund after completion of the restoration and any refund to Tenant pursuant to Section 18(b), such sum shall be retained by Landlord.

19. Assignment and Subletting.

(a) Tenant shall have the right, upon fifteen (15) days prior written notice to Landlord, with no consent of Landlord being required or necessary ("Preapproved Assignment"), to assign this Lease by operation of law or otherwise to any of the following Persons (each a "Preapproved Assignee"): (i) an affiliate, subsidiary, or parent of Equinix, Inc., or a corporation, partnership or other legal entity wholly owned by Equinix, Inc. (collectively, an "Affiliated Party"), or (ii) a successor to Tenant by acquisition or merger, or by a consolidation or reorganization pursuant to which Tenant ceases to exist as a legal entity (each such party a "Successor Party"); provided, however, that the Guaranty from Equinix, Inc. ("Guarantor") shall remain in full force and effect or such successor to Guarantor having a net worth and financial strength equal to or greater than Guarantor has delivered to Landlord a replacement guaranty in form and substance identical to the Guaranty. As used herein, (A) "parent" shall mean a

company which owns a majority of Equinix, Inc.'s voting equity; (B) "subsidiary" shall mean an entity wholly owned by Equinix, Inc. or a controlling interest in whose voting equity is owned by Equinix, Inc.; and (C) "affiliate" shall mean an entity controlled by, controlling or under common control with Equinix, Inc.

(b) If Tenant desires to assign this Lease, whether by operation of law or otherwise, to a Person ("Non-Preapproved Assignee") who would not be a Preapproved Assignee ("Non-Preapproved Assignment") then Tenant shall, not less than twenty (20) days prior to the date on which it desires to make a Non-Preapproved Assignment submit to Landlord information regarding the following with respect to the Non-Preapproved Assignee (collectively, the "Review Criteria"): (A) credit, (B) capital structure, (C) management, (D) operating history, and (E) proposed use of the Leased Premises. Landlord shall review such information and shall approve or disapprove the Non-Preapproved Assignee (which approval shall not be unreasonably withheld) no later than the thirtieth (30th) day following receipt of all such information, and Landlord shall be deemed to have acted reasonably in granting or withholding consent if such grant or disapproval is based solely on their review of the Review Criteria applying prudent business judgment.

(c) Tenant shall have the right to enter into subleases, licenses or similar agreements (collectively a "Sublease") with its Customers, consistent with the custom and practice of the telecommunications industry, to "co-locate" such Customers' telecommunications equipment within the Leased Premises or to otherwise occupy a portion of the Leased Premises and to allow such Customers to avail themselves of the services provided by Tenant from the leased premises consistent with the permitted uses of the Leased Premises. Any such Sublease shall be subject and subordinate in all respects to all of the terms of this Lease but shall not require any prior consent or notice to the Landlord; provided, however, that: (A) no Sublease shall in any way discharge or diminish any of the obligations of Tenant to Landlord under this Lease and Tenant shall remain directly and primarily liable under this Lease; (B) each Sublease shall be subject to and subordinate to this Lease and to the rights of Landlord hereunder; (C) each Sublease shall prohibit the subtenant from engaging in any activities on the Leased Premises that are not consistent with those permitted under this Lease; and (D) each Sublease shall have a term which expires on or prior to the Expiration Date (or the expiration of the Renewal Term if Tenant has irrevocably exercised such renewal option).

(d) At the request of Tenant, Landlord shall enter into a non-disturbance and attornment agreement, on a form reasonably acceptable to Landlord, Tenant and such subtenant, with any subtenant whose Sublease complies with the provisions of Section 19(c) above.

(e) If Tenant assigns all its rights and interest under this Lease, the assignee under such assignment shall expressly assume all the obligations of Tenant hereunder, actual or contingent, including obligations of Tenant which may have arisen on or prior to the date of such assignment, by a written instrument delivered to Landlord at the time of such assignment. Except for any Preapproved Assignment (in which case Tenant shall be released from its obligations under this Lease), no assignment or sublease made as permitted by this Section 21 shall affect or reduce any of the obligations of Tenant hereunder, and all such obligations shall continue in full force and effect as obligations of a principal and not as obligations of a guarantor, as if no assignment or sublease had been made. No assignment or sublease shall impose any additional obligations on Landlord under this Lease.

(f) With respect to any Preapproved Assignment or Sublease, Tenant shall provide to Landlord information reasonably required by Landlord to establish that any proposed Preapproved Assignment or Sublease satisfies the criteria set forth above.

(g) Tenant shall, within ten (10) business days after the execution and delivery of any assignment or sublease, deliver a duplicate original copy thereof to Landlord.

(h) Landlord may sell or transfer the Leased Premises at any time without Tenant's consent to any third party subject to the rights of Tenant under this Lease and an assumption of the obligations of Landlord hereunder by the purchaser or other transferee (each a "Third Party Purchaser"). In the event of any such transfer, Tenant shall attorn to any Third Party Purchaser as Landlord so long as such Third Party Purchaser and Landlord notify Tenant in writing of such transfer. At the request of Landlord, Tenant will execute such documents confirming the agreement referred to above and such other agreements as Landlord may reasonably request in form and substance reasonably acceptable to Tenant, provided that such agreements do not increase the liabilities and obligations of Tenant hereunder.

20. Events of Default.

(a) The occurrence of any one or more of the following (after expiration of any applicable cure period as provided in Section 20(b)) shall, at the sole option of Landlord, constitute an "Event of Default" under this Lease:

(i) a failure by Tenant to make any payment of any Monetary Obligation as and when due;

(ii) a failure by Tenant duly to perform and observe, or a violation or breach of, any other provision hereof not otherwise specifically mentioned in this Section 20(a);

(iii) Tenant shall (A) voluntarily be adjudicated a bankrupt or insolvent, (B) seek or consent to the appointment of a receiver or trustee for itself, (C) file a petition seeking relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, (D) make a general assignment for the benefit of creditors, or (E) be unable to pay its debts as they mature;

(iv) a court shall enter an order, judgment or decree appointing, without the consent of Tenant, a receiver or trustee for it or approving a petition filed against Tenant which seeks relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, and such order, judgment or decree shall remain undischarged or unstayed sixty (60) days after it is entered;

(v) the Leased Premises shall have been vacated, provided it shall not be an Event of Default if the Leased Premises is vacant so long as Tenant is diligently pursuing a subtenant or assignee for the Leased Premises;

(vi) Tenant shall be liquidated or dissolved or shall begin proceedings towards its liquidation or dissolution;

(vii) the estate or interest of Tenant in the Leased Premises shall be levied upon or attached in any proceeding and such estate or interest is about to be sold or transferred or such process shall not be vacated or discharged within ninety (90) days after it is made; or

(viii) Tenant shall fail to renew or replenish the Security Deposit in accordance with the requirements of Section 33.

(b) No notice or cure period shall be required in any one or more of the following events: (A) the occurrence of an Event of Default under clause (i) (except as otherwise set forth below), (iii) (iv), (vi), (vii), or (viii) of Section 20(a); or (B) the default consists of a failure to provide any insurance required by Section 16 or an assignment or sublease entered into in violation of Section 19. If the default consists of the failure to pay Basic Rent, the applicable cure period shall be five (5) days from the date on which notice is given, but Landlord shall not be obligated to give notice of, or allow any cure period for, any such default more than one (1) time within any Lease Year. Any other Monetary Obligation, the applicable cure period shall be five (5) days from the date on which notice is given, but Landlord shall not be obligated to give notice of, or allow a cure period for, the same default more than one (1) times within any Lease Year. If the default consists of a default under clause (ii) of Section 20(a) (and is reasonably capable of cure), the applicable cure period shall be thirty (30) days from the date on which notice is given or, if the default cannot be cured within such thirty (30) day period and delay in the exercise of a remedy would not (in Landlord's reasonable judgment) cause any material adverse harm to Landlord or the Leased Premises, the cure period shall be extended for the period required to cure the default, provided that Tenant shall commence to cure the default within the said thirty-day period and shall actively, diligently and in good faith proceed with and continue the curing of the default until it shall be fully cured.

21. Remedies and Damages Upon Default.

(a) If an Event of Default shall have occurred and is continuing, Landlord shall have the right, at its sole option, then or at any time thereafter, to exercise its remedies and to collect damages from Tenant in accordance with this Section 21, subject in all events to applicable Law, without demand upon or notice to Tenant except as otherwise provided in Section 20(b) and this Section 21.

(i) Landlord may give Tenant notice of Landlord's intention to terminate this Lease on a date specified in such notice. Upon such date, this Lease, the estate hereby granted and all rights of Tenant hereunder shall expire and terminate. Upon such termination, Tenant shall immediately surrender and deliver possession of the Leased Premises to Landlord in accordance with Section 24. If Tenant does not so surrender and deliver possession of all of the Leased Premises, Landlord may re-enter and repossess the Leased Premises not surrendered pursuant to applicable legal process, by summary proceedings, ejectment or any other lawful means or procedure. Upon or at any time after taking possession of the Leased Premises, Landlord may, by legal process, remove any Persons or property

therefrom. Landlord shall be under no liability for or by reason of any such entry, repossession or removal. Notwithstanding such entry or repossession, Landlord may exercise the remedies set forth in and collect the damages described in this Section 21.

(ii) After repossession of the Leased Premises pursuant to clause (i) above, Landlord shall have the right to relet the Leased Premises to such tenant or tenants, for such term or terms, for such rent, on such conditions and for such uses as Landlord may reasonably determine, and collect and receive any rents payable by reason of such reletting. Landlord may make such Alterations in connection with such reletting as it may deem advisable in its sole reasonable discretion. Notwithstanding any such reletting, Landlord may collect the damages described in this Section 21.

(iii) In addition to its other rights under this Lease, Landlord has the remedy described in California Civil Code Section 1951.4 which provides substantially as follows: Landlord may continue the Lease in effect after Tenant's breach and abandonment and recover the Rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations. In accordance with California Civil Code Section 1951.4 (or any successor statute), Tenant acknowledges that in the event Tenant breaches this Lease and whether or not Tenant abandons the Leased Premises, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession, and Landlord may enforce all of its rights and remedies under this Lease, including the right to recover the Rent as it becomes due under this Lease. Tenant acknowledges that the limitations on subletting and assignment set forth in Section 19 are reasonable. Acts of maintenance or preservation or efforts to relet the Leased Premises or the appointment of a receiver upon initiative of Landlord to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession.

(b) If Landlord elects to terminate this Lease upon the occurrence of an Event of Default, Landlord may collect from Tenant damages computed in accordance with the following provisions in addition to Landlord's other remedies under this Lease:

(i) the worth at the time of award of any unpaid Rent which has been earned at the time of such termination; plus

(ii) the worth at the time of award of the amount by which any unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

(iv) any other reasonable Cost necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease by Tenant in the absence of such termination less the net proceeds, if any, of any reletting pursuant to Section 21(a)(ii), after deducting from such proceeds all of Landlord's Costs incurred in connection with such repossessing or which in the ordinary course of things would be likely to result therefrom including, without limitation, brokerage commissions, the cost of repairing and reletting.

Tenant shall be and remain liable for all sums aforesaid, and Landlord may recover such damages from Tenant and institute and maintain successive actions or legal proceedings against Tenant for the recovery of such damages. For purposes of clauses (i) and (ii) of this Section 21(b), the "worth at the time of award" shall be computed by adding interest at the Default Rate to the past due Rent. For the purposes of clause (iii) of this Section 21(b), the "worth" at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%).

(c) Notwithstanding anything to the contrary herein contained, in lieu of or in addition to any of the foregoing remedies and damages, Landlord may exercise any remedies and collect any damages available to it at law or in equity. If Landlord is unable to obtain full satisfaction pursuant to the exercise of any remedy, it may pursue any other remedy which it has hereunder at law or in equity.

(d) Landlord shall not be required to mitigate any of its damages hereunder unless required to by applicable Law. If any Law shall validly limit the amount of any damages provided for herein to an amount which is less than the amount agreed to herein, Landlord shall be entitled to the maximum amount available under such Law.

(e) No termination of this Lease, repossession or reletting of the Leased Premises, exercise of any remedy or collection of any damages pursuant to this Section 21 shall relieve Tenant of any Surviving Obligations.

(f) Upon the occurrence of any Event of Default, Landlord shall have the right (but no obligation) to perform any act required of Tenant hereunder at Tenant's sole cost and expense and, if performance of such act requires that Landlord enter the Leased Premises, Landlord may enter the Leased Premises for such purpose during normal business hours upon reasonable prior written notice to Tenant (except in the event of an emergency). Furthermore, upon the occurrence of any Event of Default, Landlord shall have the right (but not the obligation) at Tenant's sole cost and expense and without abatement of rent, to make any payment owed by Tenant to any party other than Landlord for which Tenant is liable under this Lease. Landlord's election to make any such payment or perform any such act on Tenant's part shall not give rise to any responsibility of Landlord to continue making the same or similar payments or performing the same or similar acts. Tenant agrees to reimburse Landlord upon demand for all sums so paid by Landlord and all necessary incidental costs, together with interest thereon at the Default Rate, from the date of such payment by Landlord until reimbursed by Tenant.

(g) No failure of Landlord (i) to insist at any time upon the strict performance of any provision of this Lease or (ii) to exercise any option, right, power or remedy contained in this Lease shall be construed as a waiver, modification or relinquishment thereof. A receipt by Landlord of any sum in satisfaction of any Monetary Obligation with knowledge of the breach of any provision hereof shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision hereof shall be deemed to have been made unless expressed in a writing signed by Landlord.

(h) Landlord may also seek specific performance by Tenant in the case of breach by Tenant of one or more of its covenants contained in this Lease.

(i) All remedies are cumulative and concurrent and no remedy is exclusive of any other remedy. Each remedy may be exercised at any time an Event of Default has occurred and is continuing and may be exercised from time to time. No remedy shall be exhausted by any exercise thereof.

22. Notices. All notices, demands, requests, consents, approvals, offers, statements and other instruments or communications required or permitted to be given pursuant to the provisions of this Lease shall be in writing and shall be deemed to have been given and received for all purposes when delivered in person or by Federal Express or other reliable 24-hour delivery service or five (5) business days after being deposited in the United States mail, by registered or certified mail, return receipt requested, postage prepaid, addressed to the other party at its address stated above or when delivery is refused. For the purposes of this Section, any party may substitute another address stated above (or substituted by a previous notice) for its address by giving fifteen (15) days' notice of the new address to the other party, in the manner provided above.

23. Estoppel Certificate. At any time upon not less than ten (10) business days' prior written request by either Landlord or Tenant (the "Requesting Party") to the other party (the "Responding Party"), the Responding Party shall deliver to the Requesting Party a statement in writing, executed by an authorized officer of the Responding Party, certifying (a) that, except as otherwise specified, this Lease is unmodified and in full force and effect, (b) the dates to which Basic Rent, Additional Rent and all other Monetary Obligations have been paid, (c) that, to the knowledge of the signer of such certificate and except as otherwise specified, no default by either Landlord or Tenant exists hereunder, and (d) such other matters as the Requesting Party may reasonably request. Any such statements by the Responding Party may be relied upon by the Requesting Party, any Person whom the Requesting Party notifies the Responding Party in its request for the Certificate is an intended recipient or beneficiary of the Certificate or their assignees and by any prospective purchaser or mortgagee of the Leased Premises.

24. Surrender. Upon the expiration or earlier termination of this Lease, Tenant shall peaceably leave and surrender the Leased Premises to Landlord in Good Condition and Repair. Upon such surrender, Tenant shall (a) remove from the Leased Premises all property which is owned by Tenant or third parties other than Landlord and any Alterations constructed by the Tenant and which Tenant is required to remove pursuant to Section 12 above, and (b) repair any damage caused by such removal. Property not so removed shall become the property of Landlord, and Landlord may thereafter cause such property to be removed from the Leased Premises. The reasonable cost of removing and disposing of such property and repairing any damage to the Leased Premises caused by such removal shall be paid by Tenant to Landlord within thirty (30) days of written demand. Landlord shall not in any manner or to any extent be obligated to reimburse Tenant for any such property which becomes the property of Landlord pursuant to this Section 24.

25. No Merger of Title. There shall be no merger of the leasehold estate created by this Lease with the fee estate in the Leased Premises by reason of the fact that the same Person may acquire or hold or own, directly or indirectly, (a) the leasehold estate created hereby or any part thereof or interest therein and (b) the fee estate in the Leased Premises or any part thereof or interest therein, unless and until all Persons having any interest in the interests described in (a) and (b) above which are sought to be merged shall join in a written instrument effecting such merger and shall duly record the same.

26. Books and Records.

(a) Tenant shall keep adequate records and books of account with respect to the Leased Premises, in accordance with generally accepted accounting principles ("GAAP") consistently applied, and shall permit Landlord, subject to the provisions of Section 4(c) above, by their respective agents, accountants and attorneys, upon reasonable notice to Tenant, to visit and inspect the Leased Premises, or such other location where such books and records are maintained, during normal business hours and examine (and make copies of) the records and books of account. Upon the request of Landlord (either telephonically or in writing), Tenant shall provide the requesting party with copies of any information to which such party would be entitled in the course of a personal visit.

(b) To the extent not available on EDGAR or other public information sources, Tenant shall deliver to Landlord within one hundred twenty (120) days of the close of each fiscal year, annual audited financial statements of Equinix, Inc. prepared by nationally recognized independent certified public accountants. Tenant shall also furnish to Landlord within forty-five (45) days after the end of each of the three remaining quarters all filings, if any, of Form 10-K, Form 10-Q and other required filings with the Securities and Exchange Commission pursuant to the provisions of the Securities Exchange Act of 1934, as amended, or any other Law. In addition, at any time after Tenant has met the initial EBITDA Test under Section 31(b), Tenant shall within forty-five (45) days after the end of each calendar quarter deliver to Landlord a calculation of EBITDA certified by an appropriate financial officer of Guarantor.

27. Non-Recourse as to Landlord.

Anything contained herein to the contrary notwithstanding, any claim based on or in respect of any liability of Landlord under this Lease shall be enforced only against the Leased Premises and not against any other assets, properties or funds of (a) Landlord, (b) any director, member, officer, general partner, limited partner, employee or agent of Landlord, or any general partner of Landlord, any of its general partners or shareholders (or any legal representative, heir, estate, successor or assign of any thereof), (c) any predecessor or successor partnership or corporation (or other entity) of Landlord, or any of its general partners, either directly or through Landlord or its general partners or any predecessor or successor partnership or corporation or their shareholders, officers, directors, employees or agents (or other entity), or (d) any other Person.

28. Financing.

(a) If Landlord desires to obtain or refinance any loan that encumbers Landlord's interest in the Leased Premises, Tenant shall agree, upon request of Landlord, to supply any such Lender with such notices and information as Tenant is required to give to Landlord hereunder and to extend the rights of Landlord hereunder to any such Lender and to consent to such financing if such consent is requested by such Lender. Tenant shall provide any other consent or statement and shall execute any and all other documents that such Lender reasonably requires in connection with such financing, including a Non-Disturbance Agreement (as hereinafter defined), so long as the same do not adversely affect any right, benefit or privilege of Tenant or increase Tenant's obligations under this Lease in any material respect. Landlord shall reimburse Tenant for any out-of-pocket costs incurred by Tenant in connection with the review of any such item up to a maximum of fifteen hundred dollars ($1500).

(b) In the event of any act or omission of Landlord which would give Tenant the right, immediately or after lapse of a period of time, to cancel or terminate this Lease, or to claim a partial or total eviction, Tenant shall not exercise such right (i) until it has given written notice of such act or omission to each Lender whose name and address shall previously have been furnished to Tenant in writing, and (ii) unless such act or omission shall be one which is not capable of being remedied by Landlord or such Lender within the time period provided herein, until the period for remedying such act or omission provided herein shall have elapsed following the giving of such notice and following the time when such Lender shall have become entitled under any applicable encumbrance to remedy the same (which reasonable period shall in no event be less than the period to which Landlord would be entitled under this Lease or otherwise, after similar notice, to effect such remedy), provided such Lender shall with due diligence give Tenant written notice of its intention to remedy such act or omission, and such Lender shall commence and thereafter continue with reasonable diligence to pursue its remedies under any applicable encumbrance and to remedy such act or omission.

(c) If Tenant desires to obtain or refinance any loan that encumbers Tenant's interest in the Leased Premises, Tenant's Equipment and any other Alterations which shall remain the property of Tenant at the end of the Term, any such loan or encumbrance shall not require the consent of Landlord and shall not be deemed subject to the provisions of Section 19 of this Lease. In the event that Landlord receives written notice identifying any such lender as the holder or beneficiary of any such loan or encumbrance, Landlord shall thereafter endeavor to provide such lender with duplicate copies of any notice of an Event of Default given by Landlord to Tenant hereunder; provided, however, failure to provide lender with such duplicate notice shall not constitute a failure to give notice to Tenant. Furthermore, Lender shall accept from such lender any curative acts on account of such Event of Default and not amend or modify this Lease without the consent of such Lender. Notwithstanding anything to the contrary in the foregoing, Landlord shall not be required to recognize such lender under the Lease unless such lender is the direct tenant under this Lease and has a credit rating by a major national credit agency of BBB or better (or equivalent) or, in the event such lender assumes this Lease through an affiliated designee, such lender provides to Landlord a replacement guaranty in form and substance equivalent to the Guaranty from a replacement guarantor with a net worth and financial strength at least equivalent to that of the Guarantor as of the date hereof. No further assignments of this Lease will be permitted after such lender or its designee assumes this Lease without Landlord's prior written consent.

29. Subordination, Non-Disturbance and Attornment. This Lease and Tenant's interest hereunder shall be subordinate to any Mortgage or other security instrument hereafter placed upon the Leased Premises by Landlord, and to any and all advances made or to be made thereunder, to the interest thereon, and all renewals, replacements and extensions thereof. As a condition to Tenant's agreement hereunder to subordinate Tenant's interest in this Lease to any such Mortgage, Landlord shall obtain from each Lender a subordination, non-disturbance and attornment agreement in recordable form that complies with the provisions of Section 29 and is reasonably acceptable to Tenant (any such agreement, an "SNDA"). Any such SNDA shall included the following:

(a) Such Lender shall agree that unless and until an Event of Default hereunder shall have occurred and be continuing or Landlord shall have the right to terminate this Lease pursuant to any applicable provision hereof, the leasehold estate granted to Tenant and the rights of Tenant pursuant to this Lease to quiet and peaceful possession of the Premises shall not be terminated, modified, affected or disturbed by any action which such Lender may take to foreclose any such Mortgage, and that any successor landlord shall recognize this Lease as being in full force and effect as if it were a direct lease between such successor landlord and Tenant upon all of the terms, covenants, conditions and options granted to Tenant under this Lease, except as otherwise provided in Section 29(b); and

(b) Tenant shall agree that neither Lender nor its successors and assigns shall (A) be liable for any misrepresentation, act or omission of Landlord, and (B) be bound by any amendment or modification of this Lease, not expressly provided for in this Lease, or by any prepayment of more than one month's fixed rent, unless such amendment or modification or prepayment shall have been expressly approved in writing by such Lender.

(c) If a Lender, any successor or assignee of Lender, or any other purchaser at any foreclosure sale under the Lender's mortgage (collectively "Successor Landlord") shall succeed to the rights of Landlord under this Lease, whether through possession or foreclosure action or delivery of a new lease or deed, then Tenant shall attorn to and recognize Successor Landlord as Tenant's landlord under this Lease, and shall promptly execute and deliver any instrument that Successor Landlord may reasonably request to evidence such attornment. Upon such attornment this Lease shall continue in full force and effect as, or as if it were, a direct lease between Successor Landlord and Tenant upon all of the terms, conditions and covenants as are set forth in this Lease and shall be applicable after such attornment except that Successor Landlord shall not be: (i) liable for any misrepresentation, act or omission of Landlord (except that Successor Landlord shall be responsible for correcting any continuing defaults and obligations which exist at the time Successor Landlord succeeds to Landlord's interest under the Lease), or (ii) bound by any amendment or modification of this Lease, not expressly provided for in this Lease, or by any prepayment of more than one month's fixed rent, unless such amendment or modification or prepayment shall have been expressly approved in writing by such Lender.

30. Tax Treatment; Reporting. Landlord and Tenant each acknowledge that each shall treat this transaction as a true lease for state law purposes and shall report this transaction as a Lease for Federal income tax purposes. For Federal income tax purposes each shall report this Lease as a true lease with Landlord as the owner of the Leased Premises and Equipment and Tenant as the tenant of such Leased Premises and Equipment including: (1) treating Landlord as the owner of the property eligible to claim depreciation deductions under Section 167 or 168 of the Internal Revenue Code of 1986 (the "Code") with respect to the Leased Premises and Equipment, (2) Tenant reporting its Rent payments as rent expense under Section 162 of the Code, and (3) Landlord reporting the Rent payments as rental income.

31. Security Deposit; Guaranty.

(a) Concurrently with the execution of this Lease, Tenant shall deliver to Landlord an irrevocable Letter of Credit (the "Letter of Credit") in the amount (the "Original Amount") of One Million Five Hundred Seven Thousand Five Hundred and no/100 ($1,507,500.00) (the "Security Deposit") issued by a bank acceptable to Landlord and in form and substance satisfactory to Landlord. Landlord agrees that Silicon Valley Bank or any other bank with a credit rating of BBB, or equivalent, by any national credit rating agency, shall be an acceptable bank for the issuance of the Letter of Credit. The Letter of Credit shall remain in full force and effect during the Term as security for the payment by Tenant of the Rent and all other charges or payments to be paid hereunder and the performance of the covenants and obligations contained herein, and the Letter of Credit shall be renewed at least thirty (30) days prior to any expiration thereof. If Tenant fails to renew the Letter of Credit by such date, time being of the essence, Landlord shall have the right at any time after the thirtieth (30th) day before such expiration date to draw on the Letter of Credit and to deposit the proceeds of the Security Deposit ("Cash Security Deposit") in any account for the benefit of Landlord or to declare an Event of Default. The Security Deposit shall not be commingled with other funds of Landlord or other Persons and interest thereon shall be due and payable to Tenant.

(b) In the nineteenth (19th) month following the Commencement Date the Security Deposit will be reduced by one-third of the original amount thereof, subject to: (i) no Event of Default by Tenant during the preceding 18 month period and (ii) the calculation of EBITDA (as defined herein) (the "EBITDA Test") of Equinix, Inc., is in excess of Forty-Seven Million Dollars ($47,000,000). In the thirty seventh (37th) month following the Commencement Date the Security Deposit will be reduced to one-half of the original amount thereof, subject to: (i) no Event of Default by Tenant during the preceding 18 month period and (ii) the EBITDA Test of Equinix, Inc., is in excess of Forty-Seven Million Dollars ($47,000,000). If Tenant commits a default as provided for herein, including but not limited to a default with respect to the provisions contained herein relating to the condition of the Premises, Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any amount which Landlord may spend by reason of default by Tenant. If any portion of the Security Deposit is so used or applied, Tenant shall, within ten days after written demand therefor, deposit cash or replenish any draw under the Letter of Credit with Landlord in an amount sufficient to restore the Security Deposit to its original amount. Tenant's failure to do so shall be an Event of Default as defined herein. Notwithstanding the foregoing, if at any time during the Lease Term: (i) Tenant commits an Event of Default that is not cured beyond the applicable notice and cure periods provided in the Lease; or (ii) Equinix, Inc.'s EBITDA Test is

less than Forty-Seven Million Dollars ($47,000,000) the Security Deposit will be increased promptly to its original amount. Notwithstanding any other provision of this Section 31, at any time, and for so long as, Tenant or Equinix, Inc. has an investment grade credit rating by any of the nationally recognized credit rating agencies, then the requirement for a Security Deposit shall be inapplicable, and any Letter of Credit or other Security Deposit held by the Landlord shall be returned to the Tenant.

(c) If at any time an Event of Default shall have occurred and be continuing, Landlord shall be entitled, at its sole discretion, to draw on the Letter of Credit or to withdraw the Cash Security Deposit from the above described account and to apply the proceeds in payment of (i) any Rent or other charges for the payment of which Tenant shall be in default, (ii) prepaid Basic Rent, (iii) any expense incurred by Landlord in curing any default of Tenant, and/or (iv) any other sums due to Landlord in connection with any default or the curing thereof, including, without limitation, any damages incurred by Landlord by reason of such default, including any rights of Landlord under Section 23 or to do any combination of the foregoing, all in such order or priority as Landlord shall so determine in its sole discretion and Tenant acknowledges and agrees that such proceeds shall not constitute assets or funds of Tenant or its estate, or be deemed to be held in trust for Tenant, but shall be, for all purposes, the property of Landlord. Tenant further acknowledges and agrees that (1) Landlord's application of the proceeds of the Letter of Credit or Cash Security Deposit towards the payment of Basic Rent, Additional Rent or the reduction of any damages due Landlord in accordance with Section 23 of this Lease, constitutes a fair and reasonable use of such proceeds, and (2) the application of such proceeds by Landlord towards the payment of Basic Rent, Additional Rent or any other sums due under this Lease shall not constitute a cure by Tenant of the applicable default provided that an Event of Default shall not exist if Tenant restores the Security Deposit to its full amount within five (5) days after notice from Landlord that a draw has been made on the Security Deposit and in accordance with the requirements of this Section 35(b), so that the original amount of the Security Deposit shall be again on deposit with Landlord. At any time that Landlord is holding a Cash Security Deposit, Tenant shall have the right to replace such Cash Security Deposit with a Letter of Credit that complies with the requirements of this Section 31.

(d) At the expiration of the Term and so long as no Event of Default exists the Letter of Credit or the Cash Security Deposit, as the case may be, shall be returned to Tenant.

(e) Concurrently with the execution this Lease Tenant shall deliver Landlord a guaranty from Equinix, Inc. its obligations under the Lease in the form attached as Exhibit "F" hereto.

32. Miscellaneous.

(a) The Landlord and Tenant represent and warrant to each other that no broker or finder was instrumental in arranging or bringing about this transaction except for Liberty-Greenfield / California, Inc. ("Broker"), whose commission, if any, shall be paid by Landlord pursuant to a separate agreement with Landlord. If any other person brings a claim for a commission or finder's fee based upon any contact, dealings or communication with Landlord or Tenant, then the party through whom such person makes his claim shall defend the other party

from such claim, and shall indemnify such party and hold such party harmless from any and all costs, damages, claims, liabilities or expenses (including without limitation, court costs and reasonable attorneys' fees and disbursements) incurred by such party in defending against the claim.

(b) The paragraph headings in this Lease are used only for convenience in finding the subject matters and are not part of this Lease or to be used in determining the intent of the parties or otherwise interpreting this Lease.

(c) As used in this Lease, the singular shall include the plural and any gender shall include all genders as the context requires and the following words and phrases shall have the following meanings: (i) "including" shall mean "including without limitation"; (ii) "provisions" shall mean "provisions, terms, agreements, covenants and/or conditions"; (iii) "lien" shall mean "lien, charge, encumbrance, title retention agreement, pledge, security interest, mortgage and/or deed of trust"; (iv) "obligation" shall mean "obligation, duty, agreement, liability, covenant and/or condition"; (v) "the Leased Premises" shall mean "the Leased Premises or any part thereof or interest therein"; (vi) "any of the Land" shall mean "the Land or any part thereof or interest therein"; (vii) "any of the Improvements" shall mean "the Improvements or any part thereof or interest therein"; and (viii) "any of the Equipment" shall mean "the Equipment or any part thereof or interest therein".

(d) Any act which Landlord is permitted to perform under this Lease may be performed at any time and from time to time by Landlord or any person or entity designated by Landlord. Each appointment of Landlord as attorney-in-fact for Tenant hereunder is irrevocable and coupled with an interest. Landlord shall not unreasonably withhold or delay or condition its consent whenever such consent is required under this Lease. Time is of the essence with respect to the performance by Tenant of its obligations under this Lease.

(e) Landlord shall in no event be construed for any purpose to be a partner, joint venturer or associate of Tenant or of any subtenant, operator, concessionaire or licensee of Tenant with respect to the Leased Premises or otherwise in the conduct of their respective businesses.

(f) This Lease and any documents which may be executed by Tenant on or about the effective date hereof at Landlord's request constitute the entire agreement between the parties and supersede all prior understandings and agreements, whether written or oral, between the parties hereto relating to the Leased Premises and the transactions provided for herein. Landlord and Tenant are business entities having substantial experience with the subject matter of this Lease and have each fully participated in the negotiation and drafting of this Lease. Accordingly, this Lease shall be construed without regard to the rule that ambiguities in a document are to be construed against the drafter.

(g) This Lease may be modified, amended, discharged or waived only by an agreement in writing signed by the party against whom enforcement of any such modification, amendment, discharge or waiver is sought.

(h) The covenants of this Lease shall run with the land and bind Tenant, its successors and assigns and all present and subsequent encumbrancers and subtenants of the Leased Premises, and shall inure to the benefit of Landlord, its successors and assigns. If there is more than one Tenant, the obligations of each shall be joint and several.

(i) If any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Lease, but this Lease shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

(j) All exhibits attached hereto are incorporated herein as if fully set forth.

(k) This Lease shall be governed by and construed and enforced in accordance with the Laws of California.

33. Publicity

Provided that Landlord obtains the prior written consent of Tenant or Guarantor, as applicable, which consent shall not be unreasonably withheld, delayed or conditioned, Landlord (and Landlord's affiliates) may, subject to the applicable limitations on distribution of Confidential Information set forth in this Section 33, refer to the Lease in tombstone advertisements, offering memoranda and reports to investors, which references, may include, a description of the Lease, use of Tenant's name, and the logo of Tenant, Guarantor and/or any Affiliated Party or Successor Party, as applicable, but not the address of the Leased Premises or any other specific description of the Leased Premises. Landlord and Tenant each hereby agree that, without the prior written consent of the other, any written information relating to either which is provided to the other in connection with this Lease which is either confidential, proprietary, or otherwise not generally available to the public (but excluding information Landlord has obtained independently from third-party sources without Landlord's knowledge that the source has violated any fiduciary or other duty not to disclose such information) and which has been expressly designated as such by notice to the applicable party (the "**Confidential Information**"), will be kept confidential, using the same standard of care in safeguarding the Confidential Information as the applicable party employs in protecting its own proprietary information which that party desires not to disseminate or publish. Notwithstanding the foregoing, Confidential Information may be disseminated by Landlord (a) pursuant to the requirements of applicable Laws or Legal Requirements, (b) pursuant to judicial process, administrative agency process or order of governmental authority, (c) in connection with litigation, arbitration proceedings or administrative proceedings before or by any governmental authority or stock exchange, (d) to Landlord's attorneys, accountants, advisors and actual or prospective financing sources who will be instructed to comply with this Section 33, and (e) pursuant to the requirements or rules of a stock exchange or stock trading system on which the Securities of Landlord or its affiliates may be listed or traded. In addition, notwithstanding any other provision, any party (and its employee, representative or other agent) may disclose to any and all persons, without limitation of any kind, any information with respect to the tax treatment and tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such tax treatment and tax structure. For purposes of this Section 33, Confidential Information will be not deemed to include the fact that this Lease has been executed, the name of Tenant or Guarantor, the logo of Tenant, Guarantor and/or any Affiliated Party or Successor Party, as applicable.

[EXECUTION ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be duly executed under seal as of the day and year first above written.

LANDLORD:

iSTAR EL SEGUNDO LLC
a Delaware limited liability company

By: iStar Financial Inc.,
a Maryland corporation
Sole Member

By: /s/ TIMOTHY J. O'CONNOR
Name: Timothy J. O'Connor
Title: Executive Vice President & Chief Operating Officer

TENANT:

EQUINIX OPERATING CO., INC.,
a Delaware corporation

By: /s/ PETER VAN CAMP
Name: Peter Van Camp
Title: Chief Executive Officer

EXHIBIT F

FORM OF GUARANTY

GUARANTY OF LEASE

THIS GUARANTY OF LEASE ("Guaranty") is made as of December 21, 2005, by EQUINIX, INC., a Delaware corporation ("Guarantor"), to iStar El Segundo LLC, a Delaware limited liability company ("Landlord"), with reference to the following facts:

A. Landlord and Equinix Operating Co., Inc., a Delaware corporation, have entered into and executed that certain Lease Agreement (the "Lease") of even date herewith with respect to the premises located at 1920 East Maple Avenue, El Segundo, California 90245 and commonly known as "Maple Data Center".

B. Landlord is not willing to execute the Lease based solely upon the credit of Tenant. Guarantor is willing to execute this Guaranty of Lease in support of Tenant's commitments made under the Lease for the express and intended purpose of inducing Landlord to enter into the Lease.

NOW, THEREFORE, Guarantor hereby guarantees as follows:

1. **Guaranty.** Guarantor does hereby absolutely and unconditionally guarantee to Landlord the prompt payment of all amounts that Tenant, or any assignee of the Lease, may at any time owe under the Lease, any extensions, renewals or modifications thereof, and further guarantees to Landlord the full, prompt and faithful performance by Tenant, or any assignee of the Lease, of each and all of the covenants, terms, and conditions of the Lease, or any extensions, modifications or renewals thereof, to be hereafter performed and kept by Tenant, or any assignee of the Lease (all such obligations of Tenant under the Lease are referred to as "Tenant's Obligations"). This is a Guaranty of payment and performance and not merely of collection. If Tenant or any assignee of the Lease fails to make any payment when due under the Lease or to perform any duties, obligations or covenants contained in the Lease to be performed by Tenant, or any assignee of the Lease, Guarantor will immediately and unconditionally pay to Landlord such amounts and perform such duties, obligations and covenants after receipt of notice and expiration of the applicable periods of grace in the Lease. Guarantor shall pay to Landlord on demand, all expenses (including, without limitation, attorneys' fees and costs) arising out of or relating to the enforcement or protection of Landlord's rights hereunder.

2. **Independent Obligations.** Guarantor's obligations hereunder are absolute, primary, unconditional and irrevocable obligations which are independent of the obligations of Tenant, or any assignee of the Lease, and a separate action or actions may be brought and prosecuted against Guarantor whether or not action is brought against Tenant or any such assignee or whether or not Tenant or any such assignee be joined in any such action or actions.

3. **Rights of Landlord.** Guarantor authorizes Landlord, without notice or demand and without affecting its liability hereunder, from time to time to (a) extend, accelerate, or otherwise change the time for any payment provided for in the Lease, or any covenant, term or condition of the Lease, in any respect to impair or suspend the Landlord's remedies or rights against Tenant in connection with the Lease, and to consent to any assignment, subletting or

reassignment of the Lease; (b) take and hold security for any payment provided for in the Lease or for the performance of any covenant, term or condition of the Lease, or exchange, waive or release any such security; (c) apply such security and direct the order or manner of sale thereof as Landlord in its discretion may determine. Landlord may without notice assign this Guaranty, the Lease, or the rents and other sums payable thereunder. Notwithstanding any termination, renewal, extension or holding over of the Lease, this Guaranty shall continue until all of Tenant's Obligations have been fully and completely performed by Tenant or any assignee of the Lease.

Guarantor shall not be released by any act or event which might, but for this provision of this Guaranty, be deemed a legal or equitable discharge of a surety, or by reason of any waiver, extension, modification, forbearance or delay or other act or omission of Landlord or its failure to proceed promptly or otherwise as against Tenant or Guarantor, or by reason of any action taken or omitted or circumstance which may or might vary the risk or affect the rights or remedies of Guarantor as against Tenant, or by reason of any further dealings between Tenant and Landlord, whether relating to the Lease or otherwise, and Guarantor hereby expressly waives and surrenders any defense to its liability hereunder based upon any of the foregoing acts, omissions, things, agreements, waivers or any of them; it being the purpose and intent of this Guaranty that the obligations of Guarantor hereunder are absolute and unconditional under any and all circumstances.

Guarantor further agrees that to the extent Tenant or Guarantor makes any payment to Landlord in connection with Tenant's Obligations and all or any part of such payment is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid by Landlord or paid over to a trustee, receiver or any other entity, whether under any bankruptcy act or otherwise (any such payment is hereinafter referred to as a "Preferential Payment"), then this Guaranty shall continue to be effective or shall be reinstated, as the case may he, and, to the extent of such payment or repayment by Landlord, Tenant's Obligations or part thereof intended to be satisfied by such Preferential Payment shall be revived and continued in full force and effect as if said Preferential Payment had not been made.

4. **Waiver of Defenses.** Guarantor hereby expressly waives and relinquishes all rights, remedies and defenses accorded by applicable law to guarantors and sureties and agrees not to take advantage of any such rights, remedies or defenses. Without limiting in any way the foregoing, Guarantor hereby expressly waives (a) any right to require Landlord to (i) proceed against Tenant or any other person or entity; (ii) proceed against or exhaust any security held from Tenant or Guarantor; (iii) pursue any other remedy in Landlord's power which Guarantor cannot itself pursue, and which would lighten its burden; (b) all statutes of limitations as a defense to any action brought against Guarantor by Landlord to the fullest extent permitted by law; (c) any defense based upon any legal disability of Tenant, or any assignee of the Lease, or any discharge or limitation of the liability of Tenant, or any assignee of the Lease, to Landlord, whether consensual or arising by operation of law or any bankruptcy, reorganization, receivership, insolvency, or debtor-relief proceeding, or from any other cause; (d) presentment, demand, protest and notice of any kind; (e) any defense based upon or arising out of any defense which Tenant, or any assignee of the Lease, may have to the payment or performance of any part of Tenant's Obligations; and (f) any and all of its rights of subrogation, reimbursement, indemnification, and contribution and any other rights and defenses that are or may become available to Guarantor by reason of any of the following: Sections 2787 through 2855 of the California Civil Code, inclusive, it being the intent that Landlord have the full benefit of the waivers available under Section

2856 of the California Civil Code. Guarantor waives all demands upon and notices to Tenant, or any assignee of the Lease, and to Guarantor, including demands for performance, notices of non-performance, notices of nonpayment and notice of acceptance of this Guaranty.

5. **Assumption of Obligations and Waivers as to Financial Condition.** Guarantor's obligations hereunder shall not be affected by any failure on the part of Landlord to inform Guarantor concerning Tenant's financial condition or notify Guarantor of any adverse change in Tenant's financial condition of which Landlord becomes aware. Guarantor assumes the obligation to make such inquiries with respect to such financial condition as Guarantor deems necessary or prudent in the circumstances.

6. **Costs and Expenses.** If Guarantor fails to perform any of its obligations under this Guaranty or if any dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Guaranty, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default and/or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements. Any such attorneys' fees and other expenses incurred by either party in enforcing a judgment in its favor under this Guaranty shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Guaranty and to survive and not be merged into any such judgment.

7. **Notices.** Notices or other communications given under this Guaranty shall be effective only if rendered or given in writing, sent by certified mail with a return receipt requested or by facsimile with a confirmation receipt (and a copy sent by a commercial overnight courier that guarantees next day delivery) or delivered personally or by a nationally recognized overnight courier service: (a) to Guarantor at Guarantor's address set forth below; or (b) to Landlord at Landlord's address set forth above. Any such notice or other communication shall be deemed to have been rendered or given two (2) days after the date when it shall have been mailed if sent by certified mail, or upon actual receipt if sent by facsimile, or upon the date personal delivery is made, or upon actual delivery if sent by overnight courier.

8. **Delay; Cumulative Remedies.** No delay or failure by Landlord to exercise any right or remedy against Tenant or Guarantor will be construed an a waiver of that right or remedy. No waiver or modification of any provision of this Guaranty nor any termination of this Guaranty shall be effective unless stated in writing and signed by the party charged with such waiver or modification, and then only to the extent so stated, and no such waiver shall apply to any circumstance other than the specific instance for which it is given. In no event shall a waiver of any provision of this Guaranty be implied from any course of conduct on the part of Guarantor and/or Landlord and/or any third party. All remedies of Landlord against Tenant and Guarantor are cumulative.

9. **Miscellaneous**.

(a) This Guaranty shall bind Guarantor, its successors and assigns, and shall inure to the benefit of Landlord and its successors and assigns.

(b) The invalidity or unenforceability of any one or more provisions of this Guaranty will not affect any other provision.

(c) Time is of the essence of each and every provision hereof.

(d) This Guaranty and each and every term and provision thereof shall be construed in accordance with the laws of the State of California. Guarantor consents to the exercise of personal jurisdiction by the courts of the State of California over Guarantor, and agrees that any action to enforce the provisions of this Guaranty may be brought in the Superior Court in and for the City and County of San Francisco.

IN WITNESS WHEREOF, Guarantor has executed this instrument on the day and year first above written.

GUARANTOR:

EQUINIX, INC.
a Delaware corporation

By: /s/ PETER VAN CAMP
Name: Peter Van Camp
Title: Chief Executive Officer

EXHIBIT 10.127
CONFIDENTIAL TREATMENT REQUESTED
CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES EXCHANGE COMMISSION.

$60,000,000

LOAN AND SECURITY AGREEMENT

between

EQUINIX RP II LLC,
a Delaware limited liability company
as Borrower

and

SFT I, INC.,
a Delaware corporation
as Lender

Dated as of December 21, 2005

Loan No. 1267

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EXHIBITS

SCHEDULES

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "**Agreement**") dated as of December 21, 2005, by **EQUINIX RP II LLC**, a Delaware limited liability company "**Borrower**"), having an address at c/o Equinix, Inc., 301 Velocity Way, 5th Floor, Foster City, California 94404 and **SFT I, INC.**, a Delaware corporation (together with its successors and assigns, hereinafter referred to as "**Lender**"), with offices at 1114 Avenue of the Americas, 27th Floor, New York, New York 10036.

R E C I T A L S

A. The Mortgaged Property. Borrower is the fee owner of the Land and Improvements.

B. The Loan. Borrower desires to borrow from Lender and Lender desires to lend to Borrower, a loan in the amount of $60,000,000.

NOW, THEREFORE, in consideration of the foregoing and of the covenants, conditions and agreements contained herein, Borrower and Lender agree as follows:

SECTION 1
DEFINITIONS

1.1 General Definitions.

In addition to any other terms defined in this Agreement, the following terms shall have the following meanings:

"**Acceptable Financial Institution**" means a depository institution or trust company incorporated under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, so long as at all times the short-term commercial paper, certificates of deposit or other debt obligations of such depository institution or trust company are rated at least A 1 by S&P and P 1 by Moody's and the long-term unsecured debt obligations of which are rated at least A by S&P and the equivalent thereof by Moody's.

"**Accounting Changes**" means (A) changes in accounting principles required by GAAP consistently applied and implemented by Borrower; and (B) changes in accounting principles recommended or approved by Borrower's certified public accountant, with the approval of Lender, which approval shall not be unreasonably withheld.

"**Accounts**" means Borrower's present and future rights to payment of money, accounts and accounts receivable including (a) rights to payment of money, accounts and accounts receivable arising from or relating to the construction, use, leasing, occupancy or operation of the Mortgaged Property, the rental of, or payment for, space, goods sold or leased or services rendered, whether or not yet earned by performance, and all other "accounts" (as defined in the UCC), (b) rights to payment, accounts, and accounts receivable arising from any consumer

credit, charge, entertainment or travel card or service organization or entity, (c) all reserves, deferred payments, refunds, cost savings payments and deposits no matter how evidenced and whether now or later to be received from third parties (including all earnest money sales deposits) or deposited with, or by, Borrower by, or with, third parties (including all utility deposits), (d) all chattel paper, instruments, documents, notes, drafts and letters of credit (other than any letters of credit in favor of Lender), (e) the Loan Accounts, any tenant security deposit account, and any and all other accounts held by or on behalf of Lender and/or Borrower pursuant to this Agreement, (f) all "deposit accounts" (as defined in the UCC), (g) all "securities accounts" (as defined in the UCC), and (h) all contracts and agreements which relate to any of the foregoing.

"**Affiliate**" means any Person: (A) directly or indirectly controlling, controlled by, or under common control with, another Person; (B) directly or indirectly owning or holding ten percent (10%) or more of any equity interest in another Person; or (C) ten percent (10%) or more of whose voting stock or other equity interest is directly or indirectly owned or held by such other Person; provided, however, that no shareholder of Carveout Guarantor shall be deemed to be an Affiliate of Carveout Guarantor, Borrower Representative or Borrower. When used with respect to Borrower, the term "Affiliate" shall also include the spouse, ancestors, descendents and siblings of an Affiliate of Borrower (such Persons being sometimes referred to as "Family Members"), Affiliates of such Family Members and trusts for the benefit of another Affiliate of Borrower.

"**Agreement**" means this Loan and Security Agreement (including all schedules, exhibits, annexes and appendices hereto).

"**Alteration**" is defined in Section 7.14.

"**Annual Budget**" is defined in Section 5.1(D) hereof.

"**Approved Capital Plan**" means the Capital Plan approved by Lender as part of the Budget.

"**Assignment(s)**" means individually and collectively, the assignment of leases and rents, assignments of contracts, agreements and equipment leases, the assignments of licenses, permits and approvals, the assignments of management agreement, if any, the assignment of trademarks, tradenames and copyrights, if any, and such other assignments of even date herewith from Borrower to or for the benefit of Lender, each granting a security interest in collateral for the Loan.

"**Bankruptcy Code**" means Title 11 of the United States Code entitled "Bankruptcy," as amended from time to time and all rules and regulations promulgated thereunder.

"**Bank(s)**" means the Acceptable Financial Institution at which the Collection Account is maintained.

"**Base Building Improvements**" is defined in Section 5.23.

"**Base Building Reserve**" is defined in Section 5.13.

"**Base Building Reserve Account**" is defined in Section 5.13.

"**Base Rate**" means a fixed rate per annum equal to eight percent (8.00%).

"**Borrower Account**" means a demand, time or deposit account maintained by the Borrower at the Bank or other financial institution selected by the Borrower.

"**Borrower Recourse Liabilities**" means the Obligations for which Borrower is personally liable pursuant to the last sentence of Section 11.13(A), the last sentence of Section 11.13(B) and Borrower's Obligations under Section 11.15.

"**Borrower Representative**" means Equinix Operating Co., Inc., a Delaware corporation, the sole member of Borrower.

"**Budget**" means a budget setting forth the projected revenues and budgeted costs and expenses for the ownership, operation and management for the Mortgaged Property for each calendar year commencing with calendar year 2006.

"**Building A**" means that certain building located at 21731 Filligree Court, Ashburn, Virginia 20147.

"**Building B**" means that certain building located at 21721 Filligree Court, Ashburn, Virginia 20147.

"**Building C**" means that certain building located at 21711 Filligree Court, Ashburn, Virginia 20147.

"**Building D**" means that certain building located at 21701 Filligree Court, Ashburn, Virginia 20147.

"**Building E**" means that certain building located at 21691 Filligree Court, Ashburn, Virginia 20147

"**Building F**" means that certain building located at 21715 Filligree Court, Ashburn, Virginia 20147.

"**Business Day**" means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of New York or is a day on which banking institutions located in such state is closed.

"**Calculation Date**" means for any measurement as of the end of any Loan Month the fifteenth (15th) day of the following Loan Month (e.g. if the measurement is as of March 31, the applicable Calculation Date is April 15).

"**Capital Lease**" means any lease of any property (whether real, personal or mixed) that, in conformity with GAAP, should be accounted for as a capital lease.

"**Capital Plan**" means Borrower's budget for capital improvements and equipment for the Mortgaged Property for each calendar year.

"**Carveout Guarantor**" means Equinix, Inc., a Delaware corporation, and its successors.

"**Carveout Guaranty**" means that certain Guaranty of Carveout Guarantor in favor of Lender of even date herewith.

"**Cash Flow Certification**" is defined in Section 5.1(A).

"**Closing**" means that all conditions for disbursement of the proceeds of the Loan to or for the benefit of Borrower have been satisfied, deferred pursuant to the Post-Closing Obligation Letter, or waived in writing by Lender and the initial disbursement of the proceeds of the Loan shall have been made to, or upon the order of, Borrower.

"**Closing Date**" means the date on which the Closing occurs.

"**Code**" means the United States Internal Revenue Code of 1986, and any rule or regulation promulgated thereunder from time to time.

"**Collateral**" means the Mortgaged Property, the Loan Account Collateral and all other real and personal property of Borrower or any other Person pledged or mortgaged to Lender as collateral security for repayment of the Loan.

"**Collection Account**" means an Eligible Account which is a federally insured demand deposit account or securities account, which account shall be in the name of Borrower, having Lender as a secured party or, if required by Lender, such account shall be in the name of Lender or a designee for the benefit of Lender.

"**Commitment Fee**" means an amount of money equal to $300,000.

"**Confidential Information**" is defined in Section 11.12.

"**Construction**" means the Restoration, the Alterations, the construction, equipping, fixturing and furnishing of the Base Building Improvements and any other construction, equipping, fixturing and furnishing, approved (or deemed approved) by Lender.

"**Construction Contract**" means one or more construction agreements in form and substance reasonably acceptable to Lender between Borrower and a Contractor covering any portion of the Construction.

"**Construction Legal Compliance**" means Borrower's satisfaction of all of the following: (A) (i) the applicable Construction through the applicable date of determination, has been constructed substantially in accordance with the applicable Plans and Specifications (other than deviations therefrom that are immaterial individually and in the aggregate); and (ii) the applicable Construction has been, or will be, constructed in substantial compliance with all Legal Requirements; (B) all material entitlements, approvals, allocations, certificates, authorizations, permits and licenses required through the then-current stage of construction have been obtained

from all appropriate Governmental Authorities and have been validly and irrevocably obtained without qualification, appeal or existence of unexpired appeal periods; (C) all conditions to the issuance of, and the requirements under, all permits, conditional use permits and licenses required through the current stage of construction have been satisfied in all material respects; and (D) no appeals, suits or other actions are pending or threatened in writing by any Governmental Authority which, if determined adversely to the interests of Borrower or the Mortgaged Property, would result in the revocation, suspension or qualification of any of such permits or approvals.

"**Contingent Obligation,**" as applied to any Person, means any direct or indirect liability, contingent or otherwise, of that Person: (A) with respect to any indebtedness, lease, dividend or other obligation of another Person if the primary purpose or intent of the Person incurring such liability, or the primary effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in part) against loss with respect thereto; (B) with respect to any letter of credit issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings; (C) under any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other similar agreement or arrangement designed to protect the applicable Person against fluctuations in interest rates; or (D) under any foreign exchange contract, currency swap agreement or other similar agreement or arrangement designed to protect that Person against fluctuations in currency values. Contingent Obligations shall include (1) the direct or indirect guaranty, endorsement (other than for collection or deposit in the ordinary course of business), co making, discounting with recourse or sale with recourse by such Person of the obligation of another, (2) the obligation to make take-or-pay or similar payments if required regardless of nonperformance by any other party or parties to an agreement, and (3) any liability of such Person for the obligations of another through any agreement to purchase, repurchase or otherwise acquire such obligation or any property constituting security therefor, to provide funds for the payment or discharge of such obligation or to maintain the solvency, financial condition or any balance sheet item or level of income of another. The amount of any Contingent Obligation shall be equal to the amount of the obligation so guaranteed or otherwise supported or, if not a fixed and determined amount, the maximum amount so guaranteed.

"**Contractor**" means the contractor(s) or construction manager(s) for the Construction as Lender may, from time to time approve, which approval shall not be unreasonably withheld, conditioned or delayed.

"**Contracts**" means all contracts, agreements, warranties and representations relating to or governing the use, occupancy, design, construction, operation, management, repair and service of any component of the Mortgaged Property.

"**Contractual Obligation,**" as applied to any Person, means any indenture, mortgage, deed of trust, contract, undertaking, agreement or other instrument to which that Person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject including the Loan Documents.

"**Control**" (including with correlative meanings, the terms "controlling," "controlled by" and "under common control with") means the possession directly or indirectly of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Default**" means a condition or event that, after notice or lapse of time or both, would constitute an Event of Default if that condition or event were not cured or removed within any applicable grace or cure period.

"**Default Rate**" means a rate per annum equal to the Base Rate plus five percent (5%).

"**Default Interest**" is defined in Section 2.2(A).

"**Distribution**" is defined in Section 7.12.

"**Dollars**" and the sign "**$**" mean the lawful money of the United States of America.

"**EDGAR**" is defined in Section 5.1.

