UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2007

OR

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

For the transition period from______ to ______

Commission File Number 000-31293

EQUINIX, INC.
(Exact name of registrant as specified in its charter)

Delaware	**77-0487526**
(State of incorporation)	**(I.R.S. Employer Identification No.)**

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

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

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

Indicate by check mark whether the registrant is 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 number of shares outstanding of the registrant's Common Stock as of June 30, 2007 was 31,751,248.

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PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

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

	June 30, 2007	December 31, 2006
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 234,598	$ 82,563
Short-term investments	67,728	48,831
Accounts receivable, net	28,140	26,864
Prepaids and other current assets	9,599	8,003
Total current assets	340,065	166,261
Long-term investments	21,640	25,087
Property and equipment, net	760,175	546,395
Goodwill	16,914	16,919
Debt issuance costs, net	14,603	3,006
Other assets	22,054	14,164
Total assets	$1,175,451	$ 771,832
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 35,425	$ 27,269
Accrued property and equipment	71,216	23,337
Current portion of accrued restructuring charges	13,687	13,469
Current portion of capital lease and other financing obligations	2,197	1,977
Current portion of mortgage and loan payable	2,288	2,150
Other current liabilities	11,903	10,151
Total current liabilities	136,716	78,353
Accrued restructuring charges, less current portion	22,729	28,103
Capital lease and other financing obligations, less current portion	91,557	92,722
Mortgage and loan payable, less current portion	164,841	96,746
Convertible debt	282,250	86,250
Deferred rent and other liabilities	34,684	34,630
Total liabilities	732,777	416,804
Stockholders' equity:		
Common stock	32	29
Additional paid-in capital	995,555	904,573
Accumulated other comprehensive income	3,770	3,870
Accumulated deficit	(556,683)	(553,444)
Total stockholders' equity	442,674	355,028
Total liabilities and stockholders' equity	$1,175,451	$ 771,832

See accompanying notes to condensed consolidated financial statements

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

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
	(unaudited)			
Revenues	$91,837	$68,548	$ 176,946	$ 133,417
Costs and operating expenses:				
Cost of revenues	55,609	45,563	108,374	88,908
Sales and marketing	8,520	8,480	17,197	15,678
General and administrative	24,854	17,725	47,715	34,855
Restructuring charge	407	—	407	—
Total costs and operating expenses	89,390	71,768	173,693	139,441
Income (loss) from operations	2,447	(3,220)	3,253	(6,024)
Interest income	5,082	1,730	7,031	3,341
Interest expense	(6,115)	(3,565)	(9,577)	(7,433)
Loss on conversion of debt	—	—	(3,395)	—
Income (loss) before income taxes and cumulative effect of a change in accounting principle	1,414	(5,055)	(2,688)	(10,116)
Income taxes	(197)	(215)	(551)	(600)
Net income (loss) before cumulative effect of a change in accounting principle	1,217	(5,270)	(3,239)	(10,716)
Cumulative effect of a change in accounting principle for stock-based compensation (net of income taxes of $0)	—	—	—	376
Net income (loss)	$ 1,217	$ (5,270)	$ (3,239)	$ (10,340)
Basic net income (loss) per share:				
Net income (loss) per share before cumulative effect of a change in accounting principle	$ 0.04	$ (0.19)	$ (0.11)	$ (0.38)
Cumulative effect of a change in accounting principle	—	—	—	0.01
Net income (loss) per share	$ 0.04	$ (0.19)	$ (0.11)	$ (0.37)
Weighted-average shares	31,126	28,468	30,424	28,160
Diluted net income (loss) per share:				
Net income (loss) per share before cumulative effect of a change in accounting principle	$ 0.04	$ (0.19)	$ (0.11)	$ (0.38)
Cumulative effect of a change in accounting principle	—	—	—	0.01
Net income (loss) per share	$ 0.04	$ (0.19)	$ (0.11)	$ (0.37)
Weighted-average shares	32,641	28,468	30,424	28,160