"**Eligible Account**" means a segregated account maintained at an Acceptable Financial Institution. An Eligible Account will not be evidenced by a certificate of deposit, passbook or other instrument.

"**Embargoed Person**" is defined in Section 4.9.

"**Employee Benefit Plan**" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Part 3 of Title I of ERISA or Section 412 of the CODE and is either (a) maintained by any Person or any member of a Controlled Group for employees of such Person or any member of such Controlled Group or (b) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which such Person or any member of a Controlled Group is then making or has any obligation to make contributions or, within the preceding five plan years, has made or has had any obligation to make contributions.

"**Environmental Claims**" is defined in Section 4.13.

"**Environmental Indemnity Agreement**" means the Environmental Indemnity Agreement, dated of even date herewith, executed by Borrower and Carveout Guarantor in favor of Lender, together with all amendments, modifications, renewals, substitutions and extensions thereto.

"**Environmental Laws**" means all present and future federal, state and/or local laws, statutes, ordinances, codes, rules, regulations, orders, decrees, licenses, decisions, orders, injunctions, requirements and/or directives of Governmental Authorities, as well as common law, imposing liability, standards of conduct or otherwise pertains or relates to, or for, for the environment, industrial hygiene, the regulation of Hazardous Materials, natural resources, pollution or waste management.

"**Environmental Reports**" means those reports and audits itemized on **Schedule 1.1(A)** hereto.

"**Equinix Buildings**" means collectively, Building C, Building D, Building E and Building F of the Mortgaged Property.

"**Equipment Leases**" means all leases and other agreements for equipment necessary for the operation of the Land or Improvements for the use or uses contemplated hereunder.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, and all rules and regulations promulgated thereunder.

"**ERISA Affiliate**" means any Person who is a member of a group which is under common control with another Person, who together with such other Person is treated as a single employer within the meaning of Sections 414(b), (c), (m) and (o) of the IRC or Sections 4001 of ERISA. Carveout Guarantor shall be deemed to be an ERISA Affiliate of Borrower for purposes of this Agreement, irrespective of whether it and Borrower would be treated as a single employer.

"**Events of Default**" means is defined in Section 9.

"**Excess Interest**" is defined in Section 2.2(C).

"**Expenses**" means the costs and expenditures accrued or incurred by Borrower, without duplication, in connection with the ownership, operation and management of the Mortgaged Property, specifically including in Expenses (1) periodic deposits required to be made into the Reserves; (2) capital expenditures incurred pursuant to the Budget to the extent not paid from any Reserves or the proceeds of the Loan; and (3) management fees and specifically excluding from Expenses, however, (i) all expenditures to the extent funded from any Reserves, (ii) principal, interest and all other payments made by Borrower to Lender under the Loan Documents, (iii) federal or state income taxes and (iv) depreciation and other non cash expenses of the Mortgaged Property.

"**Financing Statements**" means the UCC 1 Financing Statements naming Borrower, as debtor, and Lender, as secured party, and filed with such filing offices as Lender may require.

"**FIRREA**" means The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101 73 Stat. 183 (1989) and the regulations adopted pursuant thereto, as the same may be amended from time to time.

"**Fixtures and Personalty**" means all fixtures, machinery, furnishings, equipment, furniture and other tangible personal property now or hereafter affixed or attached to, installed in, located on, under, above or within the Land or in the Improvements or used in connection with the use, occupancy, operation and maintenance of all or any part of the Land, Improvements or any other part of the Mortgaged Property, whether or not permanently affixed thereto, together with all accessions, replacements and substitutions thereto or therefore and the proceeds thereof, including all "equipment" (as defined in the UCC), Inventory, "farm products" (as defined in the UCC), "fixtures" (as defined in the UCC), "manufactured homes" (as defined in the UCC), oil, gas and other minerals (whether before or after extraction), and other "goods" (as defined in the UCC) and any and all of the following: machinery; signs; artwork; office furnishings and equipment; partitions and screens; generators, boilers, compressors and engines; fuel; water and

other pumps and tanks; irrigation lines and sprinklers; refrigeration equipment; pipes and plumbing; elevators and escalators; sprinkler systems and other fire extinguishing machinery, and equipment; heating, incinerating, ventilating, air conditioning and air cooling ducts, machinery, equipment and systems; gas and electric machinery and equipment; facilities used to provide utility services; laundry, drying, dishwashing and garbage disposal machinery or equipment; communication apparatus, including television, radio, music, and cable antennae and systems; floor coverings, rugs, carpets, window coverings, blinds, awnings, shades, curtains, drapes and rods; screens, storm doors and windows; stoves, refrigerators, dishwashers and other installed appliances; attached cabinets; trees, plants and other items of landscaping; motorized, manual, mechanical or other buses, boats, aircrafts and vehicles of any nature whatsoever; visual and electronic surveillance systems and other security systems; elevators; escalators; telecommunications equipment including telephones, switchboards, exchanges, wires and phone jacks; maintenance equipment, golf carts, pro shop merchandise, tables, chairs, mirrors, desks, wall coverings, clocks, lamps; kitchen, restaurant, bar, lounge, public room, public area, and other operating or specialized equipment, including menus, dishes, flatware, dishware, glassware, cooking utensils, tables, refrigerating units, microwave equipment, ovens, timers; food and beverages; liquor; cleaning materials other similar items; swimming pool heaters and equipment; recreational equipment and maintenance supplies; clubhouse equipment, furnishings and supplies, including lockers and sporting equipment; and health and recreational facilities; and linens. Fixtures and Personalty does not include fixtures, equipment and personalty owned by tenants under leases (excluding the Master Lease) of the Mortgaged Property or any part thereof (it being understood that Fixtures and Personalty includes the Initial Alterations and Borrower's rights and interest in and to any other fixtures, equipment and personalty located at the Mortgage Property under the terms of the Master Lease).

"**GAAP**" means generally accepted accounting principles in the United States of America, consistently applied, as of the date in question.

"**General Intangibles**" means all causes in action, causes of action and all other intangible personal property of Borrower of every kind and nature (other than the Accounts), wherever located, including all Proprietary Rights, all "general intangibles" (as defined in the UCC), all "payment intangibles" (as defined in the UCC), all "software" (as defined in the UCC), corporate or other business records relating to Borrower, and/or the Mortgaged Property (including computer-readable memory and any computer hardware or software necessary to retrieve such memory), insurance policies (including claims under, and interests in, insurance policies), condemnation awards, good will, inventions, designs, software, patents, trademarks and applications therefor, computer programs, trade names, trade styles, trade secrets, copyrights, registrations and other intellectual property, licenses, franchises, customer lists, tax refund claims, claims for wages, salaries or other compensation of an employee, landlord's liens, liens given by statute or other rule of law for services or materials, agricultural liens, judgments and rights represented by judgments and rights of recoupment or set off. The General Intangibles also includes all Contracts.

"**Governmental Authority**" means the United States of America, any state, any foreign governments and any political subdivision or regional division of the foregoing, and any agency, department, court, regulatory body, commission, board, bureau or instrumentality of any of them.

"**Gross Revenues**" means, for the applicable period, all Rents and all other income, rents, revenues, issues, profits, deposits (other than security deposits except to the extent applied by Borrower in accordance with applicable Leases), proceeds of business interruption insurance, lease termination or similar payments and all other payments actually received by or for the benefit of Borrower in cash or current funds or other consideration from any source whatsoever from or with respect to the Mortgaged Property; provided, however, that Gross Revenues shall exclude Proceeds (other than insurance proceeds in respect of business interruption insurance), litigation proceeds, sale or refinancing proceeds and any other non-recurring income from extraordinary events.

"**Group**" means any Person or Persons acting together which would constitute a "group" for purposes of Section 13(d) of the Exchange Act, as in effect on the date hereof, together with all affiliates and associates (as defined in Rule 12b 2 under the Exchange Act, as in effect on the date hereof) thereof.

"**Hazardous Materials**" means (a) any pollutants, toxic pollutants, oil, gasoline, petroleum products, asbestos, materials or substances containing asbestos, explosives, chemical liquids or solids, radioactive materials, polychlorinated biphenyls or related or similar materials, or any other solid, liquid or other emission, substance, material, product or by product defined, listed or regulated as a hazardous, noxious, toxic or solid substance, material or waste or defined, listed or regulated as causing cancer or reproductive toxicity, or otherwise defined, listed or regulated as hazardous or toxic in, pursuant to, or by any federal, state or local law, ordinance, rule, or regulation, now or hereafter enacted, amended or modified, in each case to the extent applicable to the Mortgaged Property including the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Section 9601, *et seq.*); the Hazardous Materials Transportation Act (49 U.S.C. Section 1801, *et seq.*); the Resource Conservation and Recovery Act (42 U.S.C. Section 6901, *et seq.*); Sections 25117, 25281, 25316 or 25501 of the California Health & Safety Code; any so called "Superfund" or "Superlien" law; the Toxic Substance Control Act of 1976 (15 U.S.C. Section 2601 *et seq.*); the Clean Water Act (33 U.S.C. Section 1251 *et seq.*); and the Clean Air Act (42 U.S.C. Section 7901 *et seq.*); (b) any substance which is or contains asbestos, radon, polychlorinated biphenyl, urea formaldehyde foam insulation, explosive or radioactive material, lead paint, motor fuel or other petroleum hydrocarbons, (c) fungus, mold, mildew, or other biological agents the presence of which may adversely affect the health of individuals or other animals or materially adversely affect the value or utility of the Mortgaged Property, and/or (d) any other substance which causes or poses a threat to cause a contamination or nuisance with respect to all or any portion of the Mortgaged Property or any adjacent property or a hazard to the environment or to the health or safety of Persons.

"**Impositions**" means all real estate and personal property taxes, and vault charges and all other taxes, levies, assessments and other similar charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of every kind and nature whatsoever, which at any time prior to, at or after the execution hereof may be assessed, levied or imposed by, in each case, a Governmental Authority upon the Mortgaged Property or upon the ownership, use, occupancy or enjoyment thereof, and any interest, cost or penalties imposed by such Governmental Authority with respect to any of the foregoing. Impositions shall not include any sales or use taxes or any income taxes payable by Borrower.

"**Improvements**" means all buildings, improvements, alterations or appurtenances now, or at any time hereafter, located upon, in, under or above the Land or any part thereof.

"**Indebtedness**" means with respect to any Person, without duplication, (a) any indebtedness of such Person for borrowed money (whether by loan, the issuance and sale of debt securities or the sale of any property or asset of such Person to another Person subject to an understanding or agreement, contingent or otherwise, to repurchase such property from such Person), (b) any obligations of such Person for the deferred purchase price of property or services, (c) any obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) any obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) any obligations of such Person as lessee under Capital Leases, (f) any obligations of such Person as a result of any final judgment rendered against such Person or any settlement agreement entered into by such Person with respect to any litigation unless such obligations are stayed upon appeal (for so long as such appeal shall be maintained) or are fully discharged or bonded within thirty (30) days after the entry of such judgment or execution of such settlement agreement, (g) any obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit, (h) any Contingent Obligations, (i) any Indebtedness of others referred to in clauses (a) through (h) above or clause (j) below guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (1) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss, and (j) any Indebtedness referred to in clauses (a) through (i) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness.

"**Indemnified Liabilities**" is defined in Section 11.3.

"**Indemnitees**" is defined in Section 11.3.

"**Independent Architect**" is defined in Section 7.14.

"**Inspection Certificate**" means a certificate from an architect or other design professional approved by Lender in form and substance reasonably acceptable to Lender.

"**Insurance Reserve**" is defined in Section 5.5.

"**Interest Rate**" means the applicable of the Base Rate or the Default Rate.

"**Intermediate Borrower Entity**" is defined in Section 7.4

"**Inventory**" means "inventory" (as defined in the UCC), including any and all goods, merchandise and other personal property, whether tangible or intangible, now owned or hereafter acquired by Borrower which is held for sale, lease or license to customers, furnished to customers under any contract or service or held as raw materials, work in process, or supplies or materials used or consumed in Borrower's business.

"**Investment**" means (A) any direct or indirect purchase or other acquisition by Borrower of any beneficial interest in, including stock, partnership interest or other Securities of, any other Person or (B) any direct or indirect loan, advance or capital contribution by Borrower to any other Person, including all indebtedness and accounts receivable from that other Person that are not current assets or did not arise from sales to that other Person in the ordinary course of business.

"**Land**" means the real estate comprising the Mortgaged Property, as more specifically described in the Mortgage including, to the extent owned by Borrower, all oil, gas and mineral rights, oil, gas and minerals (whether before or after extraction), easements, appurtenances, water rights, water stock, rights in and to streets, roads and highways (whether before or after vacation thereof), hereditaments and privilege relating, in any manner whatsoever, to the Land. The Land is legally described on **Exhibit A**.

"**Late Charge**" is defined in Section 2.2(D).

"**Lease Form**" means the standard form of lease to be used by Borrower for all leases relating to the Mortgaged Property which has been approved by Lender as of the Closing Date or as may be approved by Lender thereafter, and as the same may, from time to time thereafter, be amended by Borrower with the approval of Lender, which approval shall not be unreasonably withheld or delayed.

"**Leases**" means any and all leases, subleases, occupancy agreements or grants of other possessory interests, whereby Borrower acts as the lessor, sublessor, licensor, grantor or in another similar capacity, now or hereafter in force, oral or written, covering or affecting the Land or Improvements, or any part thereof, together with all rights, powers, privileges, options and other benefits of Borrower thereunder and any and all guaranties of the obligations of the lessees, sublessees, occupants, and grantees thereunder, as such leases, subleases, occupancy agreements or grants may be extended, renewed, modified or replaced from time to time (exclusive of any ground lease having Borrower as ground lessee). For the avoidance of doubt, "Leases" shall not include any lease, license or occupancy agreement whereby the Master Lessee or any sublessee of the Master Lessee acts as the lessor, sublessor, licensor, grantor or in another similar capacity, now or hereafter in force, oral or written, covering or affecting the Land or Improvements, or any part thereof.

"**Legal Requirements**" means all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting Borrower, Carveout Guarantor, the Mortgaged Property or any part thereof, the construction, use, alteration or operation thereof, or any part thereof, or any or all of any other Collateral whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto, and all covenants,

agreements, restrictions and encumbrances contained in any instruments, either of record, known to Borrower or otherwise, at any time in force affecting Borrower, Carveout Guarantor, the Mortgaged Property, or any part thereof, or any or all of the other Collateral including, without limitation, any which may (a) require repairs, modifications or alterations in or to the Mortgaged Property or any part thereof, or (b) in any way limit the use and enjoyment thereof.

"**Lien**" means (a) any lien, mortgage, pledge, security interest, charge or monetary encumbrance of any kind, whether voluntary or involuntary (including any conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any security interest) and (b) any negative pledge or analogous agreement including any agreement not to directly or indirectly convey, assign, sell, mortgage, pledge, hypothecate, grant a security interest in, grant options with respect to, transfer or otherwise dispose of, voluntarily or involuntarily, by operation of law or otherwise, any direct or indirect interest in an asset or direct or indirect interest in the ownership of an asset.

"**Loan**" means the loan in the aggregate amount of $60,000,000 from Lender to Borrower as evidenced by the Note.

"**Loan Accounts**" means the accounts controlled by Lender established after an occurrence of an Event of Default, any account controlled by Lender in which Borrower has deposited funds (e.g., Base Building Reserve) and any other securities or deposit accounts required to be maintained pursuant to this Agreement or the other Loan Documents.

"**Loan Account Collateral**" is defined in Section 6.8.

"**Loan Documents**" means this Agreement, the Note, the Mortgage, the Assignments, the Environmental Indemnity Agreement, the Financing Statements, the Carveout Guaranty and all other documents, instruments and certificates made by Borrower or Carveout Guarantor to Lender in accordance herewith or which otherwise evidence, secure and/or govern the Loan.

"**Loan Month**" means a calendar month.

"**Loan Quarter**" means a calendar quarter.

"**Lockout Expiration Date**" means December 31, 2015.

"**Manager**" means Trammell Crow Company or any other Person subsequently engaged by Borrower or Carveout Guarantor to manage the Mortgaged Property.

"**Master Lease**" means that certain Deed of Lease between Borrower, as lessor, and Carveout Guarantor in its capacity as Master Lessee, as lessee, dated as of even date herewith as amended from time to time to the extent permitted under this Loan Agreement, the Mortgage and the other Loan Documents, with respect to the Mortgaged Property, and any guaranty required in connection therewith.

"**Master Lessee**" means Carveout Guarantor or the then current lessee under the Master Lease to the extent permitted thereunder, in its capacity as lessee under the Master Lease.

"**Material Adverse Effect**" means (A) a material adverse effect upon the business, operations, properties, assets or condition (financial or otherwise) of Borrower, Carveout Guarantor or the Mortgaged Property, or (B) the impairment, in any material respect, of the ability of Borrower or Carveout Guarantor to perform its respective obligations under any of the Loan Documents or of Lender to enforce or collect any of the Obligations. In determining whether any individual event would result in a Material Adverse Effect, notwithstanding that such event does not of itself have such effect, a Material Adverse Effect shall be deemed to have occurred if the cumulative effect of such event and all other then existing events would result in a Material Adverse Effect.

"**Material Contracts**" means (a) the Master Lease and any other Leases approved by Lender, (b) the Permitted Encumbrances (not otherwise referred to in this definition of Material Contracts), (c) those (i) Contracts set forth on Schedule 4.6(C) attached hereto and (ii) other Contracts entered into by Borrower which, if not complied with by Borrower, could reasonably be expected to have a Material Adverse Effect.

"**Maturity Date**" means January 31, 2026 or such earlier date as the Loan is prepaid in full or accelerated.

"**Maximum Rate**" is defined in Section 2.2(C).

"**Mortgage**" means the Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing of even date herewith from Borrower to or for the benefit of Lender, constituting a first Lien on Mortgaged Property as collateral for the Loan.

"**Mortgaged Property**" means the Land, the Improvements, the Inventory, the Accounts, the General Intangibles, the Fixtures and Personalty, the Leases, the Rents and other Gross Revenues, the Other Property, the Proceeds, the Plans and Specifications, and all other property of every kind and description used or useful in connection with the ownership, occupancy, operation and maintenance of the other components of the Mortgaged Property and all substitutions therefor, replacements and accessions thereto, and proceeds including "proceeds" (as defined in the UCC) derived therefrom, all as more specifically described in the Mortgage.

"**Multiemployer Plan**" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which Borrower or any ERISA Affiliate is making, or is accruing an obligation to make, contributions or has made, or been obligated to make, contributions within the preceding six (6) years, or for which Borrower or any ERISA Affiliate has any liability, including contingent liability.

"**Net Cash Flow**" means the excess, if any, of (a) all Gross Revenues of the Mortgaged Property, during the twelve (12) Loan Months preceding the Loan Month in which the applicable Calculation Date occurs over (b) the sum of all Expenses of the Mortgaged Property, during the twelve (12) Loan Months preceding the Loan Month in which the applicable Calculation Date occurs.

"**Nonconsolidation Opinion**" means an opinion of counsel selected by Borrower (or other applicable Person) and reasonably satisfactory to Lender, which shall be independent outside counsel, addressed to the Rating Agencies (or which expressly permits reliance by the

Rating Agencies) and Lender, in form and substance consistent with nonconsolidation opinions provided in connection with secured loan transactions of similar type and structure, which may include customary assumptions and qualifications, to the effect that in a properly presented case, a bankruptcy court in a case involving the Person designated by Lender, or an Affiliate thereof reasonably designated by Lender, would not disregard the corporate, limited liability company or partnership forms of Borrower, so as to consolidate the assets and liabilities of Borrower with those of the designated entities.

"**Note**" means that the Promissory Note, together with the Substitute Notes and all future advances, extensions, renewals, substitutions, modifications and amendments of the Promissory Note and Substitute Note.

"**Obligations**" means, in the aggregate, all obligations, liabilities and indebtedness of every nature of Borrower from time to time owed to Lender under the Loan Documents, including the principal amount of all debts, claims and indebtedness, accrued and unpaid interest and all fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now and/or from time to time hereafter owing, due or payable to Lender under the Loan Documents whether before or after the filing of a proceeding under the Bankruptcy Code by or against Borrower. The term "Obligations" shall also include any judgment against Borrower or the Mortgaged Property with respect to such obligations, liabilities and indebtedness of Borrower.

"**OFAC**" is defined in Section 4.9.

"**Officer's Certificate**" means the certificate of an executive officer, chief financial officer or other officer or representative with knowledge of the matters addressed in such certificate.

"**Organizational Documents**" means, as applicable, for any Person, such Person's articles or certificate of incorporation, by laws, partnership agreement, trust agreement, certificate of limited partnership, articles of organization, certificate of formation, shareholder agreement, voting trust agreement, operating agreement, limited liability company agreement and/or analogous documents, as amended, modified or supplemented from time to time.

"**Other Property**" means all of Borrower's now and/or hereafter existing and/or arising right, title and interest in and to all "securities entitlements" (as defined in the UCC), "chattel paper" (as defined in the UCC), "commercial tort claims" (as defined in the UCC) and all other tort claims, "documents" (as defined in the UCC), "instruments" (as defined in the UCC), "letter-of-credit rights" (as defined in the UCC), "money" (as defined in the UCC), "letters of credit" (as defined in the UCC), Investments, and all "investment property" (as defined in the UCC). Other Property includes all Security Deposit Letters of Credit.

"**Partial Release Requirements**" is defined in Section 12.1.

"**Payment Date**" means the 1st day of each calendar month commencing on February 1, 2006.

"**Permitted Contest**" is defined in Section 5.3(B).

"**Permitted Encumbrances**" means the following: (a) the Master Lease; (b) the matters and exceptions appearing on the Title Policy and identified on **Exhibit B**, (c) Liens permitted under the Master Lease which do not require Landlord's consent or to which Landlord and Lender have consented in writing, and (d) Liens securing purchase money Indebtedness that is Permitted Indebtedness (provided that such Liens are confined to the property purchased with the proceeds of such Indebtedness).

"**Permitted Indebtedness**" means (a) ordinary and customary trade payables incurred in the ordinary course of business of ownership and operation of the Mortgaged Property which are payable not later than forty-five (45) days after receipt of the original invoice which are in fact not more than sixty (60) days overdue, (b) the Loan, (c) purchase money Indebtedness used to acquire removable Fixtures and Personalty that do not comprise the Initial Alterations or any other portion of the Collateral, to be located on the Mortgaged Property and which purchase money Indebtedness shall not exceed Ten Million and No/100 Dollars ($10,000,000) in the aggregate outstanding at any one time.

"**Person**" means and includes natural persons, corporations, limited liability companies, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof and their respective permitted successors and assigns (or in the case of a governmental person, the successor functional equivalent of such Person).

"**Physical Condition Report**" means the report(s) regarding the physical inspection of the Land and Improvements listed on **Schedule 1.1(B)**.

"**Plans and Specifications**" means the final drawings and specifications for the development and construction of each component part of the applicable Construction (as the same may be amended in accordance with the provisions permitted by this Agreement), as applicable, which plans and specifications and all amendments thereto shall be (i) approved by Lender to the extent required herein, which approval shall not be unreasonably withheld or delayed, and (ii) in accordance with all applicable Legal Requirements.

"**Post-Closing Obligation Letter**" means a certain letter agreement of even date herewith between Borrower and Lender regarding satisfaction of certain conditions to the Closing.

"**Prepayment Premium**" means the greater of (a) one percent (1%) of the amount prepaid and (b) the Yield Maintenance Amount.

"**Prescribed Laws**" means, collectively, (a) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56) (The USA PATRIOT Act), (b) Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism and implementing regulations thereto, (c) the International Emergency Economic Power Act, 50 U.S.C. § 1701 et seq., (d) all other laws, regulations and executive orders administered by the Office of Foreign Assets Control and (e) all other Legal Requirements relating to money laundering or terrorism.

"**Proceeds**" is defined in Section 8.1.

"**Promissory Note**" means the Promissory Note dated of even date herewith made by Borrower to the order of Lender in the original principal amount of $60,000,000.

"**Proprietary Rights**" is defined in Section 4.11.

"**Punch-List Items**" means details of construction, decoration and mechanical and electrical adjustment which in the aggregate are minor in character and do not materially interfere with the intended use and operation of the applicable Construction.

"**Rating Agencies**" shall mean Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. ("**S&P**"), Fitch Inc. ("**Fitch**"), and Moody's Investors Service, Inc. ("**Moody's**") or, if any of such firms shall for any reason no longer perform the functions of a securities rating agency, any other nationally recognized statistical rating agency reasonably designated by Lender; provided, however, that at any time during which the Loan is an asset of a securitization, "Rating Agencies" shall mean the rating agencies that from time to time rate the securities issued in connection with such securitization. If the Loan is not an asset in a securitization, Rating Agency shall mean those rating agencies designated by Lender from time to time.

"**Rating Agency Confirmation**" shall mean, collectively, an affirmation from each of the Rating Agencies that the credit rating by such Rating Agency of the securities issued in connection with a securitization of the Loan or otherwise secured by a pledge of the Note immediately prior to the occurrence of the event with respect to which such Rating Agency Confirmation is sought will not be qualified, downgraded or withdrawn as a result of the occurrence of such event, which affirmation may be granted or withheld in such Rating Agency's sole and absolute discretion provided, however if the Loan has not been securitized in connection with a Securitization in which some or all of the securities have been rated by one or more of the Rating Agencies, Rating Agency Confirmation means Lender's approval, which approval is not to be unreasonably withheld or delayed.

"**Release Property**" is defined in Section 12.1.

"**Remaining Property**" shall mean the remaining portion of the Mortgaged Property which remains subject to the lien of the Mortgage after the Partial Release.

"**Rents**" shall mean rents, income, receipts, royalties, profits, issues, service reimbursements, fees, termination payments receivables, accounts receivable and payments from time to time accruing under the Leases.

"**Request for Release**" means a request from Borrower to Lender in connection with a request for disbursement from the applicable Reserve or funds deposited with and held by Lender pursuant to Sections 5.13 and 8.1 accompanied by the following items, which request and items are subject to the approval of Lender not to be unreasonably withheld or delayed: (a)

currently dated certificate approved by Borrower from a Contractor and Lender's consultant, if any, on a form to be reasonably approved by Lender, confirming, among other things, that the Construction is being performed in accordance with the Plans and Specifications, if any, and Legal Requirements; (b) the Required Lien Waivers in form and substance reasonably satisfactory to Lender; (c) if requested by Lender, from time to time, the requisitions for payment then the subject of such Request for Release from subcontractors and material suppliers engaged in the construction of the applicable Construction in form and content reasonably satisfactory to Lender; (d) an Inspection Certificate of an architect approved by Lender based upon an on site inspection of the applicable Construction made by Lender's consultant, if any, which shall certify that all work for which such Request for Release has been requested has been completed; (e) evidence reasonably satisfactory to Lender of Construction Legal Compliance (together with copies of the applicable entitlements, approvals, allocations, permits, licenses and conditional use permits), including, without limitation, (i) a certificate from the Borrower as to item (d) of the definition of Construction Legal Compliance (which certificate may, as to "threatened" matters, be qualified to "the best of such Person's knowledge following due inquiry") and (ii) such other showings, certificates, reports and items as Lender or Lender's consultant, if any, may reasonably request to confirm Construction Legal Compliance; and (f) such other information and documents as may be reasonably requested or required by Lender or Lender's consultant, if any, including, but not limited to, certificates, inspections, invoices, receipts, permits, licenses and certificates of occupancy, affidavits and other documents, appropriate for the applicable stage of construction.

"**Required Completion Date**" means December 31, 2007 with respect to the Base Building Improvements.

"**Required Lien Waivers**" means, waivers of liens executed by (a) for each Request for Release, Contractor and each design professional with whom Borrower has a direct agreement, respectively, waiving their respective rights, if any, and any right of a subcontractor claiming through or under any of them, to file or maintain any construction liens or claims, all in such form containing such provisions as may be reasonably required by Lender and in accordance with applicable law and (b) for each Request for Release that includes a request for final payment to any subcontractor, such subcontractor, waiving its right to file or maintain any construction liens or claims, all in such form and containing such provisions as may be reasonably required by Lender executed with respect to and applicable to the extent such subcontractor has received payment. Such waivers may be conditioned upon payment for work performed and materials supplied; provided, that the Request for Release that includes the request described in clause (b) above shall include (and in the case of the final Request for Release, within ten (10) days after the funding of such final Request for Release, Borrower shall deliver to Lender) a duly executed, unconditional waiver for each Person described in clause (a) or (b) above.

"**Required Restoration Date**" is defined in Section 8.1.

"**Reserves**" means to the extent applicable, the Base Building Reserve, the Tax Reserve and the Insurance Reserve.

"**Restoration**" is defined in Section 8.1.

"**Securities**" means any stock, shares, voting trust certificates, bonds, debentures, options, warrants, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

"**Securitization**" is defined in Section 10.1.

"**Special Purpose Bankruptcy Remote Entity**" is defined in **Schedule 7.13**.

"**Subdivision**" is defined in Section 12.3.

"**Subsequent Owner**" means with respect to the Additional Master Lease Provisions in Article 13, any individual or entity which acquires the fee simple title to or possession of the Mortgaged Property at or through a foreclosure (together with any successors or assigns thereof), including, without limitation, (i) Lender or its designee, (ii) any purchaser of the Mortgaged Property from Lender, or (iii) any lessee of the Mortgaged Property from Lender (other than Master Lessee).

"**Subsidiary**" means, with respect to any Person (the "**parent**") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than fifty percent (50%) of the equity or more than fifty percent (50%) of the ordinary voting power or, in the case of a partnership, more than fifty percent (50%) of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent.

"**Substitute Note**" means all notes given in substitution or exchange for the Promissory Note or another Substitute Note.

"**SVB Loan Agreement**" means that certain Amended and Restated Loan Agreement dated as of September 16, 2005, between Silicon Valley Bank and Carveout Guarantor.

"**Tax Reserve**" is defined in Section 5.5.

"**Title Company**" means First American Title Insurance Company.

"**Title Policy**" means a the mortgagee's policy of title insurance issued on the 1992 Form B ALTA form by the Title Company (or the closest equivalent available in any given jurisdiction), together with such reinsurance and direct access agreements as Lender may require, insuring that the Mortgage is a valid first and prior enforceable lien on Borrower's fee simple interest (or leasehold interest, as applicable) in the Mortgaged Property (including any easements appurtenant thereto but excluding any non-real estate property interests included in the definition of Mortgaged Property) subject only to the Permitted Encumbrances. The Title Policy shall contain an affirmative creditors' rights endorsement, comprehensive endorsement, zoning 3.1 endorsement with parking and such other endorsements as Lender may reasonably require.

"**Total Loss**" means (i) a casualty, damage or destruction of (i) all of the Mortgaged Property, (ii) any portion of the Mortgaged Property which renders the remaining portion of the Mortgaged Property unsuitable or uneconomical for the continuation of the Borrower's use or business therein, or (iii) any portion of the Mortgaged Property and the estimated time to repair or replace such portion of the Mortgaged Property is in excess of one (1) year, as reasonably estimated by Lender, or under applicable law the Mortgaged Property cannot be rebuilt to a condition that is suitable and economical for the operation of Borrower's business therein.

"**Transfer**" means, (a) when used as a verb, to, directly or indirectly, lease, sell, assign, convey, give, exchange, devise, mortgage, encumber, pledge, hypothecate, alienate, grant a security interest, or otherwise create or suffer to exist any Lien, transfer or otherwise dispose, or to contract or agreement to do any of the foregoing, whether by operation of law, voluntarily, involuntarily or otherwise as well as any other action or omission which has the practical effect of initiating or completing the foregoing and (b) when used as a noun, a direct or indirect, lease, sale, assignment, conveyance, gift, exchange, devise, mortgage, encumbrance, pledge, hypothecation, alienation, grant of a security interest or other creation or sufferance of a Lien, transfer of other disposition, or contract or agreement by which any of the foregoing may be effected, whether by operation of law, voluntary or involuntary and any other action or omission which has the practical effect of initiating or completing the foregoing.

"**Treasury Rate**" means the annualized yield on securities issued by the United States Treasury having a maturity corresponding to the scheduled Lock-out Expiration Date, as quoted in Federal Reserve Statistical Release H. 15(519) under the heading "U.S. Government Securities – Treasury Constant Maturities" for the Treasury Rate Determination Date (as defined below), converted to a monthly equivalent yield. If yields for such securities of such maturity are not shown in such publication, then the Treasury Rate shall be determined by Lender by linear interpolation between the yields of securities of the next longer and next shorter maturities. If said Federal Reserve Statistical Release or any other information necessary for determination of the Treasury Rate in accordance with the foregoing is no longer published or is otherwise unavailable, then the Treasury Rate shall be reasonably determined by Lender based on comparable data.

"**Treasury Rate Determination Date**" means the date which is five (5) Business Days prior to the scheduled prepayment date.

"**UCC**" means the Uniform Commercial Code as in effect in the State of New York.

"**UCC Collateral**" is defined in Section 2.9.

"**Yield Maintenance Amount**" means the then-present value (determined by discounting at the Treasury Rate) of the amount of interest that would have accrued on the outstanding principal balance of the Loan, from the date of the prepayment to and including the scheduled Lock-out Expiration Date, if no prepayment were to occur and if the rate of interest were the Interest Rate. For purposes of computing the Yield Maintenance Amount with regard to Section 2.4(D)(iii), the date of prepayment shall be deemed the date the Loan is accelerated.

1.2 Terms; Utilization of GAAP for Purposes of Financial Statements Under Agreement

For purposes of this Agreement, all accounting terms not otherwise defined herein shall have the meanings assigned to such terms in conformity with GAAP. Financial statements and other information furnished to Lender pursuant to subsection 5.1 shall be prepared in accordance with GAAP as in effect at the time of such preparation. No Accounting Changes shall affect financial covenants, standards or terms in this Agreement; provided, that Borrower shall prepare footnotes to the financial statements required to be delivered hereunder that show the differences between the financial statements delivered (which reflect such Accounting Changes) and the basis for calculating financial covenant compliance (without reflecting such Accounting Changes).

1.3 Other Definitional Provisions.

References to "**Sections,**" "**Exhibits**" and "**Schedules**" shall be to Sections, Exhibits and Schedules, respectively, of this Agreement unless otherwise specifically provided. Any of the terms defined in Section 1.1 may, unless the context otherwise requires, be used in the singular or the plural depending on the reference. In this Agreement, "**hereof,**" "**herein,**" "**hereto,**" "**hereunder**" and the like mean and refer to this Agreement as a whole and not merely to the specific section, paragraph or clause in which the respective word appears; words importing any gender include the other genders; references to "**writing**" include printing, typing, lithography and other means of reproducing words in a tangible visible form; the words "**including**," "**includes**" and "**include**" shall be deemed to be followed by the words "**without limitation**"; the phrase "**and/or**" shall mean that either "and" or "or" may apply; the phrases "**attorneys' fees,**" "**legal fees**" and "**counsel fees**" shall include any and all attorneys', paralegal and law clerk fees and disbursements, including court costs, fees and disbursements at the pre-trial, trial and appellate levels incurred or paid by Lender in protecting its interest in the Mortgaged Property and the Collateral and enforcing its rights hereunder and/or the other Loan Documents; references to agreements and other contractual instruments shall be deemed to include subsequent amendments, assignments, and other modifications thereto, but only to the extent such amendments, assignments and other modifications are not prohibited by the terms of this Agreement or any other Loan Document; references to Persons include their respective permitted successors and assigns or, in the case of governmental Persons, Persons succeeding to the relevant functions of such Persons; references to a Person's "**knowledge**" in this Agreement or the other Loan Documents refers to the actual knowledge of the Person in question and such knowledge as a reasonably prudent Person would have acquired by virtue of such inquiry and due diligence as a reasonably prudent Person would have undertaken and all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations. Where any provision of this Agreement or any of the other Loan Documents refers to action to be taken by any Person, or which such Person is prohibited from taking, such provisions shall be applicable whether such action is taken directly or indirectly by such Person.

SECTION 2
AMOUNTS AND TERMS OF THE LOAN

2.1 Loan Disbursement and Note. Subject to the terms and conditions of this Agreement, Lender shall lend the Loan to Borrower on the Closing Date. The proceeds of the Loan shall be used to provide permanent financing for the Mortgaged Property. The disbursement of the Loan in accordance with the foregoing shall be made on the Closing Date. The Loan shall be evidenced by the Note. The Obligations of Borrower under this Agreement, the Note and the other Loan Documents are secured by, among other things, the Mortgage and the Liens created or arising under the other Loan Documents.

2.2 Interest.

(A) **Interest Rate**. Subject to the provisions of Section 2.2(C) hereof, the outstanding principal balance of the Loan shall bear interest at the Base Rate. However, (a) upon and during the continuance of any Default by Borrower in the payment of any sum of principal, interest or other Indebtedness of Borrower owing Lender when due, (b) during the existence of any Event of Default, or (c) after the Maturity Date or earlier upon acceleration of the Loan, the principal amount of the Loan shall bear interest ("**Default Interest**") at the Default Rate. With respect to any scheduled payments of principal and interest (excluding the payment due on the Maturity Date), Borrower will be entitled to a grace period of five (5) Business Days from such date before Default Interest is imposed by reason of such late payment; provided, however, such grace period will not be available more than once in any 12 Loan Month period and if Borrower fails to make the required payment within said five (5) Business Day period, Default Interest will be calculated from the original due date. Except as set forth in the preceding sentence, the Default Interest shall commence, without notice, immediately upon and from the occurrence of (a), (b) or (c) above, as the case may be, and shall continue until all Defaults are cured and all sums then due and payable under the Loan Documents are paid in full. Default Interest shall be payable upon demand, and, to the extent unpaid, shall be compounded monthly at the Default Rate. The obligations of the Borrower under this Agreement, the Note and the other Loan Documents are secured by, among other things, the Mortgage.

(B) **Computation and Payment of Interest**. Interest on the Loan and all other Obligations owing to Lender shall be computed on the daily principal balance of the Note on the basis of actual days elapsed and a 360-day year. Interest on the Loan is payable in arrears. Payments of interest shall be paid to Lender as specified in Section 2.3. In addition, all accrued and unpaid interest shall be paid to Lender on the earlier of the date of prepayment (to the extent prepayment is permitted under Section 2.4) and maturity, whether by acceleration or otherwise. The Loan shall commence to bear interest on the date the proceeds of the Loan are to be disbursed to or for the order of Borrower, provided, however, if the proceeds are disbursed to an escrowee, the Loan shall commence to bear interest from and including the date of disbursement to such escrowee regardless of the date such proceeds are disbursed from escrow.

(C) **Interest Laws**. Notwithstanding any provision to the contrary contained in this Agreement or the other Loan Documents, Borrower shall not be required to pay, and Lender shall not be permitted to collect, any amount of interest in excess of the maximum amount of interest permitted by law ("**Excess Interest**"). If any Excess Interest is provided for or

determined by a court of competent jurisdiction to have been provided for in this Agreement or in any of the other Loan Documents, then in such event: (1) the provisions of this Section shall govern and control; (2) Borrower shall not be obligated to pay any Excess Interest; (3) any Excess Interest that Lender may have received hereunder shall be, at Lender's option, (a) applied as a credit against the outstanding principal balance of the Obligations due and owing to Lender (without any prepayment penalty or premium therefor) or for accrued and unpaid interest thereunder (not to exceed the maximum amount permitted by law), (b) refunded to the payor thereof, or (c) any combination of the foregoing; (4) the interest rate(s) provided for herein shall be automatically reduced to the maximum lawful rate allowed from time to time under applicable law (the "**Maximum Rate**"), and this Agreement and the other Loan Documents shall be deemed to have been and shall be, reformed and modified to reflect such reduction; and (5) Borrower shall not have any action against Lender for any damages arising out of the payment or collection of any Excess Interest. Notwithstanding the foregoing, if for any period of time interest on any Obligation due and owing to Lender is calculated at the Maximum Rate rather than the applicable rate under this Agreement, and thereafter such applicable rate becomes less than the Maximum Rate, the rate of interest payable on such Obligations due and owing to Lender shall, to the extent permitted by law, remain at the Maximum Rate until Lender shall have received or accrued the amount of interest which Lender would have received or accrued during such period on Obligations due and owing to Lender had the rate of interest not been limited to the Maximum Rate during such period.

(D) **Late Charges**. If any scheduled payment of principal and/or interest or other amount owing pursuant to this Agreement or the other Loan Documents is not paid when due, Borrower shall pay to Lender, in addition to all sums otherwise due and payable, a late charge ("**Late Charge**") in an amount equal to four percent (4%) of the unpaid amount. With respect to regular monthly payments of principal and/or interest (excluding the payment due on the Maturity Date), Borrower will be entitled to a grace period of five (5) Business Days from the date due before a late charge is imposed by reason of such late payment; provided, however, such grace period will not be available more than once in any calendar year. Any unpaid late charge shall bear interest at the Default Rate until paid.

2.3 Payments.

Interest for the period commencing on the date of disbursement of the Loan and ending on December 31, 2005 shall be paid on the Closing Date. On each Payment Date thereafter commencing with the Payment Date occurring on February 1, 2006, Borrower shall pay to Lender (i) interest and principal in an amount equal to Five Hundred One Thousand Eight Hundred Sixty-Four and No/00 Dollars ($501,864.00) per month so that the full principal amount outstanding is amortized over the twenty (20) year term and (ii) any other amounts that are due and payable under this Agreement and the other Loan Documents (including, without limitation, any Default Interest and Late Charges). A final payment will be required on the Maturity Date.

2.4 Payments and Prepayments on the Loan.

(A) **Manner and Time of Payment**. Borrower agrees to pay all of the Obligations relating to the Loan as such amounts become due or are declared due pursuant to the terms of

this Agreement and the other Loan Documents. All payments shall be made without deduction, defense, setoff or counterclaim by the wire transfer or ACH/EFT of good immediately available wire transferred federal funds to Lender's account at JP Morgan Chase for the account of ABA: 021-000-021, A/C: SFT I, Inc., A/C #: 230-368913, Reference: Equinix Debt Service: Beaumeade Corporate Park/Equinix RP II LLC or at such other place as Lender may direct from time to time by notice to Borrower. Borrower shall receive credit for such funds on the date received if such funds are received by Lender by 2:00 P.M. (New York time) on such day. In the absence of timely receipt, such funds shall be deemed to have been paid by Borrower on the following Business Day. Whenever any payment to be made under the Loan Documents shall be stated to be due on a day that is not a Business Day, or any time period relating to a payment to be made hereunder is stated to expire on a day that is not a Business Day, the payment may be made on the following Business Day and the period will not expire until the following Business Day.

(B) **Maturity**. The outstanding principal balance of the Loan, all accrued and unpaid interest thereon and all other sums owing to Lender pursuant to the Loan Documents, shall be due and payable on January 31, 2026 (the "**Maturity Date**").

(C) **Prepayments**.

(i) The Loan may be prepaid, in whole, but not in part, upon not less than thirty (30) days' irrevocable prior notice to Lender. Any prepayment (i.e., other than the principal payments required under Section 2.3) on the principal balance of the Loan evidenced by the Note whether voluntary or involuntary, shall be accompanied by payment of interest accrued to the date of prepayment, together with the applicable Prepayment Premium; provided however, that no Prepayment Premium shall be due and payable after the Lockout Expiration Date. Any prepayments made pursuant to the foregoing shall be made on a Payment Date provided, however, Borrower may elect to make any such prepayments on a Business Day which is not a Payment Date if, in addition to all interest which has accrued to and including the date of prepayment and the Prepayment Premium, Borrower also pays all interest which would accrue on the Loan to, but not including, the Payment Date following the date of prepayment. Amounts prepaid shall not be re borrowed.

(ii) In the event of the failure to borrow or prepay the Loan as specified in any notice delivered pursuant to this Agreement or the other Loan Documents, then, in any such event and, in addition to the payments to be made to Lender pursuant to Section 2.4(C)(i), Borrower agrees to compensate Lender for all losses, costs, expenses and damages Lender may incur attributable to such event. A certificate of Lender setting forth any amount or amounts that Lender is entitled to receive pursuant to this Section shall be delivered to Borrower and shall be conclusive absent manifest error. Borrower shall pay Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(iii) If, following an Event of Default, payment of all or any part of the Loan is tendered by Borrower or otherwise recovered by Lender, such tender or recovery shall be deemed a voluntary prepayment by Borrower in violation of the prohibition against

prepayment set forth in Section 2.4(C)(i) and Borrower shall pay to Lender, in addition to the other Obligations, the Prepayment Premium. If the Maturity Date is accelerated, due to an Event of Default or otherwise, or if any prepayment of all or any portion of the Loan hereunder occurs, whether in connection with Lender's acceleration of the Loan or otherwise, or if the Mortgage is satisfied or released by foreclosure (whether by power of sale or judicial proceeding), deed in lieu of foreclosure or by any other means, then the Prepayment Premium shall become immediately due and owing and Borrower shall immediately pay the Prepayment Premium to Lender. Nothing contained in this Section 2.4(C)(iii) shall create any right of prepayment.

2.5 Lender's Records; Mutilated, Destroyed or Lost Notes. The balance on Lender's books and records shall be presumptive evidence (absent manifest error) of the amounts due and owing to Lender by Borrower; provided that any failure to so record or any error in so recording shall not limit or otherwise affect Borrower's obligation to pay the Obligations. In case any Note shall become mutilated or defaced, or be destroyed, lost or stolen, Borrower shall, upon request from Lender, execute and deliver a new Note of like principal amount in exchange and substitution for the mutilated or defaced Note, or in lieu of and in substitution for the destroyed, lost or stolen Note. In the case of a mutilated or defaced Note, the mutilated or defaced Note shall be surrendered to Borrower upon delivery to Lender of the new Note. In the case of any destroyed, lost or stolen Note, Lender shall furnish to Borrower, upon delivery to Lender of the new Note (i) certification of the destruction, loss or theft of such Note and (ii) such security or indemnity as may be reasonably required by Borrower to hold Borrower harmless.

2.6 Taxes. Any and all payments or reimbursements made under the Agreement, the Note or the other Loan Documents shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto arising out of or in connection with the transactions contemplated by the Loan Documents; excluding, however, the following: taxes imposed on the income of Lender by any jurisdiction or any political subdivision thereof; taxes that are not directly attributable to the Loan; and any "doing business" taxes, however denominated, charged by any state or other jurisdiction (all such taxes, levies, imposts, deductions, charges or withholdings and all liabilities with respect thereto, excluding such taxes imposed on income, taxes not directly attributable to the Loan and any "doing business" taxes, herein "**Tax Liabilities**"). If Borrower shall be required by law to deduct any such amounts from or in respect of any sum payable hereunder to Lender, then the sum payable hereunder shall be increased as may be necessary so that, after making all required deductions, Lender receives an amount equal to the sum it would have received had no such deductions been made. In the event that, subsequent to the Closing Date, (1) any changes in any existing law, regulation, treaty or directive or in the interpretation or application thereof, (2) any new law, regulation, treaty or directive enacted or any interpretation or application thereof, or (3) compliance by Lender with any new request or directive (whether or not having the force of law) from any governmental authority, agency or instrumentality does or shall subject Lender to any tax of any kind whatsoever with respect to this Agreement, the other Loan Documents or the Loan, or change the basis of taxation of payments to Lender of principal, fees, interest or any other amount payable hereunder (except for income taxes, or franchise taxes imposed in lieu of income taxes, imposed generally by federal, state or local taxing authorities with respect to interest or commitment or other fees payable hereunder or changes in the rate of interest or tax on the overall income of Lender, taxes that are not directly attributable to the Loan and any

"doing business" taxes, however denominated, charged by any state or other jurisdiction) and the result of any of the foregoing is to increase the cost to Lender of making or continuing its Loan hereunder, as the case may be, or to reduce any amount receivable hereunder, then, in any such case, Borrower shall promptly pay to Lender, within thirty (30) days after its demand, any additional amounts necessary to compensate Lender, on an after-tax basis, for such additional cost or reduced amount receivable, as determined by Lender with respect to this Agreement or the other Loan Documents. If Lender becomes entitled to claim any additional amounts pursuant to this Section 2.6, it shall promptly notify Borrower of the event by reason of which Lender has become so entitled.

2.7 Application of Payments. Except as otherwise expressly provided in the last sentence of this Section 2.7, all payments made hereunder shall be applied first, to the payment of any Late Charges and other sums (other than principal and interest) due from Borrower to Lender under the Loan Documents, second, to any interest then due at the Default Rate, third to interest then due at the Base Rate, and last to the principal amount. Following and during the continuance of an Event of Default, all sums collected by Lender shall be applied in such order of priority to such items set forth below as Lender shall determine in its sole discretion: (i) to the costs and expenses, including reasonable attorneys' and paralegals' fees and costs of appeal, incurred in the collection of any or all of the Loan due or the realization of any collateral securing any or all of the Loan; and (ii) to any or all unpaid amounts owing pursuant to the Loan Documents in any order of application as Lender, in its sole discretion, shall determine.

2.8 Commitment Fee. Borrower shall pay the Commitment Fee to Lender on the Closing Date.

2.9 Security Agreement. To secure the payment, performance and discharge of the Obligations, Borrower hereby grants, assigns, transfers, conveys and sets over unto Lender, and hereby grants to Lender a continuing first priority, perfected security interest in all of Borrower's right, title and interest in, to and under any and all of the following, whether now and/or existing and/or now owned and/or hereafter acquired and/or arising:

a. the Accounts;

b. the Contracts;

c. the Loan Accounts and other Loan Account Collateral;

d. the Equipment Leases;

e. the Fixtures and Personalty;

f. the General Intangibles;

g. the Inventory;

h. the Leases;

i. the Other Property;

j. the Rents and other Gross Revenues;

k. the Plans and Specifications;

l. the Proceeds;

m. without any duplication, any and all other assets, and other personal property of Borrower; and

n. together with all accessions to, substitutions for, and replacements of, and of the foregoing and any and all products and cash and non-cash proceeds of any of the foregoing (collectively, the "**UCC Collateral**").

With respect to all UCC Collateral constituting a part of the Mortgaged Property, including, without limitation, the Accounts, this Agreement shall constitute a "security agreement" within the meaning of, and shall create a security interest under, the UCC. Borrower hereby acknowledges and agrees that Lender shall be permitted to file one or more financing statements naming Borrower as debtor and Lender as secured party identifying "all assets and personal property" of Borrower in the collateral description thereon. As to the UCC Collateral, the grant, transfer, and assignment provisions of this Section 2.9 shall control over the grant provision of Section 2.1 of the Mortgage. Borrower represents and warrants that, except for any financing statement filed by Lender, no presently effective financing statement covering the Collateral or any part thereof has been filed with any filing officer, and no other security interest has attached to or has been perfected in the Collateral or any part thereof. Borrower shall from time to time within fifteen (15) days after request by Lender, execute, acknowledge and deliver, or authorize the filing of any financing statement, renewal, affidavit, certificate, continuation statement or other document as Lender may reasonably request in order to evidence, perfect, preserve, continue, extend or maintain this security agreement and the security interest created hereby as a first priority Lien on the UCC Collateral, subject only to the Permitted Encumbrances.

2.10 Certain Secured Party Remedies. If an Event of Default shall have occurred and be continuing, Lender shall have all the remedies of a secured party under the UCC and all other rights and remedies now or hereafter provided or permitted by law, including, without limitation, the right to take immediate and exclusive possession of the UCC Collateral, or any part thereof, and for that purpose Lender may, as far as Borrower can give authority therefor, with or without judicial process, enter (if this can be done without breach of the peace) upon any premises on which any of the Collateral or any part thereof may be situated. Without limitation of the foregoing, Lender shall be entitled to hold, maintain, preserve and prepare all of the Collateral for sale and to dispose of said Collateral, if Lender so chooses, from any of the Mortgaged Properties, provided that Lender may require Borrower to assemble such UCC Collateral and make it available to Lender for disposition at a place to be designated by Lender from which the UCC Collateral would be sold or disposed of, and provided further that, for a reasonable period of time prior to the disposition of such UCC Collateral, Lender shall have the right to use same in the operation of the Mortgaged Properties. Borrower will execute and deliver to Lender any and all forms, documents, certificates and registrations as may be necessary or appropriate to enable Lender to sell and deliver good and clear title to the UCC Collateral to the buyer at the sale as herein provided. Unless the UCC Collateral is of the type customarily sold on a recognized market, Lender will give Borrower at least ten (10) days' notice of the time and place of any public sale of such UCC Collateral or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is given to Borrower at least ten (10) days before the time of the sale or disposition. Lender may buy at any public sale and, if the UCC Collateral is of a type customarily sold in a recognized market or is a type which is the subject of widely distributed standard price quotations, it may buy at private sale. Unless Lender shall otherwise elect, any sale of the UCC Collateral shall be solely as a unit and not in separate lots or parcels, it being expressly agreed, however, that Lender shall have the absolute right to dispose of such UCC Collateral in separate

lots or parcels. Lender shall further have the absolute right to elect to sell the UCC Collateral as a unit with, and not separately from, the Land and Improvements constituting a portion of the Mortgaged Properties. The net proceeds realized upon any disposition of the UCC Collateral, after deduction for the expenses of retaining, holding, preparing for sale, selling and the like and the attorneys' fees and legal expenses incurred by Lender shall be applied towards satisfaction of such of the Obligations secured hereby, and in such order of application, as Lender may elect. If all of the Obligations are satisfied, Lender will account to Borrower for any surplus realized on such disposition.

SECTION 3
CONDITIONS TO LOAN

3.1 Conditions to Funding of the Loan on the Closing Date.

The obligation of Lender to disburse the Loan is subject to the prior or concurrent satisfaction of the conditions set forth below.

(A) **Performance of Agreements; Truth of Representations and Warranties; No Injunction** Borrower, Carveout Guarantor and all other Persons executing any Loan Document on behalf of Borrower and Carveout Guarantor shall have performed in all material respects all agreements which any of the Loan Documents provide shall be performed on or before the Closing Date. The representations and warranties contained in the Loan Documents shall be true, correct and complete in all material respects on and as of the Closing Date to the same extent as though made on and as of that date. No Legal Requirements shall have been adopted, no order, judgment or decree of any Governmental Authority shall have been issued or entered, and no litigation shall be pending or threatened, which in the reasonable judgment of Lender would enjoin, prohibit or restrain, or impose or result in an adverse effect upon the making, borrowing or repayment of the Loan or the execution, delivery or performance of the Loan Documents. No Default or Event of Default shall have occurred and then be continuing.

(B) **Opinion of Counsel**. Lender shall have received and approved written opinions of counsel for Borrower, Carveout Guarantor, and Borrower Representative, including such Persons' local and Delaware counsel, in form and substance reasonably satisfactory to Lender and its counsel, dated as of the Closing Date. By execution of this Agreement, Borrower authorizes and directs its counsel to render and deliver such opinions to Lender.

(C) **Loan Documents**. On or before the Closing Date, Borrower shall execute and deliver and cause to be executed and delivered, to Lender all of the Loan Documents, each, unless otherwise noted, dated the Closing Date, duly executed, in form and substance satisfactory to Lender and in quantities designated by Lender (except for the Promissory Note, of which only the original shall be executed). Borrower hereby authorizes Lender to file the financing statements in such filing offices as Lender reasonably determines is necessary to perfect Lender's security interest in the Collateral. Lender shall provide notice of any filings made outside of the Commonwealth of Virginia and the State of Delaware.

(D) **Intentionally Omitted**.

(E) **Insurance Policies and Endorsements**. Lender shall have received and approved certificates of insurance or copies of the original policies of insurance required to be maintained under this Agreement and the other Loan Documents, together with endorsements satisfactory to Lender naming Lender as additional insured under such policies.

(F) **Organizational and Authorization Documents**. Lender shall have received all documents reasonably requested by Lender, including all Organizational Documents, with regard to the due organization, existence, internal governance, power and authority, due authorization, execution and delivery, authorization to do business and good standing of Borrower, Carveout Guarantor, the Borrower Representative and such other Persons as Lender may reasonably designate, the validity and binding effect of the Loan Documents and other matters relating thereto, in form and substance satisfactory to Lender.

(G) **Closing Statement**. Lender shall have received and approved a closing and disbursement statement executed by Borrower with respect to the disbursement of the proceeds of the Loan.

(H) **Financial Statements**. Lender shall have approved financial statements of Carveout Guarantor for the last two (2) years or portion thereof, which financial statements Lender acknowledges are available on EDGAR.

(I) **Budget and Capital Plan**. Lender shall have received and approved the initial Budget and initial Capital Plan for Borrower.

(J) **Intentionally Omitted**.

(K) **Appointment of Agent for Service of Process**. Lender shall have received evidence reasonably satisfactory to it that Incorporating Services, Ltd. has been appointed as Borrower's and Carveout Guarantor's agent for service of process in the State of Delaware.

(L) **Material Contracts and Other Agreements**. Lender shall have received and approved true, correct and complete certified copies of all Material Contracts, all other operating agreements, service contracts and equipment leases and all permits, licenses and documents pertaining to the Proprietary Rights relating to all or any of the Mortgaged Property.

(M) **Environmental Assessments, Physical Condition Reports and Lender's Inspection and Appraisal and Plans and Specifications** Lender shall have received and approved the Environmental Reports, a satisfactory zoning compliance letter and building code "no violation" letter from the applicable governmental authorities and Physical Condition Reports relating to the Mortgaged Property, together with letters from the preparer(s) thereof permitting Lender (and Persons designated by Lender) to rely upon the Environmental Reports and Physical Condition Reports. To the extent in the possession of the Borrower, a true, correct and complete copy of "as built" plans and specifications for the Improvements. Lender shall have completed its site visit(s) to the Mortgaged Property and be satisfied with such visit(s). Lender shall have received an independent appraisal of the Mortgaged Property from a state certified appraiser approved by Lender and made in accordance with the requirements of FIRREA, which indicates the fair market value of the Mortgaged Property and is satisfactory to Lender in all respects.

(N) **Title Policy, Survey, Searches, Perfection and Priority**. Lender shall have received and approved (i) the Title Policy and (ii) a plat of survey of the Land, Improvements and other components of the Mortgaged Property constituting real estate certified to such Persons as Lender may designate and prepared in accordance with Lender's requirements. Lender shall have received and approved copies of Uniform Commercial Code financing statement, judgment, tax lien, bankruptcy and litigation search reports of such jurisdictions and offices as Lender may reasonably designate with respect to Borrower, Carveout Guarantor, Borrower Representative and such other Persons as Lender may reasonably require. Lender shall have received such other evidence as Lender may reasonably require confirming that Lender has a perfected first priority security interests and Lien upon the Collateral.

(O) **Licenses, Permits and Approvals, Zoning and Land Use Compliance**. Lender shall have received and approved (i) a copy of the permanent unconditional certificate of occupancy issued with respect to the Mortgaged Property and all other applicable licenses, permits and approvals required to own, use, occupy, operate and maintain the Mortgaged Property, including all necessary licenses and permits relating to wetlands compliance, and use of water; (ii) evidence satisfactory to Lender of the existence, ownership and status of all Proprietary Rights and Material Contracts; and (iii) evidence satisfactory to Lender as to the compliance of the Mortgaged Property with all applicable Legal Requirements including letters from the applicable Governmental Authorities confirming such compliance.

(P) **Intentionally Deleted**.

(Q) **Commitment Fee**. Lender shall have received its Commitment Fee.

(R) **Master Lease**. Lender shall have received a duly executed Master Lease.

(S) **Other Documents and Deliveries**. Borrower shall have delivered such other documents and deliveries reasonably requested by Lender.

(T) **Legal Fees; Closing Expenses**. Borrower shall have paid any and all legal fees and expenses of counsel to Lender, together with all recording fees and taxes, title insurance premiums, and other costs and expenses related to the Loan.

(U) **Intentionally Omitted**.

(V) **Intentionally Omitted**.

(W) **Intentionally Omitted**.

(X) **Photographs**. Borrower shall provide Lender with reproducible aerial or exterior photographs of the Land and Improvements that are in Borrower's possession. Notwithstanding anything to the contrary in this Agreement, Borrower shall not be required to provide Lender, and Lender shall not be permitted to take or obtain any photographs of the interior of the Improvements.

SECTION 4
REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Lender that, after giving effect to the Loan, as of the Closing Date:

4.1 Organization, Powers, Qualification and Organization Chart. Borrower is a limited liability company duly organized, validly existing and in good standing under the laws of its state of formation. Borrower and Borrower Representative have all requisite power and authority to own and operate its properties, to carry on its business as now conducted and proposed to be conducted, and in the case of Borrower, to enter into each Loan Document to which it is a party and to perform the terms thereof. Carveout Guarantor is a corporation, duly organized, validly existing and in good standing under the laws of its state of formation and has all requisite power and authority to own and operate its properties, to carry on its business as now conducted, and to enter into the Master Lease and each Loan Document to which it is a party and to perform the terms thereof. Borrower's U.S. taxpayer identification number is set forth on **Schedule 4.1(A)-1**. Borrower, Borrower Representative and Carveout Guarantor are each duly qualified and in good standing wherever necessary to carry on its present business and operations, except where the failure to be duly qualified or in good standing would not result in a Material Adverse Effect. Borrower Representative is a corporation, duly organized, validly existing and in good standing under the laws of the State of Delaware and is the sole member in Borrower. Borrower is a wholly-owned Subsidiary of Borrower Representative. Borrower Representative is a wholly-owned Subsidiary of Carveout Guarantor. Carveout Guarantor is a publicly owned company and is traded on the NASDAQ stock exchange. The principal place of business and chief executive office of Borrower for the five (5) year period preceding the Closing Date is set forth on **Schedule 4.1(A)-3**. Borrower has no Subsidiaries and has not made an Investment in any Person.

4.2 Authorization of Borrowing; No Conflicts; Governmental Consents; Binding Obligations and License and Security Interests of Loan Documents Borrower has the power and authority to incur the Obligations evidenced by the Note and other Loan Documents, to execute and deliver the Loan Documents and to perform its Obligations, to own the Mortgaged Property and to continue its businesses and affairs as presently conducted. Carveout Guarantor has the power and authority to execute and deliver the Carveout Guaranty, the Environmental Indemnification Agreement and the other Loan Documents to which it is a party. The incurring of the Obligations and the execution, delivery and performance by Borrower and Carveout Guarantor of each of the Loan Documents to which it is a party and the consummation of the transactions contemplated thereby have been duly authorized by all necessary partnership, corporate or limited liability company action, as the case may be. The incurring of the Obligations and the execution, delivery and performance by Borrower and Carveout Guarantor of the Loan Documents to which it is a party and the consummation of the transactions contemplated thereby do not and will not: (1) violate any provision of law applicable to Borrower, Carveout Guarantor or the Mortgaged Property, the respective other Organizational Documents of, or applicable to, Borrower or Carveout Guarantor, as the case may be, or any order, judgment or decree of any court or other agency of government binding on Borrower or Carveout Guarantor or their respective properties including the Mortgaged Property, except where such violation would not result in a Material Adverse Effect; (2) conflict with, result in a

breach of, or constitute (with due notice or lapse of time or both) a default under any Material Contracts or any other material agreement or document to which such Person is a party or by which such Person or its property may be bound; (3) result in or require the creation or imposition of any Lien upon the Mortgaged Property or assets of Borrower or Carveout Guarantor (other than the Liens of Lender); or (4) require any approval or consent of any Person under any Material Contracts or any other agreement or document to which such Person is a party or by which such Person or its property may be bound (except to the extent such approvals or consents have been unconditionally obtained on or before the Closing Date or to the extent the failure to obtain an approval or consent would not result in a Material Adverse Effect). The incurring of the Obligations, the execution, delivery and performance by Borrower and Carveout Guarantor of the Loan Documents to which it is a party and the consummation of the transactions contemplated thereby do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by, any federal, state or other Governmental Authority or regulatory body (except to the extent unconditionally obtained, given or taken on or before the Closing Date). The Loan Documents, when executed and delivered by Borrower and Carveout Guarantor, as applicable, will be the legally valid and binding obligations of Borrower and Carveout Guarantor, as applicable, enforceable against Borrower and Carveout Guarantor, subject to bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and to the application of general equitable principles in connection with the enforcement thereof. The Mortgage, together with the Financing Statements to be filed in connection therewith, create a valid, enforceable and perfected first priority lien and security interest in the Mortgaged Property subject to no other interests, Liens or encumbrances, other than the Permitted Encumbrances. Effective upon the establishment of one or more Loan Accounts, Article 6 of this Agreement creates a valid, enforceable and perfected first priority security interest in Borrower's rights in the Loan Account Collateral. Borrower is a "registered organization" (as defined in the UCC) organized under the laws of the State of Delaware.

4.3 Financial Statements. All financial statements concerning Borrower and Carveout Guarantor which have been or will hereafter be furnished by Borrower and Carveout Guarantor to Lender pursuant to this Agreement have been or will be prepared in accordance with GAAP consistently applied (except as disclosed therein and except in the case of footnotes and normal year-end adjustments) and do or will, in all material respects, present fairly the financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended. Lender acknowledges that Borrower's and Borrower Representative's financial statements are prepared on a consolidated basis with Carveout Guarantor.

4.4 Indebtedness. As of the Closing Date, after giving effect to the transactions contemplated hereby, Borrower does not have any Indebtedness except for Permitted Indebtedness. All Expenses owing or accrued as of the Closing Date, have been paid in full or have been reserved for by deposit into the Reserves.

4.5 No Material Adverse Change. No event or change has occurred since September 30, 2005 that has caused or evidences, either individually or together with such other events or changes, a Material Adverse Effect.

4.6 Title to Property; Liens; Zoning; Contracts; Condition of the Mortgaged Property.

(A) Borrower has good and marketable fee simple title to the Land, the Improvements and the other components of the Mortgaged Property, subject only to the Permitted Encumbrances. Borrower owns or leases all real and personal property necessary for the operation of the Mortgaged Property subject only to the Permitted Encumbrances. Except for the Permitted Encumbrances, the Mortgaged Property is free and clear of Liens and other encumbrances. There are no outstanding Claims and all work, services or materials the provision of which might ripen into a Claim have been fully paid for. There are no delinquent ground rents, assessments for improvements or other similar outstanding charges or Impositions affecting the Mortgaged Property. No Improvements lie outside the boundaries and building restriction lines of the Land or encroach onto any easements to any extent (unless affirmatively insured by the Title Policy), and no improvements on adjoining properties encroach upon the Land to any extent which would materially impair the Mortgaged Property. The Title Policy premium has been fully paid. Except for customary gap undertakings, neither Borrower, nor, to Borrower's knowledge, any other Person, has provided any title indemnities (or analogous documentation) or deposits of cash or other security to the title insurer to obtain the Title Policy. The Permitted Encumbrances do not and will not materially interfere with the security intended to be provided by the Mortgage, the use or operation of the Mortgaged Property, the ability of the Mortgaged Property to generate Net Cash Flow sufficient to service the Loan or the marketability or value of the Mortgaged Property. Borrower will preserve its right, title and interest in and to the Mortgaged Property for so long as the Obligations remain outstanding and will warrant and defend same and the validity and priority of the Mortgage and the Liens arising pursuant to the Loan Documents from and against any and all claims whatsoever other than the Permitted Encumbrances.

(B) The Mortgaged Property is zoned for use as Planned Development – Industrial Park and related amenities, which zoning designation is unconditional, in full force and effect, and is beyond all applicable appeal periods. Borrower is not in violation of, and, the Mortgaged Property is in full compliance with all applicable zoning, subdivision, land use and other Legal Requirements. No legal proceedings are pending or, to Borrower's knowledge threatened, with respect to the compliance of the Mortgaged Property with Legal Requirements. Neither the zoning nor any other right to construct, use or operate the Mortgaged Property is in any way dependent upon or related to any real estate other than the Mortgaged Property and validly created, existing appurtenant perpetual easements insured in the Title Policy or use of public rights of way. In the event that all or any part of the Improvements are destroyed or damaged, said Improvements can be legally reconstructed to their condition prior to such damage or destruction, and thereafter exist for the same use without violating any zoning or other Legal Requirements applicable thereto and without the necessity of obtaining any variances or special permits. The Mortgaged Property contains not less than 815 parking spaces, which is enough permanent parking spaces to satisfy all requirements imposed by applicable Legal Requirements with respect to parking. All licenses, certificates of occupancy, permits and other Proprietary Rights necessary to operate the Mortgaged Property as it is currently operated are in full force and effect including all liquor licenses, and all water permits and approvals. Borrower has not received any written notice of any violation of any such licenses, permits, authorizations, registrations or approvals that materially impair the value of the Mortgaged Property for which such notice was given or which would affect the use or operation of the Mortgaged Property in any material respect, which noticed violation remains uncured.

(C) Borrower has provided Lender with true and complete copies of all Material Contracts, all of which are specifically listed on **Schedule 4.6(C)** hereof. Borrower's, Borrower Representative's and Carveout Guarantor's organizational documents that have been delivered to Lender are, true, correct and complete. Except for the Loan Documents and the SVB Loan Agreement (and with respect to Carveout Guarantor only, those items disclosed in its most recent 10-K filing for the year ended December 31, 2004 and the most recent 10-Q filings for the quarters ended September 30, 2005, June 30, 2005 and March 31, 2005), neither Borrower nor Carveout Guarantor is a party to or bound by, nor is any of their respective property subject to or bound by, any contract or other agreement which restricts its ability to conduct its business at the Mortgaged Property in the ordinary course or, either individually or in the aggregate, has a Material Adverse Effect or could reasonably be expected to have a Material Adverse Effect. Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any contract which could have a Material Adverse Effect.

(D) All of the Improvements are in good condition and repair. To Borrower's knowledge, except as disclosed in the Physical Condition Report, there are no latent or patent structural or other significant defects or deficiencies in the Improvements or Fixtures and Personalty. Municipal or private water supply, storm and sanitary sewers, and electrical, gas and telephone facilities are available to the Mortgaged Property to the boundary lines of the Mortgaged Property through publicly dedicated streets or highways or perpetual appurtenant easements insured on the Title Policy as appurtenant easements, are sufficient to meet the reasonable needs of the Mortgaged Property as now used or as otherwise presently contemplated to be used, and are connected to, and is in full unimpaired operation with respect to the Improvements and no other utility facilities are necessary to meet the reasonable needs of the Mortgaged Property as now used. The design and as built conditions of the Mortgaged Property are such that surface and storm water does not accumulate on the Mortgaged Property and does not drain from the Mortgaged Property across land of adjacent property owners or others in any manner which would have a Material Adverse Effect or which require any approvals or easements not already obtained. Except as set forth on **Schedule 4.6(D)** or on the plat of survey delivered to Lender, no part of the Mortgaged Property is within a flood plain or in a flood hazard area as defined by the Federal Insurance Administration and (except to the extent validly created and existing perpetual appurtenant easements insured in the Title Policy have been created therefor) none of the Improvements create encroachments over, across or upon any of the Mortgaged Property's boundary lines, rights of way or easements, and no building or other improvements on adjoining land create such an encroachment. All irrigation lines servicing the Mortgaged Property are entirely located on the Mortgaged Property or are located on adjacent property pursuant to validly created and existing perpetual appurtenant easements insured as appurtenant easements in the Title Policy. The Land and Improvements have legally adequate contiguous rights of access to public ways. All roads necessary for the full utilization of the Land and Improvements for their current purpose have been completed and dedicated to public use and accepted by all Governmental Authorities or are validly created and existing perpetual appurtenant easements insured as appurtenant easements in the Title Policy. No offsite improvements are necessary or used for the ownership, use or operation of the Mortgaged

Property, other than public utilities. The Improvements, the Land, the Fixtures and Personalty and the Inventory located on the Land constitutes all of the real property, equipment, fixtures and other tangible property currently owned or leased by Borrower or used in the operation of the Mortgaged Property and the Fixtures and Personalty owned by the Borrower are sufficient to own, operate and use the Land and Improvements as currently operated. Except for the Fixtures and Personalty and items of tangible personal property owned by the Master Lessee or by tenants, sublessees or licensees of the Master Lessee permitted by the Master Lease, no other tangible personal property is located on the Land or in the Improvements. Borrower has not entered into any agreement or option, and is not otherwise bound, to sell the Mortgaged Property (or any part thereof) or to acquire any additional real estate or Investments. As of the date hereof, no portion of the Improvements constituting part of the Mortgaged Property or on the Land has been materially damaged, destroyed or injured by fire or other casualty which has not been fully restored.

(E) [Intentionally Omitted].

4.7 Litigation. Except as set forth on **Schedule 4.7**, there are no judgments outstanding against Borrower or that are binding upon the Mortgaged Property. There is no litigation, governmental investigation or arbitration pending or, to Borrower's knowledge, threatened against Borrower, there is no litigation, investigation, governmental investigation or arbitration pending or, to Borrower's knowledge, threatened against Borrower Representative or Carveout Guarantor which seeks to enjoin the consummation of the transactions contemplated hereby or, except as set forth on **Schedule 4.7**, if adversely determined, could reasonably be expected to have a Material Adverse Effect on Borrower or Carveout Guarantor. The judgments, litigation, investigations and arbitrations set forth on **Schedule 4.7** will not result, if adversely determined, and could not reasonably be expected to result, either individually or in the aggregate, in any Material Adverse Effect and do not relate to and will not affect the consummation of the transactions contemplated hereby. No petition in bankruptcy, whether voluntary or involuntary, or assignment for the benefit of creditors, or any other action involving debtors' and creditors' rights has ever been filed under the laws of the United States of America or any state thereof, or threatened, by or against, Borrower, Carveout Guarantor or Borrower Representative. There are no mechanics' or materialmen's liens, alienable bills or other claims constituting or that may constitute a Lien on the Mortgaged Property or any part thereof to Borrower's knowledge, and no work contracted for by Borrower for which any such Lien could be asserted has been performed which has not been paid for per the agreed upon contracted terms related to such work. Borrower has not received any notice from any governmental or quasi-governmental body or agency or from any person or entity with respect to (and Borrower does not know of) any actual or threatened taking of the Land or Improvements, or any portion thereof, for any public or quasi-public purpose or of any moratorium which may affect the use, operation or ownership of the Mortgaged Property.

4.8 Payment of Taxes. All tax returns and reports of Borrower, Borrower Representative and Carveout Guarantor required to be filed by such Persons have been timely filed (after giving effect to any extensions of time permitted by applicable Legal Requirements), and all taxes, assessments, fees and other governmental charges upon such Person and upon the Mortgaged Property, assets, income and franchises which are due and payable or which have been levied, imposed or assessed have been paid in full. To Borrower's knowledge, other than the tax returns

disclosed on **Schedule 4.8**, no tax returns of Borrower, Borrower Representative or Carveout Guarantor filed by such Person is under audit. No tax liens have been filed and, to Borrower's knowledge no claims are being asserted with respect to any such taxes. The charges, accruals and reserves on the books of Borrower, Borrower Representative and Carveout Guarantor in respect of any taxes or other governmental charges are in accordance with GAAP. **Schedule 4.8** contains a complete and accurate list of all audits of all tax returns that were filed by Borrower since January 1, 2005, including a reasonably detailed description of the nature and outcome of each audit. All deficiencies proposed as a result of such audits have been paid, reserved against, settled, or, as described in **Schedule 4.8**, are being contested in good faith by appropriate proceedings.**Schedule 4.8** describes all adjustments to the United States federal income tax returns filed by Borrower for all taxable years since 2005, and the resulting deficiencies proposed by the Internal Revenue Service. Except as described in **Schedule 4.8**, Borrower, Carveout Guarantor and Borrower Representative have not given or been requested to give waivers or extensions (or is or would be subject to a waiver or extension given by any other Person) of any statute of limitations relating to the payment of taxes of Borrower, Carveout Guarantor and Borrower Representative or for which Borrower, Carveout Guarantor and Borrower Representative may be liable. All taxes that Borrower, Carveout Guarantor and Borrower Representative is or was required by Legal Requirements to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the applicable Governmental Authority. All tax returns filed by (or that include on a consolidated basis) Borrower, Carveout Guarantor and Borrower Representative are true, correct and complete in all material respects. There is no tax sharing agreement that will require any payment by Borrower, Carveout Guarantor and Borrower Representative after the date of this Agreement. Borrower is taxed as a single-member limited liability company for all federal and state income (or analogous) tax purposes. The Borrower does not intend to treat the Loan and related transactions hereunder as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011 4). In the event the Borrower determines to take any action inconsistent with the previous sentence, it will promptly notify the Lender thereof. If the Borrower so notifies Lender, the Borrower acknowledges that Lender may treat the Loan as part of a transaction that is subject to Treasury Regulation Section 301.6112 1, and that Lender may maintain any lists and other records required by such Treasury Regulation.

4.9 Governmental Regulation; Margin Loan. Borrower and Carveout Guarantor are not, nor after giving effect to the Loan, will be, subject to regulation under the Federal Power Act or the Investment Company Act of 1940 or to any federal or state statute or regulation limiting its ability to incur indebtedness for borrowed money. Borrower shall use the proceeds of the Loan only for the purposes set forth in this Agreement and consistent with all applicable laws, statutes, rules and regulations. No portion of the proceeds of the Loan shall be used by Borrower in any manner that might cause the borrowing or the application of such proceeds to violate Regulation U, Regulation T or Regulation X or any other regulation of the Board of Governors of the Federal Reserve System or to violate the Exchange Act or any other Legal Requirements. The Loan is an exempt transaction under the Truth-in-Lending Act (15 U.S.C.A. §§ 1601 et seq.). Borrower is not a non-resident alien for purposes of U.S. income taxation and neither Borrower nor Borrower Representative is a foreign corporation, partnership, foreign trust or foreign estate (as said terms are defined in the United States Internal Revenue Code). Borrower, Borrower Representative and Carveout Guarantor and their respective Affiliates are not, and shall not become, a Person with whom Lender is restricted from doing business with under regulations of

the Office of Foreign Asset Control ("**OFAC**") of the Department of the Treasury (including, but not limited to, those named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order (including, but not limited to, 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 relating to terrorism financing, terrorism support and/or otherwise relating to terrorism and are not and shall not engage in any dealings or transaction or otherwise be associated with Persons named on OFAC's Specially Designated and Blocked Persons list. At all times throughout the term of the Loan, including after giving effect to any Transfers, (a) none of the funds or other assets of Borrower and Carveout Guarantor constitute property of, or are beneficially owned, directly or indirectly, by any government or other Person subject to trade restrictions under U.S. law, including, but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder or any other laws, regulations or executive orders administered by the Office of Foreign Assets Control with the result that an investment in Borrower or Carveout Guarantor, as applicable (whether directly or indirectly), is prohibited by law or the Loan made by the Lender is in violation of law ("**Embargoed Person**"); (b) no Embargoed Person has any interest of any nature whatsoever in Borrower with the result that the investment in Borrower (whether directly or indirectly), is prohibited by law or the Loan is in violation of law; and (c) none of the funds of Borrower, Borrower Representative or Carveout Guarantor, as applicable, have been derived from any unlawful activity with result that the investment in Borrower, Borrower Representative or Carveout Guarantor, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law.

4.10 Employee Benefit Plans; ERISA; Employees. Except for the Employee Benefit Plans set forth on Schedule 4.10, neither Borrower nor any ERISA Affiliate of Borrower maintains or contributes to, or has any obligation under, any Employee Benefit Plans. Borrower is not an "Employee Benefit Plan" (within the meaning of section 3(3) of ERISA) to which ERISA applies and the Mortgaged Property and Borrower's assets do not constitute plan assets. No actions, suits or claims under any laws and regulations promulgated pursuant to ERISA are pending or, to Borrower's knowledge, threatened against Borrower. Borrower has no knowledge of any material liability incurred by Borrower which remains unsatisfied for any taxes or penalties with respect to any employee benefit plan or any Multiemployer Plan, or of any lien which has been imposed on Borrower's assets pursuant to section 412 of the Code or section 302 or 4068 of ERISA. The Loan, the execution, delivery and performance of the Loan Documents and the transactions contemplated by this Agreement are not a non-exempt prohibited transaction under ERISA. Borrower has no employees. Borrower is not a party to any collective bargaining or other employment agreement other than the agreements identified on **Schedule 4.10**.

4.11 Intellectual Property. Schedule 4.11 sets forth a true, correct and complete list of all of the registered, issued or pending patents, trademarks, tradenames, technology, other intellectual property rights used in the ownership, operation and management of the business of Borrower. Borrower possesses, owns or has valid licenses, permits, certificates of public convenience, service marks, authorizations, licenses, patents, patent rights or licenses, trademarks, trademark rights, trade name rights, trade styles, trade dress, logos and other source or business affiliation identifiers, and copyrights, certificates, consents, orders, approvals and other authorizations from, and have made all declarations and filings with, all federal, state, local and other

Governmental Authority, all self-regulatory organizations and all courts and other tribunals (collectively, together with the goodwill associated therewith, "**Proprietary Rights**") presently required or necessary to own or lease, as the case may be, and to operate, its respective properties and to carry on its business as now conducted in accordance with the Budget and Approved Capital Plan, except where the failure to obtain same would not, individually or in the aggregate, have a Material Adverse Effect. Borrower has fulfilled and performed all of its obligations with respect to such permits, and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or could result in any other material impairment of the rights of the holder of any such permit; and Borrower has not received any notice of any proceeding relating to unenforceability, invalidity, revocation or modification of any Proprietary Rights, except where such revocation, unenforceability, invalidity, or modification would not, individually or in the aggregate, have a Material Adverse Effect. Borrower has not received any notice that any Proprietary Rights have been declared unenforceable or otherwise invalid by any court or Governmental Authority other than notices relating to Proprietary Rights the loss of which would not, individually or in the aggregate, have a Material Adverse Effect. Borrower has not received any notice of infringement of, or conflict with, and Borrower does not know of any such infringement of or conflict with, asserted rights of others with respect to any Proprietary Rights which, if such assertion of infringement or conflict were sustained, would have a Material Adverse Effect. The reproduction and dissemination by, or on behalf, of Lender, of photographs, images and other depictions of the Mortgaged Property and the name and address of the Land and Improvements does not require the consent of any other Person and will not subject Lender or Borrower to claims of copyright infringement or any other claim regarding unlawful or unauthorized use, reproduction or dissemination of such items.

4.12 Broker's Fees. No broker's or finder's fee, commission or similar compensation will be payable with respect to the Loan, the issuance of the Note or any of the other transactions contemplated hereby or by any of the Loan Documents based upon any broker or lender engaged by Borrower, Carveout Guarantor or any affiliate of Borrower.

4.13 Environmental Compliance. Except as disclosed in the Environmental Reports, to Borrower's knowledge there are no claims, liabilities, investigations, litigation, administrative proceedings, whether pending or, threatened in writing, or judgments or orders relating to any Hazardous Materials or any portion of the Mortgaged Property asserted or threatened against Borrower (collectively called "**Environmental Claims**"). Except as disclosed in the Environmental Reports, to Borrower's knowledge, neither Borrower nor any other Person has caused or permitted any Hazardous Material to be used, generated, reclaimed, transported, released, treated, stored or disposed of at the Mortgaged Property in a manner which could form the basis for an Environmental Claim against Borrower. Except as disclosed in the Environmental Reports, to Borrower's knowledge, no Hazardous Materials in violation of applicable Environmental Laws are or were stored or otherwise located, and no underground storage tanks or surface impoundments are or were located on the Mortgaged Property, and no part of the Mortgaged Property, including the groundwater located thereon, is presently contaminated by Hazardous Materials in violation of applicable Environmental Laws or to any extent which has, or in any manner which could reasonably be expected to have, a Material Adverse Effect. Except as disclosed in the Environmental Reports, to Borrower's knowledge, Borrower and the Mortgaged Property has been and is currently in compliance with all applicable Environmental Laws, including obtaining and maintaining in effect all permits, licenses or other authorizations required by applicable Environmental Laws.

4.14 Solvency. As of the date of this Agreement and after giving effect to the consummation of the transactions contemplated by the Loan Documents, Carveout Guarantor and Borrower, taken as a whole (the "**Borrower Group**"): (A) own and will own assets the fair saleable value of which are (1) greater than the total amount of liabilities (including Contingent Obligations) of the Borrower Group, and (2) greater than the amount that will be required to pay the probable liabilities of the Borrower Group's then existing debts as they become absolute and matured considering all financing alternatives and potential asset sales reasonably available to the Borrower Group; (B) have capital that is not insufficient in relation to their business as presently conducted or any contemplated or undertaken transaction; and (C) do not intend to incur and do not believe that they will incur debts beyond their ability to pay such debts as they become due. Borrower has not entered into the Loan Documents or the transactions contemplated under the Loan Documents with the actual intent to hinder, delay, or defraud any creditor. After giving effect to the Loan and the transactions occurring on the Closing Date including, without limitation, the Master Lease, the Borrower Group's net unreimbursed investment in the Mortgaged Property is not less than $40,000,000. After giving effect to the Loan and the transactions occurring on the Closing Date, no Default or Event of Default exists.

4.15 Disclosure. The representations and warranties of Borrower and Carveout Guarantor contained in the Loan Documents, the financial statements referred to in Section 5.1(A), and any other documents, certificates or written statements furnished to Lender by or on behalf of Borrower or Carveout Guarantor for use in connection with the Loan do not contain any untrue statement of a material fact or omit or will omit to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which and as of the date the same were made. There is no material fact known to Borrower that has had or will have a Material Adverse Effect that has not been disclosed in this Agreement or in such other documents, certificates and statements furnished to Lender by or, on behalf of, Borrower for use in connection with the Loan.

4.16 Insurance. The certificates of insurance delivered to Lender pursuant to Section 3.1(E) completely and accurately describe all policies of insurance that will be in effect as of the Closing Date for Borrower and such policies of insurance satisfy all of the requirements of Section 5.4. All premiums thereon have been paid in full as of the Closing Date, no notice of cancellation has been received with respect to such policies and Borrower is in compliance, in all material respects, with all conditions contained in such policies.

4.17 Budget. The Budget submitted to Lender for the Mortgaged Property is a true, correct and complete copy of the Budget and Capital Plan in effect on and as of the Closing Date. The Budget and all of the amounts set forth therein, present a true, full and complete line itemization (by category for the fiscal year to which such Annual Budget applies) of: (i) all reasonably estimated Gross Revenues; and (ii) all reasonably estimated Expenses which Borrower expects to pay or anticipates becoming obligated to pay. No material capital expenditures with respect to the Mortgaged Property are being incurred, contemplated or are reasonably necessary, except as specified in the Budget.

4.18 Accounts. Schedule 4.18 sets forth a complete and accurate itemization of all of Borrower's time, demand, securities or similar Accounts that are in existence as of the Closing Date.

4.19 Intentionally Omitted.

4.20 Special Assessments; Taxes. There are no pending or, to the knowledge of Borrower proposed, special or other assessments for public improvements or otherwise affecting the Mortgaged Property, nor, to Borrower's knowledge, are there any contemplated improvements to the Mortgaged Property that may result in such special or other assessments. Borrower has provided Lender with true, correct and complete copies of all bills and invoices for Impositions which have been levied or assessed against or are outstanding with respect to the Mortgaged Property. Borrower has provided Lender with a true, correct and complete schedule of the assessment of the Mortgaged Property in effect as of the Closing Date. Borrower has not received any notice that any portion of the Mortgaged Property has been re assessed or is currently the subject of a reassessment. No portion of the Mortgaged Property is exempt from taxation or constitutes an "omitted" tax parcel. No Impositions are currently delinquent or outstanding with respect to the Mortgaged Property. No tax contests of any Impositions or assessments are currently pending. The Land and Improvements constitute a separate tax lot or lots, with a separate tax assessment or assessments, independent of any other land or improvements not constituting a part of the Mortgaged Property and no other land or improvements is assessed and taxed together with any portion of the Mortgaged Property.

4.21 Leases. There are no Leases other than the Master Lease.

4.22 Representations Remade. Borrower warrants and covenants that the foregoing representations and warranties will be true and shall be deemed remade as of the date of the Closing. All representations and warranties made in the other Loan Document or in any certificate or other document delivered to Lender by or on behalf of Borrower pursuant to the Loan Documents shall be deemed to have been relied upon by Lender, notwithstanding any investigation made by or on behalf of Lender. All such representations and warranties shall survive the making of the Loan and shall continue in full force and effect until such time as the Loan has been paid in full.

SECTION 5
AFFIRMATIVE COVENANTS

Borrower covenants and agrees that so long as this Agreement shall remain in effect or the Note shall remain outstanding, Borrower shall perform and comply with all covenants in this SECTION 5.

5.1 Financial Statements and Other Reports. Borrower will maintain a system of accounting in accordance with sound business practices to permit preparation of financial statements in conformity with GAAP and proper and accurate books, records and accounts reflecting all of the financial affairs of Borrower with respect to all items of income and expense in connection with the operation of the Mortgaged Property. Notwithstanding anything to the contrary set forth below, to the extent Carveout Guarantor's financials are made available on an

annual and quarterly basis on the U.S. Securities and Exchange Commission's EDGAR website ("EDGAR"), Borrower and Carveout Guarantor shall be deemed to have satisfied their annual and quarterly reporting requirements set forth below.

(A) **Financial Statements**. Within one hundred twenty (120) days after the end of each calendar year, Borrower shall provide to Lender true and complete annual audited consolidated financial statements for (i) Borrower and Carveout Guarantor and (ii) the operation of the Mortgaged Property prepared in accordance with GAAP. Such financial statements shall (x) be audited by a so called "Big 4" accounting firm or another independent certified public accounting firm reasonably satisfactory to Lender and (y) include a balance sheet as of the end of such year, profit and loss statements for such year and a statement of cash flow for such year. As soon as reasonably practicable (but in any event within forty-five (45) days) after the end of each calendar quarter, Borrower shall provide to Lender a true and complete quarterly cash flow, balance sheet, and operating statement for Borrower and Carveout Guarantor on a consolidated basis, which quarterly statements shall be in form and substance acceptable to Lender. Such quarterly consolidated statements shall be compared to the prior year's quarter and year-to-date. Borrower shall also provide (and cause Carveout Guarantor to provide), such other financial information as Lender may, from time to time, reasonably request certified (if requested by Lender) by the applicable chief financial officer (or similar position). Borrower will deliver, concurrently with the annual and quarterly statements, a certificate of its chief financial officer (or analogous position) certifying that no Default or Event of Default has occurred.

(B) **Intentionally Omitted**.

(C) **Intentionally Omitted**.

(D) **Annual Budgets and Capital Plans**. Not later than January 31 of each calendar year, Borrower shall deliver a Budget and a Capital Plan for such calendar year for the Mortgaged Property to Lender for its review (the Budget and Capital Plan are collectively referred to as the "**Annual Budget**". Concurrently, Borrower shall deliver an annual business plan for the Mortgaged Property. Borrower shall, within one hundred twenty (120) days after the end of each calendar year during the term of the Loan, deliver to Lender an annual summary of any and all Capital Expenditures made at the Mortgaged Property during the prior twelve (12) month period.

(E) **Notices, Events of Default and Litigation**. Borrower shall promptly deliver, or cause to be delivered, copies of all notices, demands, reports or requests given to, or received by Borrower from, any Governmental Authorities or with respect to any Indebtedness of Borrower, the Master Lease or any Material Contracts, and shall notify Lender within two (2) Business Days after Borrower receives notice or acquires knowledge of, any violation of Legal Requirements, investigation, subpoena or audit by any Governmental Authority or default with respect to the Borrower, Mortgaged Property or any Indebtedness, the Master Lease or Material Contracts. Promptly upon Borrower obtaining knowledge of any of the following events or conditions, Borrower shall deliver a certificate of such Person's chief financial officer or similar officer specifying the nature and period of existence of such condition or event and what action Borrower has taken, is taking and proposes to take with respect thereto: (1) any condition or event that constitutes an Event of Default or Default; and/or (2) or any fact, circumstance, event

or condition which has, or would reasonably be expected to have, a Material Adverse Effect. Promptly upon Borrower obtaining knowledge of (1) the institution of any action, suit, proceeding, governmental investigation or arbitration against or affecting Borrower or the Mortgaged Property, or any other property of Borrower or any action, suit, proceeding, governmental investigation or arbitration against or affecting Carveout Guarantor or Borrower Representative which could reasonably result in a Material Adverse Effect or (2) any material development in any action, suit, proceeding, governmental investigation or arbitration at any time pending against or affecting Borrower or the Mortgaged Property or any other property of Borrower, Borrower will give notice thereof to Lender and provide such other information as may be available to it to enable Lender and its counsel to evaluate such matters.

(F) **ERISA**. Borrower shall deliver to Lender such certifications or other evidence from time to time throughout the term of the Loan, as Lender, in its sole discretion, may request, that (A) Borrower is not and does not maintain an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title IV of ERISA, or a "governmental plan" within the meaning of Section 3(3) of ERISA; (B) Borrower is not subject to state statutes regulating investments and fiduciary obligations with respect to governmental plans; and (C) one or more of the following circumstances is true: (i) equity interests in Borrower are publicly offered securities, within the meaning of 29 C.F.R. § 2510.3 101(b)(2); (ii) less than twenty-five percent (25%) of each outstanding class of equity interests in Borrower are held by "benefit plan investors" within the meaning of 29 C.F.R. § 2510.3 101(f)(2); or (iii) Borrower qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. § 2510.3 101(c) or (e).

(G) **Intentionally Omitted**.

(H) **Property Reports and Leasing**. As soon as available, and in any event within forty-five (45) days after the end of each calendar quarter, Borrower will deliver to Lender (i) reports and materials covering basic leasing, subleasing and other information pertaining to the operation of the Mortgaged Property prepared by the Manager and (ii) any information reasonably requested by Lender.

(I) **Estoppel Certificates**. Within ten (10) Business Days following a request by Lender, Borrower shall provide to Lender, a duly acknowledged written statement confirming the amount of the outstanding Obligations, the terms of payment and maturity date of the Note, the date to which interest has been paid, and whether, to Borrower's knowledge, any offsets or defenses exist against the Obligations, and if any such offsets or defenses are alleged to exist, the nature thereof shall be set forth in detail.

(J) **Other**. With reasonable promptness, Borrower will deliver such other information and data with respect to Borrower as from time to time may be reasonably requested by Lender. Borrower will, promptly after it obtains knowledge of any change in the organizational documents or structure (the "**Organization**") of Borrower, Borrower's Representative or Carveout Guarantor, notify Lender of any such change and, upon request from Lender from time to time (but no more frequently than once per calendar year), will, within five (5) Business Days after such request is given to Borrower, provide Lender with either a certificate certified by Borrower that there are no changes in the Organization of Borrower, Borrower's Representative or Carveout Guarantor except as previously expressly disclosed in writing to Lender.

(K) **Electronic Format**. Borrower may provide to Lender a copy of any reports, notices, statements or other deliveries required pursuant to this Section 5.1 in an electronic format reasonably satisfactory to Lender.

5.2 Existence; Qualification. Borrower will at all times preserve and keep in full force and effect its existence, and all rights and franchises material to its business. Borrower will continue to be qualified in all jurisdictions in which it is required to qualify.

5.3 Payment of Impositions and Lien Claims; Permitted Contests.

(A) Subject to Section 5.3(B), Borrower will pay, or cause payment of, (i) all Imposition before in each instance any penalty or fine is incurred with respect thereto, (ii) all claims ("**Claims**") (including claims for labor, services, materials and supplies) for sums that have become due and payable and that by law have or may become a Lien upon any of the Mortgaged Property or Borrower, before in each instance any penalty or fine is incurred with respect thereto, and (iii) all federal, state and local income taxes, sales taxes, excise taxes and all other taxes and assessments levied, imposed, confirmed or assessed against Borrower, its business, income, liabilities or assets or the Mortgaged Property, before in each instance any penalty or fine is incurred with respect thereto.

(B) With prior notice to Lender, Borrower shall have the right to pay Impositions, in full, under "protest." Notwithstanding Section 5.3(A), Borrower shall not be required to pay, discharge or remove or cause payment, discharge or removal of any Imposition or Claims pertaining to labor, services, materials and supplies supplied to the Land and Improvements so long as Borrower contests (each such contest, a "**Permitted Contest**") in good faith such Imposition or Claims or the validity, applicability or amount thereof by an appropriate legal proceeding which operates to prevent the collection of such amounts and the sale of the Mortgaged Property or any portion thereof so long as: (a) at least thirty (30) days prior to the date on which such Imposition or Claims would otherwise have become delinquent, Borrower shall have given Lender notice of its intent to contest said Imposition, (b) at least thirty (30) days prior to the date on which such Imposition would otherwise have become delinquent, Borrower shall have deposited with Lender (or with a court of competent jurisdiction or other appropriate Person approved by Lender) such additional amounts or other security as are necessary to keep on deposit at all times, an amount equal to at least one hundred twenty-five percent (125%) (or such higher amount as may be required by applicable law) of the total of (x) the balance of such Imposition or Claims then remaining unpaid, and (y) all interest, penalties, costs and charges accrued or accumulated thereon, (c) no risk of sale, forfeiture or loss of any interest in the Mortgaged Property or any part thereof arises, in Lender's reasonable judgment, during the pendency of such contest, (d) such contest does not, in Lender's reasonable discretion, have a Material Adverse Effect and (e) in the case of Claims, the liens, if any, securing the Claims in question have been defeased or bonded against in a manner satisfactory to Lender. Each Permitted Contest shall be prosecuted, at Borrower's sole cost and expense, with reasonable diligence, and Borrower shall promptly pay, or cause payment of, the amount of such Imposition or Claims as finally determined, together with all interest and penalties payable in connection

with such Permitted Contest. Lender, in its sole discretion, may apply any amount or other security deposited with Lender under this subsection or otherwise to the payment of any unpaid Imposition or Claims to prevent the sale, loss or forfeiture of the Mortgaged Property or any portion thereof. Lender shall not be liable for any failure to so apply any amount or other security deposited. Any surplus retained by Lender after payment of the Imposition or Claims for which a deposit was made shall be repaid to Borrower unless an Event of Default exists, in which case the surplus may be applied by Lender to the Obligations. Notwithstanding any provision of this Section 5.3 to the contrary, Borrower shall promptly pay any Imposition or Claims which it might otherwise be entitled to contest if, in reasonable determination of Lender, the Mortgaged Property or any portion thereof is in jeopardy or in danger of being forfeited or foreclosed. If Borrower refuses to pay any such Imposition or Claims, Lender may (but shall not be obligated to) make such payment and Borrower shall reimburse Lender on demand for all such advances which advances will bear interest at the Default Rate.

(C) Subject to Section 2.6, Borrower shall pay any and all taxes, charges, filing, registration and recording fees, excises and levies imposed upon Lender by reason of its interests in, or measured by amounts payable under, the Note, this Agreement, the Mortgage or any other Loan Document (other than income, franchise and doing business taxes), and shall pay all stamp taxes and other taxes required to be paid on the Note or any of the other Loan Documents. If Borrower fails to make such payment within five (5) Business Days after notice thereof from Lender, Lender may (but shall not be obligated to) pay the amount due, and Borrower shall reimburse Lender on demand for all such advances which will bear interest at the Default Rate. If applicable law prohibits Borrower from paying such taxes, charges, filing, registration and recording fees, excises, levies, stamp taxes or other taxes, then Lender may declare Borrower's Obligations to be immediately due and payable, upon ninety (90) days' prior written notice.

5.4 Insurance.

(A) Borrower shall at all times provide, maintain and keep in force or cause to be provided, maintained and kept in force, at no expense to Lender, the following policies of insurance with respect to the Mortgaged Property and Borrower, as applicable:

(i) Property insurance on a special form causes of loss basis (so-called "all risk" coverage) for one hundred percent (100%) of the replacement value of the Mortgaged Property with deductibles as approved by Lender. The policy should contain the following endorsements: (a) Replacement Cost (without any deduction made for depreciation), (b) Agreed Amount (waiving co insurance penalties), (c) Building Ordinance or Law coverage and (d) a standard mortgagee clause acceptable to Lender. Such policy will also include the following coverage: (1) comprehensive boiler and machinery coverage in amounts as determined by Lender; (2) flood insurance if the Improvements are located in a special flood hazard area as designated by the Director of the Federal Emergency Management Agency, in sufficient amounts as determined by Lender.

(ii) Insurance against rent loss, extra expense or business interruption, in amounts satisfactory to Lender, but not less than twelve (12) months gross rent or gross income from the Mortgaged Property including stabilized management fees and

applicable reserve deposits plus debt service. The perils covered by this policy shall be the same as those accepted on the Mortgaged Property including, if applicable, flood, earthquake and earth movement.

(iii) Commercial general liability insurance covering bodily injury and property damage occurring on, in or about the Mortgaged Property and any adjoining streets, sidewalks, and passageways arising out of or connected with the possession, use, leasing, operation, or condition of the Mortgaged Property. Policy limits will be not less than $1,000,000 per occurrence, $2,000,000 in the annual aggregate with respect to the Mortgaged Property and $1,000,000 per occurrence, $2,000,000 in the annual aggregate with respect to Borrower. Such coverage shall include but not be limited to premises/ operations, products/completed operations, personal injury and liquor liability (if applicable).

(iv) Umbrella excess liability insurance for not less than $10,000,000 with respect to the Mortgaged Property and $10,000,000 with respect to Borrower.

(v) Worker's Compensation and other statutory coverage as required by the state where the Mortgaged Property is located to protect Borrower and Lender against claims for injuries sustained in the course of employment at the Mortgaged Property.

(vi) Intentionally Omitted.

(vii) During the course of construction of Improvements, Borrower will obtain commercial general liability insurance including contractual liability, in the amount of $1,000,000 primary and $10,000,000 excess liability in the aggregate (the policy shall provide coverage on an occurrence basis against claims for personal injury, bodily injury and death or property damage occurring on, in or about the Mortgaged Property and the adjoining streets, sidewalks and passageways. In addition, Borrower shall require all contractors and subcontractors, architects and engineers to provide appropriate insurance coverage) including Builder's risk insurance on a completed value basis protecting against "all risks" of physical loss, including collapse during construction, water damage, flood, earthquake and transit coverage (coverage should be on a non-reporting form, covering the total value of work performed and equipment, supplies and materials furnished (with an appropriate limit for soft costs in the case of construction) with deductibles approved by Lender). The builder's risk insurance shall not contain a permission to occupy limitation. Borrower agrees to consult with Lender prior to commencing the construction of any Improvements and to comply with all reasonable special insurance requirements of Lender pertaining to any construction.

(viii) In connection with the storage tanks presently located on the Mortgaged Property and any additional fuel storage tanks installed on the Mortgaged Property as approved in writing by Lender, Tenant shall, at all times during the term of the Loan, if required by Lender, obtain and keep in force or reimburse Lender for the cost of Storage Tank Pollution Liability Insurance in the amount of $1,000,000 per claim and $1,000,000 in the aggregate for the storage tanks existing at the Mortgaged Property as of the date hereof. For each new storage tank installed, Borrower shall increase the aggregate limit by $500,000.

(ix) If not otherwise covered under a policy required in this Section 5.4, insurance coverage for terrorism, terrorist acts or similar activities, in form and content and with coverages acceptable to Lender in its sole discretion; provided, however, the coverage required in this Section 5.4(A)(ix) shall not be required if such coverage cannot be obtained by Borrower or for Borrower at commercially reasonable rates and is not customarily carried by institutional owners or tenants of facilities similar to the Mortgaged Property.

(B) Subject to Section 5.4(A)(ix), no policies shall contain any exclusion for terrorism, terrorist activities or similar activities. All insurance policies required pursuant to this Agreement shall be endorsed to provide that: (i) Lender, its successors, and/or assigns, is named as mortgagee with respect to the all risk property; as a loss payee with respect to all rent/business interruption/extra expense coverage; as additional named insured on all liability coverage, with the understanding that any obligation imposed upon the insureds (including the liability to pay premiums) shall be the sole obligation of Borrower and not of any other insured; (ii) the interests of Lender shall not be invalidated by any action or inaction of Borrower or any other Person, and such policies shall insure Lender regardless of any breach or violation by Borrower or any other Person of any warranties, declaration or conditions in such policies; (iii) with respect to property, general liability and umbrella liability, the insurer under each such policy shall waive all rights of subrogation against Lender, any right to set off and counterclaim and any other right to deduction, whether by attachment or otherwise; (iv) such insurance shall be primary and without right of contribution of any other insurance carried by or on behalf of Lender with respect to its interest in the Mortgaged Property; (v) if such insurance is canceled for any reason whatsoever, including nonpayment of premium which affects the interests of Lender, such cancellation shall not be effective as to Lender until thirty (30) days after receipt by Lender of written notice sent by registered mail from such insurer; (vi) any such insurance shall be endorsed to provide in as much as the policy is written to cover more than one insured, all terms, conditions, insuring agreements and endorsements with the exception of limits of liability, shall operate in the same manner as if there were a separate policy covering each insured; and (vii) if required by Lender, such insurance shall contain “cut through” endorsements providing Lender with direct access to any re insurers.

(C) Borrower shall deliver to Lender a copy of each insurance policy or a certificate evidencing such policy in form and substance and with further evidence of such insurance acceptable to Lender. Copies of renewal certificates should be provided prior to the renewal date of each policy. Borrower shall deliver certificates of insurance with respect to the renewed policy or policies, or duplicate original or originals thereof, marked “premium paid,” or accompanied by such other evidence of payment satisfactory to Lender with standard non-contributory mortgagee clause in favor of and acceptable to Lender. Upon request of Lender, Borrower shall cause its insurance underwriter or broker to certify to Lender in writing that all the requirements of this Agreement applicable to Borrower governing insurance have been satisfied. Borrower shall comply promptly with and conform to (i) all provisions of each such insurance policy and (ii) all requirements of the insurers applicable to Borrower as respects use, occupancy, possession, operation, maintenance, alteration or repair of the Mortgaged Property.

Borrower shall not use or permit the use of the Mortgaged Property in any manner that would permit any insurer to cancel any insurance policy or void coverage required to be maintained by this Agreement. No insurance policy may provide for assessments to be made against Lender or Lender's servicer, if any. If a policy permits assessments against others, such policy must waive any right to a Lien upon the Mortgaged Property and no such assessments may result in a Lien against the Mortgaged Property. The insurance coverage required under this Section 5.4 may be effected under a blanket policy or policies covering the Mortgaged Property and other properties and assets not constituting a part of the Mortgaged Property; provided that any such blanket policy shall specify the portion of the total coverage of such policy that is allocated to the Mortgaged Property, and any sublimits in such blanket policy applicable to the Mortgaged Property, which amounts shall not be less than the amounts required pursuant to this Section 5.4 and which shall in any case comply in all other respects with all of the requirements of this Section 5.4. Borrower shall comply with all insurance requirements and shall not bring or keep or permit to be brought or kept any article upon the Mortgaged Property or cause or permit any condition to exist thereon which would be prohibited by any insurance requirement, or would invalidate insurance coverage required hereunder to be maintained by Borrower on or with respect to any part of the Mortgaged Property pursuant to this Section 5.4. Notwithstanding anything to the contrary contained herein, it is expressly understood and agreed that any insurance which Borrower shall cause any tenant to provide that shall otherwise be in compliance with all of the terms and conditions of this Section 5.4 shall satisfy Borrower's obligations with respect thereto hereunder. Borrower will not take out separate insurance contributing in the event of loss with that required to be maintained pursuant to this Section 5.4 unless such insurance complies with this Section 5.4. All insurance policies shall be in form, with endorsements, risk coverage, deductibles and amounts and maintained with companies approved by Lender, such approval not to be unreasonably withheld or delayed. Without limiting Lender's ability to approve the aforementioned, an insurance company shall not be reasonably satisfactory unless such insurance company (a) has a rating of a least A with financial size of Class X or better as specified in Best's Key Rating Guide, (b) is licensed or authorized to do business, as required under applicable law, in the State where the Mortgaged Property is located and (c) a claims-paying ability rating by S&P of not less than "A" and an equivalent rating by another Rating Agency. Lender shall not, by the fact of approving, disapproving, accepting, preventing, obtaining or failing to obtain any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of insurance contracts, solvency of insurance companies, or payment or defense of lawsuits, and Borrower hereby expressly assumes full responsibility therefore and all liability, if any, with respect thereto. If Borrower fails to provide to Lender the certificates of insurance required by this Section 5.4 or any other Loan Documents, Lender may (but shall have no obligation to) procure such insurance or single-interest insurance for such risks covering Lender's interest and Borrower will pay all premiums thereon promptly upon demand by Lender, and until such payment is made by Borrower, the amount of all such premiums shall bear interest at the Default Rate and shall constitute additions to the Obligations.

5.5 Tax Reserve and Insurance Reserve. At any time after the occurrence and during the continuance of an Event of Default, Lender may require the implementation of the following in its sole and absolute discretion: Borrower shall deposit (or cause to be deposited) with Lender (or such agent of Lender as Lender may designate in writing to Borrower from time to time), monthly, on each Payment Date, 1/12th of (i) the annual charges (as estimated by Lender) for all

Impositions relating to the Mortgaged Property as a reserve ("**Tax Reserve**") for the payment of Impositions and (ii) the annual insurance premiums with respect to the insurance required pursuant to Section 5.4 as a reserve ("**Insurance Reserve**") for the payment of such insurance premiums. Borrower shall, after the occurrence and during the continuance of an Event of Default, also deposit (to be held as part of the applicable Reserve) with Lender, simultaneously with such monthly deposits to the extent required by the immediately preceding sentence, a sum of money which, together with such monthly deposits, will be sufficient to make the payment of each such charge or premium at least thirty (30) days prior to the date finally delinquent. Should such charges or premiums not be ascertainable at the time any deposit is required to be made, the deposit shall be made on the basis of Lender's estimate. When the charges or premiums are fixed for the then current year or period, Borrower shall deposit with Lender any deficiency within fifteen (15) days following Lender's demand. Should an Event of Default occur, the funds maintained in such Reserves may be applied in payment of the charges for which such funds shall have been deposited or to the payment of the Obligations or any other charges affecting the Mortgaged Property as Lender in its sole and absolute discretion may determine, but no such application shall be deemed to have been made by operation of law or otherwise until actually made by Lender as herein provided. Borrower shall provide Lender with bills and all other documents necessary for the payment of the foregoing charges at least ten (10) days prior to the date on which each payment thereof shall first become delinquent. So long as (i) no Event of Default exists, (ii) Borrower has provided Lender with the foregoing bills and other documents in a timely manner, and (iii) sufficient funds are held in the applicable Reserve by Lender for the payment of the Impositions and insurance premiums relating to the Mortgaged Property, as applicable, Lender shall pay said items or allow such funds to be used to pay said items. All refunds of Impositions and insurance premiums shall be deposited into the applicable Reserve.

5.6 Maintenance of Mortgaged Property. Borrower will maintain or cause the Mortgaged Property to be maintained in compliance with all Legal Requirements and in good repair, working order and condition and will make or cause to be made all appropriate repairs, renewals and replacements thereof. Without regard as to whether Proceeds are made available to Borrower for such purposes, Borrower will promptly restore and repair all loss or damage occasioned by (i) any casualty which has occurred to at least the condition existing prior to any such casualty or (ii) any condemnation to an economically and structurally integrated unit. Borrower will prevent any act or thing which might materially impair the value or usefulness of the Mortgaged Property. Borrower will not commit or permit any waste of the Mortgaged Property or any part thereof.