See accompanying notes to condensed consolidated financial statements

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

	Six months ended June 30, 2007	Six months ended June 30, 2006
	(unaudited)	
Cash flows from operating activities:		
Net loss	$ (3,239)	$ (10,340)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	41,597	33,734
Stock-based compensation	20,543	16,655
Restructuring charge	407	—
Accretion of asset retirement obligation and accrued restructuring charges	1,623	1,900
Amortization of intangible assets and non-cash prepaid rent	266	608
Amortization of debt issuance costs	1,173	416
Cumulative effect of a change in accounting principle	—	(376)
Other reconciling items	(377)	(415)
Changes in operating assets and liabilities:		
Accounts receivable	(1,410)	(6,262)
Prepaids and other assets	(2,784)	(2,052)
Accounts payable and accrued expenses	5,293	1,604
Accrued restructuring charges	(6,897)	(6,125)
Other liabilities	1,517	(449)
Net cash provided by operating activities	57,712	28,898
Cash flows from investing activities:		
Purchases of investments	(58,151)	(37,443)
Maturities of investments	43,221	36,411
Purchase of San Jose IBX property	(6,500)	—
Purchase of Los Angeles IBX property	(49,040)	—
Purchase of Chicago IBX property	—	(9,766)
Purchases of other property and equipment	(206,888)	(56,284)
Accrued property and equipment	47,879	6,155
Other investing activities	(470)	6
Net cash used in investing activities	(229,949)	(60,921)
Cash flows from financing activities:		
Proceeds from exercise of stock options and employee stock purchase plans	17,162	20,576
Proceeds from convertible subordinated notes	250,000	—
Proceeds from loan payable	69,263	—
Repayment of borrowings from credit line	—	(30,000)
Repayment of capital lease and other financing obligations	(945)	(739)
Repayment of mortgage payable	(1,030)	(516)
Debt issuance costs	(10,678)	—
Other financing activities	—	570
Net cash provided by (used in) financing activities	323,772	(10,109)
Effect of foreign currency exchange rates on cash and cash equivalents	500	165
Net increase (decrease) in cash and cash equivalents	152,035	(41,967)
Cash and cash equivalents at beginning of period	82,563	119,267
Cash and cash equivalents at end of period	$ 234,598	$ 77,300
Supplemental cash flow information:		
Cash paid for taxes	$ 173	$ 545
Cash paid for interest	$ 9,859	$ 7,116

See accompanying notes to condensed consolidated financial statements

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements have been prepared by Equinix, Inc. ("Equinix" or the "Company") and reflect all adjustments, consisting only of normal recurring adjustments, which in the opinion of management are necessary to fairly state the financial position and the results of operations for the interim periods presented. The balance sheet at December 31, 2006 has been derived from audited financial statements at that date. The financial statements have been prepared in accordance with the regulations of the Securities and Exchange Commission ("SEC"), but omit certain information and footnote disclosure necessary to present the statements in accordance with generally accepted accounting principles. For further information, refer to the Consolidated Financial Statements and Notes thereto included in Equinix's Form 10-K as filed with the SEC on February 28, 2007. Results for the interim periods are not necessarily indicative of results for the entire fiscal year.

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

In June 2007, a wholly-owned subsidiary of the Company announced an offer to purchase all of the entire issued and to be issued share capital of IXEurope plc ("IXEurope") ("the IXEurope Acquisition"). Under the original terms of the IXEurope Acquisition, IXEurope shareholders would have received 125 British pence in cash for each IXEurope share, valuing the share capital of IXEurope on a fully diluted basis at approximately 240,900,000 British pounds or approximately $483,300,000 (as translated using effective exchange rates at June 30, 2007). However, in July 2007, as a result of an unsolicited conditional offer to acquire IXEurope by another company, the Company revised the terms of the IXEurope Acquisition. Under the revised terms of the IXEurope Acquisition, IXEurope shareholders will receive 140 British pence in cash for each IXEurope share valuing the share capital of IXEurope on a fully diluted basis at approximately 270,100,000 British pounds or approximately $554,623,000 (as translated using effective exchange rates at July 18, 2007). IXEurope operates data centers in the United Kingdom, France, Germany and Switzerland. The combined company will operate under the Equinix name with the current management teams in place in the U.S., Europe and Asia-Pacific. The IXEurope Acquisition will be accounted for using the purchase method of accounting in accordance with Statement of Financial Accounting Standard No. 141, "Business Combinations" ("SFAS 141"). The Company anticipates completing the IXEurope Acquisition in September 2007; however, the closing and its timing are subject to the approval of IXEurope's shareholders and the U.K. courts as well as the satisfaction or waiver of other closing conditions.

In order to provide cash to fund the IXEurope Acquisition, the Company entered into a Senior Bridge Loan Credit Agreement (the "Senior Bridge Loan") with Citibank, N.A., as Lender, and as agent for the Lender, for a principal amount of $500,000,000 (see Note 10) in June 2007 and is currently seeking alternative permanent sources of financing, both debt and/or equity, to fund the IXEurope Acquisition.