5.7 Inspection; Lender Meeting. Borrower shall, upon request from Lender (such request not to be made more frequently than four (4) times per calendar year unless an Event of Default shall have occurred and is continuing), permit (and cause to be permitted) Lender's designated representatives to (a) visit, examine, audit, photograph the exterior of and inspect the Mortgaged Property, (b) examine, audit, inspect, copy, duplicate and abstract Borrower's financial, accounting and other books and records, and (c) discuss Borrower's and the Mortgaged Property's affairs, finances and business with Borrower's officers, senior management, representatives, independent public accountants and agents (including the Manager). Borrower shall cause its books and records to be maintained at Borrower's principal offices located at the Mortgaged Property or at any other reasonable location of which Lender is notified. Borrower

will not change its principal offices or the location where its books and records are kept without giving at least thirty (30) days' advance notice to Lender. Borrower shall pay Lender's costs and expenses incurred in connection with such audit if an Event of Default has occurred or if any audit reveals any material discrepancy, in Lender's reasonable judgment, in the financial information provided by Borrower. All audits, inspections and reports shall be made for the sole benefit of Lender. Neither Lender nor Lender's auditors, inspectors, representatives, agents or contractors assumes any responsibility or liability (except to Lender) by reason of such audits, inspections or reports. Borrower will not rely upon any of such audits, inspections or reports. The performance of such audits, inspections and reports will not constitute a waiver of any of the provisions of the Loans Documents. Neither Lender nor any other of Lender's inspectors, representatives, agents or contractors, shall be responsible for any matters related to design or construction of the Improvements or any Construction. Borrower shall cooperate, from time to time, with Lender and use reasonable efforts to assist Lender in obtaining an appraisal of the Mortgaged Property. Such cooperation and assistance from Borrower shall include reasonable access to the Mortgaged Property and books and records pertaining to the Mortgaged Property for Lender and its appraiser. The appraiser performing any such appraisal shall be engaged by Lender. Borrower shall not be responsible for the expenses of any such appraisal provided, however, Borrower shall pay the fees of such appraiser in connection with one appraisal of the Mortgaged Property during the term of the Loan and any such appraisal when conducted following the occurrence of an Event of Default. Borrower shall cooperate with Lender with respect to any proceedings before any Governmental Authority which may in any way affect the rights of Lender under any of the Loan Documents and, in connection therewith, not prohibit Lender, at its election, from participating in any such proceedings.

5.8 Environmental Compliance. Borrower shall: (a) comply (or use commercially reasonable efforts to cause compliance) at all times with all applicable Environmental Laws with respect to the Mortgaged Property in all material respects, and (b) promptly take, or cause to be taken, any and all necessary remedial actions upon obtaining knowledge of the presence, storage, use, disposal, transportation, release or discharge of any Hazardous Materials on, under or about the Mortgaged Property in any manner which could reasonably be expected to have a Material Adverse Effect or is in violation of any Environmental Laws. Borrower shall cause all remedial action with respect to Hazardous Material on, under or about the Mortgaged Property, to comply with all applicable Environmental Laws and the applicable policies, orders and directives of all Governmental Authorities. If Lender at any time has a reasonable basis to believe that there may be a violation of any Environmental Law by, or any liability arising thereunder of, Borrower relating to the Mortgaged Property, Borrower shall, upon request from Lender, provide Lender with such reports, certificates, engineering studies and other written material or data as Lender may reasonably require so as to satisfy Lender that Borrower and the Mortgaged Property are in compliance with all applicable Environmental Laws. Borrower shall permit Lender, its authorized representatives, consultants or other Persons retained by Lender, upon five (5) Business Days prior written notice to Borrower so that Borrower will have an opportunity to send a representative to accompany Lender, unless in the case of emergency to comply with Environmental Laws, to enter upon, examine, test and inspect the Mortgaged Property with regard to compliance with Environmental Laws, the presence of Hazardous Materials and the environmental condition of the Mortgaged Property and properties adjacent to the Land, provided, however, such inspection is not to be made more frequently than once per calendar year unless an Event of Default shall have occurred and is continuing). Such entry, examination,

testing and inspecting and reporting shall be at the expense of Borrower if (x) an Event of Default has occurred and is continuing or (y) Lender has reasonably determined that there may be a violation of Environmental Law or any liability arising under Environmental Law, which expense shall be paid by Borrower to Lender within fifteen (15) days after written demand.

5.9 Environmental Disclosure. Borrower shall immediately upon becoming aware thereof advise Lender in writing and in reasonable detail of: (1) any release, disposal or discharge of any Hazardous Material at the Mortgaged Property required to be reported to any Governmental Authority under applicable Environmental Laws; (2) any and all written communications sent or received by Borrower or its agents with respect to any Environmental Claims or any release, disposal, existence or discharge of Hazardous Material required to be reported to any Governmental Authority; (3) any remedial action taken by Borrower or any other Person in response to any Hazardous Material on, under or about the Mortgaged Property, the existence of which could reasonably be expected to result in an Environmental Claim; (4) the discovery by Borrower or its agents of any occurrence or condition on any real property adjoining or in the vicinity of the Mortgaged Property that could reasonably be expected to cause such real property or any part thereof to be classified as "border-zone property" or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use thereof under any Environmental Laws; and (5) any request for information from any Governmental Authority that indicates such Governmental Authority is investigating whether Borrower may be potentially responsible for a release, disposal or discharge of Hazardous Materials from any of the Mortgaged Property. Borrower shall promptly notify Lender of any proposed action to be taken by Borrower to commence any operations that could reasonably be expected to subject Borrower to additional laws, rules or regulations, including laws, rules and regulations requiring additional or amended environmental permits or licenses. Borrower shall, at its own expense, provide copies of such documents or information as Lender may reasonably request in relation to any matters disclosed pursuant to this Section 5.9.

5.10 Compliance with Laws, Employee Benefit Plans and Contractual Obligations. Borrower will promptly and faithfully (A) comply and cause the Mortgaged Property to comply, in all material respects, with the requirements of all Legal Requirements including the Prescribed Laws, and the orders and requirements of any Governmental Authority in all jurisdictions in which it is now doing business or may hereafter be doing business and of every board of fire underwriters or similar body exercising similar functions, (B) maintain all licenses, certificates of occupancy, permits and Proprietary Rights now held or hereafter acquired by it or with respect to which a Material Adverse Effect will result if same are not existing and held by Borrower and (C) perform, observe, comply and fulfill all of its obligations, covenants and conditions contained in the Loan Documents, the Master Lease and the Material Contracts. Borrower shall: (i) promptly notify Lender of any claim made against Borrower that Borrower is in default under any Material Contract or that any other party is in default under any Material Contract; (ii) not terminate, or permit termination of, any Material Contract, and (iii) not enter into, amend or modify any Material Contract without first obtaining the prior written approval (not to be unreasonably withheld, conditioned or delayed (other than with respect to the Master Lease which shall be subject to Lender's sole and absolute discretion)) of Lender except to the extent otherwise permitted in this Agreement. Except for the plans described in **Schedule 4.10**, Borrower is not a party to, and will not establish, any Employee Benefit Plan. Except for the plans described in **Schedule 4.10**, Borrower will not commence making contributions to (or obligate itself to make contributions to) any Employee Benefit Plan.

5.11 Further Assurances. Borrower shall, from time to time, at its sole cost and expense, execute and/or deliver, or cause execution and/or delivery of, such documents, agreements and reports, and perform such acts as Lender at any time may reasonably request to carry out the purposes and otherwise implement the terms and provisions provided for in the Loan Documents. Borrower shall execute any documents and take any other actions necessary to provide Lender with a first priority, perfected security interest in the Reserves and the other Collateral. Borrower shall, at Borrower's sole cost and expense: (i) upon Lender's request therefore given from time to time (but not more frequently than once every three years unless an Event of Default then exists) pay for (a) current reports of Uniform Commercial Code, federal tax lien, state tax lien, judgment and pending litigation searches with respect to Borrower and Borrower Representative, (b) current good standing and existence certificates with respect to Borrower and Borrower Representative and (c) current searches of title to the Mortgaged Property, each such search to be conducted by search firms reasonably designated by Lender in each of the locations reasonably designated by Lender; (ii) furnish to Lender all instruments, documents, boundary surveys, footing or foundation surveys, certificates, plans and specifications, appraisals, title and other insurance reports and agreements, and each and every other document, certificate, agreement and instrument required to be furnished pursuant to the terms of the Loan Documents; and (iii) execute and deliver to Lender such documents, instruments, certificates, assignments and other writings, and do such other acts necessary, to evidence, preserve and/or protect the Loan Account Collateral and the other Collateral at any time securing or intended to secure the Obligations, as Lender may require in Lender's reasonable discretion. Borrower shall promptly execute, acknowledge, deliver, file or do, at its sole cost and expense, all acts, assignments, notices, agreements or other instruments as Lender may reasonably require in order to effectuate, assure, convey, secure, assign, transfer and convey unto Lender any of the rights granted by this Agreement and to more fully perfect and protect any assignment, pledge, lien and security interest confirmed or purported to be created under the Loan Documents or to enable Lender to exercise and enforce its rights and remedies hereunder, in respect of the Collateral.

5.12 Intentionally Omitted.

5.13 Base Building Reserve. Upon the sale of either or both of Building A and Building B, Borrower shall deposit the proceeds from such sales after payment of its reasonable actual out-of pocket costs and expenses incurred in connection therewith (not to exceed ten (10) percent of the sales price in the aggregate) (the "**Net Sales Proceeds**") into a Borrower Account at Silicon Valley Bank subject to a control agreement in favor of Lender and in form and substance reasonably acceptable to Lender (the "**Base Building Reserve Account**") on the closing date of each sale for the purpose of creating a reserve (the "**Base Building Reserve**") for the completion of Base Building Improvements at the Mortgaged Property. Until such time as Borrower has satisfied the requirements set forth in Section 5.23, the funds contained in the Base Building Reserve shall be utilized by Borrower solely for the payment of the costs and expenses of the Base Building Improvements. So long as no Default or Event of Default exists at the time of any requested distribution of funds from the Base Building Reserve, Lender shall make funds in the Base Building Reserve available to Borrower subject to satisfaction of each of the following

terms and conditions: (a) all Base Building Reserve funds released by Lender to Borrower shall be used to reimburse Borrower for the reasonable expenses actually incurred and paid by Borrower for the Base Building Improvements; (b) Borrower shall have given Lender a written Request for Release satisfactory to Lender; (c) disbursements from the Base Building Reserve shall not be made more frequently than once per calendar month; (d) each request for a disbursement shall be in an amount of not less than $10,000.00; and (e) upon request of Lender, Borrower shall also provide Lender with additional evidence satisfactory to Lender that Borrower is the owner of any capital improvements or equipment for which reimbursement is sought, free of any liens or encumbrances (other than the first priority security interest in favor of Lender). Lender shall authorize each disbursement of the Base Building Reserve funds within three (3) Business Days after satisfaction of all the conditions to that disbursement. If an Event of Default exists, Lender may apply the Base Building Reserve funds, together with any interest accrued thereon, to Borrower's Obligations in such order and priority as Lender may determine. In the event that the Base Building Improvements are completed to the reasonable satisfaction of Lender on or before the Required Completion Date and any funds then remain undisbursed in the Base Building Reserve, then, upon request from Borrower, and provided no Default or Event of Default shall then exist, Lender will authorize release the remaining funds in the Base Building Reserve to Borrower and the closing of the Base Building Reserve Account. Borrower shall furnish to Lender on or prior to the thirtieth (30th) day following the end of each month a statement ("**Base Building Reserve Statement**") setting forth (a) all deposits into and disbursements from the Base Building Reserve, and (b) a schedule of capital improvements and related expenses to which disbursements from the Base Building Reserve were applied during the applicable month, including, to the extent not previously provided to, and approved by, Lender, invoices, receipts, lien waivers and other documentation as Lender shall reasonably request. Lender shall not be required to make any disbursements from the Base Building Reserve until Borrower has satisfied all conditions to such disbursement.

5.14 Intentionally Omitted.

5.15 Intentionally Omitted.

5.16 Intentionally Omitted.

5.17 Intentionally Omitted.

5.18 Management. Borrower shall provide competent, responsible management for the Mortgaged Property. All management agreements (if any) must contain subordination and termination provisions and must be otherwise satisfactory to Lender. Borrower shall cause management subordination agreements in form and substance satisfactory to Lender to be executed by any Affiliate manager under any management agreement.

5.19 Construction Matters. Without limitation of Lender's rights and Borrower's Obligations set forth elsewhere in the Loan Documents, Borrower shall: (1) subject to any force majeure delays, cause the Base Building Improvements and all other Construction, including to the extent applicable any Restoration which may be required from time to time, to proceed with reasonable diligence and continuously, with sufficient workers employed and sufficient materials supplied for that purpose so that the applicable Construction is substantially completed by the

applicable Required Completion Date, or, if no Required Completion Date is applicable, as promptly as reasonably practicable or, in the case of Restoration, the Restoration is Substantially Completed prior to the Required Restoration Date; (2) cause all Construction to be performed in accordance with the applicable Plans and Specifications or plans and specifications for the work in question, in substantial conformity with the Legal Requirements, the requirements of all insurers and fire underwriters, and with the requirements set forth herein and in the other Loan Documents, in compliance with the Master Lease and Material Contracts and in a good, safe and workmanlike manner; (3) cause all materials acquired or furnished in connection with the Construction and Restoration to be new and stored under adequate safeguards to minimize the possibility of loss, theft, damage or commingling with other materials or projects; (4) utilize, or permit utilization of, only contractors approved by Lender (such approval not to be unreasonably withheld, conditioned or delayed); (5) not permit any material revision of the Plans and Specifications without the consent of Lender (not to be unreasonably withheld, conditioned or delayed); and (6) from time to time upon the reasonable request of Lender deliver to Lender such certificates and other documentation confirming the matters set forth in the preceding clauses (1) through (5). Promptly upon the giving or receipt of such notice, Borrower shall forward to Lender copies of all material written notices given or received by, or on behalf of, Borrower with respect to the Construction to or from: (x) any Contractor or any subcontractor or material supplier, or any of the design professionals (including notices relating to any nonconforming construction, any refusal or inability to pay or perform pursuant to the terms of any contract or other agreement or any delay, default or change order) or (y) any claim of default, or relating to any work stoppage, notice of violation or cease and desist order, stop order, construction liens, strike, claim, litigation, damage, loss or any other materially adverse condition, circumstance or event. Borrower shall pay and discharge or cause to be paid and discharged in accordance with the requirements of the applicable agreements payments due for labor, materials and supplies unless the same shall be contested by Borrower in accordance with Section 5.3(B). Borrower shall make available for inspection at all times by Lender and its representatives copies of all contracts for Construction and, to the extent available to or reasonably obtained by Borrower, entered into by Contractor and design professionals relating to the Construction. Within one hundred eighty (180) days after substantial completion of the Initial Alterations or applicable Construction activities, Borrower shall (i) complete, or cause to be completed, all Punch-List Items, (ii) deliver to Lender two (2) copies of the as built Plans and Specifications and such other as built surveys and plans and specifications as Lender may reasonably require, and (iii) obtain all final permits and approvals required for the normal use and occupancy of the Improvements in question (including a permanent certificate of occupancy if required for occupancy under applicable laws or its equivalent for the Improvements in question) provided, however, to the extent that the Master Lease or any other Leases or Legal Requirements require satisfaction of items (i), (ii) or (iii) prior to the expiration of such one hundred eighty (180) day period, such items must be satisfied within the earlier time frame.

5.20 Intentionally Omitted.

5.21 Intentionally Omitted.

5.22 Name. Borrower will conduct its businesses only under the name: “Equinix RP II LLC.”

5.23 Base Building Improvements. Borrower shall invest at least $40,000,000 in performing the improvements to the Equinix Buildings (the "Base Building Improvements") which shall among other things, upgrade, improve and enhance the value of the Equinix Buildings and enable them to operate as data centers and Internet Business Exchange (IBX) co-location facilities with ancillary administrative or support services or any facility that as a result of technological changes is substantially equivalent, or a technological successor, to a data center. The Base Building Improvements must be completed by the Required Completion Date and in compliance with all of the terms and conditions relating to Alterations and Construction contained herein. Upon Lender's request, Borrower shall provide Lender with a list of the improvements, the plans and specifications applicable and a copy of the budget and schedule relating thereto. Lender shall be permitted to inspect the Mortgaged Property to confirm that the work has been completed, provided Lender gives Borrower 48 hours prior written notice so that Borrower has the opportunity to send a representative to accompany Lender or its agent in connection therewith.

SECTION 6
ACCOUNTS/CASH MANAGEMENT

6.1 Establishment of Accounts and Cash Management Procedures. Upon the occurrence and during the continuance of an Event of Default, Lender in its sole and absolute discretion, may require that all income received by Borrower be deposited into a collection account established by Borrower but controlled by Lender, which funds will then be disbursed by Lender and applied towards the payment of taxes, insurance, debt service, capital improvements and operating expenses in accordance with the terms of this Agreement in such order as Lender may determine in its sole and absolute discretion. In such event, Lender may require Borrower to deposit all security deposits received into an account controlled by Lender.

6.2 Intentionally Omitted.

6.3 Intentionally Omitted.

6.4 Intentionally Omitted.

6.5 Intentionally Omitted.

6.6 Accounts. Borrower shall not, without the prior written consent of Lender, change the account location of any Loan Account and, as a condition precedent to any such change, the bank to which Borrower proposes to relocate such Loan Account shall have executed an appropriate acknowledgment letter, in accordance with the provisions set forth above. With respect to the Loan Account Collateral, Lender shall not be liable for any acts, omissions, errors in judgment or mistakes of fact or law, except for those arising as a result of Lender's investment of such Loan Account Collateral in other than Permitted Investments or from gross negligence or willful misconduct. Funds in the Borrower Account shall not be disbursed in violation of any provision of this Agreement.

6.7 Intentionally Omitted.

6.8 Creation of Security Interest in Accounts. Borrower hereby pledges, transfers and assigns to Lender, and grants to Lender, as additional security for the Obligations, a continuing perfected first priority security interest in and to, and a first lien upon, effective upon the establishment of one or more Loan Accounts: (i) the Loan Accounts and all amounts which may from time to time be on deposit in each of the Loan Accounts; (ii) all of Borrower's right, title and interest in and to all cash, property or rights transferred to or deposited in each of the Loan Accounts from time to time; (iii) all certificates and instruments, if any, from time to time representing or evidencing any such Loan Account or any amount on deposit in any thereof, or any value received as a consequence of possession thereof, including all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, or in exchange for, any or all of the Loan Accounts; (iv) all monies, chattel paper, checks, notes, bills of exchange, negotiable instruments, documents of title, money orders, commercial paper, and other security instruments, documents, deposits and credits from time to time in the possession of Lender representing or evidencing such Loan Accounts; (v) all other property, held in, credited to, or constituting part of any of the Loan Accounts; (vi) all earnings and investments held in any Loan Account in accordance with this Agreement; and (vii) to the extent not described above, any and all proceeds of the foregoing, (collectively, the "Loan Account Collateral"). This Agreement and the pledge, assignment and grant of security interest made hereby secures payment of all Obligations in accordance with the provisions set forth herein. This Agreement shall be deemed a security agreement within the meaning of the Uniform Commercial Code.

6.9 Intentionally Omitted.

6.10 Intentionally Omitted.

6.11 Covenants Regarding Loan Account Collateral. Borrower will not, without the prior consent of Lender, (a) sell, assign (by operation of law or otherwise), pledge, or grant any option with respect to, any of the Gross Revenues or any interest in any Loan Account Collateral or (b) create or permit to exist any assignment, lien, security interest, option or other charge or encumbrance upon or with respect to any of the Gross Revenues or any Loan Account Collateral, except for the Liens in favor of Lender under this Agreement and the other Loan Documents. Borrower will give Lender not less than thirty (30) days' prior written notice of any change in the address of its chief executive office or its principal office. Borrower agrees that all records of Borrower with respect to any Loan Account Collateral will be kept at Borrower's principal office and will not be removed from such addresses without the prior written consent of Lender. Borrower will not without the consent of Lender make or consent to any amendment or other modification or waiver with respect to any Loan Account Collateral, or enter into any agreement, or permit to exist any restriction, with respect to any Loan Account Collateral. Borrower will, at its expense, defend Lender's right, title and security interest in and to any Loan Account Collateral against the claims of any Person. Borrower will not take any action which would in any manner impair the enforceability of this Agreement or the security interests created hereby. Borrower will not enter into any credit agreement or other borrowing facility including a line of credit, with Bank. Nothing contained in this SECTION 6 shall impair or otherwise limit Borrower's obligations to timely make the payments (including interest and principal) required by the Note and the other Loan Documents, it being understood that such payments shall be so timely made in accordance with the Loan Documents, regardless of the amounts on deposit in

any Account. Lender may, from time to time, at its sole option, perform any act which Borrower agrees hereunder to perform which Borrower shall fail to perform after being requested in writing to so perform and Lender may from time to time take any other action which Lender deems necessary for the maintenance, preservation or protection of any of the rights granted to Lender hereunder. With respect to the powers conferred on Lender hereunder, Lender shall not have any duty as to the Accounts or any other Loan Account Collateral, or any responsibility for (i) ascertaining or taking action with respect to any matters relative to the Accounts or any other Loan Account Collateral, whether or not Lender has or is deemed to have knowledge of such matters or (ii) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to the Accounts or any other Loan Account Collateral.

6.12 Intentionally Omitted.

SECTION 7
NEGATIVE COVENANTS

Borrower covenants and agrees that from the date hereof and so long as this Agreement shall remain in effect or the Note remains outstanding, Borrower shall comply with all covenants and agreements in this SECTION 7.

7.1 Indebtedness. Borrower will not directly or indirectly create, incur, assume, guaranty, or otherwise become or remain directly or indirectly liable with respect to any Indebtedness except Permitted Indebtedness.

7.2 Liens and Related Matters. Borrower will not directly or indirectly create, incur, assume or permit to exist any Lien on or with respect to the Mortgaged Property or other Collateral whether now owned or hereafter acquired, or any income or profits therefrom, except Permitted Encumbrances. Borrower shall have the right to contest any such Lien securing Claims in accordance with Section 5.3(B).

7.3 Material Rights. Without Lender's consent, Borrower shall not (a) amend, modify or waive the performance of material obligations with regard to the Material Contracts, (b) request a waiver or consent from, any party to, or issuer of any of the Material Contracts or (c) terminate or permit termination of any Material Contracts.

7.4 Restriction on Fundamental Changes. None of Borrower or any intermediate Special Purpose Bankruptcy Remote Entity imposed for purposes of, or in connection with a Securitization ("Intermediate Borrower Entity"), to the extent such Intermediate Borrower Entity is consented to by the Borrower (which consent shall not be unreasonably withheld, conditioned or delayed), will: (1) amend, modify or waive in any material respect any term or provision of its Organizational Documents, (2) liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution); or (3) acquire by purchase or otherwise all or any part of the business or assets of, or stock or other evidence of beneficial ownership of, any Person. None of Borrower or Intermediate Borrower Entity will issue, sell, assign, pledge, convey, dispose or otherwise encumber any partnership, stock, membership, beneficial or other ownership interests or grant any options, warrants, purchase rights or other similar agreements or understandings with respect thereto. Borrower will not establish any Subsidiaries. Borrower will not make any Investments in any other Person.

7.5 Restriction on Leases.

(A) Borrower shall not hereafter enter into, modify, amend or terminate any Lease, Capital Lease or other rental or occupancy arrangement or concession agreement with respect to the Mortgaged Property or any portion thereof without Lender's prior written consent which consent shall be subject to Lender's sole discretion. Lender hereby consents to the Borrower entering into the Master Lease on the date hereof.

(B) Borrower shall perform and comply, in all material respects, with all of the landlord's obligations under the Master Lease and each other Lease and Capital Lease and shall not suffer or permit any material breach or default on the part of the landlord to occur thereunder.

(C) Without limiting the restrictions set forth in Section 7.15 hereof, the Lender shall, within a reasonable time after written request therefore by Borrower, enter into a subordination, attornment and nondisturbance agreement, on Lender's standard form and with such modifications as shall be reasonably acceptable to the Lender, with any subtenant that is a Non-Customer (as defined in the Master Lease) of Master Lessee occupying premises of 5,000 rentable square feet or greater (other than an Affiliate of Borrower or Master Lessee) entering into a Sublease (as defined in the Master Lease) after the date hereof, provided that (i) Lender has approved the terms, form and substance of such Sublease, (ii) the Non-Customer under such Sublease is of a creditworthiness reasonably acceptable to Lender and (iii) the non-disturbance provision shall provide that, subject to Lender's standard conditions, in the event or foreclosure or a deed in lieu of foreclosure Lender and such Non-Customer shall enter into a direct lease for the remaining term of the Sublease. All reasonable costs and expenses of Lender in connection with the negotiation, preparation, execution, delivery and recordation of any such agreement, including, without limitation, reasonable attorneys' fees and disbursements shall be paid by Borrower (in advance, if requested by Lender).

7.6 Transactions with Affiliates. Other than the Master Lease and any sale of Buildings A and B permitted under Section 12, Borrower shall not directly or indirectly enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any director, officer, employee or Affiliate of Borrower, Borrower Representative or Carveout Guarantor, except transactions in the ordinary course of and pursuant to the reasonable requirements of the business of Borrower and upon fair and reasonable terms which are fully disclosed to Lender and are no less favorable to Borrower than would be obtained in a comparable arm's length transaction with a Person that is not an Affiliate, director, officer or employee of Borrower. Each such agreement with any Affiliate, director, officer or employee of Borrower shall provide that the same may be terminated by Lender at its option if an Event of Default exists and Lender reasonably determines that such agreement does not comply with the requirements of this Section 7.6. Borrower shall not pay any management, consulting, director or similar fees to any director, officer, employee or Affiliate of Borrower or Carveout Guarantor except upon fair and reasonable terms which are fully disclosed to Lender and are no less favorable to Borrower than would be obtained in a comparable arm's length transaction with a Person that is not an Affiliate, director, officer or employee of Borrower and so long as such Affiliate subordinates its fees to the payment of all amounts then due and payable under the Loan and such agreement is terminable immediately upon an Event of Default.

7.7 Management Fees and Compensation; Contracts. Borrower will not enter into or become obligated under any management (property and asset), brokerage or other such similar agreement, whether with an Affiliate or any other Person, with respect to the Mortgaged Property, unless the same may be terminated, without cause and without payment of a penalty or fee, on not more than thirty (30) days' prior written notice.

7.8 Conduct of Business. From and after the Closing Date, Borrower will not engage in any business other than the ownership and operation of the Mortgaged Property. Borrower shall not use the Mortgaged Property or any part thereof, for any unlawful purpose, or in violation of any certificate of occupancy or other permit or certificate, or any Legal Requirement, provided, however, that most of Building C, and all of Building E and Building F shall only be used for the purpose of operating Internet Business Exchange (IBX) collocation facilities and data centers (collectively "IBX Centers") and ancillary administrative or other support services or any facility that as a result of technological changes is substantially equivalent, or a technological successor, to a data center and IBX collocation facility, so long as such change does not have any material impact on the value of the Mortgaged Property. Borrower will not suffer any act to be done or any condition to exist on the Mortgaged Property or any part thereof or any article to be brought thereon, which may be dangerous (unless safeguarded as required by Legal Requirement) or which may constitute a nuisance, public or private, or which may void or make voidable any insurance then in force with respect thereto. Subject to Section 12.3, no tract map, parcel map, condominium plan, condominium declaration, or plat of subdivision (or analogous document) will be recorded with respect to the Mortgaged Property without Lender's consent. The Mortgaged Property shall not be converted to the condominium or "cooperative" form of ownership. Borrower will not initiate or consent to any change in the zoning of the Mortgaged Property. Borrower shall at all times maintain good and marketable fee title to the Mortgaged Property free and clear of any encumbrances other than the Permitted Encumbrances. Borrower shall not change its fiscal year without giving advance notice thereof to Lender.

7.9 Use of Lender's Name. Borrower shall not use the names of Lender or any of Lender's Subsidiaries or Affiliates in connection with the development, marketing, leasing, use and operation of the Mortgaged Property. Borrower shall not disclose or permit any Affiliate, officer, director, partner, manager, member or employee of Borrower to disclose (other than to its Affiliates, or Borrower's and its Affiliate's attorneys, agents, consultants, accountants and existing and prospective lenders and investors, but only to the extent they are in turn also bound to maintain such confidentiality – it being understood that a breach of this provision by any of the foregoing Persons shall be deemed a breach of this Section 7.9 by Borrower) any of the terms and conditions of the Loan to any Person except (a) to the extent disclosed in the Mortgage and the Financing Statements, (b) to the extent such disclosure is required pursuant to the Loan Documents or applicable legal process, (c) to the extent required by applicable securities laws or (d) to the extent Lender consents to such disclosure.

7.10 Compliance with ERISA. Borrower shall not adopt, modify or terminate any Employee Benefit Plans except as described in **Schedule 4.10**. Borrower shall not fail to maintain and operate each existing Employee Benefit Plan in compliance in all material respects with the

provisions of ERISA, the Code and all other applicable laws and the regulations and interpretations thereof. Borrower shall not engage in any transaction which would cause the Obligations or any action taken or to be taken under this Agreement or the other Loan Documents or otherwise (or the exercise by Lender of any of its rights under the Loan Documents) to be a non-exempt prohibited transaction under ERISA. Borrower shall not become an "employee benefit plan" (within the meaning of Section 3(3) of ERISA) to which ERISA applies and Borrower shall not permit its assets to be plan assets.

7.11 Due on Sale or Encumbrance. Except for a Transfer of the Release Property pursuant to which the Partial Release Requirements are satisfied, without Lender's consent, which consent may be given or withheld in the sole discretion of Lender, neither Borrower nor any other Person directly or indirectly holding any direct or indirect legal, beneficial, equitable or other interest in Borrower (at each and every tier or level of ownership) shall, or permit other Persons to, Transfer (whether or not for consideration or of record) all or any portion of the Mortgaged Property or any direct or indirect legal, equitable, beneficial or other interest (1) in all or any portion of the Mortgaged Property; (2) in Borrower; or (3) at each and every tier or level of ownership, in Borrower's direct or indirect partners, members, shareholders, beneficial or constituent owners including Borrower Representative, any owners of Borrower Representative (or the direct or indirect owners of any direct or indirect interests in any such constituent owners), including (a) an installment sales agreement for a price to be paid in installments; (b) any Leases (other than as permitted by Section 7.5) or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to any Leases or any Rents; (c) any direct or indirect voluntary or involuntary sale of any ownership interest in Borrower or other Person directly or indirectly owning any direct or indirect interest in Borrower; (d) the creation, issuance or redemption of direct or indirect ownership interests by Borrower or any Person owning a direct or indirect interest in Borrower (at each every tier or level of ownership); (e) any merger, consolidation, dissolution or liquidation; and (f) without limitation of any of the foregoing, any direct or indirect voluntary or involuntary Transfer by any Person which indirectly controls Borrower (by operation of law or otherwise) of its direct or indirect controlling interests in Borrower. Notwithstanding the foregoing, the following shall not be deemed to be prohibited under this Section 7.11: (i) Transfers to a Family Member or trust for the benefit of a Family Member by devise or descent or by operation of law, (ii) a Transfer of an indirect ownership interest in Borrower, by the current owner thereof to a Family Member of such current owner (or a trust for the benefit of any such Family Members), (iii) the Master Lease and Transfers by the Master Lessee to the extent permitted under the Master Lease and (iv) Transfers of ownership interests in a Person whose stock is listed or quoted on the New York Stock Exchange, the American Stock Exchange or NASDAQ, so long as (x) no such transfers described in parts (i), (ii) and (iv) of this sentence result in any Person or Group acquiring, directly or indirectly, more than a forty-nine percent (49%) direct or indirect interest in Borrower (if such Person or Group did not, prior to the Transfer, own at least forty-nine percent (49%) of the direct or indirect ownership interests in Borrower). Notwithstanding the foregoing, Borrower may without Lender's prior written approval, (i) grant or modify standard utility and telecommunication easements serving the Land, (ii) grant to one or more of its tenants or any third party the right to use on commercially reasonable terms the capacity of the fiber ring located on the Mortgaged Property, provided that such additional use does not impair or reduce the capacity required for the operation of data centers or IBX collocation facilities in Building C, Building E and Building F or on any portion of the Mortgaged Property, or (iii) sell Inventory in the ordinary course of

business and transfer or dispose of tangible personal property to Persons that are not Borrower's Affiliates, which tangible personal property is immediately replaced by an article of equivalent suitability and value or which is no longer necessary in connection with the operation of the Mortgaged Property provided that such transfer or disposal will (A) not have a Material Adverse Effect, (B) not materially impair the utility of the Mortgaged Property, and (C) not result in a reduction or abatement of, or right of offset against, the Gross Revenues payable under any Lease or otherwise, and provided that any tangible personal property acquired by Borrower (and not so disposed of) shall be subject to the Lien of the Mortgage. Borrower acknowledges that Lender has examined and relied on the experience of Borrower and, as applicable, its general partners, members, principals and (if Borrower is a trust) beneficial owners in owning and operating properties such as the Mortgaged Property in agreeing to make the Loan and will continue to rely on such ownership of the Mortgaged Property and Borrower as a means of maintaining the value of the Mortgaged Property as security for repayment of the Loan and the performance of the other Obligations. Borrower acknowledges that Lender has a valid interest in maintaining the value of the Mortgaged Property so as to ensure that, should Borrower default in the repayment of the Loan or the performance of the other Obligations, Lender can recover the Loan by a sale of the Mortgaged Property. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Loan immediately due and payable upon any Default under this Section 7.11. Notwithstanding anything to the foregoing contained herein, other than transfers of stock in Carveout Guarantor, in no event shall the Mortgaged Property or any direct or indirect interest in Borrower be transferred to an Embargoed Person.

7.12 Payments; Distributions. Borrower shall not pay any distributions, dividends or other payments or return any capital to any of its respective partners, members, owners or shareholders or any other Affiliate or make any distribution of assets, rights, options, obligations or securities to any of its respective partners, members, shareholders or owners or any other Affiliate (individually, or collectively, a "**Distribution**") unless (a) on the date of the proposed Distribution, and after giving effect to such Distribution, no Default or Event of Default exists; (b) funds are not then required to be deposited into any Loan Account, including any amounts required to be deposited with Lender; and (c) Borrower is not "insolvent" (as defined in the Bankruptcy Code) and will not be rendered insolvent by virtue of such Distribution.

7.13 Single Purpose Bankruptcy Remote Entities. Borrower hereby represents, warrants, agrees and covenants that Borrower has at all times, from its formation, been, and, at all times will be, a Special Purpose Bankruptcy Remote Entity as defined in Schedule 7.13. Borrower will not directly or indirectly, make any change, amendment or modification to its Organizational Documents or otherwise take any action which could result in Borrower not being a Special Purpose Bankruptcy Remote Entity.

7.14 Alterations. Borrower shall not alter, remove or demolish or permit the alteration, removal or demolition of, any Improvement except as the same may be necessary in connection with (A) a Restoration in connection with a taking or casualty in accordance with the terms and conditions of the Agreement, (B) the Base Building Improvements, or (C) other Alterations permitted in accordance with the terms and conditions of this Section 7.14. If no Event of Default exists, Borrower may undertake any alteration, improvement, demolition or removal of Improvements or any portion thereof (any such alteration, improvement, demolition or removal,

an "**Alteration**") so long as (i) Borrower provides Lender with at least thirty (30) days' prior notice of any such Alteration, (ii) such Alteration is undertaken in accordance with the applicable provisions of this Agreement, is not prohibited by, and is in full compliance with, and does not violate, any Material Contracts, Leases or Legal Requirements and does not, during Construction and upon completion, have a Material Adverse Effect, (iii) Borrower provides Lender with evidence, satisfactory to Lender, that Borrower has sufficient funds, through a combination of Reserves, Loan proceeds, Proceeds, funds deposited with Lender or otherwise to complete and pay all of the costs of the Alterations, (iv) (a) such Alteration is in the nature of a Base Building Improvements permitted under this Agreement or a Restoration required or permitted under the Agreement or (b) has been consented to by Lender (such consent will not be unreasonably withheld, conditioned or delayed) and (v) prior to commencement and from time to time upon request from Lender, Borrower delivers an Officer's Certificate certifying that conditions (i)–(iv), inclusive, have been satisfied. No Alteration shall be undertaken until Lender has reasonably approved Plans and Specifications (which approval shall not be unreasonably withheld, conditioned or delayed) and cost estimates for the Alterations, prepared by an independent architect or another Person approved by Lender (an "**Independent Architect**"). Notwithstanding anything to the contrary in this Section 7.14, without the necessity of complying with conditions (i), (iii) and (v) above, Borrower shall have the right, without having obtained the prior written consent of Lender and provided no Event of Default exists, (x) to make any improvements, alterations or modifications to the Mortgaged Property the cost of which is less than Two Hundred and Fifty Thousand Dollars ($250,000) (so long as such improvements do not devalue the Mortgaged Property or increase Lender's obligations or liability, if any), (y) to make non-structural Alterations which are reasonably required or desirable for the operation of the Mortgaged Property and which are not visible from the exterior of the Improvements, or (z) to install or replace any Fixtures and Personalty in the Improvements or accessions to any Fixtures and Personalty.

7.15 Master Lease. The Master Lease and any guaranty required in connection therewith must remain in full force and effect during the term of the Loan. Until the Loan has been repaid in full, the Master Lease may not be terminated, cancelled, amended, modified or assigned in any manner whatsoever without Lender's prior written consent. Borrower may not give its consent to or approve any request by Master Lessee for Borrower's consent or approval of any matter requiring such consent or approval under the Master Lease without Lender's prior written consent. Borrower shall enforce all of the terms of the Master Lease and shall exercise all available remedies thereunder (other than termination of the Master Lease which shall require Lender's prior written consent).

SECTION 8
CASUALTY AND CONDEMNATION

8.1 Restoration Following Casualty or Condemnation. After the happening of any casualty or condemnation to the Mortgaged Property or any part thereof, Borrower shall give prompt notice thereof to Lender.

(a) In the event of any damage or destruction of all or any part of the Mortgaged Property, all Proceeds shall be payable to Lender. Borrower hereby authorizes and directs any affected insurance company or condemning Governmental

Authority or other Persons to make payment of such proceeds directly to Lender. Borrower shall obtain Lender's approval prior to any settlement, adjustment or compromise of any claims for loss, damage or destruction under any policy or policies of insurance or with respect to any condemnation, and Lender shall have the right to participate with Borrower in negotiation of any such settlement, adjustment or compromise provided, however, Borrower shall be permitted, so long as no Event of Default exists, to settle insurance claims of $1,000,000 or less without Lender's approval (but with reasonable advance notice to Lender) and utilize any such funds for Restoration. Lender shall also have the right to appear with Borrower in any action against an insurer based on a claim for loss, damage or destruction under any policy or policies of insurance.

(b) All compensation, proceeds, damages, claims, insurance recoveries, rights of action and payments which Borrower may receive or to which Borrower may become entitled with respect to the Mortgaged Property or any part thereof as a result of any casualty or condemnation, except as set forth below in this Section 8.1 (the "**Proceeds**"), shall be paid over to Lender and shall be applied first toward reimbursement of all costs and expenses of Lender in connection with recovery of the same, and then, except as set forth below in this Section 8.1, shall be applied in the sole and absolute discretion of Lender, without regard to the adequacy of Lender's security hereunder, to the payment or prepayment of the Obligations in such order as Lender may determine, and any amounts so applied shall reduce the Obligations *pro tanto* (without any Prepayment Premium due in connection therewith). Any application of the Proceeds or any portion thereof to the Obligations shall not be construed to cure or waive any Default or Event of Default or invalidate any act done pursuant to any such Default or Event of Default.

(c) Subject to the other provisions of this Section 8.1, and provided that (i) all Proceeds have been deposited with Lender; (ii) no Event of Default shall exist; (iii) a Total Loss with respect to the Property shall not have occurred; (iv) the Restoration is capable, as reasonably determined by Lender, of being completed before the earlier (the "**Required Restoration Date**") to occur of (x) the date which is six (6) months prior to the Maturity Date, (y) the date on which the insurance carried by Borrower pursuant to Section 5.4(A)(i), with respect to the Mortgaged Property shall expire, and (z) twelve (12) months after the occurrence of the casualty or condemnation in question; (v) Lender shall have been furnished with an estimate of the cost of restoration accompanied by an architect's certificate as to such costs and appropriate final plans and specifications for reconstruction of the Improvements, all of which shall be approved by Lender, which approval shall not be unreasonably withheld, conditioned or delayed; (vi) the Improvements so restored or rebuilt shall be of at least equal value and substantially the same character as prior to the damage or destruction and appropriate for the purposes for which they were originally erected (and, if requested by Lender, Borrower will furnish, at its expense, an appraisal confirming such valuation); (vii) Borrower shall have furnished Lender with evidence reasonably satisfactory to Lender that all Improvements so restored and/or reconstructed and their use fully comply with all zoning, building laws, ordinances and regulations and other Legal Requirements and that all required certificates of occupancy, licenses and approvals required for use, operation and occupancy of the Improvements can be obtained; (viii) if the estimated cost of the Restoration exceeds the

Proceeds available, Borrower shall have deposited with Lender such sums or other security as may be necessary, in Lender's reasonable judgment, to pay such excess costs; and (ix) the Master Lease shall remain in force and effect; and (x) Lender shall have received notice reasonably promptly of the fire or other hazard or of the condemnation proceedings specifying the date of such fire or other hazard or the date the notice of condemnation proceedings was received and the request to Lender to make said Proceeds available to Borrower; then the Proceeds, less the actual costs, fees and expenses, if any, incurred in connection with adjustment of loss and Lender's reasonable administrative expenses relating to such loss and the disbursement of the Proceeds shall be applied by Lender to the payment of all the costs of the aforesaid restoration, repairs, replacement, rebuilding or alterations, including the cost of temporary repairs or for the protection of property pending the completion of permanent restoration, repairs, replacements, rebuilding or alterations (all of which temporary repairs, protection of property and permanent restoration, repairs, replacement, rebuilding or alterations are hereinafter collectively referred to as the "**Restoration**"), and shall be paid out from time to time as such Restoration progresses upon the request of Borrower if the work for which payment is requested has been done in a good and workmanlike manner, in compliance with applicable Legal Requirements and substantially in accordance with the plans and specifications therefor. Each request by Borrower for disbursement of Proceeds shall (unless Lender otherwise elects, in its sole discretion, with respect to a Restoration estimated by Lender to cost $100,000 or less to complete, to waive any of the following requirements) be accompanied by the required Lien Waivers, a Request for Release, and, to the extent not subsumed within a Request for Release, the following:

(1) A certificate signed by Borrower, dated not more than thirty (30) days prior to such request, setting forth the following: (A) That the sum then requested either has been paid, or is justly due to contractors, subcontractors, materialmen, engineers, architects or other persons who have rendered services or furnished materials for the restoration therein specified or have paid for the same, the names and addresses of such persons, a brief description of such services and materials, the several amounts so paid or due to each of said persons in respect thereof (together with supporting statements and invoices for the same), that no part of such expenditures has been or is being made the basis of any previous or then pending request for the withdrawal of Proceeds or has been made out of any of the Proceeds received by Borrower, and that the sum then requested does not exceed the value of the services and materials described in the certificate; and (B) That the costs, as estimated by the persons signing such certificate, of the Restoration required to be done subsequent to the date of such certificate in order to complete and pay for the same, do not exceed the Proceeds, plus any amount or security approved by Lender and deposited by Borrower to defray such costs and remaining in the hands of Lender after payment of the sum requested in such certificate.

(2) A title insurance report or other evidence satisfactory to Lender to the effect that there has not been filed with respect to the Mortgaged Property, or any part thereof, any vendor's, contractor's, mechanics', laborer's, materialmen's or other Lien which has not been discharged of record or bonded or insured over, except such as will be disbursed by payment of the amount then requested.

(3) A certificate signed by the Independent Architect and/or engineer in charge of the Restoration, who shall be selected by Borrower and approved in writing by Lender, certifying that the Restoration is proceeding in accordance with the plans and specifications approved by Lender and in accordance with all zoning, subdivision and other Legal Requirements. Upon compliance with the foregoing provisions, Lender shall, out of Proceeds (and the amount of security approved by Lender, if any, deposited by Borrower to defray the costs of the Restoration), pay or cause to be paid to Borrower or the Persons named (pursuant to clause (1)(A) above) in such certificate the respective amounts stated therein to have been paid by Borrower or to be due to them, as the case may be.

(d) If the Proceeds at the time held by Lender, less the actual costs, fees and expenses, if any, incurred in connection with the adjustment of the loss and Lender's administrative expenses relating to such loss and the disbursement of the Proceeds, shall be, in Lender's reasonable judgment, insufficient to pay the entire cost of the Restoration, Borrower shall deposit with Lender any such deficiency prior to disbursement of any additional portion of the Proceeds. No payment made prior to the final completion of the Restoration shall exceed ninety percent (90%) of the value of the work performed from time to time (provided that, notwithstanding the foregoing, subcontractors who have completed their work may be paid in full), and at all times the undisbursed balance of said Proceeds remaining in the hands of Lender shall be at least sufficient to pay for the cost of completion of the Restoration free and clear of liens. In addition to the requirements and conditions set forth in Section 5.19, final payment shall be upon an architect's certificate to completion in accordance with the final plans and specifications and compliance with all zoning, building, subdivision and other governmental laws, ordinances, rules, and regulations, the filing of a notice of completion and the expiration of the period provided under applicable law for the filing of mechanic's and materialmen's liens and delivery to Lender of a certified copy of a final unconditional permanent certificate of occupancy regarding the Restoration. Lender may, at its option, require an endorsement to the Title Policy insuring the continued priority of the lien of the Mortgage as to all sums advanced hereunder, such endorsement to be paid for by Borrower. Upon completion of the Restoration in a good and workmanlike manner in accordance herewith, and provided that Lender has received satisfactory evidence that the Restoration has been paid for in full and the Mortgaged Property is free and clear of all Liens (including signed lien waivers from all contractors and subcontractors conditioned only on payment of amounts specified therein), any balance of the Proceeds at the time held by Lender (after reimbursement to Lender of all costs and expenses of Lender, including administrative expenses, in connection with recovery of the same and disbursement of such Proceeds for the Restoration), if any, shall be applied as follows, unless Lender otherwise elects in its sole discretion to return such proceeds to Borrower without regard to the following: (i) to the extent that such balance of the Proceeds is equal to or less than the amount, if any, by which the value of the Mortgaged Property prior to such damage or destruction exceeds the value of the Mortgaged Property after such Restoration (for these purposes, the value of the Mortgaged Property shall be

determined by Lender in its discretion), then the portion of the balance of the Proceeds equal to such excess amount shall be applied to the payment or prepayment of the principal balance of the Obligations in such order as Lender may determine, and any amounts so applied shall reduce the Obligations pro tanto (without any prepayment premium due in connection therewith); and (ii) to the extent that the balance of the Proceeds exceeds such excess amount, such portion of the balance of the Proceeds shall be paid to Borrower.

(e) Nothing herein contained shall be deemed to excuse Borrower from repairing or maintaining the Mortgaged Property as provided in the Agreement hereof or restoring all damage or destruction to the Mortgaged Property, regardless of whether or not there are insurance proceeds available or whether any such Proceeds are sufficient in amount, and the application or release by Lender of any Proceeds shall not cure or waive any Default or Event of Default or invalidate any other act done by Lender to exercise its remedies under this Agreement or the other Loan Documents.

SECTION 9
DEFAULT, RIGHTS AND REMEDIES

9.1 Event of Default. "**Event of Default**" means the occurrence or existence of any one or more of the following:

(A) **Payment**. Failure of Borrower to pay (i) on the Maturity Date, the outstanding principal of, accrued interest in, and other Indebtedness owing pursuant to the Agreement, the Note and the other Loan Documents, (ii) within five (5) Business Days after the due date, any installment of principal or interest due under the Note; provided, however, the aforesaid five (5) Business Day grace period may be utilized by Borrower no more than once in any consecutive twelve (12) Loan Month period, or (iii) within five (5) Business Days after the respective due date, any other amount due under the other Loan Documents, provided, however, the aforesaid five (5) Business Day grace period may be utilized by Borrower no more than once in any consecutive twelve (12) Loan Month period.

(B) **Breach of Certain Provisions**. Failure of Borrower to perform or comply with any term, agreement, covenant, representation, warranty or condition contained in Sections 5.1, 5.4, 7.1, 7.4, or 7.11.

(C) **Breach of Representation and Warranty**. Any representation, warranty, certification or other statement made by Borrower or Carveout Guarantor in any Loan Document or in any statement or certificate at any time given in writing pursuant or in connection with any Loan Document (other than occurrences described in other provisions of this Section 9.1 for which a different grace or cure period is specified or which constitute immediate Events of Default) is false in any material respect on the date made which remains uncured for five (5) Business Days after notice, but no grace or curative period will apply if the representation, warranty, certification or other statement was known by Borrower or Carveout Guarantor to be false when made or deemed made.

(D) **Other Defaults Under Loan Documents**. A default by Borrower shall occur in the performance of or compliance with any term contained in this Agreement or the other Loan Documents and such default is not remedied or waived within thirty (30) days after receipt by Borrower of notice from Lender of such default (other than occurrences described in other provisions of this Section 9.1 for which a different grace or cure period is specified or which constitute immediate Events of Default); provided, however, that (i) if such default cannot be remedied with reasonably diligent effort within a period of thirty (30) days, but is susceptible to cure within a period of one hundred twenty (120) days and (ii) the continued default in performance will not have a Material Adverse Effect, such longer period, not to exceed ninety (90) additional days, as Borrower may need to remedy such default, if Borrower is proceeding with diligent effort to remedy such default throughout said one hundred twenty (120)-day period. The rights to notice and cure periods granted herein shall not be cumulative with any other rights to notice or a cure period in any other Loan Document and the giving of notice or a cure period pursuant to this section shall satisfy any and all obligations of Lender to grant any such notice or cure period pursuant to any of the Loan Documents.

(E) **Involuntary Bankruptcy; Appointment of Receiver, etc**. (1) A court enters a decree or order for relief with respect to Borrower, Carveout Guarantor or Borrower Representative in an involuntary case under the Bankruptcy Code or any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, which decree or order is not stayed or other similar relief is not granted under any applicable federal or state law; or (2) the continuance of any of the following events for sixty (60) days unless dismissed, bonded or discharged: (a) an involuntary case is commenced against any Borrower, Borrower Representative or Carveout Guarantor under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; or (b) a decree or order of a court for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over Borrower, Borrower Representative or Carveout Guarantor or over all or a substantial part of its property, is entered; or (c) an interim receiver, trustee or other custodian is appointed without the consent of Borrower, Borrower Representative or Carveout Guarantor for all or a substantial part of the property of Borrower, Borrower Representative or Carveout Guarantor; or

(F) **Voluntary Bankruptcy; Appointment of Receiver, etc**. (1) An order for relief is entered with respect to and at the request of Borrower, Borrower Representative or Carveout Guarantor or Borrower, Borrower Representative or Carveout Guarantor commences a voluntary case under the Bankruptcy Code or any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case or to the conversion of an involuntary case to a voluntary case under any such law or consents to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property; or (2) Borrower, Borrower Representative or Carveout Guarantor makes any assignment for the benefit of creditors; or (3) partners, shareholders, or members in Borrower, Borrower Representative or Carveout Guarantor adopts any resolution or otherwise authorizes action to approve any of the actions referred to in this Section 9.1(F); or

(G) **Governmental Liens**. Any lien, levy or assessment is filed or recorded with respect to or otherwise imposed upon all or any part of the Mortgaged Property by any Governmental Authority (other than Permitted Encumbrances) and such lien, levy or assessment is not stayed, vacated, paid, discharged or insured or bonded over within thirty (30) days;

(H) **Judgment and Attachments**. Any money judgment, writ or warrant of attachment, or similar process (other than those described in Section 9.1(G)) involving (1) an amount in any individual case in excess of $500,000 or (2) an amount in the aggregate at any time in excess of $500,000 (in either case not adequately covered by insurance as to which the insurance company has acknowledged coverage) is entered or filed against Borrower or Borrower Representative and remains undischarged, unvacated, unbonded, uninsured or unstayed for a period of thirty (30) days or in any event later than five (5) days prior to the date of any proposed sale thereunder;

(I) **Dissolution**. Any order, judgment or decree is entered against Borrower, Borrower Representative or Carveout Guarantor decreeing the dissolution or split up of Borrower, Borrower Representative or Carveout Guarantor and such order remains undischarged or unstayed for a period in excess of twenty (20) days; or

(J) **Injunction**. Either (i) Borrower or Carveout Guarantor is enjoined, restrained or in any way prevented by the order of any court or any administrative or regulatory agency from conducting all or any material part of its business relating to the Mortgaged Property and such order continues for more than thirty (30) days; or (ii) any order or decree is entered by any court of competent jurisdiction directly or indirectly enjoining or prohibiting Lender, Borrower or Carveout Guarantor from performing any of their obligations under this Agreement or any of the other Loan Documents; or

(K) **Invalidity of Loan Documents**. Any of the Loan Documents for any reason, other than a partial or full release in accordance with the terms of the Loan Documents, ceases to be in full force and effect or is declared to be null and void by a court of competent jurisdiction, or any of Borrower or Carveout Guarantor denies that it has any further liability under any Loan Documents to which it is party, or gives notice to such effect; or

(L) **Master Lease**. The Master Lease is terminated, cancelled, amended, modified or assigned without Lender's prior written consent; or

(M) **Master Lease Default**. A default by Borrower or Carveout Guarantor under the Master Lease, which default continues beyond any applicable grace or cure period provided thereunder; or

(N) **Event of Default**. The occurrence of an Event of Default specified elsewhere in this Agreement or in any of the other Loan Documents or the occurrence of a Default by Carveout Guarantor under the Carveout Guaranty; or

(O) **Cross-Default**. With respect to Borrower or Carveout Guarantor, the occurrence of the acceleration of any Permitted Indebtedness in the aggregate amount of [*] or more; or the occurrence of a default or breach under any Material Contracts not cured within any applicable grace period or the loss or termination of any Proprietary Rights which could have a Material Adverse Effect; or

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

(P) **Intentionally Omitted**.

(Q) **Intentionally Omitted**.

(R) **Single Purpose Entity**. Any violation of the covenants contained in Section 7.13 hereof

(S) **Intentionally Omitted**.

(T) **Zoning**. The Land and Improvements or any portion thereof are rezoned voluntarily by Borrower, so as to no longer permit the Land and Improvements or any portion thereof to be used for the uses set forth in Section 7.8; or

(U) **Prescribed Laws**. If the Borrower or Mortgaged Property fails to comply with any covenants, with respect to Prescribed Laws as provided in Section 5.10; or

(V) **Intentionally Omitted**.

(W) **Intentionally Omitted**.

(X) **Base Building Improvements**. Failure of Borrower to comply with Section 5.23 hereof and complete the Base Building Improvements by the Required Completion Date.

9.2 Acceleration and Remedies. Upon the occurrence of any Event of Default specified in Sections 9.1(E) and 9.1(F), payment of all Obligations shall be accelerated without notice, presentment, demand, protest or notice of protest and shall be immediately due and payable and, in addition, Lender may in addition to any other rights and remedies available to Lender at law or in equity or under any other Loan Documents, exercise one of more of the following rights and remedies as it, in its sole discretion, deems necessary or advisable. Upon the occurrence of any Event of Default (other than Events of Default specified in Sections 9.1(E) and 9.1(F)), Lender, in addition to any other rights or remedies available to Lender at law or in equity, or under any of the other Loan Documents, may exercise any one or more of the following rights and remedies as it, in its sole discretion, deems necessary or desirable:

(a) **Acceleration**. Declare immediately due and payable, without further notice, protest, presentment, notice of protest or demand, all Obligations including all monies advanced under this Agreement, the Note, the Mortgage and/or any of the Loan Documents which are then unpaid, together with all interest then accrued thereon and all other amounts then owing (including any Default Interest, or prepayment premium owed as a result of such acceleration). If payment of the Obligations is accelerated, Lender may, in its sole discretion, exercise all rights and remedies hereunder and under the Note, the Mortgage and/or any of the other Loan Documents at law, in equity or otherwise.

(b) **Possession**. Enter upon and take possession of the Mortgaged Property and proceed in the name of Lender or Borrower as the attorney-in-fact of Borrower (which authority is hereby granted by Borrower, is coupled with an interest, and is irrevocable), as Lender shall elect. If Lender elects to so enter upon and take possession of the Mortgaged Property, Lender (i) may enforce or cancel all contracts entered into by Borrower or make other contracts which

are in Lender's sole opinion advisable and (ii) shall be reimbursed by Borrower upon demand any reasonable amount or amounts expended by Lender for such performance together with any reasonable costs, charges, or expenses incident thereto or otherwise incurred or expended by Lender or its representatives (including an appraisal) on behalf of Borrower in connection with the Mortgaged Property, and the amounts so expended shall be considered part of the Loan evidenced by the Note and secured by the Loan Documents and shall bear interest at the Default Rate.

(c) **Intentionally Omitted**.

(d) **Injunctive Relief**. Institute appropriate proceedings for injunctive relief (including specific performance of the obligations of Borrower).

(e) **Accounts**. Release all funds contained in the Accounts to be applied to Borrower's Obligations in accordance with the terms of this Agreement.

9.3 Remedies Cumulative; Waivers; Reasonable Charges. All of the remedies given to Lender in the Loan Documents or otherwise available at law or in equity to Lender shall be cumulative and may be exercised separately, successively or concurrently. Failure to exercise any one of the remedies herein provided shall not constitute a waiver thereof by Lender, nor shall the use of any such remedies prevent the subsequent or concurrent resort to any other remedy or remedies vested in Lender by the Loan Documents or at law or in equity. To be effective, any waiver by Lender must be in writing and such waiver shall be limited in its effect to the condition or default specified therein, and no such waiver shall extend to any subsequent condition or default. It is agreed that (i) the actual costs and damages that Lender would suffer by reason of an Event of Default (exclusive of the attorneys' fees and other costs incurred in connection with enforcement of Lender's rights under the Loan Documents) or a prepayment would be difficult and needlessly expensive to calculate and establish, and (ii) the amounts of the Default Rate, the Late Charge, payments to be made pursuant to Section 2.4(C)(ii) and the Prepayment Premium are reasonable, taking into consideration the circumstances known to the parties at this time, and (iii) the Default Rate, the Late Charges and Lender's reasonable attorneys' fees and other costs and expenses incurred in connection with enforcement of Lender's rights under the Loan Documents shall be due and payable as provided herein, and (iv) the Default Rate, Late Charges, Prepayment Premium, the payments to be made pursuant to Section 2.4(C)(ii) and the obligation to pay Lender's reasonable attorneys' fees and other enforcement costs do not, individually or collectively, constitute a penalty.

SECTION 10
SECONDARY MARKET TRANSACTION

10.1 Secondary Market Transaction. Borrower agrees that Lender has the absolute right to securitize, syndicate, grant participations in, or otherwise Transfer all or any portion of the Loan (each such transaction, a "**Securitization**"). Lender may determine to Transfer some or all of the Loan or retain title to some or all of the Loan as part of a Securitization. Borrower further agrees that Lender may delegate any or all of Lender's rights, powers and privileges to a servicer ("**Servicer**") at no cost to Borrower and Borrower shall, upon notice from Lender, recognize the Servicer as the agent of Lender. In the event this Loan becomes or is designated by Lender to

become an asset of a Securitization, upon Lender's request, Borrower shall meet, from time to time, with representatives of the Rating Agencies in connection with such a Securitization to discuss the business and operations of the Mortgaged Property and, in that regard, agrees to cooperate with the reasonable requests of the Rating Agencies including delivering any existing environmental materials relating to the Mortgaged Property in Borrower's possession. Lender at its sole cost and expense may retain the Rating Agencies to provide rating surveillance services on any certificates issued in a Securitization. In no event shall Borrower be required to pay any servicer fees, Securitization trustee fees or other Securitization administrative expenses except as may be expressly provided in this Agreement. Borrower shall, upon request from Lender, from time to time, cooperate, and Borrower shall, cause Carveout Guarantor and Borrower Representative to cooperate, in all reasonable respects in connection with a Securitization. Such cooperation may, in Lender's discretion, include documentation changes, changes in organizational documents, changes in Accounts, Reserves, Payment Dates, interest accrual periods, insurance endorsement changes, tenant payment direction changes, site inspections, updated appraisals, preparation and delivery of financial information or other diligence requested by Lender and/or any Rating Agency, execution of one or more promissory notes and the creation of Liens securing such notes of differing priority and/or the creation of mezzanine debt secured by pledges of all of the membership interests in the Borrower so long as the principal amount, interest rate, payment terms and other monetary terms of the Loan do not, in the aggregate change so long as none of the foregoing shall materially and adversely impact the financial position, operations of Borrower, Borrower Representative or Carveout Guarantor (in which case Borrower's refusal to cooperate with any of the foregoing shall be deemed reasonable). None of Borrower, Carveout Guarantor or Borrower Representative will be required to incur more than *de minimis* expenses or costs pursuant to this Section 10.1, except to the extent Borrower is otherwise obligated under the Loan Documents to pay such costs and expenses. Borrower will, upon request from Lender, in connection with a Securitization, enter into such acknowledgments and confirmations of the applicable assignments as Lender may reasonably request. Borrower shall, subject to the terms and provisions of this Section 10.1, use reasonable efforts to satisfy the market standards which Lender determines are reasonably required in the marketplace or by the Rating Agencies in connection with a Securitization. Borrower will not, pursuant to any of the provisions of this Section 10.1, incur, suffer or accept (except to a *de minimis* extent) (i) any lesser rights or greater obligations as are currently set forth in the Loan Documents or Borrower's Organizational Documents (unless Borrower is made whole by the holder of the Note) or (ii) subject to Section 11.13 hereof, any personal liability other than as set forth in the Loan Documents. Borrower will also, if requested by Lender and to the extent such an opinion letter can be reasonably issued by counsel reasonably acceptable to Borrower and Lender, cause independent counsel to render opinions customary in securitization transactions with respect to the Mortgaged Property and Borrower and its Affiliates (but not a true sale or 10b 5 opinion), including a Nonconsolidation Opinion, at Lender's sole cost and expense, which counsel and opinions shall be reasonably satisfactory to Lender and the Rating Agencies and which shall be addressed to such Persons as shall be reasonably designated by the holder of the Note. Borrower's failure to deliver the opinions (to the extent within its control) required hereby within ten (10) Business Days after written request therefore shall constitute an Event of Default hereunder. If requested by Lender, Borrower's cooperation will also include (but subject to Section 11.13) certifications and agreements pursuant to which Borrower will certify that it has examined the portion of applicable preliminary and final private placement

memorandum or preliminary, final and supplement or prospectus specified by Lender as pertaining to Borrower, the Loan, Carveout Guarantor, Borrower's Affiliates, and the Mortgaged Property, and that each such designated portion, as it relates to Borrower, Carveout Guarantor, Borrower's Affiliates, the Mortgaged Property and all other aspects of the Loan, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. Such agreement may, if requested by Lender, require Borrower to indemnify, defend, protect and hold harmless Lender and other Persons designated by Lender from and against any losses, claims, damages, liabilities, costs and expenses that arise out of or are based upon any untrue statement of any material fact contained in the reviewed portions of the documents or other information or documents prepared by Borrower, Carveout Guarantor or their Affiliates and provided to Lender or in any representation or warranty of Borrower or Carveout Guarantor contained in the Loan Documents or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated in such information or necessary in order to make the statements in such information not materially misleading. Notwithstanding anything in the foregoing to the contrary, at Lender's request in connection with a Securitization, Borrower shall, take all reasonable efforts to, (i) to ensure that its organizational structure and organizations documents are reasonably satisfactory to the Rating Agents (including, without limitation, the addition of industry standard bankruptcy remote covenants in the organizational documents of Borrower and an Intermediate Borrower Entity, including, without limitation, the addition of two (2) independent directors at the Borrower and/or Intermediate Borrower Entity level); and (ii) commence delivering its financial statements for Borrower and any Special Purpose Bankruptcy Remote Entity, including, without limitation, any Intermediate Borrower Entity, on a non-consolidated basis. Any change in such structure, including, without limitation, the introduction of an Intermediate Borrower Entity, shall be subject to Borrower's reasonable approval, taking into account the overall structure of the Carveout Guarantor and its subsidiaries and other obligations that may be applicable to such entities. If an Intermediate Borrower Entity is requested by Lender to serve as the corporate member of Borrower in connection with a Securitization, Borrower shall promptly make all reasonable efforts to implement such request, which Intermediate Borrower Entity shall from that point forward comply with then current Rating Agency requirements.

SECTION 11
MISCELLANEOUS

11.1 Expenses and Attorneys' Fees. Whether or not the transactions contemplated hereby shall be consummated, Borrower agrees to promptly pay all fees, costs and expenses (including reasonable attorneys' fees, court costs, cost of appeal and the reasonable fees, costs and expenses of other professionals retained by Lender) incurred by Lender in connection with the following, and all such fees, costs and expenses shall be part of the Obligations, payable on demand: (A) the examination, review, due diligence investigation, documentation and closing of the financing arrangements evidenced by the Loan Documents including fees and costs for the Environmental Report, and the Physical Conditions Report; (B) the giving or withholding of any consents, approvals, or permissions, disbursements of the Loan and disbursements from the Accounts and in connection with any amendments, modifications and waivers relating to the Loan Documents requested by Borrower; (C) the review, documentation, negotiation and closing of any subordination or intercreditor agreements, Lease reviews, and subordination, nondisturbance and

attornment agreements; and (D) enforcement of this Agreement or the other Loan Documents, the collection of any payments due from Borrower or Carveout Guarantor under the Loan Documents or any refinancing or restructuring of the credit arrangements provided under the Loan Document, whether in the nature of a "workout" or in connection with any insolvency or bankruptcy proceedings or otherwise.

11.2 Certain Lender Matters. Lender may, in accordance with Lender' customary practices, destroy or otherwise dispose of all documents, schedules, invoices or other papers, delivered by Borrower to Lender unless Borrower requests, at the time of delivery, in writing that same be returned. Borrower and Lender intend that the relationships created hereunder and under the other Loan Documents be solely that of borrower and lender. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between Borrower and Lender nor to grant Lender any interest in the Mortgaged Property other than that of mortgagee, beneficiary or lender. No provision in this Agreement or in any of the other Loan Documents and no course of dealing between the parties shall be deemed to create any fiduciary duty by Lender to Borrower or any other Person. All attorneys, accountants, appraisers, and other professional Persons and consultants retained by Lender shall have the right to act exclusively in the interest of Lender and shall have no duty of loyalty, duty of care or any other duty to Borrower or any of Borrower's partners, shareholders, members, managers, Affiliates or any other Person. By accepting or approving anything required to be observed, performed or fulfilled or to be given to Lender pursuant to the Loan Documents, Lender shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or representation with respect hereto or thereto by Lender. Borrower shall rely solely on its own judgment and advisors in entering into the Loan without relying in any manner on any statements, representations or recommendations of Lender or any parent, subsidiary or Affiliate of Lender or their respective attorneys, advisors, accountants, officers, representatives, directors, employees, partners, shareholders, trustees, members or managers. Lender shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under any of the Loan Documents or any other agreements or instruments which govern the Loan by virtue of the ownership by it or any parent, subsidiary or Affiliate of Lender of any equity interest any of them may acquire in Borrower, and Borrower hereby irrevocably waives the right to raise any defense or take any action on the basis of the foregoing with respect to Lender's exercise of any such rights or remedies. Borrower acknowledges that Lender engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse to or competitive with the business of Borrower or its Affiliates. LENDER SHALL HAVE NO LIABILITY HEREUNDER FOR ANY CONSEQUENTIAL, SPECIAL, PUNITIVE OR INDIRECT DAMAGES. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting Borrower or Borrower Representative or Carveout Guarantor, or their respective creditors or property, Lender, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Lender allowed in such proceedings for the entire secured Obligations at the date of the institution of such proceedings and for any additional amount which may become due and payable by Borrower after such date. Lender shall have the right from time to time to designate, appoint and replace one or more servicers at Lender's sole cost and expense and to allow servicer to exercise any and all rights of Lender

under the Loan Documents. All documents and other matters required by any of the provisions of this Agreement to be submitted or provided to Lender shall be in form and substance satisfactory to Lender. Borrower shall not be entitled to (and does hereby waive any and all rights to receive) any notices of any nature whatsoever from Lender except with respect to matters for which Legal Requirements or the Loan Documents expressly provide for the giving of notice by Lender to Borrower. In any action or proceeding brought by Borrower against Lender claiming or based upon an allegation that Lender unreasonably withheld its consent to or approval of a proposed act by Borrower which requires Lender's consent hereunder, Borrower's sole and exclusive remedy in said action or proceeding shall be declaratory judgment, injunctive relief or specific performance requiring Lender to grant such consent or approval.

11.3 Indemnity. In addition to the payment of expenses pursuant to Section 11.1 and the indemnification obligations set forth in other portions of this Agreement, the Environmental Indemnification Agreement or the other Loan Documents, whether or not the transactions contemplated hereby shall be consummated, Borrower agrees to indemnify, pay, defend and hold Lender, its officers, directors, members, partners, shareholders, participants, beneficiaries, trustees, employees, agents, successors and assigns, any subsequent holder of the Note, any trustee, fiscal agent, servicer, underwriter and placement agent, (collectively, the "**Indemnitees**") harmless from and against any and all liabilities (except for income taxes, or franchise taxes imposed in lieu of income taxes, imposed generally by federal, state or local taxing authorities with respect to interest or commitment or other fees payable hereunder or changes in the rate of interest or tax on the overall income of Lender, taxes that are not directly attributable to the Loan and any "doing business" taxes, however denominated, charged by any Governmental Authority, as set forth in Section 2.6), obligations, losses, damages, penalties, actions, judgments, causes of action, suits, claims, tax liabilities, broker's or finders fees, costs, expenses and disbursements of any kind or nature whatsoever (including the fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitee shall be designated a party thereto) that may be imposed on, incurred by, or asserted against that Indemnitee, based upon any third party claims against such Indemnitees in any manner related to or arising out of (A) any breach by Borrower or Carveout Guarantor of any representation, warranty, covenant, or other agreement contained in any of the Loan Documents or certificates provided pursuant to the Loan Documents, (B) the actual or threatened presence, release, disposal, spill, escape, leakage, transportation, migration, seepage, discharge, removal, or cleanup of any Hazardous Material located on, about, within, under, affecting, from or onto the Mortgaged Property or any violation of any applicable Environmental Law by Borrower or the Mortgaged Property, or (C) the use or intended use of the proceeds of any of the Loan (the foregoing liabilities herein collectively referred to as the "**Indemnified Liabilities**"); provided that Borrower shall have no obligation to an Indemnitee hereunder with respect to Indemnified Liabilities arising from the gross negligence or willful misconduct of that Indemnitee as determined in a final order by a court of competent jurisdiction. Borrower shall be relieved of its obligation under clause (B) of this Section 11.3 with respect to Hazardous Materials first introduced to the Land and Improvements after either (1) the foreclosure of the Mortgage or (2) the delivery by Borrower to, and acceptance by, Lender or its designee of a deed-in-lieu of foreclosure with respect to the Mortgaged Property. To the extent that the undertaking to indemnify, pay, defend and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, Borrower shall contribute the maximum portion that it is permitted to pay

and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by the Indemnitees or any of them. If any such action or other proceeding shall be brought against Lender, upon written notice from Borrower to Lender (given reasonably promptly following Lender's notice to Borrower of such action or proceeding), Borrower shall be entitled to assume the defense thereof, at Borrower's expense, with counsel reasonably acceptable to Lender; provided, however, Lender may, at its own expense, retain separate counsel to participate in such defense, but such participation shall not be deemed to give Lender a right to control such defense, which right Borrower expressly retains. Notwithstanding the foregoing, each Indemnitee shall, following notice to and consultation with Borrower, have the right to employ separate counsel at Borrower's expense if, in the reasonable opinion of legal counsel, a conflict or potential conflict exists between the Indemnitee and Borrower that would make such separate representation advisable. Borrower shall have no obligation to indemnify an Indemnitee for damage or loss resulting from such Indemnitee's gross negligence or willful misconduct.

11.4 Amendments and Waivers. Except as otherwise provided herein, no amendment, modification, termination or waiver of any provision of this Agreement, the Note or any other Loan Document, or consent to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by Lender (and, with respect to any amendment or modification, unless also signed by Borrower). Each amendment, modification, termination or waiver shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on Borrower in any case shall entitle Borrower, or any other Person to any other or further notice or demand in similar or other circumstances. To the fullest extent permitted by law, Borrower, for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's partners or members and others with interests in Borrower, and of the Mortgaged Property, or to a sale in inverse order of alienation in the event of foreclosure of all or any of the Mortgage, and agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Mortgaged Property for the collection of the obligations without any prior or different resort for collection or of the right of Lender to the payment of the obligations owing Lender on account of the Loan Documents out of the net proceeds of the Mortgaged Property in preference to every other claimant whatsoever. In addition, Borrower, for itself and its successors and assigns, waives in the event of foreclosure of the Mortgage, any equitable right otherwise available to Borrower which would require the separate sale of any of any portion of the Mortgaged Property or require Lender to exhaust its remedies against any portion of the Mortgaged Property or any combination of the Mortgaged Property before proceeding against any other portion; and further in the event of such foreclosure, Borrower expressly consents to and authorizes, at the option of Lender, the foreclosure and sale either separately of all or any portion of the Mortgaged Property. Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lender or its agents. No failure or delay on the part of Lender or any holder of any Note in the exercise of any power, right or privilege hereunder or under the Note or any other Loan Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. All rights and remedies existing under

this Agreement, the Note and the other Loan Documents are cumulative to, and not exclusive of, any rights or remedies otherwise available. Lender shall not be under any obligation to marshal any assets in favor of any Person or against or in payment of any or all of the Obligations. To the extent that any Person makes a payment or payments to Lender, or Lender enforces its remedies or exercise its rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such recovery, the Obligations or part thereof originally intended to be satisfied, and all Liens, if any, rights and remedies therefore, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred. Borrower agrees (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury or other law wherever enacted, now or at any time hereafter in force, which would prohibit or forgive Borrower from paying all or any portion of the principal of, premium, if any, or interest on Loan contemplated herein or in any of the other Loan Documents or which may affect the covenants or the performance of this Agreement; and Borrower (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the holders, but will suffer and permit the execution of every such power as though no such law had been enacted.

11.5 Notices. Unless otherwise specifically provided herein, any notice or other communication required or permitted to be given shall be in writing addressed to the respective party as set forth below and may be personally served, telecopied (with request for confirmation) or sent by overnight courier service or United States registered mail return receipt requested, postage prepaid. Any notice so given shall be deemed effective upon delivery or on refusal or failure of delivery during normal business hours.

Notices shall be addressed to the parties at the addresses as follows:

If to Borrower: Equinix RP II LLC
c/o Equinix Inc.
301 Velocity Way, 5th Floor
Foster City, CA 94404
Attn: Director of Real Estate and General Counsel
E-mail: kmostofizadeh@equinix.com and
bgalvin@equinix.com
Telephone: (650) 513-7000
Fax No.: (650) 513-7909

with a copy to:	Orrick, Herrington & Sutcliffe LLP 405 Howard Street San Francisco, CA 94105 Attn: William G. Murray, Jr. E-mail: wmurray@orrick.com Telephone: (415) 773-5807 Fax No.: (415) 773-5759
If to Lender:	SFT I, Inc. 1114 Avenue of the Americas, 27th Floor New York, NY 10036 Attention: Chief Operating Officer Reference : Loan No. 1267 Telephone: (212) 930-9400 Fax No.: (212) 930-9494
With a copy to:	iStar Financial Inc. 1114 Avenue of the Americas, 27th Floor New York, New York 10036 Attn: Nina B. Matis, Esq./General Counsel Reference : Loan No. 1267 E-Mail: nmatis@istarfinancial.com Telephone: (212) 930-9406 Fax No.: (212) 930-9492
With a copy to:	iStar Asset Services Inc. 180 Glastonbury Blvd., Suite 201 Glastonbury, Connecticut 06033 Attn: President Reference : Loan No. 1267 Telephone: (860) 815-5900 Facsimile: (860) 815-5901
with a copy to:	Katten Muchin Rosenman LLP 1025 Thomas Jefferson Street, N.W. East Lobby – Suite 700 Washington, D.C. 20007 Attention: John D. Muir, Jr., Esq. Telephone: (202) 625-3839 Fax No.: (202) 339-6054

11.6 Survival of Warranties and Certain Agreements. All agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement, the making of the Loan hereunder and the execution and delivery of the Notes. Notwithstanding anything in this Agreement or implied by law to the contrary, the provisions of Sections 2.6, 5.8, 11.1, 11.2, 11.3, 11.13 and 11.15 shall survive the payment of the Loan and the termination of this

Agreement. Subject to this Section 11.6, all other representations, warranties and agreements of Borrower and Lender set forth in this Agreement shall terminate upon indefeasible payment in full of the Loan and the termination of this Agreement.

11.7 Miscellaneous. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect. All covenants and agreements hereunder shall be given in any jurisdiction independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists. The invalidity, illegality or unenforceability in any jurisdiction of any provision in or obligation under this Agreement, the Note or other Loan Documents shall not affect or impair the validity, legality or enforceability of the remaining provisions or obligations under this Agreement, the Note or other Loan Documents or of such provision or obligation in any other jurisdiction. This Agreement is made for the sole benefit of Borrower and Lender and, solely to the extent set forth in Section 11.12, Carveout Guarantor, and no other Person shall be deemed to have any privity of contract hereunder nor any right to rely hereon to any extent or for any purpose whatsoever, nor shall any other person have any right of action of any kind hereon or be deemed to be a third party beneficiary hereunder. This Agreement, the Note, and the other Loan Documents referred to herein embody the final, entire agreement among the parties hereto and supersede any and all prior commitments, agreements, representations, and understandings, whether written or oral, relating to the subject matter hereof and may not be contradicted or varied by evidence of prior, contemporaneous, or subsequent oral agreements or discussions of the parties hereto. There are no oral agreements among the parties hereto. Borrower and Lender acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement and the other Loan Documents with its legal counsel and that this Agreement and the other Loan Documents shall be construed as if jointly drafted by Borrower and Lender. If any term, condition or provision of this Agreement shall be inconsistent with any term, condition or provision of any other Loan Document, this Agreement shall control. This Agreement and any amendments, waivers, consents, or supplements may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto. Upon indefeasible payment and performance in full of the Borrower's Obligations, the Lender shall, at the sole cost and expense of the Borrower, release the Mortgage and the other Liens securing the Borrower's Obligations.

11.8 APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

11.9 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that Borrower may not assign its rights or obligations hereunder or under any of the other Loan Documents without the written consent of Lender. Any assignee of Lender's interest in the Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to the Loan Documents which Borrower may otherwise have against any assignor of the Loan Documents.

11.10 CONSENT TO JURISDICTION AND SERVICE OF PROCESS. BORROWER HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF NEW YORK, STATE OF NEW YORK AND IRREVOCABLY AGREES THAT, SUBJECT TO LENDER'S ELECTION, ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS SHALL BE LITIGATED IN SUCH COURTS. BORROWER ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS MORTGAGED PROPERTY, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT, THE NOTE, SUCH OTHER LOAN DOCUMENTS OR SUCH OBLIGATION.

11.11 WAIVER OF JURY TRIAL. BORROWER AND LENDER HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE LOAN DOCUMENTS, OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION AND LENDER/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED. BORROWER AND LENDER ALSO WAIVE ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF BORROWER OR LENDER. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. BORROWER AND LENDER ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. BORROWER AND LENDER FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, THE LOAN DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOAN. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

11.12 Publicity. Lender (and Lender's Affiliates) may and Borrower does hereby authorize Lender (and its Affiliates) to, refer, in its sole discretion, to the Loan from time to time, in tombstone and other advertisements, offering memoranda in connection with Securitizations, press releases and other releases of information to members of the public, reports to investors and in other media, which references, may include a description of the Loan (including the stated principal amount) and use of Borrower's name and the logo of Borrower, Carveout Guarantor and/or their Affiliates and which references may be reproduced and distributed, electronically or otherwise, from time to time. Lender hereby agrees that, without the prior written consent of Borrower, any written information (or oral information to the extent it is described as confidential at the time of disclosure) relating to Borrower which is provided to Lender in connection with the making of the Loan which is either confidential, proprietary, or otherwise not generally available to the public (but excluding information Lender has obtained independently from third-party sources without Lender's knowledge that the source has violated any fiduciary or other duty not to disclose such information) and which has been expressly designated as such by notice to Lender from Borrower (the "**Confidential Information**"), will be kept confidential by Lender, using the same standard of care in safeguarding the Confidential Information as Lender employs in protecting its own proprietary information which Lender desires not to disseminate or publish. Notwithstanding the foregoing, Confidential Information may be disseminated (a) pursuant to the requirements of applicable law, (b) pursuant to judicial process, administrative agency process or order of Governmental Authority, (c) in connection with litigation, arbitration proceedings or administrative proceedings before or by any Governmental Authority or stock exchange, (d) to Lender's attorneys, accountants, advisors and actual or prospective financing sources who will be instructed to comply with this Section 11.12, (e) to the Rating Agencies, who will be requested to comply with this Section 11.12, (f) to actual or prospective trustees, assignees, pledgees, participants, agents, servicers, or securities holders in a Securitization who shall be instructed to comply with this Section 11.12, and (g) pursuant to the requirements or rules of a stock exchange or stock trading system on which the Securities of Lender or its Affiliates may be listed or traded. Notwithstanding the foregoing, in each of the cases set forth in Sections 11.12 (a) through (g) above, Lender shall endeavor to use its best efforts to notify all parties of the confidential nature of the information and instruct such parties to maintain the confidentiality of such information. In addition, notwithstanding any other provision, any party (and its employee, representative or other agent) may disclose to any and all persons, without limitation of any kind, any information with respect to the tax treatment and tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such tax treatment and tax structure. Lender acknowledges and agrees that Carveout Guarantor is a third party beneficiary of Lender's agreement with respect to Confidential Information set forth in this Section. For purposes of this Section 11.12, Confidential Information will not be deemed to include the Loan amount and the other terms, conditions and provisions of the Loan Documents (except that all exhibits shall be deemed Confidential Information), the name of Borrower and Carveout Guarantor, the logo of Borrower, Carveout Guarantor and/or their Affiliates. Borrower and Carveout Guarantor hereby grant Lender a non-exclusive license to use Borrower's and Carveout Guarantor's logo solely for the purpose specified in this Section 11.12. Borrower agrees that Lender's (and Lender's Affiliates') use, reproduction and dissemination of Borrower's name and logo in connection with disclosures required by the Loan Documents shall not cause any copyright infringements.

11.13 Borrower Recourse Liability. (A) Except as provided in the Environmental Indemnity Agreement and the Carveout Guaranty, Borrower shall not have any personal recourse liability for Obligations incurred under this Agreement, the Note or any of the other Loan Documents and no deficiency judgment therefore shall be enforced against the personal assets of Borrower other than the Mortgaged Property, the other Collateral and the proceeds of the Mortgaged Property and other Collateral. Notwithstanding the foregoing, a judgment may be sought, obtained, entered and enforced against Borrower to the extent necessary to preserve or enforce the rights and remedies of Lender in, to or against the collateral and security provided under the Loan Documents, and nothing contained in this Section 11.13 shall be construed to limit, prejudice or impair the rights of Lender to enforce its rights and remedies against any real and personal property mortgaged, pledged, encumbered, assigned or granted to secure payment or performance under this Agreement, the Note and/or the other Loan Documents. Notwithstanding anything to the contrary herein or elsewhere, the foregoing limitation on personal liability shall be null, void and of no force and effect, and Borrower shall be personally liable for payment and performance of the Obligations in the event of the occurrence of any of the following: (a) Borrower or Borrower Representative shall file or institute any petition, case or proceeding under the Bankruptcy Code; (b) Carveout Guarantor, Borrower Representative or any Affiliate of Borrower shall file or initiate any involuntary petition, case or proceeding against Borrower or Borrower Representative under the Bankruptcy Code; (c) Borrower, Carveout Guarantor, Borrower Representative or any Affiliate of Borrower shall arrange, solicit, induce, finance or collude with others in the filing of any involuntary petition, case or proceeding against Borrower or Borrower Representative under the Bankruptcy Code; (d) an involuntary petition, case or proceeding is filed against Borrower under the Bankruptcy Code and Borrower fails to file a motion to dismiss (together with any ancillary filings or briefs customarily filed therewith) such proceeding within ninety (90) days after the commencement of the proceeding; or (e) the occurrence of any Default with respect to Section 7.11.

(A) Nothing in this Agreement or the other Loan Documents shall be construed or deemed to release any Person from liability arising out of such Person's fraud or to limit the rights and remedies of Lender, either at law or in equity, for (1) injunctive or declaratory relief, (2) rights to recover on account of fraudulent conveyances, fraudulent transfers, preferences, or other laws which would operate to protect Lender against Borrower's or any other Person's dissipation of assets to avoid obligations under the Loan Documents (whether under the Bankruptcy Code or other applicable laws), (3) rights to seek penalties or sanctions under applicable judicial rules and statutes governing the conduct of litigation, and (4) rights and remedies for criminal conduct in relation to Lender, the Loan or the security for the Loan. Notwithstanding Section 11.13 (A), Borrower shall be personally liable for and does hereby agree to pay, protect, defend and save Lender harmless from and against, and hereby indemnifies Lender from and against any and all liabilities, obligations, losses, damages, costs and expenses (including reasonable attorneys' fees, court costs and costs of appeal), causes of action, suits, claims, demands and judgments of any nature of description whatsoever (collectively, "Costs") which may at any time be imposed upon, incurred or suffered by or awarded against Lender as a result of: (a) Proceeds paid to, or upon the order of, Borrower or its Affiliates under any insurance policies (or paid as a result of any other claim or cause of action against any person or entity) by reason of damage, loss or destruction to all or any portion of the Mortgaged Property, to the full extent of such Proceeds not previously delivered to Lender, but which, under the terms of the Loan Documents, should have been delivered to Lender; (b) Proceeds resulting from the

condemnation or other taking in lieu of condemnation of all or any portion of the Mortgaged Property, or any of them, to the full extent of such Proceeds paid to, or upon the order of, Borrower or its Affiliates and not previously delivered to Lender, but which, under the terms of the Loan Documents, should have been delivered to Lender; (c) tenant security deposits or other refundable deposits or letters of credit paid to or held by Borrower, its Affiliates or its members, partners, officers and agents in connection with Leases of all or any portion of the Mortgaged Property which are not applied in accordance with the terms of the applicable Lease or other agreement or paid to, or upon the order of, Lender; (d) Gross Revenues and other payments received from the Master Lessee under the Master Lease paid more than one (1) month in advance; (e) Gross Revenues of all or any portion of the Mortgaged Property (to the extent received by Borrower or its Affiliates) received during or applicable to a period after any written notice of default is given to Borrower from Lender under the Loan Documents in the event of any default by Borrower thereunder which are not either applied to the ordinary and necessary expenses of owning and operating the Mortgaged Property or paid to Lender in accordance with the Loan Documents; (f) damage to the Mortgaged Property as a result of the intentional misconduct or gross negligence of Borrower, its Affiliates or any of their officers, directors, members, managers, or general partners, or any agent, employee or other Person authorized or apparently authorized to act on behalf of Borrower or such persons, or any removal of any of the Mortgaged Property in violation of the terms of the Loan Documents; (g) until such time as Borrower has transferred actual possession and control of the Mortgaged Property to Lender, to a duly appointed receiver of the Mortgaged Property, to a purchaser at a foreclosure sale or to a transferee in lieu of foreclosure, for Borrower's failure to pay (or deposit into reserves held by Lender funds sufficient to pay) any valid taxes, assessments, mechanics' liens, materialmen's liens or other obligations which could create Liens on any portion of the Mortgaged Property which would be superior to the Lien of the Mortgage or the other Loan Documents, to the full extent of the lesser of (i) the amount claimed by any such claimant and (ii) Gross Revenues after (x) with respect to any such taxes or assessments, the commencement of the period covered by such taxes or assessments, and (y) with respect to any such mechanic's liens, materialmen's liens or other Liens, the date of filing thereof, and in the case of clauses (x) and (y) above, not applied to debt service on the Loan or the ordinary and necessary expenses of owning and operating the Mortgaged Property or paid to Lender; (h) failure by Borrower to comply with any obligations and indemnities of Borrower under the Loan Documents relating to Hazardous Materials or Environmental Laws to the full extent of any losses or damages (including those resulting from diminution in value of the Mortgaged Property to the extent actually incurred by Lender) incurred by Lender; (i) fraud or material misrepresentation by Borrower, Borrower Representative or Carveout Guarantor or any of their respective officers, board members, members, managers or partners to the full extent of any losses, damages and expenses of Lender on account thereof; (j) for any amounts paid to Borrower under Leases containing early lease termination options or otherwise paid by tenants in consideration of an early termination of any lease and not delivered to Lender to be held in accordance with the other Loan Documents; (k) for waste to the Mortgaged Property; (l) any judicial, administrative or other action by Borrower, Carveout Guarantor or any of their Affiliates that delays, impairs or interferes with the exercise of Lender's rights and remedies under the Loan Documents; (m) any criminal activity by Borrower or Carveout Guarantor or their respective agents, employees or officer; (n) the occurrence of a Default with respect to Sections 5.4, 7.4, 7.10, 7.12, 7.13, or 7.15; (o) the Master Lease or the collateral assignment of the Master Lease is not enforceable by Lender following an Event of Default; or (p) Master Lessee, Borrower or Carveout Guarantor challenges any enforcement of Lender's remedies in connection therewith or under the Master Lease.

11.14 Performance by Lender/Attorney-in-Fact. In the event that Borrower shall at any time fail to duly and punctually pay, perform, observe or comply with any of its covenants and agreements hereunder or under the other Loan Documents or if any Event of Default hereunder shall exist, then Lender may (but shall in no event be required to) make any such payment or perform any such term, provision, condition, covenant or agreement or cure any such Event of Default. Lender shall not take action under this Section 11.14 prior to the occurrence of an Event of Default unless in Lender's good faith judgment reasonably exercised, such action is necessary or appropriate in order to preserve the value of the Collateral, to protect Persons or property, or Borrower has abandoned the Mortgaged Property or any portion thereof. Lender shall not be obligated to continue any such action having commenced the same and may cease the same without notice to Borrower. Any amounts expended by Lender in connection with such action shall constitute additional advances hereunder, the payment of which is additional Indebtedness, secured by the Loan Documents and shall become due and payable upon demand by Lender, with interest at the Default Rate from the date of disbursement thereof until fully paid. No further direction or authorization from Borrower shall be necessary for such disbursements. The execution of this Agreement by Borrower shall and hereby does constitute an irrevocable direction and authorization to Lender to so disburse such funds. Borrower hereby irrevocably appoints Lender, as its attorney-in-fact, coupled with an interest, with full authority in the place and stead of Borrower and in the name of Borrower or otherwise (A) during the existence of an Event of Default in the discretion of Lender, to take any action and to execute any instrument which Lender may deem necessary to accomplish the purpose of this Agreement or any other Loan Document, including the following: (i) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for monies due and to become due under or in respect of the Accounts and/or any of the Loan Account Collateral; (ii) to receive, endorse, and collect (a) any Gross Revenues, (b) any instruments made payable to any Borrower representing any dividend, payment of principal, interest, redemption price, purchase price or other distribution or payment in respect of any Loan Account Collateral, or (c) any other instruments, documents and chattel paper received in connection with this Agreement or any other Loan Document; and (iii) to file any claims, or take any action or institute any proceedings which Lender shall deem necessary or desirable for the collection of any Gross Revenues in the event that Borrower shall fail to do so, or otherwise to enforce the rights of Lender with respect to this Agreement; (B) to execute and/or file, without the signature of Borrower any Uniform Commercial Code financing statements, continuation statements, or other filing, and any amendment thereof, relating to the Loan Account Collateral; (C) to give notice to any third parties which may be required to perfect Lender's security interest in the Loan Account Collateral; and (D) during the existence of an Event of Default, to register, purchase, sell, assign, transfer, pledge or take any other action with respect to any Loan Account Collateral in accordance with this Agreement or any Loan Document. Lender shall notify Borrower of Lender's taking of any action as attorney-in-fact, or otherwise in Borrower's name, pursuant to the provisions of this Section.

11.15 Brokerage Claims. Borrower shall protect, defend, indemnify and hold Lender harmless from and against all loss, cost, liability and expense incurred as a result of any claim for a broker's or finder's fee against Lender or any Person, in connection with the transaction herein

contemplated, provided such claim is made by or arises through or under Borrower or is based in whole or in part upon alleged acts or omissions of Borrower. Lender shall protect, defend, indemnify and hold Borrower harmless from and against all loss, cost, liability and expense incurred as a result of any claim for a broker's or finder's fee against Borrower or any other Person in connection with the transaction herein contemplated other than Broker, provided such claim is made by or arises through or under Lender or is based in whole or in part upon alleged acts or omissions of Lender.

11.16 Agreement. THE RIGHTS AND OBLIGATIONS OF BORROWER AND LENDER SHALL BE DETERMINED SOLELY FROM THIS WRITTEN LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS, AND ANY PRIOR ORAL OR WRITTEN AGREEMENTS BETWEEN LENDER AND BORROWER CONCERNING THE SUBJECT MATTER HEREOF AND OF THE OTHER LOAN DOCUMENTS ARE SUPERSEDED BY AND MERGED INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS MAY NOT BE VARIED BY ANY ORAL AGREEMENTS OR DISCUSSIONS THAT OCCUR BEFORE, CONTEMPORANEOUSLY WITH, OR SUBSEQUENT TO THE EXECUTION OF THIS LOAN AGREEMENT OR THE LOAN DOCUMENTS. THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENTS BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

SECTION 12
PARTIAL RELEASE AND SUBDIVISION

12.1 Conditions to Partial Release. Borrower shall at any time be entitled to a partial release of a portion of the Mortgaged Property in connection with the Transfer of the Release Property (as defined below), subject to the satisfaction of following conditions precedent in a manner satisfactory to the Lender in its sole and absolute discretion (the "**Partial Release Requirements**"):

(A) Delivery to the Lender of not less than thirty (30) days prior written notice of the proposed release requesting that the Lender release a portion of the Mortgaged Property which shall be specifically described in such notice but which in any event shall be limited to Building A and/or Building B (the "**Release Property**") and providing such additional documentation and information as may be necessary for the Lender to consider such request;

(B) No Default or Event of Default shall have occurred and be continuing;

(C) The Borrower shall have delivered to the Lender a certificate executed by an authorized officer of the Borrower certifying in form acceptable to the Lender that each of the representations and warranties of the Borrower, Carveout Guarantor and Borrower Representative contained in the Loan Documents is true, complete and correct in all material respects as of the effective date of the partial release;

(D) The Carveout Guarantor shall have executed and delivered to the Lender a reaffirmation of its obligations under the Carveout Guaranty and the Master Lease in form acceptable to the Lender affirming that the Obligations of the Carveout Guarantor under the Carveout Guaranty and the Master Lease are and shall continue to be in full force and effect;

(E) No event, circumstances or state of facts shall have occurred or exist, or will be likely to occur or exist after the release of the Release Property, resulting in a Material Adverse Effect;

(F) The terms of the Transfer of the Release Property (including, any purchase contract executed by the Borrower) shall be in form and substance reasonably satisfactory to the Lender;

(G) The Transfer and release of the Release Property from the lien of the Mortgage will not violate, and the Remaining Property will not be in violation of, any Legal Requirements, including, without limitation, zoning and subdivision laws;

(H) To the extent Borrower has not satisfied the requirements set forth in Section 5.23 with respect to the Base Building Improvements, the Borrower shall deposit into the Base Building Reserve Account the Net Sales Proceeds from the sale of the Release Property, except to the extent that the Net Sales Proceeds exceed the difference between $40,000,000 and the amount expended on the Base Building Improvements as of the date of such Transfer;

(I) The Release Property will constitute one or more tax lots separate and distinct from the tax lot or lots applicable to the Remaining Property encumbered by the lien of the Mortgage;

(J) The Lender shall have received an updated Survey reflecting the Partial Release in form and substance satisfactory to Lender;

(K) The Lender shall have received an updated title insurance policy or endorsement to its existing title insurance policy reflecting the Partial Release and a continuing first priority lien on the Remaining Property and disclosing no additional exceptions or encumbrances affecting the Mortgaged Property except for the Permitted Exceptions, and otherwise in form and substance acceptable to the Lender;

(L) All necessary easements and shared facility agreements reasonably required by Lender with respect to the Remaining Property are in place;

(M) The Lender shall have received updated legal opinions from counsel satisfactory to the Lender with respect to (i) the due organization and existence of each of the Borrower, the Carveout Guarantor and the Borrower Representative, (ii) the due execution, delivery, authority, and continuing enforceability and perfection (as applicable) of the Mortgage, the Master Lease, this Agreement, the Note, the Carveout Guaranty, the Environmental Indemnity and each of the other Loan Documents after giving effect to the Partial Release, (iii) non-contravention matters, (iv) continued compliance of each of the subdivided parcels with all Laws and Legal Requirements with respect to zoning and use of the Mortgaged Property as an IBX Facility and a Commercial Facility and such Subdivision will not cause any of the Improvements on the

Mortgaged Property to be in violation of any Laws and Legal Requirements, and (v) to the extent applicable, the Subdivision complies with all Laws and Legal Requirements, such opinions shall be in form, scope and substance satisfactory to the Lender and the Lender's counsel in their reasonable discretion;

(N) The Lender shall have received such other documents, certificates, instruments, opinions or assurances as the Lender may reasonably request;

(O) The Borrower shall pay all of the Lender's out-of-pocket costs and expenses incurred by the Lender in connection with such request for such partial release, including, without limitation, all recording costs, transfer taxes, title premiums and reasonable legal fees, regardless of whether or not such partial release is consummated;

(P) The Release Property may be Transferred to an Affiliate of Borrower subject to the following additional requirements (the breach of which shall result in an Event of Default hereunder in the event such breach is not cured within the notice and cure periods set forth in Section 9.1(D) hereof):

(i) The sale price (or deemed sale price) for the purpose of calculating the New Sales Proceeds in Section 12.1(H) above shall be equal to the then current fair market value of the Release Property, and Borrower shall deliver to Lender satisfactory evidence of what the then current fair market value of the Release Parcel is in form and substance reasonably acceptable to Lender.

(ii) The Released Property shall not at any time thereafter, while under the ownership of an Affiliate of Borrower, be used in a manner which could result in a Material Adverse Effect, including without limitation, diminishing the value of the Remaining Parcel in any way.

12.2 Partial Release. Upon satisfaction of the Partial Release Requirements, the Lender shall release the Lien of the Mortgage with respect to the Release Property and deliver to the Borrower a duly executed release or reconveyance in recordable form, a UCC-3 release of security interest and other such documents as may be reasonably required to release the Release Property from the Lien of the Mortgage.

12.3 Subdivision. In connection with the sale of the Release Property or for any other reasonable purpose, Borrower shall be permitted to subdivide the Land into two or more separate legal parcels (the "**Subdivision**") subject to Lender's reasonable consent which shall be based on the following:

(A) No Default or Event of Default shall exist at the time of the request or at the time of the Subdivision;

(B) Lender reasonably approves of all subdivision documents, including, without limitation, any plats or plans relating thereto and any documents establishing cross-easements or restrictive covenants, including, without limitation, Lender's receipt and approval of all easements necessary to allow each of the subdivided parcels access and cost sharing and use of shared facilities for its use as an IBX Facility and Commercial Facility in compliance with all applicable Laws and Legal Requirements;

(C) The Subdivision complies with, and the Mortgaged Property after giving effect to the Subdivision will comply with, all Laws and Legal Requirements;

(D) At Borrower's sole cost and expense, the Title Company issues to Lender a date-down endorsement to the Title Policy insuring Lender's first priority lien on the Mortgaged Property is not impaired by the Subdivision, and updates to existing endorsements of the Title Policy, if applicable, or new endorsements as Lender may reasonably require, including, without limitation, a subdivision endorsement in form and substance acceptable to Lender;

(E) To the extent the Mortgage needs to be revised to reflect such Subdivision in Lender's reasonable discretion, Borrower and Borrower Representative shall deliver fully executed amendments to the Mortgage;

(F) The Lender shall have received such other documents, certificates, instruments, opinions or assurances as the Lender may reasonably request; and

(G) The Borrower shall pay all of the Lender's out-of-pocket costs and expenses incurred by the Lender in connection with such request for such Subdivision, including, without limitation, all recording costs, transfer taxes, title premiums and reasonable legal fees, regardless of whether or not such Subdivision is consummated.

SECTION 13
ADDITIONAL MASTER LEASE PROVISIONS

13.1 Representations, Warranties and Covenants of Master Lessee.

Master Lessee is a corporation duly organized and validly existing under the laws of the State of Delaware, and is qualified to do business in the State where the Mortgaged Property is located. Master Lessee has full power and authority to enter into and carry out the terms of the Master Lease. Master Lessee is in good standing under the laws of the State of Delaware. A true and complete copy of all organizational documents creating or governing Master Lessee has been delivered to Lender.

13.2 Satisfaction of Borrower Obligations by Master Lessee. Except for transfers which are expressly pre-approved under the terms of the Master Lease and are not subject to Borrower's consent, as Master Lessor, the Master Lessee shall not transfer, assign or pledge the Master Lease without Lender's prior written consent (not to be unreasonably withheld, conditions or delayed). In addition, any and all of the covenants set forth in the Loan Documents may be satisfied by either Master Lessee or Borrower; provided, however, that if such covenant is one that can be complied with by both Master Lessee and Borrower then either Master Lessee or Borrower shall be permitted to satisfy any such covenant. Further, any factual representations made by Borrower under the Loan Documents shall be deemed correct if such representation would be correct if made by Master Lessee but only to the extent consistent with the transactions contemplated in this Loan Agreement. A Default or Event of Default caused by the Master Lessee shall constitute a Default or Event of Default by Borrower.

13.3 Subordination of Master Lease.

(A) The Master Lease and all right, title and interest of Master Lessee thereunder and in and to the Mortgaged Property or any portion thereof, if any, are and shall be subject and subordinate to the lien of the Mortgage, including, without limitation, any and all fees and reimbursable expenses and other sums payable to Master Lessee under the Master Lease. Master Lessee hereby acknowledges that all provisions of the Master Lease relating to the application of insurance proceeds and condemnation awards are subject to and junior and inferior to the terms and provisions of the Mortgage and the other Loan Documents, and the terms and provisions of the Mortgage and the other Loan Documents shall govern and control in the event of any conflict.

(B) Master Lessee agrees that, upon a foreclosure of the Mortgage, provided that the Master Lease has not expired or otherwise been earlier terminated in accordance with its terms for reasons other than such foreclosure, Master Lessee shall attorn to any Subsequent Owner and shall remain bound by all of the terms, covenants and conditions of the Master Lease, for the balance of the remaining term thereof (and any renewals thereof which may be effected in accordance with the Master Lease) with the same force and effect as if such Subsequent Owner were the landlord under the Master Lease and without the payment by such Subsequent Owner of any fees arising from such succession to the interests of such landlord. Such attornment shall be effective and self-operative as an agreement between Master Lessee and Subsequent Owner without the execution of any further instruments on the part of any party; provided, however, that at Lender's request, Master Lessee shall execute a commercially reasonable instrument confirming such attornment. If any Subsequent Owner shall elect, for any reason whatsoever, to succeed to the interest of Borrower under the Master Lease, without terminating the Master Lease, such Subsequent Owner shall not be (i) liable for any act or omission of any prior landlord (including Borrower), (ii) subject to any offsets or defenses which Master Lessee might have against any prior landlord (including Borrower), (iii) liable for or bound by any fees, commissions, rent, security deposit, additional rent or other sums or deposits which Master Lessee might have paid to any prior landlord (including Borrower) unless actually received by Subsequent Owner, or (iv) bound by any amendment or modification of the Master Lease made without the Lender's or such Subsequent Owner's express written consent if required hereunder.

(C) Upon a foreclosure of the Mortgage, notwithstanding the rights of Subsequent Owner under (B) above, unless Subsequent Owner, in its sole and absolute discretion, elects otherwise, such foreclosure of the Mortgage shall terminate the Master Lease, without payment of any termination fees, liquidated damages or other fees and charges under the Master Lease. Master Lessee expressly agrees that it shall not, in any event, cause or permit any lien, claim of lien, encumbrance or other charge to be placed or asserted against the Mortgaged Property or any portion thereof. Upon any such termination of the Master Lease by Lender or other Subsequent Owner, Master Lessee shall promptly remit and deliver to Lender or other Subsequent Owner an accounting of, all property, leases, rents, contracts and collateral then held by or under the control of Master Lessee (collectively, "**Master Lessee's Property**"). Upon any such termination, Master Lessee shall afford to Lender or other Subsequent Owner all rights and benefits provided to Master Lessor under the Master Lease, including, without limitation, cooperating and assisting Lender or Subsequent Owner to effect a smooth transition of ownership, assigning to Lender or such Subsequent Owner all operating licenses and permits for

the IBX Centers then issued in Master Lessee's name as landlord of such IBX Centers (to the extent assignable) and delivering to Lender (or its designee) or such Subsequent Owner, all keys, locks and safe combinations, ledgers, bank statements for the Mortgaged Property accounts, books and records, insurance policies, and other documents and agreements required for the ownership of the Mortgaged Property as maintained by Master Lessee. If such assignment of licenses and permits is not permitted by the Legal Requirements, Master Lessee shall cooperate with, and provide reasonable assistance to, Lender or such Subsequent Owner in its efforts to obtain such licenses and permits for the normal use and operation of the Mortgaged Property. Upon the written request of Lender or other Subsequent Owner, Master Lessee shall periodically execute and deliver a statement, in a form reasonably satisfactory to Lender or such Subsequent Owner, reaffirming Master Lessee's obligation to attorn as set forth in this Section 13.

Witness the due execution hereof by the undersigned as of the date first written above.

BORROWER:

EQUINIX RP II LLC,
a Delaware limited liability company

By: /s/ PETER VAN CAMP
Name: Peter Van Camp
Its: Manager

LENDER:

SFT I, INC.,
a Delaware corporation

By: /s/ TIMOTHY J. O'CONNOR
Name: Timothy J. O'Connor
Its: Executive Vice President & Chief Operating Officer

JOINDER BY MASTER LESSEE AND CARVEOUT GUARANTOR: Master Lessee hereby acknowledges and agrees to the terms and conditions set forth in Sections 11.12 and 13 of this Agreement.

MASTER LESSEE AND CARVEOUT GUARANTOR:

EQUINIX, INC.,
a Delaware corporation

By: /s/ PETER VAN CAMP
Name: Peter Van Camp
Its: Chief Executive Officer

PROMISSORY NOTE

$60,000,000.00 December 21, 2005

FOR VALUE RECEIVED, **EQUINIX RP II LLC**, a Delaware limited liability company ("**Borrower**"), promises to pay to **SFT I, INC.**, a Delaware corporation ("**Holder**"), or order, at 1114 Avenue of the Americas, 27th Floor, New York, New York 10036, or at such other place as Holder may from time to time in writing designate, in lawful money of the United States of America, the principal sum of **SIXTY MILLION AND NO/100 DOLLARS** ($60,000,000.00) or such other sum as may be the total amount outstanding pursuant to this Note (the "**Loan**"), payable at such rates and at such times as are provided in the "**Loan Agreement**" (as hereinafter defined).

Payments of both principal and interest are to be made in lawful money of the United States of America.

This Promissory Note (this "**Note**") evidences Indebtedness incurred under, and is subject to the terms and provisions of, that certain Loan and Security Agreement of even date herewith, by and among the Borrower and the Holder (herein, as the same may be further amended, modified or supplemented from time to time, called the "**Loan Agreement**"). The Loan Agreement, to which reference is hereby made, sets forth said terms and provisions, including those under which this Note may or must be paid prior to its due date or may have its due date accelerated or extended. The Loan Agreement also contains provisions for the payment of late charges and interest at the Default Rate, all as more specifically set forth therein. Repayment of the Indebtedness evidenced by this Note is secured by the Mortgage and the other Loan Documents referred to in the Loan Agreement, and reference is made thereto for a statement of terms and provisions.

Terms used but not otherwise defined herein are used herein as defined in the Loan Agreement.

This Note may only be prepaid in whole or in part in accordance with the terms of Section 2.4 of the Loan Agreement (or as otherwise expressly provided elsewhere in the Loan Agreement or the other Loan Documents). Any payments of the outstanding principal balance of the Loan evidenced by this Note, whether voluntary or involuntary, shall be accompanied by interest accrued to the date of prepayment and the Prepayment Premium, to the extent, if any, provided in Section 2.4 of the Loan Agreement (except to the extent any other provision of the Loan Agreement expressly provides otherwise).

EXCEPT AS OTHERWISE EXPRESSLY PERMITTED IN THIS NOTE OR THE OTHER LOAN DOCUMENTS, BORROWER HEREBY EXPRESSLY (i) WAIVES ANY RIGHTS IT MAY HAVE UNDER LAW TO PREPAY THIS NOTE, IN WHOLE OR IN PART, WITHOUT PENALTY, UPON ACCELERATION OF THE MATURITY DATE, AND (ii) AGREES THAT IF, FOR ANY REASON, A PREPAYMENT OF ALL OR ANY PORTION OF THE PRINCIPAL AMOUNT OF THIS NOTE IS MADE, INCLUDING, WITHOUT LIMITATION, UPON OR FOLLOWING ANY ACCELERATION OF THE

MATURITY DATE BY HOLDER ON ACCOUNT OF ANY DEFAULT BY BORROWER, INCLUDING, WITHOUT LIMITATION, ANY TRANSFER, DISPOSITION, OR FURTHER ENCUMBRANCE PROHIBITED OR RESTRICTED BY THE LOAN AGREEMENT, THEN BORROWER SHALL BE OBLIGATED TO PAY CONCURRENTLY WITH SUCH PREPAYMENT THE PREPAYMENT PREMIUM TO THE EXTENT REQUIRED UNDER SECTION 2.4 OF THE LOAN AGREEMENT. BY INITIALING THIS PROVISION IN THE SPACE PROVIDED BELOW, BORROWER HEREBY DECLARES THAT (1) EACH OF THE MATTERS SET FORTH IN THIS PARAGRAPH IS TRUE AND CORRECT, (2) HOLDER'S AGREEMENT TO MAKE THE LOAN EVIDENCED BY THIS NOTE AT THE INTEREST RATES SET FORTH IN THE LOAN AGREEMENT AND FOR THE TERM SET FORTH IN THIS NOTE CONSTITUTES ADEQUATE CONSIDERATION FOR THIS WAIVER AND AGREEMENT, AND HAS BEEN GIVEN INDIVIDUAL WEIGHT BY BORROWER AND HOLDER, (3) BORROWER IS A SOPHISTICATED AND KNOWLEDGEABLE REAL ESTATE INVESTOR WITH COMPETENT AND INDEPENDENT LEGAL COUNSEL, AND (4) BORROWER FULLY UNDERSTANDS THE EFFECT OF THIS WAIVER AND AGREEMENT.

/s/ PETER VAN CAMP
On behalf of the Borrower

The remedies of Holder, as provided in this Note, the Loan Agreement and the other Loan Documents, shall be cumulative and concurrent and may be pursued singularly, successively or together, at the sole discretion of Holder, and may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof. In any action, sale of collateral, or other proceedings to enforce this Note, the Loan Agreement or any other Loan Document, Holder need not file or produce the original of this Note, but only need file or produce a photocopy of this Note certified by Holder to be a true and correct copy of this Note.

In the event of any dispute, action or lawsuit regarding the terms hereof, subject to the provisions of the Loan Agreement, the prevailing party will have the right to recover from the other party all court costs and reasonable attorneys' fees and disbursements incurred with respect thereto, in addition to all other applicable damages and costs.

BORROWER AND ANY GUARANTOR OF THIS NOTE WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, DILIGENCE, PRESENTMENT FOR PAYMENT, DEMAND, NOTICE OF DEMAND, NOTICE OF PROTEST, NOTICE OF NONPAYMENT OR DISHONOR, NOTICE OF INTENTION TO ACCELERATE, NOTICE OF ACCELERATION, PROTEST AND NOTICE OF PROTEST OF THIS NOTE, AND ALL OTHER NOTICES (OTHER THAN AS EXPRESSLY PROVIDED IN THE LOAN AGREEMENT OR OTHER LOAN DOCUMENTS) IN CONNECTION WITH THE DELIVERY, ACCEPTANCE, PERFORMANCE, DEFAULT OR ENFORCEMENT OF THE PAYMENT OF THIS NOTE. BORROWER FURTHER WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ALL VALUATION AND APPRAISEMENT PRIVILEGES, CLAIMS OF LACK OF DILIGENCE OR DELAYS IN COLLECTION OR ENFORCEMENT OF THIS NOTE, THE RELEASE OF ANY PARTY LIABLE, THE RELEASE OF ANY SECURITY FOR THE DEBT, THE TAKING OF ANY ADDITIONAL SECURITY AND ANY OTHER INDULGENCE OF FORBEARANCE.

Holder shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by Holder, and then only to the extent specifically set forth in the writing. The acceptance by Holder of any payment hereunder which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing options at that time or at any subsequent time or nullify any prior exercise of any such option without the express consent of Holder, except as and to the extent otherwise provided by law. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event.

PURSUANT TO SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BORROWER AND ANY GUARANTOR OF THIS NOTE AGREE THAT THIS NOTE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE UNITED STATES OF AMERICA AND THE LAWS OF THE STATE OF NEW YORK. IN ACCORDANCE WITH SECTION 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BORROWER AGREES THAT ANY ACTION TO ENFORCE THE TERMS OF THIS NOTE MAY BE COMMENCED IN ANY COURT LOCATED IN THE STATE OF NEW YORK. BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE, AND BORROWER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING.

Whenever used, the singular number shall include the plural, the plural shall include the singular, and the words “Holder” and “Borrower” shall be deemed to include their respective heirs, executors, successors and assigns.

All notices which Holder or Borrower may be required or permitted to give hereunder shall be made in the same manner as set forth in Section 11.5 of the Loan Agreement.

In the event any one or more of the provisions hereof shall be invalid, illegal or unenforceable in any respect, the validity of the remaining provisions hereof shall be in no way affected, prejudiced or disturbed thereby.

Borrower acknowledges that Holder may, in its sole discretion, sell all or any part of its interest in the Loan evidenced by this Note, including, without limitation, for purposes of effecting a Securitization.

Notwithstanding anything to the contrary contained in this Note or any other Loan Documents, to the fullest extent permitted by applicable law, the Holder’s rights hereunder shall be reinstated and revived, and the enforceability of this Note and the other Loan Documents shall

continue, with respect to any amount at any time paid on account of the Loan which thereafter shall be required to be restored by Holder pursuant to a court order or judgment (whether or not final or non-appealable), as though such amount had not been paid. The rights of Holder created or granted herein and the enforceability of the Loan Documents at all times shall, to the fullest extent permitted by applicable law, remain effective to cover the full amount of the Loan even though the Loan, including any part thereof or any other security or guaranty therefor, may be or hereafter may become invalid or otherwise unenforceable as against any other party and whether or not any other party shall have any personal liability with respect thereto.

Borrower and Holder, by acceptance of this Note, hereby agree that the Loan Documents supersede any prior oral or written agreements of the parties; without limiting the generality of the foregoing, in the event of conflict between the terms of this Note and the terms of the Loan Agreement, the terms of the Loan Agreement shall prevail.

Time is of the essence for the performance of each and every covenant of the parties hereunder or under the other Loan Documents. No excuse, delay, act of God, or other reason, whether or not within the control of Borrower or Holder (as the case may be), shall operate to defer, reduce or waive Borrower's or Holder's (as the case may be) performance of any such covenant or obligation.

This Note shall be subject to the limitation of liability set forth in Section 11.13 of the Loan Agreement, the terms of which are incorporated herein by reference.

[EXECUTION ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Borrower, intending to be legally bound hereby, has duly executed this Note the day and year first above written.

BORROWER:

EQUINIX RP II LLC
a Delaware limited liability company

By: /s/ PETER VAN CAMP
Name: Peter Van Camp
Manager

GUARANTY

THIS GUARANTY (this "Guaranty"), dated as of December 21, 2005, is made and entered into EQUINIX, INC., a Delaware corporation ("Guarantor"), in favor of SFT I, INC., a Delaware corporation ("Lender"), with an address for notice hereunder of 1114 Avenue of the Americas, 27th Floor, New York, New York 10036.

WHEREAS, **EQUINIX RP II LLC**, a Delaware limited liability company ("**Borrower**"), and Lender have entered into a certain Loan and Security Agreement of even date herewith (as the same may be amended, modified, supplemented or restated from time to time, the **"Loan Agreement"**).

WHEREAS, Lender has required, as a condition to making the Loan and entering into and executing the Loan Agreement and the other Loan Documents, that Guarantor enter into this Guaranty.

WHEREAS, Guarantor directly or indirectly owns all of the ownership interests in the Borrower and will benefit from the making of the Loan and the financial accommodations extended to Borrower pursuant to the Loan Agreement and the other Loan Documents.

NOW, THEREFORE, in consideration for the extension of credit and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, and to induce Lender to extend credit to Borrower, Guarantor does hereby unconditionally, absolutely and irrevocably guarantee to Lender, its successors and assigns, the due payment, fulfillment and performance of the "**Guaranteed Obligations**" (as hereinafter defined). Guarantor, hereby irrevocably and unconditionally covenants and agrees that it is liable for and shall pay, the Guaranteed Obligations as primary obligor, this Guaranty being upon the following terms and conditions:

1. Definitions. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement. As used herein, the term "**Guaranteed Obligations**" means the full, complete and punctual observance, performance, payment and satisfaction of all of the obligations of Borrower to (a) pay Costs pursuant to Section 11.13(B) of the Loan Agreement, and (b) pay and perform the Borrower's Obligations (as defined in the Loan Agreement) in the event of the occurrence of any of the events, conditions, circumstances or occurrences set forth in Sections 11.13(A)(a), 11.13(A)(b), 11.13(A)(c), 11.13(A)(d) or 11.13(A)(e) of the Loan Agreement. The failure by Guarantor to pay or perform any Guaranteed Obligations or any other covenant, agreement or obligation of Guarantor under this Guaranty or the inaccuracy when made, or deemed made, of any representations, certifications and warranties of Guarantor in this Guaranty or in any certificate, agreement or document provided by, or on behalf of Guarantor, pursuant to this Guaranty or any of the other Loan Documents shall constitute an "Event of Default" for purposes of this Guaranty and the Loan Agreement.

2. Continuing Guaranty. This is an irrevocable, absolute, continuing guaranty of payment and performance. This Guaranty may not be revoked by Guarantor and shall continue to be effective with respect to the Guaranteed Obligations arising or created after any attempted revocation by Guarantor and after Guarantor's dissolution (in which event this Guaranty shall be

binding upon Guarantor's successors and assigns). It is the intent of Guarantor that the obligations and liabilities of Guarantor hereunder are absolute and unconditional under any and all circumstances and that until the Guaranteed Obligations are fully, finally and indefeasibly satisfied, such obligations and liabilities shall not be discharged or released in whole or in part, by any act or occurrence which might, but for the provisions of this Guaranty, be deemed a legal or equitable discharge or release of Guarantor. Each and every default in payment of any amounts due or performance of any obligation required under this Guaranty shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises, or, in the discretion of Lender, may be brought as a consolidated suit or suits. This is a guaranty of payment and performance and not of collection.

3. Waivers.

(a) Guarantor hereby assents to all terms and agreements heretofore or hereafter made by Borrower with Lender, and, except as such waiver may be expressly prohibited by law, waives notice of:

(i) Any loans or advances made by Lender to Borrower under the Loan Documents;

(ii) The present existence or future incurring of any of the indebtedness pursuant to the Note or any future modifications thereof or any terms or amounts thereof or any Guaranteed Obligations or any terms or amounts thereof;

(iii) The obtaining or release of any guaranty or surety agreement (in addition to this Guaranty), pledge, assignment, or other security for any of the indebtedness evidenced by the Note, or any Guaranteed Obligations; and

(iv) Notice of protest, default, notice of intent to accelerate and notice of acceleration in relation to any instrument relating to the indebtedness evidenced by the Note or any Guaranteed Obligations.

(b) Guarantor hereby waives any rights and defenses which such Guarantor might have as a result of any representation, warranty or statement made by Lender or its agents to such Guarantor in order to induce Guarantor to execute this Guaranty and further waives any other circumstance that might otherwise constitute a legal or equitable discharge or defense of the Guarantor.

(c) Upon a default by Borrower, Lender in its sole discretion, without prior notice to or consent of Guarantor, may elect to: (i) foreclose either judicially or nonjudicially against any real or personal property security it may hold for the Loan, (ii) accept a transfer of any such security in lieu of foreclosure, (iii) compromise or adjust the Loan or any part of it or make any other accommodation with Borrower or Guarantor, or (iv) exercise any other remedy against Borrower or any security. No such action by Lender shall release or limit the liability of Guarantor, who shall remain liable under this Guaranty after the action, even if the effect of the action is to deprive Guarantor of any subrogation rights, rights of indemnity, or other rights to collect reimbursement from Borrower for any sums paid to Lender, whether contractual or

arising by operation of law or otherwise. Guarantor expressly agrees that under no circumstances shall it be deemed to have any right, title, interest or claim in or to any real or personal property to be held by Lender or any third party after any foreclosure or transfer in lieu of foreclosure of any security for the Loan.

(d) Regardless of whether Guarantor may have made any payments to Lender, until the Loan is indefeasibly paid in full and except as set forth in Section 10 hereof, Guarantor hereby waives: (i) all rights of subrogation, indemnification, contribution and any other rights to collect reimbursement from Borrower or any other party for any sums paid to Lender, whether contractual or arising by operation of law (including the Bankruptcy Code or any successor or similar statute) or otherwise, (ii) all rights to enforce any remedy that Lender may have against Borrower, and (iii) all rights to participate in any security now or later to be held by Lender for the Loan.

(e) Guarantor further waives any defense to the recovery by Lender against Guarantor of any deficiency or otherwise to the enforcement of this Guaranty or any security for this Guaranty based upon Lender's election of any remedy against Guarantor or Borrower, including the defense to enforcement of this Guaranty by virtue of any "anti-deficiency" statutes and their application following a non-judicial foreclosure sale.

(f) Without limiting the foregoing or anything else contained in this Guaranty, Guarantor waives all rights and defenses that Guarantor may have because Borrower's Loan is secured by real property. This means, among other things:

(i) That Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower; and

(ii) If Lender forecloses on any real property collateral pledged by Borrower: (x) the amount of the Guaranteed Obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price; and (y) Lender may collect from Guarantor even if Lender, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower.

This subsection 3(f) is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Borrower's Loan is secured by real property.

(g) Guarantor waives all rights and defenses arising out of an election of remedies by Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guarantied obligation may adversely affect Guarantor's right of subrogation and reimbursement against Borrower.

4. Events and Circumstances Not Reducing or Discharging Guarantor's Obligations. Guarantor hereby consents and agrees to each of the following, and agrees that Guarantor's obligations under this Guaranty shall not be released, diminished, impaired, reduced or adversely affected by any of the following, and waives any rights and defenses (excluding the rights to notice, if any, as herein provided or as required by law) which Guarantor might have otherwise as a result of or in connection with any of the following:

(a) any and all extensions, modifications, adjustments, indulgences, forbearances or compromises that might be granted or given by Lender to Borrower, including, without limitation, any and all amendments, modifications, supplements, extensions or restatements of any of the Loan Documents;

(b) the insolvency, bankruptcy, rearrangement, adjustment, composition, liquidation, disability, dissolution or lack of power of Borrower or any other party at any time liable for the payment of all or part of the indebtedness evidenced by the Note or any Guaranteed Obligations; or any dissolution, consolidation or merger of Borrower or Guarantor, or any sale, lease or transfer of any or all of the assets of Borrower or Guarantor, or any changes in the ownership, partners or members of Borrower or Guarantor;

(c) the invalidity, illegality or unenforceability of all or any part of the indebtedness evidenced by the Note or any Guaranteed Obligations, or any document or agreement executed in connection with the indebtedness evidenced by the Note or any Guaranteed Obligations, for any reason whatsoever, including, without limitation, the fact that the indebtedness evidenced by the Note, or any part thereof exceeds the amount permitted by law, the act of creating the indebtedness evidenced by the Note or any Guaranteed Obligations or any part thereof is ultra vires, the representatives executing the Note or the other Loan Documents or otherwise creating the indebtedness evidenced by the Note or any Guaranteed Obligations acted in excess of their authority, the indebtedness evidenced by the Note violates applicable usury laws, Borrower has valid defenses, claims or offsets (whether at law, in equity or by agreement) which render the indebtedness evidenced by the Note or any Guaranteed Obligations wholly or partially uncollectible from Borrower, the creation, performance or repayment of the indebtedness evidenced by the Note or any Guaranteed Obligations is illegal, uncollectible, legally impossible or unenforceable, or any of the other Loan Documents pertaining to the indebtedness evidenced by the Note or any Guaranteed Obligations are irregular or not genuine or authentic;

(d) the taking or accepting of any other security, collateral or guaranty, or other assurance of the payment, for all or any of the indebtedness evidenced by the Note or any Guaranteed Obligations;

(e) any release, surrender or exchange of any collateral, property or security, at any time existing in connection with, or assuring or securing payment of, all or any part of the indebtedness evidenced by the Note or the Guaranteed Obligations;

(f) the failure of Lender or any other party to exercise diligence or reasonable care in the preservation, protection, enforcement, sale or other handling or treatment of all or any part of such collateral, property or security;

(g) the fact that any collateral, security, security interest or lien contemplated or intended to be given, created or granted as security for the repayment of the indebtedness evidenced by the Note or Guaranteed Obligations shall not be properly perfected or created, or shall prove to be unenforceable or subordinate to any other security interest or lien, it being recognized and agreed by Guarantor that Guarantor is not entering into this Guaranty in reliance on, or in contemplation of the benefits of, the validity, enforceability, collectibility or value of any of the collateral for the indebtedness evidenced by the Note or the Guaranteed Obligations;

(h) any payment by Borrower to Lender is held to constitute a preference under the Bankruptcy Code, or for any reason Lender is required to refund such payment or pay such amounts to such Borrower, or any other Person; or

(i) any other action taken or omitted to be taken with respect to the Mortgage, the Loan Documents, the indebtedness evidenced by the Note or the Guaranteed Obligations, the security and collateral therefor, whether or not such action or omission prejudices Guarantor or increases the likelihood that Guarantor will be required to pay the Guaranteed Obligations.

It is the unambiguous and unequivocal intention of Guarantor that Guarantor shall be obligated to pay and perform the Guaranteed Obligations when due, notwithstanding any occurrence, circumstance, event, action or omission whatsoever, whether contemplated or uncontemplated, and whether or not otherwise or particularly described herein, except for the full and final payment and satisfaction of all Guaranteed Obligations.

5. Payment by Guarantor. If the Guaranteed Obligations, or any part thereof, are not punctually paid or performed, as the case may be, Guarantor shall, immediately on demand and without protest or notice of protest, pay the amount due thereon to Lender, at its address set forth above or as otherwise designated by Lender. Such demand(s) may be made at any time coincident with or after the time for payment or performance of all or part of the Guaranteed Obligations. Such demand shall be deemed made if given in accordance with Section 17 hereof. It shall not be necessary for Lender, in order to enforce such payment or performance by Guarantor, first to institute suit or exhaust its remedies against Borrower, or others liable to pay or perform such Guaranteed Obligations, or to enforce its rights against any security which shall ever have been given to secure the Guaranteed Obligations. Lender shall not be required to mitigate damages or take any other action to reduce, collect or enforce the indebtedness evidenced by the Note or Guaranteed Obligations. No set-off, counterclaim, reduction, or diminution of any obligations, or any defense of any kind or nature which Guarantor has or may hereafter have against Borrower or Lender shall be available hereunder to Guarantor.

6. Indebtedness or Other Obligations of Guarantor. If Guarantor is or becomes liable for any indebtedness owed by Borrower to Lender by endorsement or otherwise than under this Guaranty, such liability shall not be in any manner impaired or affected by this Guaranty, and the rights of Lender hereunder shall be cumulative of any and all other rights that Lender may ever have against Guarantor. The exercise by Lender of any right or remedy hereunder or under any other instrument or at law or in equity shall not preclude the concurrent or subsequent exercise of any other instrument or remedy at law or in equity and shall not preclude the concurrent or subsequent exercise of any other right or remedy. Further, without in any way diminishing or limiting the generality of the foregoing, it is specifically understood and agreed that this Guaranty is given by Guarantor as an additional guaranty to any and all guarantees hereafter executed and delivered to Lender by Guarantor in favor of Lender relating to the indebtedness and obligations of Borrower to Lender, and nothing herein shall ever be deemed to replace or be in lieu of any other of such previous or subsequent guarantees.

7. Application of Payments. If, at any time, there is any indebtedness or obligations (or any portion thereof) of Borrower to Lender which is not guaranteed by Guarantor, Lender, without in any manner impairing its rights hereunder, may, at its option, apply all amounts realized by Lender from collateral or security held by Lender first to the payment of such unguaranteed indebtedness or obligations, with the remaining amounts, if any, to then be applied to the payment of the indebtedness or obligations guaranteed by Guarantor.

8. Suits, Releases of Settlements with Others. Guarantor agrees that Lender, in its sole discretion, may bring suit against any other guarantor without impairing the rights of Lender or its successors and assigns against Guarantor or any other guarantor of the Guaranteed Obligations; and Lender may settle or compromise with such other guarantor for such sum or sums as Lender may see fit and release such other guarantor from all further liability to Lender, all without impairing its rights against Guarantor.

9. Warranties Representations, Covenants and Agreements.

(a) Guarantor warrants and represents, as follows:

(i) Guarantor has received, or will receive, direct or indirect benefit from the making of this Guaranty, the making of the Loan and the entering into and execution of the Loan Agreement and the Loan Documents in connection therewith;

(ii) Guarantor is familiar with, and has independently reviewed the financial condition of the Borrower and is familiar with the value of any and all collateral intended to be created as security for the payment and performance of the indebtedness evidenced by the Note and the Guaranteed Obligations, and Guarantor assumes full responsibility for keeping fully informed as to such matters in the future; however, Guarantor is not relying on such financial condition or the collateral as an inducement to enter into this Guaranty; and

(iii) All financial statements concerning Guarantor which have been or will hereafter be furnished by Guarantor or Borrower to Lender pursuant to the Loan Documents, have been or will be (A) prepared in accordance with GAAP consistently applied (except as disclosed therein, to the extent Lender approves such disclosure and in the case of clauses (A) and (B) with respect to any unaudited quarterly financial statements, subject to the absence of footnotes and normal year-end adjustments) and, (B) in all material respects, present fairly the financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended.

(iv) No ERISA Affiliate of Guarantor maintains or contributes to, or has any obligation under, any Employee Benefit Plans. Guarantor is not an "employee benefit plan" (within the meaning of section 3(3) of ERISA) to which ERISA applies and Guarantor's assets do not constitute plan assets. No actions, suits or claims under any laws and regulations promulgated pursuant to ERISA are pending or, to Guarantor's knowledge, threatened against Guarantor. Guarantor has no knowledge of any material liability incurred by Guarantor which remains unsatisfied for any taxes or penalties with respect to any Employee Benefit Plan or any

Multiemployer Plan, or of any lien which has been imposed on Guarantor's assets pursuant to section 412 of the Code or sections 302 or 4068 of ERISA. The Loan, the execution, delivery and performance of the Loan Documents and the transactions contemplated by this Guaranty are not a non-exempt prohibited transaction under ERISA. Guarantor is an "operating company" as defined in ERISA.

(v) As of the date hereof, and after giving effect to this Guaranty and the contingent obligations evidenced hereby, Guarantor is and expects to be solvent at all times, and has and expects to have assets at all times which, fairly valued, exceed his or its obligations, liabilities and debts, and has and expects to have property and assets at all times sufficient to satisfy and repay his or its obligations and liabilities.

(vi) As of the date hereof, (A) there is no litigation, governmental investigation or arbitration pending or, to Guarantor's knowledge, threatened against Guarantor which seeks to enjoin the consummation of the matters contemplated hereby or, except as set forth on Schedule 4.7 of the Loan Agreement, if adversely determined, could reasonably be expected to have a Material Adverse Effect on Carveout Guarantor; (B) there are no judgments outstanding against Guarantor that could reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect; (C) no petition in bankruptcy, whether voluntary or involuntary, or assignment for the benefit of creditors, or any other action involving debtors' and creditors' rights has ever been filed under the laws of the United States of America or any state thereof, or threatened, by or against Guarantor.

(b) Guarantor covenants and agrees that upon the sale of Building A and Building B, Guarantor will cause Borrower to deposit the Net Sales Proceeds of such sale(s) in the Base Building Reserve pursuant to Section 5.13 of the Loan Agreement.

10. Subordination. If, for any reason Borrower is now or hereafter becomes indebted to Guarantor (such indebtedness and all interest thereon being referred to as the "**Affiliated Debt**"), such Affiliated Debt shall, at all times, be subordinate in all respects to the full payment and performance of the obligations evidenced by the Note, and Guarantor shall not be entitled to enforce or receive payment thereof until all of the obligations evidenced by the Note have been fully paid. Guarantor agrees that any liens, mortgages, deeds of trust, security interests, judgment liens, charges or other encumbrances upon Borrower's assets securing payment of the Affiliated Debt shall be and remain subordinate and inferior to any liens, security interests, judgment liens, charge or other encumbrances upon Borrower's assets securing the payment of the obligations evidenced by the Note and Guaranteed Obligations, and without the prior written consent of Lender, Guarantor shall not exercise or enforce any creditor's rights of any nature against Borrower to collect the Affiliated Debt (other than demand payment therefor). In the event of the receivership, bankruptcy, reorganization, arrangement, debtor's relief or other insolvency proceedings involving Borrower as a debtor, Lender shall have the right and authority, either in its own name or as attorney-in-fact for Guarantor, to file such proof of debt claim, petition or other documents and to take such other steps as are necessary to prove its rights hereunder.

11. Waiver of Subrogation. Notwithstanding any other provision of this Guaranty to the contrary, until the Loan is indefeasibly paid in full, Guarantor hereby waives any claim or other rights which Guarantor may now have or hereafter acquire against Borrower or any other guarantor of all or any of the obligations that arise from the existence or performance of Guarantor's obligations under this Guaranty (all such claims and rights are referred to as **"Guarantor's Conditional Rights"**), including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, or indemnification, any right to participate in any claim or remedy of Lender against Borrower or any security or collateral which Lender now has or hereafter acquires, whether or not such claim, remedy or right arises in equity or under contract, statute (including the Bankruptcy Code or any successor or similar statute) or common law, by any payment made hereunder or otherwise, including without limitation, the right to take or receive from Borrower, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such claim or other rights. If, notwithstanding the foregoing provisions, any amount shall be paid to Guarantor on account of Guarantor's Conditional Rights and either (i) such amount is paid to Guarantor at any time when the Guaranteed Obligations shall not have been paid or performed in full, or (ii) regardless of when such amount is paid to Guarantor, any payment made by Borrower to Lender is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid by Lender or paid over to a trustee, receiver or any other entity, whether under any bankruptcy act or otherwise (such payment, a "**Preferential Payment**"), then such amount paid to Guarantor shall be held in trust for the benefit of Lender and shall forthwith be paid to Lender to be credited and applied upon the Guaranteed Obligations, whether matured or unmatured, in such order as Lender, in its sole and absolute discretion, shall determine. The foregoing waivers shall be effective until the Guaranteed Obligations have been paid and performed in full.

12. Impairment of Subrogation Rights; Waivers of Rights Under the Anti-Deficiency Rules.

(a) Guarantor agrees that upon an Event of Default under the Loan Documents, Lender may elect to foreclose either nonjudicially or judicially against any real or personal property security (including, without limitation, the Mortgaged Property) it holds for the obligations evidenced by the Note or any Guaranteed Obligations, or any part thereof, or accept an assignment of any such security in lieu of foreclosure, or compromise or adjust any part of such obligations, or make any other accommodation with Borrower or Guarantor, or exercise any other remedy against Borrower or any collateral or security. No such action by Lender will release or limit the liability of Guarantor to Lender, who shall remain liable under this Guaranty after the action, even if the effect of that action is to deprive Guarantor of the right to collect reimbursement from Borrower or any other person for any sums paid to Lender or Guarantor's rights of subrogation, contribution, or indemnity against Borrower or any other person. Without limiting the foregoing, it is understood and agreed that on any foreclosure or assignment in lieu of foreclosure of any collateral or security held by Lender, such security will no longer exist and that any right that Guarantor might otherwise have, on full payment of the Guaranteed Obligations by Guarantor to Lender, to participate in any such security or to be subrogated to any rights of Lender with respect to any such security will be nonexistent; nor shall Guarantor be deemed to have any right, title, interest or claim under any circumstances in or to any real or personal property held by Lender or any third party following any foreclosure or assignment in lieu of foreclosure of any such security.

(b) Guarantor understands and acknowledges that if Lender forecloses judicially or nonjudicially against any real property security for Borrower's obligations, such foreclosure could impair or destroy any right or ability that Guarantor may have to seek reimbursement, contribution, or indemnification for any amounts paid by Guarantor under this Guaranty.

(c) [Intentionally Omitted].

(d) Guarantor intentionally, freely, irrevocably and unconditionally waives and relinquishes all rights which may be available to it under any provision of applicable law to limit the amount of any deficiency judgment or other judgment which may be obtained against Guarantor under this Guaranty to not more than the amount by which the unpaid Guaranteed Obligations plus all other indebtedness due from Borrower under the Loan Documents exceeds the fair market value or fair value of any real or personal property securing said obligations and any other indebtedness due from Borrower under the Loan Documents, including, without limitation, all rights to an appraisement of, judicial or other hearing on, or other determination of the value of said property. Guarantor acknowledges and agrees that, as a result of the foregoing waiver, Lender may be entitled to recover from Guarantor an amount which, when combined with the value of any real or personal property foreclosed upon by Lender (or the proceeds of the sale of which have been received by Lender) and any sums collected by Lender from Borrower or other Persons, might exceed the amount of the Guaranteed Obligations plus all other indebtedness due from Borrower under the Loan Documents.

(e) Guarantor understands and agrees that Lender may have the ability to pursue Guarantor for a judgment on the Guaranteed Obligations without having first foreclosed on the real property security for such Guaranteed Obligations, that Lender may have the ability to sue Guarantor for a deficiency judgment on the Guaranteed Obligations after a non-judicial foreclosure sale or, regardless of any election of remedies by Lender, if the Guaranteed Obligations or any of the other indebtedness of Borrower to Lender under the Loan Documents is considered to have been provided by a vendor to a buyer and to evidence part of the purchase price for the real property security, and that Lender may be able to recover from Borrower an amount which, when combined with the fair market value of the property acquired by Lender in a foreclosure sale or the proceeds of the foreclosure sale received by Lender, might exceed the amount of the Guaranteed Obligations due and owing by Guarantor and the amounts payable under the Loan Documents.

(f) [Intentionally Omitted].

Notwithstanding the foregoing or any provisions of Section 3(c) hereof, nothing contained in this Guaranty shall in any way be deemed to imply that any other state's law other than the law of the State of New York shall govern this Guaranty or any of the Loan Documents in any respect, except as expressly set forth therein, including with respect to the exercise of Lender's remedies under the Loan Documents.

Notwithstanding any other provision herein to the contrary, upon the indefeasible payment in full of the Note, Guarantor shall have all rights of subrogation available at law or in equity.

13. Successors and Assigns. This Guaranty is for the benefit of Lender, its successors and assigns, and in the event of an assignment by Lender, its successors and assigns, of the obligations evidenced by the Note, or any part or parts thereof, the rights and benefits hereunder, to the extent applicable to the obligations so assigned, may be transferred with such obligations. This Guaranty is binding upon the Guarantor and its successors and assigns.

14. No Release if Preference, Refund, Etc. In the event any payment by Borrower to Lender is determined to be a preferential payment under any applicable bankruptcy or insolvency laws, or if for any reason Lender is required to refund part or all of any payment or pay the amount thereof to any other party, such repayment by Lender to Borrower shall not constitute a release of Guarantor from any liability hereunder, and Guarantor agrees to pay such amount to Lender upon demand to the extent such amount constitutes a Guaranteed Obligation.

15. Right of Set-Off. In addition to any other rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon Guarantor's failure to pay the Guaranteed Obligations, after demand by Lender, Lender is hereby authorized at any time and from time to time, without notice to Guarantor or to any other person, to set off and to appropriate and to apply any and all deposits (general or special) and any other indebtedness at any time held or owing by Lender to or for the credit or the account of Guarantor against or on account of the obligations evidenced by the Note.

16. GOVERNING LAW. PURSUANT TO SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, GUARANTOR AGREES THAT THIS GUARANTY AND ALL RIGHTS, OBLIGATIONS AND LIABILITIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

17. Notices. Unless otherwise specifically provided herein, any notice or other communication required or permitted to be given shall be in writing addressed to the respective party as set forth below and may be personally served, telecopied (with request for confirmation) or sent by overnight courier service or United States registered mail return receipt requested, postage prepaid. Any notice so given shall be deemed effective upon delivery or on refusal or failure of delivery during normal business hours. Notices shall be addressed to the parties at the following addresses or to such other address as the party addressed shall have previously designated by written notice to the serving party, given in accordance with this Section 17.

If to Guarantor: Equinix, Inc.
301 Velocity Way, 5th Floor
Foster City, California 94404
Attn: Director of Real Estate and General Counsel
Telephone: (650) 513-7000
Facsimile (650) 513-7909

With a copy to: Orrick, Herrington & Sutcliffe LLP
405 Howard Street
San Francisco, California 94105
Attn: William G. Murray, Jr., Esq.
Telephone: (415) 773-5807
Facsimile: (415) 773-5759

If to Lender: SFT I, Inc.
1114 Avenue of the Americas, 27th Floor
New York, New York 10036
Attn: Chief Operating Officer
Telephone: (212) 930-9400
Facsimile: (212) 930-9494

With a copy to: iStar Financial Inc.
1114 Avenue of the Americas, 27th Floor
New York, New York 10036
Attn: Nina B. Matis, Esq./General Counsel
Telephone: (212) 930-9406
Facsimile: (212) 930-9492

With a copy to: iStar Asset Services Inc.
180 Glastonbury Boulevard, Suite 201
Glastonbury, Connecticut 06033
Attn: President
Telephone: (860) 815-5900
Facsimile: (860) 815-5901

With a copy to: Katten Muchin Rosenman LLP
1025 Thomas Jefferson St., NW
East Lobby, Suite 700
Washington, DC 20007
Attn: John D. Muir, Jr., Esq.
Telephone: (202) 625-3839
Facsimile: (202) 339-6054

18. Consent of Jurisdiction/Service of Process. IN ACCORDANCE WITH SECTION 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, GUARANTOR HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF NEW YORK, STATE OF NEW YORK AND IRREVOCABLY AGREES THAT, SUBJECT TO LENDER'S ELECTION, ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE OTHER LOAN DOCUMENTS SHALL BE LITIGATED IN SUCH COURTS. GUARANTOR ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS

PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS GUARANTY, THE NOTE, SUCH OTHER LOAN DOCUMENTS OR SUCH OBLIGATION. GUARANTOR ACKNOWLEDGES AND AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION, SUIT OR PROCEEDING WILL BE DEEMED EFFECTIVE ON GUARANTOR IF PERSONALLY SERVED OR SERVED IN ACCORDANCE WITH SECTION 17 ABOVE OR AT SUCH OTHER ADDRESS AS SUCH GUARANTOR MAY HAVE FURNISHED AS TO ITSELF TO THE SERVING PARTY BY LIKE NOTICE, OR TO THE LAST KNOWN ADDRESS OF SUCH GUARANTOR PROVIDED THEREUNDER.

19. WAIVER OF JURY TRIAL. GUARANTOR AND LENDER HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS GUARANTY, ANY OF THE LOAN DOCUMENTS, OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THE LOAN. GUARANTOR AND LENDER ALSO WAIVE ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF GUARANTOR OR LENDER. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. GUARANTOR AND LENDER ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS GUARANTY AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. GUARANTOR AND LENDER FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS GUARANTY, THE LOAN DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOAN. IN THE EVENT OF LITIGATION, THIS GUARANTY MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

20. Expenses. Guarantor agrees to fully and punctually pay all costs and expenses, including, without limitation, reasonable attorneys' fees, court costs and costs of appeal, which Lender may incur in enforcing and collecting the Guaranteed Obligations.

21. Conflict of Law. If, for whatever reason, a court of competent jurisdiction determines that this Guaranty shall be governed by California law, the provisions set forth on **Exhibit A** hereto shall be deemed incorporated herein by reference as additional provisions hereto, except to the extent that the provisions set forth on **Exhibit A** are inconsistent with the terms of this Guaranty, in which case, the terms set forth in **Exhibit A** shall govern.

[Remainder of Page Intentionally Left Blank. Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has executed this Guaranty as of the day and year first above written.

GUARANTOR:

EQUINIX, INC., a Delaware corporation

By: /s/ PETER VAN CAMP
Name: Peter Van Camp
Title: Chief Executive Officer

Exhibit 10.128

DEED OF LEASE

by and between

EQUINIX RP II LLC,
a Delaware limited liability company,

as LANDLORD

and

EQUINIX, INC.,
a Delaware corporation,

as TENANT

Premises:
Beaumeade Corporate Park
21691, 21701, 21711, 21715, 21721 and 21731 Filigree Court
Ashburn, Virginia 20147

Dated as of December 21, 2005

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DEED OF LEASE

THIS DEED OF LEASE is made as of December 21, 2005, by and between **EQUINIX RP II LLC**, a Delaware limited liability company ("Landlord"), with an address at 301 Velocity Way, 5th Floor, Foster City, California 94404, and **EQUINIX INC.**, a Delaware corporation ("Tenant"), with an address at 301 Velocity Way, 5th Floor, Foster City, California 94404.

In consideration of the rents and provisions herein stipulated to be paid and performed, Landlord and Tenant hereby covenant and agree as follows:

1. Demise of Premises. (a) Landlord hereby demises and lets to Tenant, and Tenant hereby takes and leases from Landlord, for the term and upon the provisions hereinafter specified, the following described property (hereinafter collectively referred to as the "Leased Premises"): (i) the premises described in Exhibit "A" hereto, together with the Appurtenances (collectively, the "Land"); (ii) the buildings, structures and other improvements now or hereafter located on the Land, including, without limitation, the roof of the buildings located on the Land (collectively, the "Improvements"); and (iii) the fixtures, machinery, equipment and other property described in Exhibit "B" hereto (collectively, the "Equipment").

(b) Landlord hereby assigns to Tenant all of Landlord's right title and interest in the existing leases ("Existing Leases") between Landlord and the existing tenants in all or any part of the Premises and Tenant hereby assumes all of Landlord's obligations under the Existing Leases as of the date hereof. Tenant shall indemnify and hold harmless the Landlord from and against all costs, expenses, obligations and liabilities under the Existing Leases arising from and after the date hereof.

2. Certain Definitions.

"Additional Rent" shall mean Additional Rent as defined in Section 7(a).

"Affiliated Party" shall mean Affiliated Party as defined in Section 19(a).

"Alterations" shall mean all changes, additions, improvements or repairs to, all alterations, reconstructions, renewals, replacements or removals of and all substitutions or replacements for any of the Improvements or Equipment, both interior and exterior, structural and non-structural, and ordinary and extraordinary. Notwithstanding the foregoing, Alterations shall not include the addition, reconfiguration or removal of internal cabling, server cages or other equipment installed in the Premises primarily for the service of Tenant's Customers.

"Appurtenances" shall mean all tenements, hereditaments, easements, rights-of-way, rights, privileges in and to the Land, including (a) easements over other lands granted by any Easement Agreement and (b) any streets, ways, alleys, vaults, gores or strips of land adjoining the Land.

"Basic Rent" shall mean Basic Rent as defined in Section 6.

"Basic Rent Payment Date" shall mean the Basic Rent Payment Dates as defined in Section 6.

"Broker" shall mean Broker as defined in Section 32(a).

"Building A" shall mean that certain building located at 21731 Filligree Court, Ashburn, Virginia 20147.

"Building B" shall mean that certain building located at 21721 Filligree Court, Ashburn, Virginia 20147.

"Building C" shall mean that certain building located at 21711 Filligree Court, Ashburn, Virginia 20147.

"Building E" shall mean that certain building located at 21691 Filligree Court, Ashburn, Virginia 20147

"Building F" shall mean that certain building located at 21715 Filligree Court, Ashburn, Virginia 20147.

"Casualty" shall mean any injury to or death of any person or any loss of or damage to any property (including the Leased Premises) included within or related to the Leased Premises resulting from a fire or other casualty affecting the Leased Premises.

"Code" shall mean Code as defined in Section 30.

"Commencement Date" shall mean Commencement Date as defined in Section 5(a).

"Commercial Facility" shall mean Commercial Facility as defined in Section 4(a).

"Condemnation" shall mean a Taking.

"Condemnation Notice" shall mean notice of the institution of any proceeding for Condemnation.

"Costs" of a Person or associated with a specified transaction shall mean all reasonable costs and expenses incurred by such Person or associated with such transaction, including, without limitation, attorneys' fees and expenses, court costs, brokerage fees, escrow fees, title insurance premiums, recording fees and transfer taxes, as the circumstances require, subject to any limitations hereinafter set forth.

"Customer" shall mean a Person that has entered into an agreement with Tenant, or an affiliate of Tenant, to receive telecommunication, collocation or any similar or successor services from the Leased Premises.

"Debt Service" shall mean with respect to any particular period, the scheduled principal and interest payments due on account of any promissory note secured by the Mortgage.

"Default Rate" shall mean the Default Rate as defined in Section 6(c).

"Easement Agreement" shall mean any conditions, covenants, restrictions, easements, declarations, licenses and other agreements listed as Permitted Encumbrances or as may hereafter affect the Leased Premises.

"Environmental Law" shall mean (i) whenever enacted or promulgated, any applicable federal, state and local law, statute, ordinance, rule, regulation, license, permit, authorization, approval, consent, court order, judgment, decree, injunction, code, requirement or agreement with any governmental entity, (x) relating to pollution (or the cleanup thereof), or the protection of air, water vapor, surface water, groundwater, drinking water supply, land (including land surface or subsurface), plant, aquatic and animal life from injury caused by a Hazardous Substance or (y) concerning exposure to, or the use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, handling, labeling, production, disposal or remediation of any Hazardous Substance, and (ii) any common law or equitable doctrine (including, without limitation, injunctive relief and tort doctrines such as negligence, nuisance, trespass and strict liability) that may impose liability or obligations or injuries or damages due to or threatened as a result of the presence of, exposure to, or ingestion of, any Hazardous Substance. The term Environmental Law includes, without limitation, the federal Comprehensive Environmental Response Compensation and Liability Act of 1980, the Superfund Amendments and Reauthorization Act, the federal Water Pollution Control Act, the federal Clean Air Act, the federal Clean Water Act, the federal Resources Conservation and Recovery Act of 1976 (including the Hazardous and Solid Waste Amendments to RCRA), the federal Solid Waste Disposal Act, the federal Toxic Substance Control Act, the federal Occupational Safety and Health Act of 1970, the federal National Environmental Policy Act and the federal Hazardous Materials Transportation Act, each as amended and as now or hereafter in effect and any similar state or local Law.

"Environmental Violation" shall mean any violation of any Environmental Law.

"Equipment" shall mean the Equipment as defined in Section 1.

"Event of Default" shall mean an Event of Default as defined in Section 20(a).

"Expenses" shall mean the Expenses as defined in Section 7(a).

"Expiration Date" shall mean the Expiration Date as defined in Section 5(a).

"Federal Funds" shall mean federal or other immediately available funds which at the time of payment are legal tender for the payment of public and private debts in the United States of America.

"GAAP" shall mean GAAP as defined in Section 26(a).

"Guarantor" shall mean Equinix, Inc., a Delaware corporation, or a successor to Guarantor by acquisition or merger, or by a consolidation or reorganization pursuant to which Guarantor ceases to exist as a legal entity.

"Good Condition and Repair" shall mean Good Condition and Repair as defined in Section 7(a).

"Hazardous Substance" means (i) any substance, material, product, petroleum, petroleum product, derivative, compound or mixture, mineral (including asbestos), chemical, gas, medical waste, or other pollutant, in each case whether naturally occurring, man-made or the by-product of any process, that is toxic, harmful or hazardous or acutely hazardous to the environment or public health or safety or (ii) any substance supporting a claim under any Environmental Law, whether or not defined as hazardous as such under any Environmental Law. Hazardous Substances include, without limitation, any toxic or hazardous waste, pollutant, contaminant, industrial waste, petroleum or petroleum-derived substances or waste, radon, radioactive materials, asbestos, asbestos containing materials, urea formaldehyde foam insulation, lead, polychlorinated biphenyls.

"IBX Facility" shall mean the IBX Facility as defined in Section 4(a).

"Impositions" shall mean the Impositions as defined in Section 8.

"Improvements" shall mean the Improvements as defined in Section 1.

"Indemnitee" shall mean an Indemnitee as defined in Section 14.

"Initial Alterations" shall mean the Initial Alterations as defined in Section 12(a).

"Insurance Requirements" shall mean the requirements of all insurance policies maintained in accordance with this Lease.

"Land" shall mean the Land as defined in Section 1.

"Landlord Transfer" shall mean a Landlord Transfer as defined in Section 8.

"Law" shall mean any constitution, statute, rule of law, code, ordinance, order, judgment, decree, injunction, rule, regulation, policy, requirement or administrative or judicial determination, even if unforeseen or extraordinary, of every duly constituted governmental authority, court or agency, now or hereafter enacted or in effect.

"Lease" shall mean this Deed of Lease.

"Lease Year" shall mean, with respect to the first Lease Year, the period commencing on the Commencement Date and ending at midnight on the last day of the twelfth (12th) consecutive calendar month following the month in which the Commencement Date occurred, and each succeeding twelve (12) month period during the Term.

"Leased Premises" shall mean the Leased Premises as defined in Section 1.

"Legal Requirements" shall mean the requirements of all present and future Laws (including, but not limited to, Environmental Laws and Laws related to accessibility to, usability by, and discrimination against, disabled individuals) and all covenants, restrictions and conditions now or hereafter of record which may be applicable to Tenant or to the Leased Premises, or to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or restoration of the Leased Premises, even if compliance therewith necessitates structural changes or improvements or results in interference with the use or enjoyment of the Leased Premises or requires Tenant to carry insurance other than as required by this Lease.

"Lender" shall mean any holder of a Mortgage secured by the Landlord's interest in the Leased Premises, including without limitation, Mortgage Lender.

"Monetary Obligations" shall mean Rent and all other sums payable by Tenant under this Lease to Landlord, to any third party on behalf of Landlord or to any Indemnitee.

"Mortgage" shall mean any deed of trust lien on the Leased Premises, including the SFT I Mortgage.

"Mortgage Lender" shall mean SFT I, Inc., a Delaware corporation, and its successors and assigns.

"Mortgage Lender Financing" shall mean that certain loan to Landlord from Mortgage Lender secured by, among other things, a first priority deed of trust lien on the Leased Premises pursuant to the SFT I Mortgage.

"Mortgage Loan Documents" shall mean this Lease, the SFT I Mortgage and those certain other loan documents of even date herewith executed by and entered into by Landlord in connection with the Mortgage Lender Financing.

"Net Award" shall mean (a) the entire award payable by reason of a Condemnation whether pursuant to a judgment or by agreement or otherwise, or (b) the entire proceeds of any insurance required under clauses (i), (ii) (to the extent payable to Landlord), (iv), (v), (vi), (vii) or (viii) of Section 15(a), as the case may be, less any expenses incurred by Landlord in collecting such award or proceeds.

"Non-Customer" shall mean a Person that has entered into a Sublease with Tenant, or an affiliate of Tenant, with respect to any portion of the Leased Premises.

"Non-Preapproved Assignee" shall mean Non-Preapproved Assignee as defined in Section 19(b).

"Non-Preapproved Assignment" shall mean Non-Preapproved Assignment as defined in Section 19(b).

"Original Amount" shall mean Original Amount as defined in Section 31(a).

"Partial Casualty" shall mean any Casualty which does not constitute a Termination Event.

"Partial Condemnation" shall mean any Condemnation which does not constitute a Termination Event.

"Permitted Encumbrances" shall mean (a) those covenants, restrictions, reservations, liens, conditions and easements and other encumbrances listed on Exhibit "C" hereto (but such listing shall not be deemed to revive any such encumbrances that have expired or terminated or are otherwise invalid or unenforceable) and (b) the agreement of Tenant in favor or Silicon Valley Bank ("SVB") not to encumber Tenant's interest in any of Tenant's real property, as set forth in that certain Amended and Restated Loan and Security Agreement, dated as of September 16, 2005, between Tenant and SVB.

"Person" shall mean an individual, partnership, association, limited liability company, corporation or other entity.

"Preapproved Assignee" shall mean Preapproved Assignee as defined in Section 19(a).

"Preapproved Assignment" shall mean Preapproved Assignment as defined in Section 19(a).

"Prime Rate" shall mean the interest rate per annum as published, from time to time, in The Wall Street Journal as the "Prime Rate" in its column entitled "Money Rate". The Prime Rate may not be the lowest rate of interest charged by any "large U.S. money center commercial banks" and Landlord makes no representations or warranties to that effect. In the event The Wall Street Journal ceases publication or ceases to publish the "Prime Rate" as described above, the Prime Rate shall be the average per annum discount rate (the "Discount Rate") on ninety-one (91) day bills ("Treasury Bills") issued from time to time by the United States Treasury at its most recent auction, plus three hundred (300) basis points. If no such 91 day Treasury Bills are then being issued, the Discount Rate shall be the discount rate on Treasury Bills then being issued for the period of time closest to ninety-one (91) days.

"Renewal Date" shall mean Renewal Date as defined in Section 5(b).

"Renewal Notice" shall mean Renewal Notice as defined in Section 5(b).

"Renewal Term" shall mean Renewal Term as defined in Section 5(b).

"Rent" shall mean, collectively, Basic Rent and Additional Rent.

"Requesting Party" shall mean Requesting Party as defined in Section 23.

"Required Replacements" shall mean the Required Replacements as defined in Section 7(a).

"Responding Party" shall mean Responding Party as defined in Section 23.

"Restoration Fund" shall mean Restoration Fund as defined in Section 18(a).

"Review Criteria" shall mean Review Criteria as defined in Section 19(b).

"SFT I Mortgage" shall mean that certain Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing of even date herewith granted by Landlord for the benefit of Mortgage Lender to secure Landlord's obligations under the Mortgage Lender Financing as evidenced by the Mortgage Loan Documents.

"SNDA" shall mean SNDA as defined in Section 29.

"State" shall mean the state in which the Leased Premises are located.

"Sublease" shall mean Sublease as defined in Section 19(c).

"Successor Landlord" shall mean Successor Landlord as defined in Section 29(c).

"Successor Party" shall mean Successor Party as defined in Section 19(a).

"Surviving Obligations" shall mean any obligations of Tenant under this Lease, actual or contingent, which arise on or prior to the expiration or prior termination of this Lease or which survive such expiration or termination by their own terms.

"Taking" shall mean (a) any taking or damaging of all or a portion of the Leased Premises (i) in or by condemnation or other eminent domain proceedings pursuant to any Law, general or special, or (ii) by reason of any agreement with any condemnor in settlement of or under threat of any such condemnation or other eminent domain proceeding, or (iii) by any other means, or (b) any de facto condemnation. The Taking shall be considered to have taken place as of the earlier of the date actual physical possession is taken by the condemnor, or the date on which the right to compensation and damages accrues under the law applicable to the Leased Premises.

"Tenant's Plans" shall mean Tenant's Plans as defined in Section 12(d).

"Term" shall mean the Term as defined in Section 5.

"Termination Date" shall mean the Termination Date as defined in Section 17.

"Termination Event" shall mean a Termination Event as defined in Section 17.

"Termination Notice" shall mean Termination Notice as defined in Section 17(a).

"Third Party Purchaser" shall mean the Third Party Purchaser as defined in Section 19(h).

"Warranties" shall mean the Warranties as defined in Section 3(c).

"Work" shall mean the Work as defined in Section 12(c).

3. Title and Condition.

(a) The Leased Premises are demised and let subject to (i) the Permitted Encumbrances, (ii) any state of facts which an accurate survey or physical inspection of the Leased Premises might show, (iii) all Legal Requirements, including any existing violation of any thereof, and (iv) the condition of the Leased Premises in all respects as of the commencement of the Term, without representation or warranty by Landlord.

(b) Tenant acknowledges that the Leased Premises are in acceptable condition and repair at the inception of this Lease. LANDLORD LEASES AND WILL LEASE AND TENANT TAKES AND WILL TAKE THE LEASED PREMISES "AS IS WITH ALL FAULTS". TENANT ACKNOWLEDGES THAT LANDLORD (WHETHER ACTING AS LANDLORD HEREUNDER OR IN ANY OTHER CAPACITY) HAS NOT MADE AND WILL NOT MAKE, NOR SHALL LANDLORD BE DEEMED TO HAVE MADE, ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT TO ANY MATTERS CONCERNING THE LEASED PREMISES, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OR REPRESENTATION AS TO (i) ITS FITNESS, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE, (ii) THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, (iii) THE EXISTENCE OF ANY DEFECT, LATENT OR PATENT, (iv) LANDLORD'S TITLE THERETO, (v) VALUE, (vi) COMPLIANCE WITH SPECIFICATIONS, (vii) LOCATION, (viii) USE, (ix) CONDITION, (x) MERCHANTABILITY, (xi) QUALITY, (xii) DESCRIPTION, (xiii) DURABILITY (xiv) OPERATION, (xv) THE EXISTENCE OF ANY HAZARDOUS SUBSTANCE, OR (xvi) COMPLIANCE OF THE LEASED PREMISES WITH ANY LAW OR LEGAL REQUIREMENT; AND ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY TENANT. TENANT ACKNOWLEDGES THAT THE LEASED PREMISES ARE OF ITS SELECTION AND TO ITS SPECIFICATIONS AND THAT THE LEASED PREMISES HAVE BEEN INSPECTED BY TENANT AND ARE SATISFACTORY TO IT.

(c) Landlord hereby assigns to Tenant, without recourse or warranty whatsoever, on a non-exclusive basis, all assignable warranties, guaranties, indemnities and similar rights (collectively "Warranties") which Landlord may have against any manufacturer, seller, engineer, contractor or builder in respect of the Leased Premises. Such assignment shall remain in effect until the expiration or earlier termination of this Lease, whereupon such assignment shall cease and all of the Warranties shall automatically revert to Landlord. In confirmation of such reversion Tenant shall execute and deliver promptly any certificate or other document reasonably required by Landlord. Landlord shall also retain the right to enforce any guaranties (i) to the extent of Landlord's obligations hereunder, and (ii) upon the occurrence of an Event of Default. Tenant in its reasonable discretion, may enforce and shall comply with the terms of all Warranties in accordance with their respective terms, provided that if Tenant does not enforce any Warranty, Landlord shall have the right to do so. Tenant shall not take any actions which would cause any of the Warranties to lapse.

4. Use of Leased Premises; Quiet Enjoyment.

(a) Tenant may occupy and use the Leased Premises for any lawful purpose, which does not violate any certificate of occupancy, other permit or certificate, or any Law or Legal Requirement, provided that most of Building C and all of Building E and Building F shall only be used as a data center and internet business exchange ("IBX") collocation facility (and ancillary administrative or other support services) or any facility that as a result of technological changes is substantially equivalent, or a technological successor, to a data center and IBX collocation facility, so long as such change does not have any material negative impact on the value of the Leased Premises, or, for any other purpose previously approved by Landlord in writing and in a manner consistent with applicable Laws, Legal Requirements and the Permitted Encumbrances. In approving any alternative uses, Landlord shall act reasonably taking into account technological changes and changes in the telecommunications industry. Tenant shall not use or occupy or permit the Leased Premises to be used or occupied, nor do or permit anything to be done in or on the Leased Premises, in a manner which would or is likely to (i) violate any Law or Legal Requirement, (ii) make void or voidable or cause any insurer to cancel any insurance required by this Lease, or make it impossible to obtain any such insurance at commercially reasonable rates, (iii) make void or voidable, cancel or cause to be cancelled or release any warranty, guaranty or indemnity, (iv) cause structural injury to any of the Improvements or (v) constitute a public or private nuisance or waste. The portion of the Leased Premises used, at any time, as an IBX facility is sometimes referred to herein as the "IBX Facility" and that portion of the Leased Premises that is not, at any time, used as an IBX Facility is referred to herein as the "Commercial Facility".

(b) Subject to the provisions hereof, so long as no Event of Default has occurred and is continuing, Tenant shall quietly hold, occupy and enjoy the Leased Premises throughout the Term, without any hindrance, ejection or molestation by Landlord with respect to matters that arise after the date hereof.

(c) Landlord acknowledges that Tenant will operate the IBX Facility portion of the Leased Premises as a highly secure facility which has very limited access. As a result thereof, Landlord shall not under any circumstances enter the IBX Facility portion of the Leased Premises without being accompanied by a representative of Tenant and after, at least, 48 hours prior written notice. Subject to the foregoing requirement, Landlord shall be entitled to enter the Premises at the following times and for the following purposes: (i) as required to perform Landlord's obligations under this Lease and to inspect the Premises to confirm that Tenant is in compliance with its obligations under the Lease, provided, however, that such inspection shall only occur once a quarter (unless an Event of Default exists in which case Landlord may enter the Leased Premises as often as Landlord deems necessary in its sole discretion, subject to the notice requirements set forth above), and (ii) showing the Leased Premises to prospective purchasers or lenders, or, during the last 180 days of the Term, to prospective tenants. Notwithstanding anything to the contrary but subject to the notice requirements set forth above in this Section 4(c), Landlord shall have access to the Leased Premises at ay time in order to enforce its self-help rights or any of its other remedies under this Lease. In exercising such entry rights, Landlord will endeavor to minimize, to the extent reasonably practicable, the interference with Tenant's business.

5. Term.

(a) Subject to the provisions hereof, Tenant shall have and hold the Leased Premises for an initial term (such term, as extended or renewed in accordance with the provisions hereof, being called the "Term") commencing on December 21, 2005 (the "Commencement Date") and ending on the last day of the two hundred fortieth (240th) calendar month next following the date hereof (the "Expiration Date").

(b) Notwithstanding anything in this Lease to the contrary, including, without limitation, Section 17 hereof, this Lease shall not be cancelable or terminable for any reason whatsoever by Landlord or Tenant prior to the Expiration Date unless and until the Mortgage Financing has been repaid in full, including, without limitation, all outstanding principal and interest and other indebtedness payable under the Mortgage Loan Documents. Notwithstanding the foregoing, the restrictions of this Section 5(b) shall not apply to any Successor Landlord (as defined in Section 29 hereof).

(c) [Intentionally Omitted]

(d) If an Event of Default occurs and so long as such Event of Default shall continue, then Landlord shall have the right during the remainder of the Term then in effect, to (i) advertise the availability of the Leased Premises for sale or reletting and to erect upon the Leased Premises one (1) sign reasonably acceptable to Tenant indicating such availability and (ii) show the Leased Premises to prospective purchasers or tenants or their agents subject to the requirements of Section 4(c).

6. Basic Rent.

(a) Commencing on the Commencement Date, Tenant shall pay to Landlord, in lawful money of the United States, without set-off, counterclaim, recoupment, abatement, suspension, deferment, diminution, deduction, reduction or defense, except as otherwise specifically set forth herein, for each calendar month of the Term, monthly rent in the amount of $602,236.84 ("Basic Rent"), in advance, on the first day of the Term and then on the first day of each calendar month (each such day being a "Basic Rent Payment Date"); without abatement, deduction, claim, offset, prior notice or demand. If the first day of the Term is not the first day of a calendar month, then the amount of the Basic Rent due and payable shall be prorated. Each such rental payment shall be made, at Landlord's sole discretion, to Landlord by wire transfer in Federal Funds in accordance with the wiring instructions set forth on Exhibit "E" attached hereto and made a part hereof and/or to such one or more other Persons, at such addresses as Landlord may direct by fifteen (15) days' prior written notice to Tenant (in which event Tenant shall give Landlord notice of each such payment concurrent with the making thereof), on or before the applicable Basic Rent Payment Date.

(b) In the event that any installment of Basic Rent is not paid within five (5) business days of the date due, Tenant shall pay to Landlord, in addition to the Basic Rent, an amount equal to three percent (3%) of the amount of such unpaid installment or portion thereof to reimburse Landlord for its cost and inconvenience incurred as a result of Tenant's delinquency; provided that Tenant shall not be obligated to pay such amount the first time in each Lease Year that Tenant is late in paying the Basic Rent, provided that Tenant actually pays such Basic Rent within five (5) business days of written notice from Landlord.

(c) Interest at the rate (the 'Default Rate") of four percent (4%) over the Prime Rate per annum shall be due and payable on the following sums until paid in full: (A) all overdue installments of Basic Rent from the respective due dates thereof provided, however, that with the first late payment of all or any installment of Basic Rent in any Lease Year, the Default Rate shall not be due and payable unless the Basic Rent has not been paid within five (5) business days following written notice from Landlord that such installment is past due, (B) all overdue amounts of Additional Rent relating to obligations which Landlord shall have paid on behalf of Tenant, from the date of payment thereof by Landlord, and (C) all other overdue amounts of Additional Rent, from the date when any such amount becomes overdue.

(d) In addition, in the event of a Casualty/Condemnation resulting in a partial prepayment of the Mortgage Lender Financing, the Basic Rent due under this Lease shall be equitably reduced to an amount equal to 1.2 times the current Debt Service based on the then outstanding principal amount of the Mortgage Lender Financing in order to reflect among other things, the new loan amortization schedule so that the remaining outstanding principal amortizes in full over the remaining term of the Mortgage Lender Financing.

7. Additional Rent.

(a) Tenant shall pay and discharge, as additional rent (collectively, "Additional Rent") (i) all expenses incurred in the use, operation and maintenance of the Leased Premises, including, without limitation, the following: electricity, gas, water, sewer, storm water, fuel and other reasonable utility charges, (ii) premiums and other charges for insurance

(including, but not limited to, property insurance, rent loss insurance and liability insurance), (iii) all costs incurred in connection with service and maintenance contracts, (iv) all costs required to keep the Leased Premises and Equipment in Good Condition and Repair, as defined below, and (v) all Impositions in accordance with Section 8 below. All of the foregoing items described in the preceding clauses (i)-(v) are referred to herein as "Expenses." Except as otherwise agreed to by Landlord and Tenant, all of such Expenses shall be paid directly by Tenant and Tenant shall, upon the written request of Landlord, provide Landlord with reasonable evidence of such payment. As used herein the phrase "Good Condition and Repair" shall mean that the Leased Premises are in the condition that one would expect the Leased Premises to be in, if throughout the Term Tenant (y) uses and maintains the Leased Premises and Equipment in a commercially reasonable manner and in an accordance with the requirements of this Lease and (z) makes all Required Replacements. "Required Replacements" are the replacements to nonfunctioning equipment, fixtures, and improvements that a commercially reasonable owner-user would make. Good Condition and Repair shall not require the replacement of functioning but obsolete Equipment or Improvements. Notwithstanding the foregoing, Tenant shall not be obligated to pay any portion of the following items:

(i) Sums paid to subsidiaries or other affiliates of Landlord for services on or to Leased Premises, but only to the extent that the costs of such services exceed the competitive cost for such services rendered by persons or entities of similar skill, competence and experience.

(ii) Advertising and promotional expenditures.

(iii) Landlord's charitable and political contributions.

(iv) Any expenses for which Landlord has received actual reimbursement.

(v) Wages, salaries, benefits or other similar compensation paid to employees of Landlord or Landlord's agents.

(vi) Penalties or other costs incurred due to a violation by Landlord, as determined by written admission, stipulation, final judgment or arbitration award, of any of the terms and conditions of this Lease or any Law relating to the Leased Premises.

(vii) Landlord's general corporate office overhead and administrative expenses (which shall not be deemed to include a management fee).

(viii) The cost of abatement or removal of any Hazardous Substances, except for the costs of any such actions taken by Landlord to comply with any Laws in connection with the ordinary operation and maintenance of the Leased Premises or any costs for which Tenant is responsible under Sections 9 and 14.

(ix) All direct and indirect costs of refinancing, selling, exchanging or otherwise transferring ownership of the Leased Premises or any interest therein or portion thereof, including broker commissions, attorneys' fees and closing costs.

(x) Reserves for bad debts, rent loss, capital items or future expenses.

(xi) Third party claims paid by Landlord for personal injury or property damage, including costs of Landlord's defense thereof, except that the foregoing shall not relieve Tenant of responsibility for claims (and the defense costs thereof) for which Tenant is responsible pursuant to Section 14 or any other provision of this Lease.

(b) Tenant shall pay and discharge any Additional Rent referred to in Section 7(a) when the same shall become due, provided that amounts which are billed to Landlord or any third party, but not to Tenant, shall be paid within thirty (30) days after Landlord's demand for payment thereof. Any demand by Landlord for the payment of Additional Rent shall be accompanied by reasonably supporting material explaining the Additional Rent amount.

8. Payment of Impositions. Tenant shall, before interest or penalties are due thereon, pay and discharge all taxes (including real and personal property, franchise, sales, use, gross receipts and rent taxes), all charges for any easement or agreement maintained for the benefit of the Leased Premises, all assessments (including, without limitation, special assessments) and levies, all permit, inspection and license fees, all rents and charges for water, sewer, utility and communication services relating to the Leased Premises and all other public charges whether of a like or different nature, even if unforeseen or extraordinary, imposed upon or assessed against (a) Tenant, (b) Tenant's possessory interest in the Leased Premises, (c) the Leased Premises, or (d) Landlord as a result of or arising in respect of the acquisition, ownership, occupancy, leasing, use, possession or sale of the Leased Premises, any activity conducted on the Leased Premises, or the Rent (collectively, the "Impositions"); provided, that nothing herein shall obligate Tenant to pay (i) income, excess profits or other taxes of Landlord which are determined on the basis of Landlord's net income or net worth (unless such taxes are in lieu of or a substitute for any other tax, assessment or other charge upon or with respect to the Leased Premises which, if it were in effect, would be payable by Tenant under the provisions hereof or by the terms of such tax, assessment or other charge), (ii) any estate, inheritance, succession, gift or similar tax imposed on Landlord or (iii) any capital gains tax imposed on Landlord in connection with the sale of the Leased Premises to any Person. If any Imposition may be paid in installments without interest or penalty, Tenant shall have the option to pay such Imposition in installments; in such event, Tenant shall be liable only for those installments which accrue or become due and payable during the Term. Tenant shall prepare and file all tax reports required by governmental authorities which relate to the Impositions. Tenant shall deliver to Landlord (A) copies of all settlements and notices pertaining to the Impositions which may be issued by any governmental authority within ten (10) days after Tenant's receipt thereof, (B) receipts for payment of all taxes required to be paid by Tenant hereunder within thirty (30) days after the due date thereof and (C) receipts for payment of all other Impositions within ten (10) days after Landlord's request therefor.

9. Compliance with Laws and Easement Agreements; Environmental Matters; Above-Ground Storage Tanks

(a) Tenant shall, at its expense, comply with and conform to, and cause the Leased Premises and any other Person occupying any part of the Leased Premises to comply with and conform to, all Insurance Requirements and Legal Requirements (including all applicable Environmental Laws). Tenant shall not at any time (i) cause, permit or suffer to occur any Environmental Violation or (ii) permit any subtenant, assignee or other Person occupying the Leased Premises under or through Tenant to cause, permit or suffer to occur any Environmental Violation and, at the request of Landlord, Tenant shall promptly remediate or undertake any other appropriate response action to correct any existing Environmental Violation in a manner which is commercially reasonable and sufficient to remediate or correct such Environmental Violation to levels consistent with non-residential use of the Leased Premises and in accordance and compliance with all applicable Legal Requirements. Any and all reports prepared for or by Landlord with respect to the Leased Premises shall be for the sole benefit of Landlord and no other Person shall have the right to rely on any such reports.

(b) Tenant, at its sole cost and expense, will at all times promptly abide by, discharge and perform all of the covenants, conditions and agreements contained in any Easement Agreement on the part of Landlord or the occupier to be kept and performed thereunder. Tenant will not alter, modify, amend or terminate any Easement Agreement, give any consent or approval thereunder, or enter into any new Easement Agreement without, in each case, prior written consent of Landlord, which consent shall not be unreasonably withheld, delayed or conditioned. Notwithstanding the foregoing or anything to the contrary contained in this Lease, Tenant shall have the right without obtaining Lender's or Landlord's prior approval to: (i) grant or modify standard utility and telecommunications easements serving the Leased Premises, or (ii) grant to one or more of its Customers, Non-Customers or other third-parties the right to use on commercially reasonable terms the capacity of the fiber ring located on the Leased Premises provided that such additional use does not impair or reduce the capacity required for the operation of data centers or IBX collocation facilities in Building C, Building E and Building F or on any portion of the Leased Premises.

(c) If Tenant fails to comply with any requirement of any Environmental Law in connection with any Environmental Violation which occurs or is found to exist, after the expiration of a reasonable period of time of not less than thirty (30) days provided by Landlord to Tenant in writing to cure such Environmental Violation, Landlord shall have the right (but no obligation) to take any and all actions as Landlord shall deem reasonably necessary or advisable in order to cure such Environmental Violation.

(d) Tenant shall promptly notify Landlord after becoming aware of any Environmental Violation (or alleged Environmental Violation) or noncompliance with any of the covenants contained in this Section 9 and shall forward to Landlord immediately upon receipt thereof copies of all orders, reports, notices, permits, applications or other communications relating to any such violation or noncompliance.

(e) Landlord acknowledges that there presently exists on the Leased Premises generators and other redundant power generation equipment, including fuel storage tanks, specialized HVAC and fire suppression systems, which may contain Hazardous Substances. During the Term Tenant may, in accordance with the provisions of this Lease, install additional above-ground fuel storage tanks ("ASTs") or underground fuel storage tanks ("USTs"), replace the existing fuel storage tanks, install or replace any battery back-up systems, install or replace the HVAC or fire suppression systems, so long as all of such work is done in accordance with the requirements of this Lease and all Hazardous Substances involved in any of such systems or equipment are handled, used, stored, maintained and disposed of in accordance with applicable Laws, including, without limitation, Environmental Laws and is necessary to support the operations of data centers or IBX collation facilities. Any additional fuel storage tanks installed on the Leased Premises shall be AST's, unless such AST's are not feasible in light of the design and operation of the improvements on the Leased Premises. The determination of such feasibility shall be in Landlord's sole reasonable discretion. Notwithstanding the foregoing, the installation of additional ASTs or USTs (but not the replacement of any existing fuel storage tanks) shall be subject to (i) Landlord's prior written approval with respect to the location of any additional ASTs or USTs, which approval shall not be unreasonably delayed or conditioned, (ii) requiring additional storage tank liability insurance in accordance with Section 15(a)(ix) and (iii) Landlord's right to require removal of any additional ASTs or USTs at the end of the Term.

(f) If required by Landlord, at least ninety (90) days prior to the (i) end of the Term or (ii) termination of the Lease, Tenant shall remove any additional fuel storage tanks installed upon the Leased Premises pursuant to Section 9(e) above in accordance with all then applicable Legal Requirements, approvals, regulations and ordinance applicable thereto and Tenant shall cause such area of the Leased Premises to be fully restored with appropriate closure letters from the applicable governmental authorities (the "Storage Tank Removal"). The Storage Tank Removal obligation shall not apply to storage tanks located on the Leased Premises as of the date hereof. Tenant agrees that in no manner, expressed or implied, shall Landlord have any responsibility for any and all storage tanks located now or in the future on the Leased Premises (the "Storage Tanks"), including the maintenance, operation, and as applicable, the Storage Tank Removal. Tenant hereby agrees to indemnify, defend and hold harmless Landlord from any and all claims and damages in any way relating to the construction, maintenance, operation of any Storage Tanks on the Leased Premises and if applicable, the Storage Tank Removal, including claims and damages from subsurface and groundwater conditions relating to any of the construction, maintenance, operation and, if applicable, the Storage Tank Removal. Such indemnity shall survive the termination or expiration of the Lease.

(g) At all times, Tenant shall cause the Storage Tanks, at Tenant's sole cost and expense, to be maintained and operated in accordance with all applicable Laws and all Legal Requirements, but not limited to, making any changes thereto as may be required from time to time by such applicable Laws, Legal Requirements, ordinances or other requirements. Tenant shall maintain complete and accurate records of all maintenance and all testing of the Storage Tanks, and each portion thereof, and make such records available upon ten (10) days' prior written notice to Landlord. Additionally, Tenant shall furnish Landlord with copies of all certification and inspection reports obtained by Tenant for any purpose in connection with the Storage Tanks, including but not limited to as required for insurance purposes, within thirty (30) days of Tenant's receipt of such certification and inspection reports.

(h) Prior to the end of the Term (but not more than sixty (60) days prior thereto), Tenant shall furnish Landlord with an environmental report (which report shall be customary at the time it is furnished) reasonably acceptable to Landlord which report must indicate that the Storage Tanks are not leaking, or, if any leakage is detected, that areas in which the Storage Tanks are located are not contaminated above reportable levels by any leakage from the Storage Tanks and to the extent such report reveals that there are any Hazardous Substance in such areas, Tenant shall be solely responsible, at Tenant's sold cost and expense, for removing and remediating such areas in accordance with applicable Legal Requirements and in a manner reasonably acceptable to Landlord (including repairing any damage to the Leased Premises in connection.

(i) All costs and expenses incurred by Landlord relating to the review, approval, monitoring or implementation and monitoring of the Storage Tanks shall be paid for by Tenant promptly upon demand, and in any event within ten (10) Business Days of written demand therefor.

10. Liens; Recording.

(a) Subject to the provisions of Section 9(b) hereof, Tenant shall not, directly or indirectly, create or permit to be created or to remain and shall promptly after notice thereof discharge or remove, any lien, levy or encumbrance on the Leased Premises or on any Rent or any other sums payable by Tenant under this Lease, other than the Permitted Encumbrances and any mortgage, lien, encumbrance or other charge created by or resulting solely from any act or omission of Landlord. In the event of attachment of a mechanic's lien or other lien for labor, services or materials furnished to Tenant or to anyone holding or occupying the Leased Premises through or under Tenant, Tenant shall immediately notify Landlord and Lender of such lien or other action of which Tenant has or reasonably should have knowledge and which affects title to the Leased Premises or any part thereof, and shall cause the same to be removed within ten (10) days (or such additional time as Landlord and Lender may consent to in writing) of notice of such lien. If Tenant shall fail to remove such lien within said time period, Landlord or Lender may take such action as Landlord or Lender, as applicable, deem necessary to remove the same and the entire cost thereof shall be immediately due and payable by Tenant to Landlord or Lender, as applicable, and such amount shall bear interest at the Default Rate.

(b) Tenant shall execute, deliver and record, file or register all such instruments as may be required or permitted by any present or future Law in order to evidence the respective interests of Landlord and Tenant in the Leased Premises, and shall cause a memorandum of this Lease (or, if such a memorandum cannot be recorded, this Lease), and any supplement hereto or thereto, to be recorded in such manner and in such places as may be required or permitted by any present or future Law in order to protect the validity and priority of this Lease.

11. Maintenance and Repair.

(a) Tenant shall at all times maintain the Leased Premises and the Equipment in Good Condition and Repair and in compliance with all Legal Requirements. Tenant shall take every action reasonably necessary or appropriate for the preservation and safety of the Leased Premises. Tenant shall promptly make all Alterations of every kind and nature, whether foreseen or unforeseen, which may be required to comply with the foregoing requirements of this Section 11(a). Landlord shall not be required to make any Alteration, whether foreseen or unforeseen, or to maintain any of the Leased Premises. Tenant hereby expressly waives any right which may be provided for in any Law now or hereafter in effect to make Alterations at the expense of Landlord or, to require Landlord to make Alterations. Any Alteration made by Tenant pursuant to this Section 11 shall be made in conformity with the provisions of Section 12.

(b) If any Improvement hereafter constructed, shall (i) encroach upon any setback or any property, street or right-of-way adjoining the Leased Premises, (ii) violate the provisions of any restrictive covenant affecting the Leased Premises, (iii) hinder or obstruct any easement or right-of-way to which the Leased Premises is subject or (iv) impair the rights of others in, to or under any of the foregoing, Tenant shall, promptly after receiving notice thereof, either (A) obtain from all necessary parties waivers or settlements of all claims, liabilities and damages resulting from each such encroachment, violation, hindrance, obstruction or impairment, whether the same shall affect Landlord, Tenant or both, or (B) take such reasonable action as shall be necessary to remove all such encroachments, hindrances or obstructions and to end all such violations or impairments, including, if necessary, making Alterations. Tenant acknowledges and agrees that Landlord shall have no obligation to correct any of the foregoing conditions to the extent that any one or more of them exist prior to the Commencement Date and that Tenant shall continue to be bound by the terms of this Lease regardless of the existence of any such pre-existing conditions.

(c) Landlord and Tenant acknowledge that it is Tenant's responsibility to keep the Leased Premises in Good Condition and Repair and in compliance with all Legal Requirements. Landlord shall not perform any repairs, modifications or improvements to the Leased Premises, unless (i) Tenant has failed to take the necessary actions to maintain the Leased Premises in Good Condition and Repair, after fifteen (15) days advance written notice from Landlord, or (ii) in Landlord's reasonable judgment such actions are required on an emergency basis to protect life or property and Tenant is not responding to such emergency; provided, however, that under no circumstances shall Landlord be obligated to perform any repairs, modifications or improvements to the Leased Premises or keep the Leased Premises in Good Condition and Repair.

12. Alterations and Improvements.

(a) Landlord has reviewed and approved the initial alterations contemplated by Tenant as described on Exhibit "F" (the "Initial Alterations"), comprising at least $40,000,000.00 in hard costs and soft costs (which soft costs shall not exceed customary and commercially reasonable amounts) and which shall among other things, upgrade, improve and enhance the value of the Building C, Building E and Building F, and acknowledges that such Initial Alterations shall not require further approval by Landlord but that Tenant shall deliver to

Landlord the as-built drawings in CAD and hard copy and copies of any permits for such Initial Alterations upon completion thereof, as required below. Tenant shall not remove any portion of the Initial Alterations at the end of the Term and such Initial Alterations shall become a part of the Leased Premises and Landlord's property. Tenant shall be required to complete the Initial Alterations on or before December 31, 2007, subject to reasonable extensions for force majeure delays, and in accordance with this Section 12. In connection with the Initial Alterations, Tenant shall provide Landlord and Lender, if not otherwise previously provided, with a copy the plans and specifications and budget for the Initial Alterations.

(b) Tenant shall have the right, without having obtained the prior written consent of Landlord and provided that no Event of Default then exists, (i) to make any improvements, alterations or modifications to the Premises the cost of which is less than Two Hundred and Fifty Thousand Dollars ($250,000) (so long as such improvements do not devalue the Leased Premises or increase Landlord's obligations or liability during or after the Term in any way), (ii) to make non-structural Alterations which are reasonably required or desirable for the operation of Tenant's business in the Leased Premises and which are not visible from the exterior of the Leased Premises, or (iii) to install or replace Equipment in the Improvements or accessions to the Equipment. If Tenant desires to make Alterations to the Leased Premises which are not covered by clauses (i), (ii) or (iii) above, the prior written approval of Landlord shall be required which shall not be unreasonably withheld, delayed or conditioned. Tenant shall not construct upon the Land any additional buildings without having first obtained the prior written consent of Landlord which shall not be unreasonably withheld, delayed or conditioned. Landlord and Tenant acknowledge that Tenant is in the business of providing telecommunications and collocation services to its customers. Over the Term of this Lease it is likely that, due to technological innovations, the nature of these services and/or the equipment or facilities required to perform these services in an optimal manner may change. Landlord acknowledges that any Alterations required to accommodate such changes in Tenant's business shall be deemed reasonable so long as they do not impair the value of the Leased Premises. An Alteration will not be deemed to impair the value of the Leased Premises, if the Alteration can be removed at the end of the Term, and the Leased Premises can be reasonably restored to their condition prior to such Alteration.

(c) If Tenant makes any Alterations pursuant to this Section 12 or as required by Sections 11 or 16 (such Alterations and actions being hereinafter collectively referred to as "Work"), then prior to commencing any Work, Tenant shall (i) submit to Landlord, for Landlord's written approval, where required, detailed plans and specifications therefor in form satisfactory to Landlord, (ii) if such Alterations require a filing with any Governmental Authority or require the consent of such authority, then such plans and specifications shall (A) be prepared and certified by a registered architect or licensed engineer, and (B) comply with all Laws to the extent necessary for such governmental filing or consent, (iii) at its expense, obtain all required permits, approvals and certificates, (iv) furnish to Landlord duplicate original policies or certificates of insurance evidencing worker's compensation coverage (covering all persons to be employed by Tenant, and all contractors and subcontractors supplying materials or performing work in connection with such Alterations) and comprehensive public liability (including property damage coverage) insurance, comprehensive form automobile liability

insurance and Builder's Risk coverage (issued on a completed value basis) all in such form, with such companies, for such periods and in such amounts as Landlord may require, naming Landlord and its employees and agents as additional insureds. All Alterations shall be performed by Tenant at Tenant's sole cost and expense (A) in a good and workmanlike manner using materials of first class quality, (B) in compliance with all Laws, and (C) in accordance with the plans and specifications previously approved by Landlord. Tenant shall at its cost and expense obtain all approvals, consents and permits from every Governmental Authority having or claiming jurisdiction prior to, during and upon completion of such Alterations. If any such Work involves the replacement of existing Equipment or parts thereto, and except in instances where such Equipment is obsolete, all replacement Equipment or parts shall have a functional value and useful life equal to the lesser of (A) the functional value and useful life on the date hereof of the Equipment being replaced or (B) the functional value and useful life of the Equipment being replaced immediately prior to the occurrence of the event which required its replacement (assuming such replaced Equipment was then in the condition required by this Lease). Tenant shall promptly reimburse Landlord, as Additional Rent and upon demand, for any and all costs and expenses incurred by Landlord in connection with Landlord's review of Tenant's plans and specifications for any such Alteration, not to exceed fifteen hundred dollars ($1500).

(d) Landlord agrees to respond to any written request for approval of all Tenant's plans and specifications for any Alterations (Tenant's Plans") within ten (10) Business Days after Tenant's request, provided Tenant's Plans comply in all material respects with the requirements of this Section 12. In addition, Landlord agrees to respond to any resubmission of Tenant's Plans within five (5) Business Days after written resubmission. If Landlord either fails to approve or disapprove any Tenant's Plans on or before the end of the applicable review period set forth herein, such Tenant's Plans or revisions thereto shall be deemed to be approved by Landlord. Tenant may at the time that any Tenant's Plans are submitted to Landlord also request that Landlord indicate whether or not the Alterations described in such Tenant's Plans will be required to be removed at the end of the Term or upon the earlier termination of this Lease. In the event that any Alterations or new equipment are in the category that do not require Landlord's consent for the construction or installation thereof, Tenant may remove such items at the end of the Term, at Tenant's election.

(e) Upon completion of any Alterations and any work pursuant to this Section 12, Tenant, at its expense, shall promptly obtain certificates of final approval of such Alterations as may be required by any Governmental Authority, and shall furnish Landlord with copies thereof, together with "as built" plans and specifications for such Alterations prepared on an Autocad Computer Assisted Drafting and Design System (or such other system or medium as Landlord may accept).

(f) Tenant shall, at Tenant's sole cost and expense, upon the expiration of the Term or earlier termination of this Lease, at the request of Landlord remove all, or a portion of (as specified in such request), Alterations made during the Term of this Lease and restore the Leased Premises to their condition as of the date hereof, normal wear and tear excepted. Notwithstanding the foregoing, Tenant shall not be required to remove the following at the end of the Term or earlier termination of this Lease: (i) Initial Alterations, (ii) Alterations which Landlord has previously agreed to in writing that Tenant shall not be required to remove,

and (iii) Alterations which are substantially consistent in form or function to the Improvements existing as of the date hereof or the Initial Alterations. Notwithstanding anything to the contrary, Tenant shall not be permitted to remove any Initial Alterations and improvements and equipment existing on the Leased Premises as of the date hereof or any new improvements or equipment added subsequent to the date hereof which are necessary for the operation of the IBX Facility or Commercial Facility (except to the extent replaced or removed prior to the expiration of the Term or earlier termination of this Lease in accordance with the provisions hereof) and all Alterations remaining on the Leased Premises at the end of the Term of this Lease shall become the property of Landlord at such time.

13. Approved Alterations. Subject to the provisions of this Lease, Tenant may install, at its sole cost, risk and expense: (i) satellite dishes and communications equipment on the roof of the Improvements and on the Land in an amount and of a type reasonably required for the conduct of Tenant's business on the Leased Premises, (ii) on the Land or Improvements such additional generators, storage tanks, HVAC equipment, electrical or telecommunications switching equipment or similar equipment of a type reasonably required for the conduct of Tenant's business on the Leased Premises, and (iii) on the Land and with access to the Improvements, such additional fiber or other communications lines as may be reasonably required for the conduct of Tenant's business on the Leased Premises. All work done in connection with the items described in clauses (i), (ii) and (iii) above shall be deemed Alterations and shall be subject Sections 12(b)-12(e) above but shall not require any prior consent from the Landlord.

14. Indemnification.

(a) Tenant shall pay, protect, indemnify, defend, save and hold harmless Landlord and all other Persons described in Section 29 (each an "Indemnitee") from and against any and all liabilities, losses, damages (including punitive damages), penalties, Costs (including reasonable attorneys' fees and costs), causes of action, suits, claims, demands or judgments of any nature whatsoever arising from (i) any matter pertaining to the ownership, leasing, use, non-use, occupancy, operation, management, condition, design, construction, maintenance, repair or restoration of the Leased Premises and Tenant's business operations thereon, (ii) any casualty in any manner arising from the Leased Premises, whether or not Indemnitee has or should have knowledge or notice of any defect or condition causing or contributing to said casualty, (iii) any violation by Tenant of any provision of this Lease, any contract or agreement to which Tenant is a party, any Legal Requirement or any Permitted Encumbrance, or (iv) any alleged, threatened or actual Environmental Violation, including, with out limitation, (A) liability for response costs and for costs of removal and remedial action incurred by the United States Government, any state or local governmental unit or any other Person, or damages from injury to or destruction or loss of natural resources, including the reasonable costs of assessing such injury, destruction or loss, incurred pursuant to Section 107 of CERCLA, or any successor section or act or provision of any similar state or local Law, (B) liability for costs and expenses of abatement, correction or clean-up, fines, damages, response costs or penalties which arise from the provisions of any of the other Environmental Laws and (C) liability for personal injury or property damage arising under any statutory or common-law tort theory, including damages assessed for the maintenance of a public or private

nuisance or for carrying on of a dangerous activity. Notwithstanding the foregoing, the indemnification contained in this Section 14(a) shall not cover any of the foregoing that result from the gross negligence or willful misconduct of Landlord or the breach by Landlord of any provision of this Lease.

(b) In case any action or proceeding is brought against any Indemnitee by reason of any such claim, (i) such Indemnitee shall notify Tenant to resist or defend such action or proceeding by retaining counsel reasonably satisfactory to such Indemnitee, and such Indemnitee will cooperate, at no cost to such Indemnitee, and assist in the defense of such action or proceeding if reasonably requested to do so by Tenant, and (ii) Tenant may, except in the event of a conflict of interest or a bona fide dispute between Tenant and any such Indemnitee or during the continuance of an Event of Default, retain its own counsel and defend such action (it being understood that Landlord may employ counsel of its choice to monitor the defense of any such action, the reasonable cost of which shall be paid by Tenant in the event of a conflict of interest, a bona fide dispute between Landlord and Tenant or during the continuance of an Event of Default). In the event of a conflict of interest or dispute or during the continuance of an Event of Default or Tenant's request that Landlord handle its own defense, Landlord shall have the right to select counsel, and the cost of such counsel shall be paid by Tenant. Notwithstanding the foregoing, Tenant shall not enter into any settlement which would affect Landlord or the Leased Premises without Landlord's prior written consent which may be withheld in its sole and absolute discretion.

(c) The obligations of Tenant under this Section 14 shall survive any termination, expiration or rejection in bankruptcy of this Lease with respect to matters that occurred or existed prior to such termination, expiration or rejection.

15. Insurance.

(a) Tenant shall maintain the following insurance on or in connection with the Leased Premises:

(i) Insurance against physical loss or damage to the Improvements and Equipment as provided under a standard "All Risk" or "Special Perils" property policy including, but not limited to, flood (to the extent that the Leased Premises is in a flood zone) for 100% of the replacement value of the Improvements and Equipment. Such policies shall contain Replacement Cost and Agreed Amount Endorsements (waiving co-insurance penalties), Building Ordinance or Law coverage, a standard mortgagee clause acceptable to Lender and shall contain deductibles not more than $100,000 per occurrence.

(ii) Commercial General Liability Insurance and Business Automobile Liability Insurance (including Non-Owned and Hired Automobile Liability) against claims for personal and bodily injury, death or property damage occurring on, in or as a result of the use of the Leased Premises or any adjoining streets, sidewalks, and passageways, in an amount not less than $1,000,000 per occurrence and $2,000,000 annual aggregate and all other coverage extensions that are usual and customary for properties of this size and type provided, however, that the Landlord shall have the right to require such higher limits as may be commercially reasonable and customary for properties of this size, type and location.

(iii) Worker's compensation insurance covering all persons employed by Tenant in connection with any work done on or about the Leased Premises for which claims for death, disease or bodily injury may be asserted against Landlord, Tenant or the Leased Premises or, in lieu of such Workers' Compensation Insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate agency of the State or States in which the Leased Premises are located.

(iv) Comprehensive Boiler and Machinery Insurance on any of the Equipment or any other equipment on or in the Leased Premises in an amount not less than $4,000,000 per accident for damage to property. Either such Boiler and Machinery policy or the All-Risk policy required in (i) above shall include at least $1,000,000 per incidence for Off-Premises Service Interruption, Expediting Expenses, and Hazardous Materials Clean-up Expense and may contain a deductible not to exceed $100,000.

(v) Business Interruption coverage on an "actual loss sustained" basis over the period of indemnity (such coverage shall be available for up to a period of at least twelve (12) months). Such insurance shall name Landlord as loss payee solely with respect to Basic Rent payable to or for the benefit of the Landlord under this Lease. The perils covered by this policy shall be the same as those accepted on the Leased Premises including flood, earthquake and earth movement.

(vi) During any period in which any Alterations at the Leased Premises are being undertaken, Tenant will obtain commercial general liability insurance including contractual liability, in the amount of $1,000,000 primary and $10,000,000 excess liability in the aggregate (the policy shall provide coverage on an occurrence basis against claims for personal injury, bodily injury and death or property damage occurring on, in or about the Leased Premises and the adjoining streets, sidewalks and passageways. In addition, Tenant shall require all contractors and subcontractors, architects and engineers to provide appropriate insurance coverage), including Builder's risk insurance on a completed value basis protecting against "all risks" of physical loss, including collapse during construction, water damage, flood, earthquake and transit coverage (coverage should be on a non-reporting form, covering the total value of work performed and equipment, supplies and materials furnished (with an appropriate limit for soft costs in the case of construction) with deductibles approved by Landlord). The builder's risk insurance shall not contain a permission to occupy limitation. Borrower agrees to consult with Landlord prior to commencing the construction of any Improvements and to comply with all reasonable special insurance requirements of Lender pertaining to any construction or Alteration.

(vii) If not covered by the policy required in Section 15(a)(i) above, insurance coverage for terrorism and terrorist acts, in form and content and with coverages acceptable to Landlord in its sole discretion. Landlord and Tenant acknowledge that Tenant shall not be required to carry the insurance coverage described in Sections 15(a)(vii) and (viii) if such insurance cannot be obtained at commercially reasonable rates and is not customarily carried by institutional owners or tenants of facilities similar to the Leased Premises.

(viii) Umbrella excess liability insurance for not less than $10,000,000 per occurrence, subject to an aggregate cap of not less than $10,000,000.

(ix) In connection with the Storage Tanks presently located on the Leased Premises and any additional fuel Storage Tanks installed on the Leased Premises in accordance with Section 9 of this Lease, Tenant shall, at all times during the Term of this Lease, obtain and keep in force or reimburse Lender for the cost of Storage Tank Pollution Liability Insurance in the amount of $1,000,000 per claim and $1,000,000 in the aggregate. For each new Storage Tank installed, the Tenant shall increase the aggregate limit by $500,000.

(x) Law and Ordinance coverage in form and substance reasonably satisfactory to Landlord.

(xi) Such other insurance (or other terms with respect to any insurance required pursuant to this Section 15, including, without limitation, amounts of coverage, deductibles, form of mortgagee clause) on or in connection with the Leased Premises as Landlord may reasonably require, which at the time is usual and commonly obtained in connection with properties similar in type of building size, use and location to the Leased Premises.

(b) The insurance required by Section 15(a) shall be written by companies which have a Best's rating of A with a financial size of Class X or above or a comparable claims paying ability assigned by Standard & Poor's Corporation or equivalent rating agency approved by Landlord and are admitted in, and approved to write insurance policies by, the State Insurance Department for the state in which the Leased Premises are located. The insurance policies (i) shall be for such terms as Landlord may reasonably approve, (ii) shall be primary and without right of contribution of any other insurance carried by or on behalf of Landlord (if any), and (iii) shall be in amounts sufficient at all times to satisfy any coinsurance requirements thereof. The insurance referred to in Sections 15(a)(i), 15(a)(iv), 15(a)(v), 15(a)(vi) 15(a)(vii), 15(viii) and 15(a)(x) shall name Landlord as Owner, Landlord and Lender as loss payee as its interest may appear. The insurance referred to in Sections 15(a)(ii) and 15(a)(viii) shall name Landlord as an additional insured. Any obligation imposed upon the insureds shall be the sole obligation of Tenant and not of any other insured. If said insurance or any part thereof shall expire, be withdrawn, become void, voidable, unreliable or unsafe for any reason, including a breach of any condition thereof by Tenant or the failure or impairment of the capital of any insurer, or if for any other reason whatsoever said insurance shall become reasonably unsatisfactory to Landlord, Tenant shall within thirty (30) days prior to the expiration date of the policy or following written notice from Landlord obtain new or additional insurance reasonably satisfactory to Landlord. In addition, Tenant hereby grants to the Lender the same rights as Landlord under this Section 15 and Section 16. In addition to the foregoing, if required by Lender, the insurance referred to in Sections 15(a)(ii) and 15(a)(viii) shall also name the Lender as an additional insured under such policies.

(c) Each policy required by any provision of Section 15(a), except clause (iii) thereof, shall provide that it may not be cancelled on any renewal date except after thirty (30) days' prior notice to Landlord. Each such policy shall also provide that any loss otherwise payable thereunder shall be payable notwithstanding any change in title to or ownership of the Leased Premises and, to the extent available, shall provided that any loss otherwise payable thereunder shall be payable notwithstanding (i) any act or omission of Landlord or Tenant which might, absent such provision, result in a forfeiture of all or a part of such insurance payment, and (ii) the occupation or use of the Leased Premises for purposes more hazardous than those permitted by the provisions of such policy.

(d) Tenant shall pay as they become due all premiums for the insurance required by Section 15(a), shall renew or replace each policy and upon written request deliver to Landlord evidence of timely payment of the full premium therefor or installment then due and shall promptly deliver to Landlord all original certificates of insurance.

(e) Anything in this Section 15 to the contrary notwithstanding, any insurance which Tenant is required to obtain pursuant to Section 15(a) may be carried under a "blanket" or umbrella policy or policies covering other properties or liabilities of Tenant, provided that such "blanket" or umbrella policy or policies otherwise comply with the provisions of this Section 15 and provided further that Tenant shall provide to Landlord a Statement of Values which shall be reviewed annually and amended as necessary based on Replacement Cost Valuations. Upon written request, a certified copy of each such "blanket" or umbrella policy shall promptly be delivered to Landlord.

(f) Tenant shall have the replacement cost and insurable value of the Improvements and Equipment determined from time to time as required by the replacement cost and agreed amount endorsements and shall deliver to Landlord the new replacement cost and agreed amount endorsement or certificate evidencing such endorsement promptly upon Tenant's receipt thereof.

(g) Tenant shall promptly comply with and conform to (i) all provisions of each insurance policy required by this Section 15 and (ii) all requirements of the insurers thereunder applicable to Landlord, Tenant or the Leased Premises or to the use, manner of use, occupancy, possession, operation, maintenance, alteration or repair of the Leased Premises, even if such compliance necessitates Alterations or results in interference with the use or enjoyment of the Leased Premises.

(h) Tenant shall not carry separate insurance concurrent in form or contributing in the event of a Casualty with that required in this Section 15 unless (i) Landlord are included therein as named insureds, with loss payable as provided herein, and (ii) such separate insurance complies with the other provisions of this Section 15. Tenant shall immediately notify Landlord of such separate insurance and shall deliver to Landlord the certified copies of such certificates of insurance evidencing such coverage.

(i) All policies shall contain effective waivers by the carrier against all claims for insurance premiums against Landlord and shall contain full waivers of subrogation against the Landlord.

(j) All proceeds of any insurance required under Section 15(a) shall be payable as follows:

(i) Proceeds payable under clauses (ii), (iii) and (iv) of Section 15(a) and proceeds attributable to the general liability coverage of Builder's Risk insurance under clause (vi) of Section 15(a) shall be payable to the Person entitled to receive such proceeds.

(ii) Proceeds of insurance required under clause (i) and (vii) - (x) of Section 15(a) and proceeds attributable to Builder's Risk insurance (other than its general liability coverage provisions) under clause (vi) of Section 15(a) shall be payable to Landlord and applied as set forth in Section 17 or, if applicable, Section 18. Tenant shall apply the Net Award to restoration of the Leased Premises in accordance with the applicable provisions of this Lease unless a Termination Event shall have occurred and Tenant has given a Termination Notice in which case the Landlord shall be entitled to keep the Net Award.

(iii) Proceeds of insurance required under clause (v) of Section 15(a) shall be payable to Landlord, and any amounts so received shall be applied against Basic Rent as the same shall become due and owing.

16. Casualty and Condemnation.

(a) If any Casualty to the Leased Premises occurs the insurance proceeds for which are reasonably estimated by Tenant to be equal to or in excess of Two Hundred Fifty Thousand Dollars ($250,000), Tenant shall give Landlord prompt notice thereof. So long as no Event of Default exists, Tenant is hereby authorized to adjust, collect and compromise all claims under any of the insurance policies required by Section 15(a) (except public liability insurance claims payable to a Person other than Tenant, or Landlord) and to execute and deliver on behalf of Landlord all necessary proofs of loss, receipts, vouchers and releases required by the insurers and Landlord shall have the right to join with Tenant therein. Notwithstanding the foregoing, any final adjustment, settlement or compromise of any such claim that is in excess of Two Hundred Fifty Thousand Dollars ($250,000) shall be subject to the prior written approval of Landlord. If an Event of Default exists, Tenant shall not be entitled to adjust, collect or compromise any such claim or to participate with Landlord in any adjustment, collection and compromise of the Net Award payable in connection with a Casualty. Tenant agrees to sign, upon the request of Landlord, all such proofs of loss, receipts, vouchers and releases. Each insurer is hereby authorized and directed to make payment under said policies, excluding return of unearned premiums, directly to Landlord and Tenant jointly, and Tenant hereby appoints Landlord as Tenant's attorney-in-fact to endorse any draft therefor.

(b) Tenant, promptly upon receiving a Condemnation Notice, shall notify Landlord thereof. Landlord shall be authorized to collect, settle and compromise the

amount of any Net Award and, provided that so long as an Event of Default does not exist, Tenant shall be entitled to participate with Landlord in any Condemnation proceeding or negotiations under threat thereof or to contest the Condemnation or the amount of the Net Award therefor. Subject to the provisions of this Section 16(b), Tenant hereby irrevocably assigns to Landlord any award or payment to which Tenant is or may be entitled by reason of any Condemnation, whether the same shall be paid or payable for Tenant's leasehold interest hereunder or otherwise; but nothing in this Lease shall impair Tenant's right to any award or payment on account of Tenant's trade fixtures, equipment or other tangible property which is not part of the Equipment, moving expenses or loss of business, if available, to the extent that and so long as (i) Tenant shall have the right to make, and does make, a separate claim therefor against the condemnor and (ii) such claim does not in any way reduce either the amount of the award otherwise payable to Landlord for the Condemnation of Landlord's fee interest in the Leased Premises or the amount of the award (if any) otherwise payable for the Condemnation of Tenant's leasehold interest hereunder.

(c) If any Partial Casualty (whether or not insured against) or Partial Condemnation shall occur to the Leased Premises, this Lease shall continue, notwithstanding such event, and the Basic Rent payable hereunder shall be appropriately adjusted to reflect any reduction in the net rentable area of the Improvements that is unavailable for Tenant's use and occupancy if the lost use of such space adversely affects Tenant's ability to operate its business in a material manner, as a result of such Partial Casualty or Partial Condemnation, but only to the extent Landlord receives the insurance proceeds under Section 15(a)(v) to cover the lost Basic Rent and if any such insurance proceeds relating to lost Basic Rent (or lost profits but only to the extent of Basic Rent due and payable) are paid to Tenant, Tenant shall pay such sums to Landlord, and only for so long as Tenant's use and occupancy is adversely affected. Except as provided in the preceding sentence, Tenant's Basic Rent shall not abate or be reduced during Tenant's restoration of the Improvements. Promptly after such Partial Casualty or Partial Condemnation, Tenant, as required in Section 11(a), shall commence and diligently continue to restore the Leased Premises as nearly as possible to their value, condition and character immediately prior to such event (assuming the Leased Premises to have been in the condition required by this Lease), and so long as no Event of Default exists, any Net Award up to and including $500,000 shall be paid by Landlord directly to Tenant for the purpose of paying the cost of such restoration, provided, that Tenant shall pay Landlord the amount of any shortfall to the extent the Net Award is insufficient to cover the cost of the restoration or Tenant shall provide Landlord with adequate security to secure the payment of such shortfall as and when required by Landlord. Any Net Award in excess of $500,000 shall (unless such Casualty and Condemnation resulting in the Net Award is a Termination Event) be made available by Landlord to Tenant for the restoration of the Leased Premises pursuant to and in accordance with and subject to the provisions of Section 18(b) hereof.

17. Termination Events.

(a) If (i) all of the Leased Premises shall be taken by a Taking, (ii) all of the Leased Premises shall be substantially damaged or destroyed by a Casualty, (iii) any portion of the Leased Premises shall be taken by a Taking and the remaining portion of the Leased Premises is unsuitable or uneconomical for the continuation of Tenant's business therein,

or (iv) any portion of the Leased Premises is destroyed or damaged by a Casualty and the estimated time to repair or replace the Leased Premises is in excess of one (1) year, as reasonably estimated by Landlord, or under applicable law the Leased Premises cannot be rebuilt to a condition that is suitable and economical for the operation of Tenant's business therein (each of the events described in the above clauses (i), (ii), (iii) and (iv) shall hereinafter be referred to as a "Termination Event"), then Tenant shall have the option, within thirty (30) days after Tenant receives a Condemnation Notice, or within thirty (30) days after the Casualty, as the case may be, to give to Landlord written notice (a "Termination Notice") in the form described in Section 17(b) of the Tenant's election to terminate this Lease.

(b) A Termination Notice shall contain notice of Tenant's intention to terminate this Lease on the first Basic Rent Payment Date occurring after the date of such Termination Notice.

18. Restoration.

(a) In the event that the Lease is not terminated as a result of any Condemnation or Casualty as provided in Section 17 above, Landlord shall hold any Net Award in excess of $500,000 in a fund (the "Restoration Fund") and disburse amounts from the Restoration Fund only in accordance with the following conditions:

(i) prior to commencement of restoration, (A) the architects, contracts, contractors, plans and specifications for the restoration shall have been approved by Landlord, which approval shall not be unreasonably withheld, delayed or conditioned, and (B) if requested by Landlord, Landlord shall be provided with acceptable performance and payment bonds which insure completion of and payment for the restoration, are in an amount and form and have a surety acceptable to Landlord, and name Landlord as additional dual obligees;

(ii) at the time of any disbursement, no Event of Default shall exist and no mechanics' or materialmen's liens shall have been filed against the Leased Premises and remain undischarged, subject to Tenant's rights under Section 14 hereof;

(iii) disbursements shall be made monthly in an amount not exceeding the cost of the work completed since the last disbursement, upon receipt of (A) satisfactory evidence, including architects' certificates, of the stage of completion, the estimated total cost of completion and performance of the work to date in a good and workmanlike manner in accordance with the contracts, plans and specifications, (B) waivers of liens, (C) contractors' and subcontractors' sworn statements as to completed work and the cost thereof for which payment is requested and (D) a satisfactory bring-down of title insurance;

(iv) each request for disbursement shall be accompanied by a certificate of Tenant, signed by an officer of Tenant, describing the work for which payment is requested, stating the cost incurred in connection therewith, stating that Tenant has not previously received payment for such work and, upon completion of the work, also stating that the work has been fully completed and complies with the applicable requirements of this Lease;

(v) Landlord may retain ten percent (10%) of the Restoration Fund until the restoration is fully completed;

(vi) the Restoration Fund shall not be commingled with Landlord's other funds and shall bear interest at a rate agreed to by Landlord and Tenant;

(vii) such other customary reasonable conditions as Landlord may reasonably impose.

(b) Prior to commencement of restoration and at any time during restoration, if the estimated cost of completing the restoration work free and clear of all liens, as reasonably determined by Landlord, exceeds the amount of the Net Award available for such restoration, the amount of such excess shall, within ten (10) days following written request by Landlord, be paid by Tenant to Landlord to be added to the Restoration Fund or Tenant shall provide Landlord with reasonable adequate security to secure the payment of such excess as and when required. Any sum so added by Tenant which remains in the Restoration Fund upon completion of restoration shall be refunded to Tenant. For purposes of determining the source of funds with respect to the disposition of funds remaining after the completion of restoration, the Net Award shall be deemed to be disbursed prior to any amount added by Tenant.

(c) If any sum remains in the Restoration Fund after completion of the restoration and any refund to Tenant pursuant to Section 18(b), such sum shall be retained by Landlord.

19. Assignment and Subletting.

(a) Tenant shall have the right, upon fifteen (15) days prior written notice to Landlord, with no consent of Landlord being required or necessary ("Preapproved Assignment"), to assign this Lease by operation of law or otherwise to any of the following Persons (each a "Preapproved Assignee"): (i) an affiliate, subsidiary, or parent of Equinix, Inc., or a corporation, partnership or other legal entity wholly owned by Equinix, Inc. (collectively, an "Affiliated Party"), or (ii) a successor to Tenant by acquisition or merger, or by a consolidation or reorganization pursuant to which Tenant ceases to exist as a legal entity (each such party a "Successor Party"); provided, however, that as a condition precedent to such Preapproved Assignment, Tenant shall provide a guaranty from Equinix, Inc. ("Guarantor") or a successor to Guarantor having a net worth and financial strength equal to or greater than Guarantor in form and substance reasonably acceptable to Landlord and approved by Lender in writing. Tenant acknowledges that the ability of Landlord to give its consent or approval will be subject to Landlord receiving the consent of Lender and any such assignment shall be null and void without Lender's consent. As used herein, (A) "parent" shall mean a company which owns a majority of Equinix, Inc.'s voting equity, (B) "subsidiary" shall mean an entity wholly owned by Equinix, Inc. or a controlling interest in whose voting equity is owned by Equinix, Inc., and (C) "affiliate" shall mean an entity controlled by, controlling or under common control with Equinix, Inc.

(b) If Tenant desires to assign this Lease, whether by operation of law or otherwise, to a Person ("Non-Preapproved Assignee") who would not be a Preapproved

Assignee ("Non Preapproved Assignment") then Tenant shall, not less than twenty (20) days prior to the date on which it desires to make a Non-Preapproved Assignment submit to Landlord and Lender information regarding the following with respect to the Non-Preapproved Assignee (collectively the "Review Criteria"): (A) credit, (B) capital structure, (C) management, (D) operating history, (E) proposed use of the Leased Premises, (F) compliance with all OFAC and Patriot Act requirements, and (G) the name and financial information of the proposed replacement guarantor, if any. Landlord and Lender shall review such information and shall approve or disapprove the Non-Preapproved Assignee and replacement guarantor, if any (which approval shall not be unreasonably withheld) no later than the thirtieth (30th) day following receipt of all such information, and Landlord and Lender shall be deemed to have acted reasonably in granting or withholding consent if such grant or disapproval is based solely on their review of the review Criteria applying prudent business judgment. Tenant acknowledges that the ability of Landlord to give its consent will be subject to Landlord receiving the consent of Lender and any such assignment shall be null and void without Lender's consent.

(c) Tenant shall have the right to sublease (and such sublease being referred to herein as a "Sublease") all or any portion of the Commercial Facility portion of the Leased Premises, subject to Landlord's written consent, which shall not be unreasonably withheld, conditioned or delayed. Landlord shall approve or disapprove any such proposed Sublease no later than the fifteenth (15th) day following receipt of Tenant's request for such approval. Tenant acknowledges that the ability of Landlord to give its consent may be subject to Landlord receiving the consent of Lender. Notwithstanding the foregoing, Landlord's consent shall not be required for any Sublease to any Preapproved Assignee or that meets the following criteria: (i) the Sublease covers less than thirty thousand (30,000) rentable square feet of the Commercial Facility portion of the Leased Premises, (ii) the Sublease has a term that does not extend beyond the term of this Lease, (iii) the Sublease is in a form customarily used by Tenant for the Leased Premises or is in a form substantially similar to the Existing Leases, and (iv) the Sublease is on commercially reasonable terms and conditions at the term it is entered into. Tenant shall give Landlord notice of any Sublease entered into pursuant to the preceding sentence, together with an executed copy of such Sublease, within fifteen (15) days of the execution thereof by Tenant. Landlord's and Tenant's right, title and interest to any such Sublease shall be assigned to Lender.

(d) Tenant shall have the right, without the consent of Landlord to enter into subleases, licenses or similar agreements (collectively a "Customer Agreement") with its Customers, consistent with the custom and practice of the telecommunications industry, to "co-locate" such Customers' telecommunications equipment within the IBX Facility portion of the Leased Premises or to otherwise occupy a portion of the IBX Facility portion of the Leased Premises and to allow such Customer to avail themselves of the services provided by Tenant from the Leased Premises consistent with the permitted uses of the Leased Premises.

(e) Except to the extent otherwise provided to the contrary under the terms of the Existing Leases or prohibited by law with respect to the Existing Leases, any Sublease or Customer Agreement shall at all times be subject and subordinate in all respects to all of the terms of this Lease and the lien of the SFT I Mortgage or any other Mortgage, and (A) no Sublease or Customer Agreement shall in any way discharge or diminish any of the

obligations of Tenant to Landlord under this Lease and Tenant shall remain directly and primarily liable under this Lease; (B) each Sublease and Customer Agreement shall prohibit the Customer or Non-Customer from engaging in any activities on the Leased Premises that are not consistent with those permitted under this Lease; (C) each Sublease shall be assignable to the Preapproved Assignee, the Non-Preapproved Assignee or Successor Landlord and shall provide that the Non-Customer at the election of the Successor Landlord will attorn directly to the Successor Landlord in the event of a foreclosure or deed in lieu of foreclosure and termination of this Lease and upon such election will require such Non-Customer to enter into a direct lease with the Successor Landlord (including any assignee or designee of such Successor Landlord) on substantially the same terms and conditions as the Sublease for the balance of the remaining term under the Sublease, and (D) each Sublease shall have a term which expires on or prior to the Expiration Date, but shall be subject to earlier termination if this Lease is terminated before the Expiration Date.

(f) Provided that a Sublease complies with the provisions of Section 19(c), (d) and (e) above and has been approved by Lender, at the request of Tenant, Landlord shall enter into and shall use commercially reasonable efforts to obtain from the Lender a non disturbance and attornment agreement, on a form reasonably acceptable to Landlord, Tenant and such subtenant or Customer.

(g) If Tenant assigns all its rights and interest under this Lease as permitted under Section 19(a), the assignee under such assignment shall expressly assume all the obligations of Tenant hereunder, actual or contingent, including obligations of Tenant which may have arisen on or prior to the date of such assignment, by a written instrument delivered to Landlord at the time of such assignment. Except for any Preapproved Assignment (in which case such Tenant shall be released from its obligations under this Lease and only the successor Tenant shall continue to be liable), no assignment or sublease made as permitted by this Section 21 shall affect or reduce any of the obligations of Tenant hereunder, and all such obligations shall continue in full force and effect as obligations of a principal and not as obligations of a guarantor, as if no assignment or sublease had been made. No assignment or sublease shall impose any additional obligations on Landlord under this Lease.

(h) With respect to any Preapproved Assignment or Sublease, Tenant shall provide to Landlord and Lender information reasonably required by Landlord or Lender to establish that any proposed Preapproved Assignment or Sublease satisfies the criteria set forth above.

(i) Tenant shall, within ten (10) business days after the execution and delivery of any Preapproved Assignment or sublease, deliver a duplicate original copy thereof to Landlord and if requested by Lender, to Lender.

(j) Subject to the prior approval of Lender, Landlord may sell or transfer the Leased Premises at any time without Tenant's consent to any third party subject to the rights of Tenant under this Lease and an assumption of the obligations of Landlord hereunder by the purchaser or other transferee (each a "Third Party Purchaser"). In the event of any such transfer, Tenant shall attorn to any Third Party Purchaser as Landlord so long as such Third Party

Purchaser and Landlord notify Tenant in writing of such transfer. At the request of Landlord, Tenant will execute such documents confirming the agreement referred to above and such other agreements as Landlord may reasonably request in form and substance reasonably acceptable to Tenant, provided that such agreements do not increase the liabilities and obligations of Tenant hereunder. Notwithstanding the foregoing, in the event that Building A or Building B of the Leased Premises is sold by Landlord and the Mortgage is released in connection therewith, this Lease shall terminate as to the portion of the Leased Premises sold as of the date of the closing of such sale; provided, however that there shall be no reduction in the amount of Basic Rent due and payable hereunder as a result thereof.

20. Events of Default.

(a) The occurrence of any one or more of the following (after expiration of any applicable cure period as provided in Section 20(b)) shall, at the sole option of Landlord, constitute an "Event of Default" under this Lease:

(i) a failure by Tenant to make any payment of any Monetary Obligation as and when due;

(ii) a failure by Tenant duly to perform and observe, or a violation or breach of, any other provision hereof not otherwise specifically mentioned in this Section 20(a);

(iii) Tenant shall (A) voluntarily be adjudicated a bankrupt or insolvent, (B) seek or consent to the appointment of a receiver or trustee for itself, (C) file a petition seeking relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, (D) make a general assignment for the benefit of creditors, or (E) be unable to pay its debts as they mature;

(iv) a court shall enter an order, judgment or decree appointing, without the consent of Tenant, a receiver or trustee for it or approving a petition filed against Tenant which seeks relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, and such order, judgment or decree shall remain undischarged or unstayed sixty (60) days after it is entered;

(v) the Leased Premises shall have been vacated, provided it shall not be an Event of Default if the Leased Premises is vacant so long as Tenant is diligently pursuing a subtenant or assignee for the Leased Premises;

(vi) Tenant shall be liquidated or dissolved or shall begin proceedings towards its liquidation or dissolution; or

(vii) the estate or interest of Tenant in the Leased Premises shall be levied upon or attached in any proceeding and such estate or interest is about to be sold or transferred or such process shall not be vacated or discharged within ninety (90) days after it is made.

(b) No notice or cure period shall be required in any one or more of the following events: (A) the occurrence of an Event of Default under clause (i) (except as otherwise set forth below), (iii) (iv), (vi), (vii), or (viii) of Section 20(a); or (B) the default consists of a failure to provide any insurance required by Section 16 or an assignment or sublease entered into in violation of Section 19. If the default consists of the failure to pay Basic Rent, the applicable cure period shall be five (5) days from the date on which notice is given, but Landlord shall not be obligated to give notice of, or allow any cure period for, any such default more than one (1) time within any Lease Year. Any other Monetary Obligation, the applicable cure period shall be five (5) days from the date on which notice is given, but Landlord shall not be obligated to give notice of, or allow a cure period for, the same default more than one (1) time within any Lease Year. If the default consists of a default under clause (ii) of Section 20(a) (and is reasonably capable of cure), the applicable cure period shall be thirty (30) days from the date on which notice is given or, if the default cannot be cured within such thirty (30) day period and delay in the exercise of a remedy would not (in Landlord's reasonable judgment) cause any material adverse harm to Landlord or the Leased Premises, the cure period shall be extended for the period required to cure the default, provided that Tenant shall commence to cure the default within the said thirty-day period and shall actively, diligently and in good faith proceed with and continue the curing of the default until it shall be fully cured.

21. Remedies and Damages Upon Default.

(a) If an Event of Default shall have occurred and is continuing, Landlord shall have the right, at its sole option, then or at any time thereafter, to exercise its remedies and to collect damages from Tenant in accordance with this Section 21, subject in all events to applicable Law, without demand upon or notice to Tenant except as otherwise provided in Section 20(b) and this Section 21.

(i) Landlord may give Tenant notice of Landlord's intention to terminate this Lease on a date specified in such notice. Upon such date, this Lease, the estate hereby granted and all rights of Tenant hereunder shall expire and terminate. Upon such termination, Tenant shall immediately surrender and deliver possession of the Leased Premises to Landlord in accordance with Section 24. If Tenant does not so surrender and deliver possession of all of the Leased Premises, Landlord may re-enter and repossess the Leased Premises not surrendered pursuant to applicable legal process, by summary proceedings, ejectment or any other lawful means or procedure. Upon or at any time after taking possession of the Leased Premises, Landlord may, by legal process, remove any Persons or property therefrom. Landlord shall be under no liability for or by reason of any such entry, repossession or removal. Notwithstanding such entry or repossession, Landlord may exercise the remedies set forth in and collect the damages described in this Section 21.

(ii) After repossession of the Leased Premises pursuant to clause (i) above, Landlord shall have the right to relet the Leased Premises to such tenant or tenants, for such term or terms, for such rent, on such conditions and for such uses as Landlord may reasonably determine, and collect and receive any rents payable by reason of such reletting. Landlord may make such Alterations in connection with such reletting as it may deem advisable in its sole reasonable discretion. Notwithstanding any such reletting, Landlord may collect the

damages described in this Section 21. Tenant shall reimburse Landlord for the costs and expenses of reletting any portion of the Leased Premises, including, but not limited to, all brokerage, advertising, legal, alteration, redecorating, repairing and other expenses reasonably incurred to secure a new tenant for the Leased Premises or portion thereof. In addition, if the consideration collected by Landlord upon any such reletting, after payment of the expenses of reletting the Leased Premises which have not been reimbursed by Tenant, is insufficient to pay monthly the full amount of the Rent, Tenant shall pay to Landlord the amount of each monthly deficiency as it becomes due. If such consideration is greater than the amount necessary to pay the full amount of the Rent, the full amount of such excess shall be retained by Landlord and shall in no event be payable to Tenant.

(iii) [Intentionally Omitted].

(b) If Landlord elects to terminate Tenant's right to possession or, subject to applicable law, terminate this Lease upon the occurrence of an Event of Default, Landlord may collect and recover from Tenant and Tenant shall pay Landlord, on demand, as and for liquidated and final damages, an accelerated lump sum amount equal to the amount by which Landlord's estimate of the aggregate amount of Rent owing, from the date of such termination through the Expiration Date plus the aggregate of Landlord's actual and estimated expenses of reletting the Leased Premises, exceeds the fair market rental value of the Leased Premises for the same period (after deducting from such fair market rental value the time needed to relet the Leased Premises and the amount of concessions which would normally be given to a new tenant) both discounted to present value at the rate equal to the then applicable discount rate of the Federal Reserve Bank of New York plus one percent (1%).

(c) Notwithstanding anything to the contrary herein contained, in lieu of or in addition to any of the foregoing remedies and damages, Landlord may exercise any remedies and collect any damages available to it at law or in equity. If Landlord is unable to obtain full satisfaction pursuant to the exercise of any remedy, it may pursue any other remedy which it has hereunder at law or in equity.

(d) Landlord shall not be required to mitigate any of its damages hereunder unless required to by applicable Law. If any Law shall validly limit the amount of any damages provided for herein to an amount which is less than the amount agreed to herein, Landlord shall be entitled to the maximum amount available under such Law.

(e) No termination of this Lease, repossession or reletting of the Leased Premises, exercise of any remedy or collection of any damages pursuant to this Section 21 shall relieve Tenant of any Surviving Obligations.

(f) Upon the occurrence of any Event of Default, Landlord shall have the right (but no obligation) to perform any act required of Tenant hereunder at Tenant's sole cost and expense and, if performance of such act requires that Landlord enter the Leased Premises, Landlord may enter the Leased Premises for such purpose during normal business hours upon reasonable prior written notice to Tenant (except in the event of an emergency). Furthermore, upon the occurrence of any Event of Default, Landlord shall have the right (but not

the obligation) at Tenant's sole cost and expense and without abatement of rent, to make any payment owed by Tenant to any party other than Landlord for which Tenant is liable under this Lease. Landlord's election to make any such payment or perform any such act on Tenant's part shall not give rise to any responsibility of Landlord to continue making the same or similar payments or performing the same or similar acts. Tenant agrees to reimburse Landlord upon demand for all sums so paid by Landlord and all necessary incidental costs, together with interest thereon at the Default Rate, from the date of such payment by Landlord until reimbursed by Tenant.

(g) No failure of Landlord (i) to insist at any time upon the strict performance of any provision of this Lease or (ii) to exercise any option, right, power or remedy contained in this Lease shall be construed as a waiver, modification or relinquishment thereof. A receipt by Landlord of any sum in satisfaction of any Monetary Obligation with knowledge of the breach of any provision hereof shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision hereof shall be deemed to have been made unless expressed in a writing signed by Landlord.

(h) Landlord may also seek specific performance by Tenant in the case of breach by Tenant of one or more of its covenants contained in this Lease.

(i) All remedies are cumulative and concurrent and no remedy is exclusive of any other remedy. Each remedy may be exercised at any time an Event of Default has occurred and is continuing and may be exercised from time to time. No remedy shall be exhausted by any exercise thereof.

22. Notices. All notices, demands, requests, consents, approvals, offers, statements and other instruments or communications required or permitted to be given pursuant to the provisions of this Lease shall be in writing and shall be deemed to have been given and received for all purposes when delivered in person or by Federal Express or other reliable 24-hour delivery service or five (5) business days after being deposited in the United States mail, by registered or certified mail, return receipt requested, postage prepaid, addressed to the other party at its address stated above or when delivery is refused. For the purposes of this Section, any party may substitute another address stated above (or substituted by a previous notice) for its address by giving fifteen (15) days' notice of the new address to the other party, in the manner provided above. A copy of all notices, demands, requests, consents, approvals, offer statements and other instruments or communications required or permitted to be given pursuant to this Lease shall be delivered in accordance with the requirements of this Section 22 to Mortgage Lender as follows:

Mortgage Lender: SFT I, Inc.
1114 Avenue of the Americas, 27th Floor
New York, NY 10036
Attention: Chief Operating Officer
Reference: Loan No. 1267
Telephone: (212) 930-9400
Fax No.: (212) 930-9494

With a copy to: iStar Financial Inc.
1114 Avenue of the Americas, 27th Floor
New York, New York 10036
Attn: Nina B. Matis, Esq./General Counsel
Reference: Loan No. 1267
Telephone: (212) 930-9406
Fax No.: (212) 930-9492

With a copy to: iStar Asset Services Inc.
180 Glastonbury Blvd., Suite 201
Glastonbury, Connecticut 06033
Attn: President
Reference: Loan No. 1267
Telephone: (860) 815-5900
Facsimile: (860) 815-5901

with a copy to: Katten Muchin Rosenman LLP
1025 Thomas Jefferson Street, N.W.
East Lobby – Suite 700
Washington, D.C. 20007
Attention: John D. Muir, Jr., Esq.
Telephone: (202) 625-3839
Fax No.: (202) 339-6054

23. Estoppel Certificate. At any time upon not less than ten (10) business days' prior written request by either Landlord or Tenant (the "Requesting Party") to the other party (the "Responding Party"), the Responding Party shall deliver to the Requesting Party a statement in writing, executed by an authorized officer of the Responding Party, certifying (a) that, except as otherwise specified, this Lease is unmodified and in full force and effect, (b) the dates to which Basic Rent, Additional Rent and all other Monetary Obligations have been paid, (c) that, to the knowledge of the signer of such certificate and except as otherwise specified, no default by either Landlord or Tenant exists hereunder, and (d) such other matters as the Requesting Party may reasonably request. Any such statements by the Responding Party may be relied upon by the Requesting Party, any Person whom the Requesting Party notifies the Responding Party in its request for the Certificate is an intended recipient or beneficiary of the Certificate or their assignees and by any prospective purchaser or mortgagee of the Leased Premises.

24. Surrender. Upon the expiration or earlier termination of this Lease, Tenant shall peaceably leave and surrender the Leased Premises to Landlord in Good Condition and Repair. Upon such surrender, Tenant shall (a) remove from the Leased Premises all property which is owned by Tenant or third parties other than Landlord and any Alterations constructed or installed by the Tenant and which Tenant is required to remove pursuant to Section 12 above, and (b) repair any damage caused by such removal. Property not so removed shall become the

property of Landlord, and Landlord may thereafter cause such property to be removed from the Leased Premises. The reasonable cost of removing and disposing of such property and repairing any damage to the Leased Premises caused by such removal shall be paid by Tenant to Landlord within thirty (30) days of written demand. Landlord shall not in any manner or to any extent be obligated to reimburse Tenant for any such property which becomes the property of Landlord pursuant to this Section 24 and Section 12 hereof.

25. No Merger of Title. There shall be no merger of the leasehold estate created by this Lease with the fee estate in the Leased Premises by reason of the fact that the same Person may acquire or hold or own, directly or indirectly, (a) the leasehold estate created hereby or any part thereof or interest therein and (b) the fee estate in the Leased Premises or any part thereof or interest therein, unless and until all Persons having any interest in the interests described in (a) and (b) above which are sought to be merged shall join in a written instrument effecting such merger and shall duly record the same.

26. Books and Records.

(a) Tenant shall keep adequate records and books of account with respect to the Leased Premises, in accordance with generally accepted accounting principles ("GAAP") consistently applied, and shall permit Landlord and Lender, subject to the provisions of Section 4(c) above, by their respective agents, accountants and attorneys, upon reasonable notice to Tenant, to visit and inspect the Leased Premises, or such other location where such books and records are maintained, during normal business hours and examine (and make copies of) the records and books of account. Upon the request of Landlord (either telephonically or in writing), Tenant shall provide the requesting party with copies of any information to which such party would be entitled in the course of a personal visit.

(b) To the extent not available on the EDGAR website of the Securities and Exchange Commission ("EDGAR") or other public information sources, Tenant shall deliver to Landlord and Lender within one hundred twenty (120) days of the close of each fiscal year, annual audited financial statements of Equinix, Inc. prepared by nationally recognized independent certified public accountants. To the extent not available on EDGAR or other public information sources, Tenant shall also furnish to Landlord within forty-five (45) days after the end of each of the three remaining quarters all filings, if any, of Form 10-K, Form 10-Q and other required filings with the Securities and Exchange Commission pursuant to the provisions of the Securities Exchange Act of 1934, as amended, or any other Law.

27. Non-Recourse as to Landlord.

Anything contained herein to the contrary notwithstanding, any claim based on or in respect of any liability of Landlord under this Lease shall be enforced only against the Leased Premises and not against any other assets, properties or funds of (a) Landlord, (b) any director, member, officer, general partner, limited partner, employee or agent of Landlord, or any general partner of Landlord, any of its general partners or shareholders (or any legal representative, heir, estate, successor or assign of any thereof), (c) any predecessor or successor partnership or corporation (or other entity) of Landlord, or any of its general partners, either directly or through

Landlord or its general partners or any predecessor or successor partnership or corporation or their shareholders, officers, directors, employees or agents (or other entity), or (d) any other Person.

28. Financing.

(a) In connection with the Mortgage Lender Financing, Tenant agrees to supply Lender with such notices and information as Tenant is required to give to Landlord hereunder in accordance with Section 22 herein and to extend the rights of Landlord hereunder to any Lender. Tenant shall provide any other consent or statement and shall execute any and all other documents that Lender reasonably requires in connection with such Mortgage Lender Financing and any subsequent Mortgage, so long as the same do not adversely affect any right, benefit or privilege of Tenant or increase Tenant's obligations under this Lease in any material respect. Furthermore, in connection with the Mortgage Lender Financing and any subsequent Mortgage, Tenant acknowledges that Landlord will assign its interest in this Lease to Mortgage Lender and any successor Lender as additional security for the Mortgage Lender Financing and any subsequent financing.

(b) In the event of any act or omission of Landlord which would give Tenant the right, immediately or after lapse of a period of time, to cancel or terminate this Lease, or to claim a partial or total eviction, Tenant shall not exercise such right (i) until it has given written notice of such act or omission to Lender at the addresses set forth in Section 22 above, and (ii) unless such act or omission shall be one which is not capable of being remedied by Landlord or Lender within the time period provided herein, until the period for remedying such act or omission provided herein shall have elapsed following the giving of such notice and following the time when Lender shall have become entitled under any applicable encumbrance to remedy the same (which reasonable period shall in no event be less than the period to which Landlord would be entitled under this Lease or otherwise, after similar notice, to effect such remedy), provided Lender shall with due diligence give Tenant written notice of its intention to remedy such act or omission, and Lender shall commence and thereafter continue with reasonable diligence to pursue its remedies under any applicable encumbrance and to remedy such act or omission. Notwithstanding the foregoing, Lender shall have no obligation to act, perform or effect any such remedy.

(c) If Tenant desires to obtain or refinance any loan that encumbers Tenant's interest in the Leased Premises, Tenant's equipment and any Alterations (other than the Initial Alterations) approved by Landlord and which Landlord and Lender have expressly agreed in writing may be removed by Tenant at the end of the term of this Lease, any such loan or encumbrance shall not require the consent of Landlord or Lender and shall not be deemed subject to the provisions of Section 19 of this Lease. In the event that Landlord receives written notice identifying any such lender as the holder or beneficiary of any such loan or encumbrance, Landlord shall thereafter endeavor to provide such lender with duplicate copies of any notice of an Event of Default given by Landlord to Tenant hereunder; provided, however, failure to provide such lender with such duplicate notice shall not constitute a failure to give notice to Tenant or prevent or impair Landlord's ability to exercise its remedies under this Lease. Furthermore, Landlord shall accept from such lender any curative acts on account of such Event

of Default. Notwithstanding anything to the contrary in the foregoing, Landlord shall not be required to recognize such lender under the Lease unless such lender is the direct tenant under this Lease and has a credit rating by a major national credit agency of BBB or better (or equivalent) or, in the event such lender assumes this Lease through an affiliated designee, such lender provides to Landlord a replacement guaranty in form reasonably acceptable to Landlord from a party with a net worth and financial strength at least equivalent to the Tenant as of the date hereof. No further assignments of this Lease will be permitted after such lender or its designee assumes this Lease without Landlord's and Lender's prior written consent.

29. Subordination and Attornment. This Lease and Tenant's interest hereunder shall be subordinate to any Mortgage or other security instrument hereafter placed upon the Leased Premises by Landlord, including without limitation, the first priority lien of Lender, and to any and all advances made or to be made thereunder, to the interest thereon, and all renewals, amendments, modifications, replacements and extensions thereof. Tenant further agrees that upon the request of Lender, Tenant will execute a subordination and attornment agreement providing as follows:

(a) [Intentionally Omitted]

(b) Neither the Lender nor its successors and assigns shall (A) be liable for any misrepresentation, act or omission of Landlord, and (B) be bound by any amendment or modification of this Lease, not expressly provided for in this Lease, or by any prepayment of more than one month's fixed rent, unless such amendment or modification or prepayment shall have been expressly approved in writing by such Lender.

(c) If a Lender, any successor or assignee of Lender, or any other purchaser at any foreclosure sale under such Lender's Mortgage or in connection with the delivery of a deed in lieu of foreclosure (collectively "Successor Landlord") shall succeed to the rights of Landlord under this Lease, whether through possession or foreclosure action or delivery of a new lease or deed, then at Successor Landlord's request and election (it being understood that in the alternative Successor Landlord may elect to terminate this Lease), Tenant shall attorn to and recognize Successor Landlord as Tenant's landlord under this Lease, and shall promptly execute and deliver any instrument that Successor Landlord may reasonably request to evidence such attornment. Upon such attornment this Lease shall continue in full force and effect as, or as if it were, a direct lease between Successor Landlord and Tenant upon all of the terms, conditions and covenants as are set forth in this Lease and shall be applicable after such attornment except that Successor Landlord shall not be: (i) liable for any misrepresentation, act or omission of Landlord (except that Successor Landlord shall be responsible for correcting any continuing defaults and obligations which exist at the time Successor Landlord succeeds to Landlord's interest under the Lease), or (ii) bound by any amendment or modification of this Lease, not expressly consented to by Lender, or by any prepayment of more than one month's fixed rent, unless such amendment or modification or prepayment shall have been expressly approved in writing by such Lender.

(d) In the event this Lease is terminated by a Successor Landlord in connection with a foreclosure or deed in lieu of foreclosure, Tenant shall cooperate in the assignment of its Subleases, licenses, permits, and entitlements and any other contracts specific to the operation of the Leased Premises to the extent requested by Successor Landlord.

30. Tax Treatment; Reporting. Landlord and Tenant each acknowledge that each shall treat this transaction as a true lease for state law purposes and shall report this transaction as a Lease for Federal income tax purposes. For Federal income tax purposes each shall report this Lease as a true lease with Landlord as the owner of the Leased Premises and Equipment and Tenant as the tenant of such Leased Premises and Equipment including: (1) treating Landlord as the owner of the property eligible to claim depreciation deductions under Section 167 or 168 of the Internal Revenue Code of 1986 (the "Code") with respect to the Leased Premises and Equipment, (2) Tenant reporting its Rent payments as rent expense under Section 162 of the Code, and (3) Landlord reporting the Rent payments as rental income.

31. [Intentionally Omitted].

32. Miscellaneous.

(a) The Landlord and Tenant represent and warrant to each other that no broker or finder was instrumental in arranging or bringing about this transaction except for Holliday Fenoglio Fowler, L.P. ("Broker"), whose commission, if any, shall be paid by Landlord pursuant to a separate agreement with Landlord. If any other person brings a claim for a commission or finder's fee based upon any contact, dealings or communication with Landlord or Tenant, then the party through whom such person makes his claim shall defend the other party from such claim, and shall indemnify such party and hold such party harmless from any and all costs, damages, claims, liabilities or expenses (including without limitation, court costs and reasonable attorneys' fees and disbursements) incurred by such party in defending against the claim.

(b) The paragraph headings in this Lease are used only for convenience in finding the subject matters and are not part of this Lease or to be used in determining the intent of the parties or otherwise interpreting this Lease.

(c) As used in this Lease, the singular shall include the plural and any gender shall include all genders as the context requires and the following words and phrases shall have the following meanings: (i) "including" shall mean "including without limitation"; (ii) "provisions" shall mean "provisions, terms, agreements, covenants and/or conditions"; (iii) "lien" shall mean "lien, charge, encumbrance, title retention agreement, pledge, security interest, mortgage and/or deed of trust"; (iv) "obligation" shall mean "obligation, duty, agreement, liability, covenant and/or condition"; (v) "the Leased Premises" shall mean "the Leased Premises or any part thereof or interest therein"; (vi) "any of the Land" shall mean "the Land or any part thereof or interest therein"; (vii) "any of the Improvements" shall mean "the Improvements or any part thereof or interest therein"; and (viii) "any of the Equipment" shall mean "the Equipment or any part thereof or interest therein".

(d) Any act which Landlord is permitted to perform under this Lease may be performed at any time and from time to time by Landlord or any person or entity

designated by Landlord. Each appointment of Landlord as attorney-in-fact for Tenant hereunder is irrevocable and coupled with an interest. Landlord shall not unreasonably withhold or delay or condition its consent whenever such consent is required under this Lease. Time is of the essence with respect to the performance by Tenant of its obligations under this Lease.

(e) Landlord shall in no event be construed for any purpose to be a partner, joint venturer or associate of Tenant or of any subtenant, operator, concessionaire or licensee of Tenant with respect to the Leased Premises or otherwise in the conduct of their respective businesses.

(f) This Lease and any documents which may be executed by Tenant on or about the effective date hereof at Landlord's request constitute the entire agreement between the parties and supersede all prior understandings and agreements, whether written or oral, between the parties hereto relating to the Leased Premises and the transactions provided for herein. Landlord and Tenant are business entities having substantial experience with the subject matter of this Lease and have each fully participated in the negotiation and drafting of this Lease. Accordingly, this Lease shall be construed without regard to the rule that ambiguities in a document are to be construed against the drafter.

(g) This Lease may be modified, amended, discharged or waived only by an agreement in writing signed by the party against whom enforcement of any such modification, amendment, discharge or waiver is sought.

(h) The covenants of this Lease shall run with the land and bind Tenant, its successors and assigns and all present and subsequent encumbrancers and subtenants of the Leased Premises, and shall inure to the benefit of Landlord, its successors and assigns. If there is more than one Tenant, the obligations of each shall be joint and several.

(i) If any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Lease, but this Lease shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

(j) All exhibits attached hereto are incorporated herein as if fully set forth.

(k) This Lease shall be governed by and construed and enforced in accordance with the Commonwealth of Virginia.

(l) For purposes of Section 55-2, Code of Virginia (1950), as amended, this Lease is and shall be deemed to be a deed of lease. For purposes of Section 55-218.1, Code of Virginia (1950), as amended, Landlord's resident agent is UCC Retrievals, Inc., 7288 Hanover Green Drive, Mechanicsville, Virginia 23111.

[EXECUTION ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be duly executed under seal as of the day and year first above written.

LANDLORD:

EQUINIX RP II LLC
a Delaware limited liability company

By: /s/ PETER VAN CAMP
Name: Peter Van Camp
Title: Manager

TENANT:

EQUINIX, INC.,
a Delaware corporation

By: /s/ PETER VAN CAMP
Name: Peter Van Camp
Title: Chief Executive Officer

Exhibit 10.129

Execution Copy

FIFTH MODIFICATION TO GROUND LEASE

THIS FIFTH MODIFICATION TO GROUND LEASE (this "Modification") is made as of January 1, 2006 by and between ISTAR SAN JOSE, LLC, a Delaware limited liability company ("Lessor"), EQUINIX, INC., a Delaware corporation ("Assignor"), and EQUINIX OPERATING CO., INC., a Delaware corporation ("**Lessee**").

RECITALS

A. Lessor and Assignor entered into that certain Ground Lease dated as of June 21, 2000 (the "Original Lease"), as amended by that certain First Modification to Ground Lease dated as of September 26, 2001, that certain Second Modification to Ground Lease dated as of March 20, 2002 (the "**Second Amendment**"), that certain letter agreement dated September 24, 2002 (the "**Letter Agreement**"), that certain Third Modification to Ground Lease dated as of September 30, 2002 (the "**Third Amendment**") and that certain Fourth Modification to Ground Lease dated as of November 21, 2003 (collectively, the "Lease"), which Lease covers approximately 39.223 acres of unimproved real property, located in the City of San Jose, County of Santa Clara, State of California, as more particularly described in the Lease. Capitalized terms used but not defined herein shall have the meanings set forth in the Lease.

B. Concurrently with the execution of the Original Lease, Lessor and Assignee executed a Memorandum of Lease and Purchase Option, dated as of June 21, 2000 (the "Original Memorandum"), which Original Memorandum was recorded on June 21, 2000, as Document No. 15286834 in the Official Records of Santa Clara County, California (the "Official Records"). The Original Memorandum was amended and restated by that certain Amended and Restated Memorandum of Lease and Purchase Option dated as of October 1, 2001.

C. Assignor has assigned its interest in the Lease to Lessee and Lessee has requested that Lessor modify the Lease as are set forth herein.

D. Lessor is willing to agree to such changes to the Lease on the terms and conditions set forth herein.

AGREEMENT

NOW THEREFORE, in consideration of the agreements of Lessor and Lessee herein contained and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, Lessor and Lessee hereby agree to modify the Lease as follows:

1. ASSIGNMENT OF LEASE

The parties acknowledge that Assignee has assigned all of its interest under the Lease to Lessee and Lessee has accepted such assignment and agreed to assume all of Assignor's rights, duties and obligations under the Lease. Assignor has executed this Modification for the sole purpose of acknowledging such assignment. In connection with

the assignment of the Lease by Assignor, Assignor has executed the Guaranty of Lease in the form attached as **Exhibit 1**. A condition precedent to the effectiveness of this Modification shall be the due execution and delivery of such Guaranty of Lease by Assignor to Lessor.

2. MODIFICATION TO DEFINITIONS

The definition of the Expiration Date contained in Section 1 of the Lease is hereby amended and restated to read as follows:

"Expiration Date" shall be December 31, 2007. In addition all references to "**Annual Base Rent**" are hereby modified to refer to "**Base Rent.**"

The following definitions are hereby deleted:

Adjustment Date
Aggregate Permitted Square Footage
Annual Base Rent Adjustment Percentage
Applicable Initial Date
Applicable Percentage
Approved Development Plan
Arbitrator
Augmented LC Amount
Available Cash
Available Closing Date
Base Amount
Base Date
Base FAR
Beginning Index
Capital Requirement
Closing
Closing Date
Construction Costs
CPI
Demolition Notice
Discounted Present Value
Discounted Rent Value
Effective Termination Date
Ending Index
Entitlement Ratio
Entitlement Change
Fair Market Value
FAR
Initial Improvements
Initial Investment Amount

Initiation Date
LC Face Amount
LC Issuer
LC Termination Date
Lessor Exceptions
Letter of Credit
Letter of Credit Proceeds
Maximum Reversion Value
Minimum Available Cash Period
Minimum Initial Improvements
Net Proceeds
Option Purchase Price
Original LC Face Amount
Outside Initial IPO Date
Outside Secondary Offering Date
Plans
Preliminary Plan
Project Development Rider
Purchase Date
Purchase Notice
Purchase Offer
Purchaser
Purchase Option
Qualifying Buildings
Qualifying IPO
Qualifying Secondary Offering
Rating Agency Requirements
Reduction Amount
Relevant Amount
Relevant Date
Relevant Spread
Renewal Election Period
Renewal Option Term
Renewal Term
Response Notice
Reversionary Interest
Secondary Offering
Selection Date
Specific Parcel Leases
Specific Parcel Lessee

3. RENT MODIFICATION

Notwithstanding anything to the Contrary in the Lease, Section 4.1 of the Lease is hereby deleted in its entirety and replaced with the following:

"4.1 ***Base Rent***

During the period commencing January 1, 2006 until the Expiration Date, Lessee shall pay Lessor base rent of Forty Million and no/100 Dollars ($40,000,000) ("Base Rent"). Notwithstanding anything to the contrary in this Lease, Lessor and Lessee acknowledge and agree that the Base Rent shall be payable in accordance with the provisions of this Section 4.1 regardless of whether this Lease terminates on December 31, 2007 or at any time prior thereto and that any remaining unpaid Base Rent shall be deemed to have been earned and shall be due and payable in accordance with Section 4.1(b) below. The Base Rent shall be payable as follows:

(a) Two Million Five Hundred Thousand Dollars ($2,500,000) payable in equal quarterly installments on the first business day of each of January, April, July and October during the Term of this Lease.

(b) Upon the termination of this Lease whether on the Expiration Date or at any earlier termination date, Lessee shall deliver to Lessor a promissory note (the "**Note**") duly executed by Guarantor in the form attached hereto as**Exhibit 4.1** in an amount equal to the difference between the Base Rent paid under Section 4.1(a) above and Forty Million and No/100 Dollars ($40,000,000). The Note shall be payable on the first business day of each of January, April, July and October, with the first payment being due and payable on the first business day of the first to occur of January, April, July or October on or after the Termination Date, in equal quarterly installments of Two Million Five Hundred Thousand Dollars ($2,500,000) until the Note is paid in full, provided that the last payment thereof may be in such lesser amount as may pay the outstanding balance of the Note in full. The Note shall bear no interest."

A copy of the Note referenced above is attached to this Modification as**Exhibit 4.1**.

4. PROVISIONS DELETED

The following Sections are hereby deleted from the Lease: 3.3, 7.1, 7.2(a), 7.2(c), 7.2(d) and 7.2(e), 7.4(a), 11, 15.7, second sentence of 17.3(c), 17.4(b), 17.5(a)(ii), 17.5(b)(ii), 17.7, 17.11, 18, 19, 20 and 21. For purposes of Section 22, the Guarantor shall provide all Financial Information required by such Section 22. The Project Development Rider is hereby deleted from the Lease.

5. ALTERATIONS AND ENCUMBRANCES

Notwithstanding anything to the contrary in the Lease, Lessee shall not make any Alterations, construct any Improvements or grant or create or permit to exist any easements, encumbrances, restrictions or liens affecting the Premises without Lessor's prior written consent, which may be withheld in its sole discretion.

6. MODIFICATIONS TO SECTION 17

The parties acknowledge that no Improvements have ever been built on the Premises. Consequently, any reference to an obligation on the part of Lessee to rebuild the Improvements in the event of a Casualty to the Premises is hereby deleted. In the event of a Casualty to the Premises, the Restoration Work shall be limited to such work as may be required to restore the Premises to its condition prior to such Casualty to the extent reasonably and commercially feasible, but under all circumstances to the extent required to maintain the Premises in a safe condition and in accordance with applicable legal requirements.

Notwithstanding anything to the contrary in Section 17.5 of the Lease or any other provision of Section 17, any and all Awards shall be paid directly to Lessor and Lessee shall not be entitled to receive any portion thereof. In addition, notwithstanding anything to the contrary contained in the Lease, there shall be no reduction in Base Rent due to the occurrence of any Casualty or Appropriation affecting the Premises.

7. ADDITIONAL PROVISION

Notwithstanding any contrary provisions of the Lease, Lessor shall have the right during the remaining term of the Lease, without Lessee's consent, to (a) market the Premises for sale, lease, finance or pursue any similar or related transaction desired by Lessor, (b) apply for, process or otherwise pursue any change or modification to the land-use or zoning status of the Premises, any tentative or final parcel or subdivision map relating to the Premises or pursue any other governmental approvals applicable to the Premises, and (c) in connection with any of the foregoing, terminate the Lease upon at least ten (10) days prior written notice to Lessee. The notice shall specify the date on which such early termination will occur (the "Scheduled Early Termination Date"). In the event of any termination of this Lease pursuant to the provisions of this Section or upon the termination of the Lease at the expiration of the Term, Lessee shall be relieved of any obligation to pay Additional Rent under the Lease, including, without limitation, all Impositions, insurance and other costs relating to the Premises, as of the Termination Date and any such payments of Additional Rent shall be prorated as of the Termination Date, provided that any such early termination shall not relieve the Lessee from its obligation to pay Base Rent as described in Section 4.1.

8. SURRENDER

Without limiting the terms and condition of Section 8.2 of the Lease, in the event Lessee does not deliver to Lessor the Note duly executed by Guarantor on or prior to the earlier to occur of the Expiration Date or the Scheduled Early Termination Date pursuant to the terms of the Lease, Lessee shall be deemed to be holding over subject to the terms of Section 8.3 of the Lease. Lessee shall simultaneous with the execution of this Modification deliver to Lessor a quitclaim deed duly executed by Lessee sufficient to release to Lessor all of Lessee's rights, title and interest in the Premises, the Improvements (if any) and the Memorandum of Lease. Lessor shall hold such quitclaim deed and be entitled to record the same upon the Expiration Date or any earlier termination of this Lease.

9. REPRESENTATIONS, WARRANTIES AND COVENANTS

Lessee hereby represents, warrants and covenants to Lessor as follows:

(a) Lessee is a corporation, duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified to transact business in the State of California.

(b) Lessee has taken all necessary action to authorize the execution, delivery and performance of this Modification. This Modification constitutes the legal, valid and binding obligation of Lessee.

(c) Lessee has the right, power, legal capacity and authority to enter into and perform its obligations under this Modification, and no approval or consent of any Person is required in connection with Lessee's execution and performance of this Modification that has not been obtained. The execution and performance of this Modification will not result in or constitute any default or event that would be, or with notice or lapse of time or both would be, a default, breach or violation of the organizational instruments governing Lessee or any agreement or any deed restriction or order or decree of any court or other governmental authority to which Lessee is a party or to which it is subject.

(d) Lessee is the sole owner and holder of the leasehold estate and leasehold interest created by the Lease, and Lessee has not made or agreed to make any assignment, sublease, transfer, conveyance, encumbrance, or other disposition of the Lease, Lessee's leasehold estate or any other right, title or interest under or arising by virtue of the Lease.

(e) Lessee has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by its creditors, (iii) suffered the appointment of a receiver to take possession of all or substantially all of its assets, (iv) suffered the attachment or other judicial seizure of all or substantially all of its assets, (v) admitted in writing its inability to pay its debts as they become due, or (vi) made an offer of settlement, extension or composition to its creditors generally (each, a "Bankruptcy Event").

(f) At the time of the execution of this Agreement, Lessee is generally paying its debts as they become due, and the aggregate value of Lessee's assets at fair value exceeds the aggregate value of Lessee's liabilities.

Lessee shall take all actions necessary to ensure that each of the representations, warranties and covenants contained in this Paragraph 2 remain true and correct in all material respects at all times during the period between the date of this Modification and the expiration of the Term and any holdover period.

10. BROKERS

Lessor and Lessee each represents and warrants to the other that neither it nor its officers or agents nor anyone acting on its behalf has dealt with any real estate broker in the negotiating or making of this Modification, and each party agrees to indemnify and hold harmless the other from any claim or claims, and costs and expenses, including attorneys' fees, incurred by the indemnified party in conjunction with any such claim or claims of any other broker or brokers to a commission in connection with this Modification as a result of the actions of the indemnifying party.

11. MISCELLANEOUS

A. In the event of any inconsistencies between the terms of this Modification and the Lease, the terms of this Modification shall prevail. This Modification shall bind and inure to the benefit of Lessor and Lessee and their respective legal representatives and successors and assigns.

B. This Modification may be executed in counterparts each of which counterparts when taken together shall constitute one and the same agreement.

C. Except as set forth in this Modification, all terms and conditions of the Lease shall remain in full force and effect.

D. This Modification, with exhibits, is a fully-integrated agreement which, together with the Lease, contains all of the parties' representations, warranties, agreements and understandings with respect to the subject matter hereof.

[EXECUTION ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Lessor and Lessee have executed this Modification as of the date first above written.

LESSOR:

iSTAR SAN JOSE, LLC,
a Delaware limited liability company

By: iStar Financial Inc.,
a Maryland corporation,
Its: Sole Member

By: /s/ TIMOTHY J. O'CONNOR
Name: Timothy J. O'Connor
Title: Executive Vice President & Chief Operating Officer

LESSEE:

EQUINIX OPERATING CO, INC.,
a Delaware corporation

By: /s/ PETER VAN CAMP
Name: Peter Van Camp
Title: Chief Executive Officer

ASSIGNOR:

EQUINIX, INC.,
a Delaware corporation

By: /s/ PETER VAN CAMP
Name: Peter Van Camp
Title: Chief Executive Officer

GUARANTY OF LEASE

THIS GUARANTY OF LEASE ("Guaranty") is made as of January 1, 2006 by EQUINIX, INC., a Delaware corporation, with an address at 301 Velocity Way, 5th Floor, Foster City, California 94404 ("Guarantor"), to iSTAR SAN JOSE, LLC, a Delaware corporation, with an address at 1114 Avenue of the Americas 27th Floor, New York, New York 10036 ("Landlord"), with reference to the following facts:

A. Landlord and Guarantor entered into that certain Ground Lease dated as of June 21, 2000 (the "Original Lease"), as amended by that certain First Modification to Ground Lease dated as of September 26, 2001, that certain Second Modification to Ground Lease dated as of March 20, 2002 (the "Second Amendment"), that certain letter agreement dated September 24, 2002 (the "Letter Agreement"), that certain Third Modification to Ground Lease dated as of September 30, 2002 (the "Third Amendment"), that certain Fourth Modification to Ground Lease dated as of November 21, 2003 (the "Fourth Amendment"), and that certain Fifth Modification to Ground Lease dated of even date herewith (the "Fifth Amendment", collectively with the Original Lease, Second Amendment, Letter Agreement, Third Amendment and Fourth Amendment, the "Lease"), which Lease covers approximately 39.223 acres of unimproved real property, located in the City of San Jose, County of Santa Clara, State of California, as more particularly described in the Lease. Capitalized terms used but not defined herein shall have the meanings set forth in the Lease.

B. Guarantor in its capacity as tenant under the Lease is assigning all of its rights, duties and obligations under the Lease to Equinix Operating Co., Inc., a Delaware corporation ("Tenant") and Tenant is accepting such assignment and assuming all of Guarantor's rights, duties and obligations under the Lease. In the Fifth Amendment Landlord is agreeing to certain modifications to the Lease. As set forth in the Fifth Amendment, Landlord's consent to the Fifth Amendment is conditioned upon receiving this Guaranty duly executed by Guarantor.

C. Landlord would not have agreed to Fifth Amendment but for the delivery of this Guaranty, and Landlord is not willing to execute and approve the Fifth Amendment based solely upon the credit of Tenant. Guarantor is willing to execute this Guaranty of Lease in support of Tenant's commitments made under the Lease for the express and intended purpose of inducing Landlord to consent to the Fifth Amendment.

NOW, THEREFORE, Guarantor hereby guarantees as follows:

1. **Guaranty.** Guarantor does hereby absolutely and unconditionally guarantee to Landlord the prompt payment of all amounts that Tenant, or any assignee of the Lease, may at any time owe under the Lease, any extensions, renewals or modifications thereof, and further guarantees to Landlord the full, prompt and faithful

performance by Tenant, or any assignee of the Lease, of each and all of the covenants, terms, and conditions of the Lease, or any extensions, modifications or renewals thereof, to be hereafter performed and kept by Tenant, or any assignee of the Lease, including, without limitation, the obligations set forth in Section 3 of the Fifth Amendment (all such obligations of Tenant under the Lease are referred to as "Tenant's Obligations"). This is a Guaranty of payment and performance and not merely of collection. If Tenant or any assignee of the Lease fails to make any payment when due under the Lease or to perform any duties, obligations or covenants contained in the Lease to be performed by Tenant, or any assignee of the Lease, Guarantor will immediately and unconditionally pay to Landlord such amounts and perform such duties, obligations and covenants after receipt of notice and expiration of the applicable periods of grace in the Lease. Guarantor shall pay to Landlord on demand, all expenses (including, without limitation, attorneys' fees and costs) arising out of or relating to the enforcement or protection of Landlord's rights hereunder.

2. **Independent Obligations.** Guarantor's obligations hereunder are absolute, primary, unconditional and irrevocable obligations which are independent of the obligations of Tenant, or any assignee of the Lease, and a separate action or actions may be brought and prosecuted against Guarantor whether or not action is brought against Tenant or any such assignee or whether or not Tenant or any such assignee be joined in any such action or actions.

3. **Rights of Landlord.** Guarantor authorizes Landlord, without notice or demand and without affecting its liability hereunder, from time to time to (a) extend, accelerate, or otherwise change the time for any payment provided for in the Lease, or any covenant, term or condition of the Lease, in any respect to impair or suspend the Landlord's remedies or rights against Tenant in connection with the Lease, and to consent to any assignment, subletting or reassignment of the Lease; (b) take and hold security for any payment provided for in the Lease or for the performance of any covenant, term or condition of the Lease, or exchange, waive or release any such security; (c) apply such security and direct the order or manner of sale thereof as Landlord in its discretion may determine. Landlord may without notice assign this Guaranty, the Lease, or the rents and other sums payable thereunder. Notwithstanding any termination, renewal, extension or holding over of the Lease, this Guaranty shall continue until all of Tenant's Obligations have been fully and completely performed by Tenant or any assignee of the Lease.

Guarantor shall not be released by any act or event which might, but for this provision of this Guaranty, be deemed a legal or equitable discharge of a surety, or by reason of any waiver, extension, modification, forbearance or delay or other act or omission of Landlord or its failure to proceed promptly or otherwise as against Tenant or Guarantor, or by reason of any action taken or omitted or circumstance which may or might vary the risk or affect the rights or remedies of Guarantor as against Tenant, or by reason of any further dealings between Tenant

and Landlord, whether relating to the Lease or otherwise, and Guarantor hereby expressly waives and surrenders any defense to its liability hereunder based upon any of the foregoing acts, omissions, things, agreements, waivers or any of them; it being the purpose and intent of this Guaranty that the obligations of Guarantor hereunder are absolute and unconditional under any and all circumstances.

Guarantor further agrees that to the extent Tenant or Guarantor makes any payment to Landlord in connection with Tenant's Obligations and all or any part of such payment is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid by Landlord or paid over to a trustee, receiver or any other entity, whether under any bankruptcy act or otherwise (any such payment is hereinafter referred to as a "Preferential Payment"), then this Guaranty shall continue to be effective or shall be reinstated, as the case may he, and, to the extent of such payment or repayment by Landlord, Tenant's Obligations or part thereof intended to be satisfied by such Preferential Payment shall be revived and continued in full force and effect as if said Preferential Payment had not been made.

4. **Waiver of Defenses.** Guarantor hereby expressly waives and relinquishes all rights, remedies and defenses accorded by applicable law to guarantors and sureties and agrees not to take advantage of any such rights, remedies or defenses. Without limiting in any way the foregoing, Guarantor hereby expressly waives (a) any right to require Landlord to (i) proceed against Tenant or any other person or entity; (ii) proceed against or exhaust any security held from Tenant or Guarantor; (iii) pursue any other remedy in Landlord's power which Guarantor cannot itself pursue, and which would lighten its burden; (b) all statutes of limitations as a defense to any action brought against Guarantor by Landlord to the fullest extent permitted by law; (c) any defense based upon any legal disability of Tenant, or any assignee of the Lease, or any discharge or limitation of the liability of Tenant, or any assignee of the Lease, to Landlord, whether consensual or arising by operation of law or any bankruptcy, reorganization, receivership, insolvency, or debtor-relief proceeding, or from any other cause; (d) presentment, demand, protest and notice of any kind; (e) any defense based upon or arising out of any defense which Tenant, or any assignee of the Lease, may have to the payment or performance of any part of Tenant's Obligations; and (f) any and all of its rights of subrogation, reimbursement, indemnification, and contribution and any other rights and defenses that are or may become available to Guarantor by reason of any of the following: Sections 2787 through 2855 of the California Civil Code, inclusive, it being the intent that Landlord have the full benefit of the waivers available under Section 2856 of the California Civil Code. Guarantor waives all demands upon and notices to Tenant, or any assignee of the Lease, and to Guarantor, including demands for performance, notices of non-performance, notices of nonpayment and notice of acceptance of this Guaranty.

5. **Assumption of Obligations and Waivers as to Financial Condition.** Guarantor's obligations hereunder shall not be affected by any failure on the part of Landlord to inform Guarantor concerning Tenant's financial condition or notify Guarantor of any adverse change in Tenant's financial condition of which Landlord becomes aware. Guarantor assumes the obligation to make such inquiries with respect to such financial condition as Guarantor deems necessary or prudent in the circumstances.

6. **Costs and Expenses.** If Guarantor fails to perform any of its obligations under this Guaranty or if any dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Guaranty, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default and/or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements. Any such attorneys' fees and other expenses incurred by either party in enforcing a judgment in its favor under this Guaranty shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Guaranty and to survive and not be merged into any such judgment.

7. **Notices.** Notices or other communications given under this Guaranty shall be effective only if rendered or given in writing, sent by certified mail with a return receipt requested or by facsimile with a confirmation receipt (and a copy sent by a commercial overnight courier that guarantees next day delivery) or delivered personally or by a nationally recognized overnight courier service at the address set forth below:

if to o Landlord:
iStar San Jose, LLC
c/o iStar Financial Inc.
1114 Avenue of the Americas, 27th Floor
New York, NY 10036
Attention: Tim O'Connor and Nina Matis, Esq.
E-Mail: toconnor@istarfinancial.com and
nmatis@istarfinancial.com
Telephone: 212-930-9400
Fax No.: 212-930-9494

with a copy to:
Katten Muchin Rosenman LLP
1025 Thomas Jefferson Street, N.W.
East Lobby – Suite 700
Washington, D.C. 20007
Attention: John D. Muir, Jr., Esq.
E-Mail: john.muir@kattenlaw.com
Telephone: 202-625-3839
Fax No.: 202-339-6054

if to Guarantor:	Equinix, Inc. 301 Velocity Way, 5th Floor Foster City, CA 94404 Attn: Paul Silliman and Renee Lanam E-mail: psilliman@equinix.com and rlanam@equinix.com Telephone: 650-513-7085 Fax No.: 650-513-7909
with a copy to:	Orrick, Herrington & Sutcliffe LLP 405 Howard Street San Francisco, CA 94105 Attn: William G. Murray, Jr. E-mail: wmurray@orrick.com Telephone: 415-773-5807 Fax No.: 415-773-5759

Any such notice or other communication shall be deemed to have been rendered or given two (2) days after the date when it shall have been mailed if sent by certified mail, or upon actual receipt if sent by facsimile, or upon the date personal delivery is made, or upon actual delivery if sent by overnight courier.

8. **Delay; Cumulative Remedies.** No delay or failure by Landlord to exercise any right or remedy against Tenant or Guarantor will be construed an a waiver of that right or remedy. No waiver or modification of any provision of this Guaranty nor any termination of this Guaranty shall be effective unless stated in writing and signed by the party charged with such waiver or modification, and then only to the extent so stated, and no such waiver shall apply to any circumstance other than the specific instance for which it is given. In no event shall a waiver of any provision of this Guaranty be implied from any course of conduct on the part of Guarantor and/or Landlord and/or any third party. All remedies of Landlord against Tenant and Guarantor are cumulative.

9. **Miscellaneous**.

(a) This Guaranty shall bind Guarantor, its successors and assigns, and shall inure to the benefit of Landlord and its successors and assigns.

(b) The invalidity or unenforceability of any one or more provisions of this Guaranty will not affect any other provision.

(c) Time is of the essence of each and every provision hereof.

(d) This Guaranty and each and every term and provision thereof shall be construed in accordance with the laws of the State of California. Guarantor consents to the exercise of personal jurisdiction by the courts of the State of California over Guarantor, and agrees that any action to enforce the provisions of this Guaranty may be brought in the Superior Court in and for the City of San Jose and County of Santa Clara.

[INTENTIONALLY BLANK – EXECUTION ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Guarantor has executed this instrument on the day and year first above written.

GUARANTOR:

EQUINIX, INC.
a Delaware corporation

By: /s/ PETER VAN CAMP
Name: Peter Van Camp
Title: Chief Executive Officer

Exhibit 10.130

ASSIGNMENT AND ASSUMPTION OF LEASE

This Assignment and Assumption of Lease (the "Agreement") is made as of December 22, 2005, by and between EQUINIX, INC., a Delaware corporation ("Assignor"), and EQUINIX OPERATING CO., INC., a Delaware corporation ("Assignee").

RECITALS

A. Reference is hereby made to that certain Lease dated April 21, 2004, by and between Eden Ventures LLC, a Delaware limited liability company ("Landlord"), and Assignor (as amended, the "Lease"), for approximately 95,440 square feet of space (the "Premises") in that certain building known as Building 1, Ashburn Business Park, located at 44470 Chilum Place, Ashburn, Virginia (the "Building").

B. Assignor desires to assign to Assignee its entire right, title and interest in the Lease and Assignee desires to acquire Assignor's rights under the Lease and to assume Assignor's obligations under the Lease. Landlord is willing to consent to the assignment of the Lease subject to the terms and conditions hereof.

C. All defined terms not otherwise expressly defined herein shall have the respective meanings given in the Lease.

AGREEMENT

1. Assignment and Assumption. Effective as of January 1, 2006 (the "Effective Date"), Assignor hereby assigns to Assignee all of its right, title and interest in, to and under the Lease and to the Premises (excluding, however, Assignor's rights in and to any deposits or prepaid rents as have been paid by Assignor pursuant to the Lease). From and after the Effective Date, Assignee hereby accepts such assignment and assumes all of Assignor's obligations under the Lease and agrees to be bound by all of the provisions thereof and to perform all of the obligations of the tenant thereunder. Such assignment and assumption is made upon, and is subject to, all of the terms, conditions and provisions of this Agreement.

2. Security Deposit. Assignor hereby assigns to Assignee all of its right, title and interest in and to the security deposit in the form of a letter of credit in the amount of $2,000,000.00 held by Landlord under the Lease, and Landlord shall continue to hold such deposit as though it had been delivered by Assignee to Landlord pursuant to Section 5.1(a) of the Lease.

3. Assumption of Lease; Release of Assignor. From and after the Effective Date, Assignee does hereby assume and agree to be bound by and to perform and comply with, for the benefit of Landlord, each and every obligation of the tenant under the Lease. Notwithstanding anything to the contrary herein, this Agreement shall not release Assignor for any of its obligations under the Lease, and Assignor shall remain liable to Landlord for all obligations of tenant under the Lease, whether accruing before or after the date of this Agreement.

4. Condition of the Premises. Assignee hereby agrees to accept the Premises in their "as-is" condition. Assignee hereby acknowledges that, except as otherwise provided in the Lease, neither Landlord nor Assignor shall be obligated to provide or pay for any improvements, work or services related to the improvement of the Premises. Assignee also acknowledges that neither Landlord not Assignor has made any representation or warranty regarding the condition of the Premises or the Building.

5. Further Transfers. Neither the assignment or assumption nor Landlord's consent thereto shall be construed as a waiver of Landlord's right to consent to any further subletting by the Assignee or to any assignment by the Assignee of its rights, title, interest and obligations under the Lease, or as a consent to any portion of the Premises being used or occupied by any other party.

6. Proration of Rent and Additional Rent. As of the Effective Date, all rent and additional rent payable under the Lease shall be adjusted and apportioned by credits to Assignor and Assignee, as appropriate, it being hereby acknowledged and agreed that all items of income and expense for the period prior to the end of the Effective Date shall be for the account of Assignor and all items of income and expense for the period following the Effective Date shall be for the account of Assignee. To the extent that the final amounts of any charges and expenses required to be prorated between Assignor and Assignee are unavailable at the Effective Date (including, but not limited to, utility charges for which final meter readings cannot be made), Assignor and Assignee shall adjust the same based upon a reasonable estimate of that item and a readjustment thereof as of the Effective Date will be made within thirty (30) days thereafter or as soon as the final amounts are ascertainable.

7. General Provisions.

7.1 Brokerage Commission. Assignor and Assignee covenant and agree that under no circumstances shall Landlord be liable for any brokerage commission or other charge or expense in connection with the assignment assumption and Assignor and Assignee agree to protect, defend, indemnify and hold Landlord harmless from the same and from any cost or expense (including, but not limited to, attorney's fees) incurred by Landlord in resisting any claim for any such brokerage commission.

7.2 Controlling Law. The terms and provisions of this Agreement shall be construed in accordance with and governed by the laws of the State of California.

7.3 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors and assigns. As used herein, the singular number includes the plural and the masculine gender includes the feminine and neuter.

7.4 Captions. The paragraph captions utilized herein are in no way intended to interpret or limit the terms and conditions hereof, rather, they are intended for purposes of convenience only.

7.5 Partial Invalidity. If any term, provisions or condition contained in this Agreement shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term, provision or condition to person or circumstances other than those

with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Agreement shall be valid and enforceable to the fullest extent possible permitted by law.

7.6 Attorneys' Fees. If either Assignor or Assignee commences litigation against the other for the specific performance of this Agreement, for damages for the breach hereof or otherwise for enforcement of any remedy hereunder, Assignor and Assignee hereto agree to and hereby do waive any right to a trial by jury and, in the event of any such commencement of litigation the prevailing party shall be entitled to recover from the other party such costs and reasonable attorneys' fees as may have been incurred.

7.7 Entire Agreement. This Agreement is the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements between the parties hereto with respect thereto. This Agreement may not be altered, amended, changed, terminated or modified in any respect or particular, unless the same shall be in writing and signed by the party to be charged and unless such amendment has been approved in writing by Landlord.

7.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which when taken together shall constitute but one and the same Agreement.

[signatures appear on next page]

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

ASSIGNOR

EQUINIX, INC.,
a Delaware corporation

By: /s/ RENEE F. LANAM
Its: Chief Development Officer

ASSIGNEE

EQUINIX OPERATING CO., INC.,
a Delaware corporation

By: /s/ RENEE F. LANAM
Its: Secretary

LANDLORD'S CONSENT

Landlord hereby consents to the assignment and assumption of the Lease subject to the terms and conditions set forth in this Agreement. Except as otherwise provided in this Agreement, this Agreement shall not be construed to modify, waive or amend any of the terms, covenants and conditions of the Lease or to waive any breach thereof or any of Landlord's rights or remedies thereunder or to enlarge or increase any obligations of Landlord under the Lease.

EDEN VENTURES LLC,
a Delaware limited liability company
By: Eden Management LLC

By: /s/ HOSSEIN FATEH
Its: Managing Member

Exhibit 10.131

Equinix Annual Incentive Plan

January 1, 2006

PLAN OBJECTIVES

Equinix will offer the Equinix Incentive Plan to provide eligible employees with the opportunity to participate in company performance. It is designed to motivate employees to achieve certain company objectives, provide competitive total cash compensation for key positions and retain top talent.

PLAN FEATURES

Eligibility/Participation

All regular part-time and full-time employees will be eligible to participate. Commissioned sales employees will not be eligible. Full-time and part-time new hires will be eligible to participate as of the first of the month following date of hire. Employees not employed by the Company at the beginning of the year shall only be eligible for a percentage of his/her Target Bonus equal to that percentage of the year he/she was employed by the Company. Employees are not eligible to receive an award if he/she is on a Performance Improvement Plan (PIP) or is not employed by the Company on the date a Target Bonus is paid. Payouts will be pro-rated over the period based on the positions the employee held during the performance period. For example, if an employee is promoted from Senior Manager to Director, his/her bonus will be calculated upon the number of days in each position.

The plan will be effective 1/1/2006.

Calculating Company Performance and Funding of Incentive Pool

The funding level of the Incentive Pool will be based on Company performance against EBITDA and revenue goals, as set forth in the Board approved operating plan. 50% of the Incentive Pool will be funded each quarter if EBITDA and revenue targets for that quarter, and for year-to-date are met. The remaining 50% of the Incentive Pool will be funded each quarter for over-performance of EBITDA and revenue targets for that quarter and year-to-date. The EBITDA and revenue goals will exclude the impact of one-time events, such as expansion centers or acquisitions not in the operating plan. The specific EBITDA and revenue goals for each year shall be as set forth on a Design Criteria established prior to the end of the first quarter of each year.

For 2006, the Design Criteria shall be as follows:

50% of Incentive Pool shall be funded if the Company hits its operating plan for revenue and EBITDA for the year. For every 1% below operating plan for revenue and EBITDA, the Incentive Pool shall be reduced by 10%. For instance, if the Company is 2% below plan, only 30% of the Incentive Plan shall be funded. There shall be no Incentive Pool if either EBITDA or revenue is less than 95% of operating plan target.

The remaining 50% of the Incentive Pool shall be paid only if the Company achieves revenues in excess of plan, and those incremental revenues have a flow-through margin in excess of 65%.

Payment of Awards

Individual awards will be paid as soon after the close of the fiscal year as practical.

Plan Administration

The Compensation Committee of the Board of Directors may modify or terminate this plan at any time.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-45280, 333-58074, 333-71870, 333-85202, 333-104078, 333-113765, 333-117892 and 333-122142) and Form S-3 (Nos. 333-104077, 333-108783, 333-109697, 333-114723, 333-116322, 333-120224, 333-122144, 333-123923 and 333-128857) of Equinix, Inc. of our report dated March 15, 2006 relating to the financial statements, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

San Jose, California
March 15, 2006

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 annual report on Form 10-K 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: March 16, 2006

/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 annual report on Form 10-K 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: March 16, 2006

/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 Annual Report of Equinix, Inc. (the "Company") on Form 10-K for the period ending December 31, 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
March 16, 2006

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 Annual Report of Equinix, Inc. (the "Company") on Form 10-K for the period ending December 31, 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
March 16, 2006