The Company believes it has sufficient cash, coupled with anticipated cash generated from operating activities and anticipated cash from financings, to meet its operating requirements for at least the next 12 months. As of June 30, 2007, the Company had $323,966,000 of cash, cash equivalents and short-term and long-term investments. As of June 30, 2007, the Company had a total of $600,318,000 of additional liquidity available to it, which is comprised of (i) $40,737,000 under the Chicago IBX Financing for the Chicago Metro Area IBX Expansion Project, (ii) $59,581,000 under the $75,000,000 Silicon Valley Bank Credit Line in the event the Company needs additional cash to fund expansion activities, fund working capital requirements or pursue attractive strategic opportunities that may become available in the future, and (iii) $500,0000,000 under the Senior Bridge Loan available only for purposes of the IXEurope Acquisition. In addition, from time to time the Company assesses external financing opportunities, both debt and equity, as alternative sources for financing such activities and opportunities, including any acquisition plans. While the Company expects that its cash flow from operations will continue to increase, the Company expects its cash flow used in investing activities, primarily as a result of its expected purchases of property and equipment to complete the Company's announced expansion projects, will also increase and

the Company expects its cash flow used in investing activities to be greater than its cash flows generated from operating activities. Given the Company's limited operating history, additional potential expansion opportunities that it may decide to pursue and other business risks that may cause its operating results to fluctuate, the Company may not achieve its desired levels of profitability or cash requirements in the future.

Revenue Recognition and Allowance for Doubtful Accounts

Equinix derives more than 90% of its revenues from recurring revenue streams, consisting primarily of (1) colocation services, such as from the licensing of cabinet space and power; (2) interconnection services, such as cross connects and Equinix Exchange ports; (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, when a customer wishes to terminate their contract early, 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. There were no significant service level credits recorded during the three and six months ended June 30, 2007 and 2006.

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. Taxes collected from customers and remitted to governmental authorities are reported on a net basis and excluded from revenue.

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 which 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, greater 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. An additional reserve is established for all other accounts based on the age of the invoices and an analysis of historical credits issued. Delinquent account balances are written-off after management has determined that the likelihood of collection is not probable.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The Company recorded a net adjustment of $775,000 to its U.S. recurring revenues as a result of correcting billing errors attributable to prior periods, the net impact of which increased the Company's U.S. recurring revenues for the three months ended June 30, 2007. The Company concluded that the cumulative credit to recurring revenues, totaling $775,000, was not material to any previously-reported historical period and expected results of operations for the current fiscal year. As such, this cumulative credit was recorded in the quarter ended June 30, 2007 and is included in the statement of operations for the three and six months ended June 30, 2007.

Net Income (Loss) per Share

The Company computes net income (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;" EITF Issue 04-8 "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share" and SFAS No. 123(R), "Share-Based Payment." Basic net income (loss) per share is computed using net income (loss) and the weighted-average number of common shares outstanding. Diluted net income (loss) per share is computed using net income (loss), adjusted for interest expense as a result of the assumed conversion of the Company's Convertible Subordinated Debentures and Convertible Subordinated Notes, if dilutive, and the weighted-average number of common shares outstanding plus any dilutive potential common shares outstanding. Dilutive potential common shares include the assumed exercise, vesting and issuance activity of employee equity awards using the treasury stock method, as well as warrants and shares issuable upon the conversion of Convertible Subordinated Debentures and Convertible Subordinated Notes.

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

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Numerator:				
Numerator for basic net income (loss) per share	$ 1,217	$ (5,270)	$ (3,239)	$(10,340)
Effect of assumed conversion of convertible subordinated debentures and notes:				
Interest expense, net of tax	—	—	—	—
Numerator for diluted net income (loss) per share	$ 1,217	$ (5,270)	$ (3,239)	$(10,340)
Denominator:				
Weighted-average shares	31,629	28,728	30,884	28,403
Weighted-average unvested restricted shares issued subject to forfeiture	(503)	(260)	(460)	(243)
Denominator for basic net income (loss) per share	31,126	28,468	30,424	28,160
Effect of dilutive securities:				
Convertible subordinated debentures	—	—	—	—
Convertible subordinated notes	—	—	—	—
Employee equity awards	1,515	—	—	—
Warrants	—	—	—	—
Total dilutive potential shares	1,515	—	—	—
Denominator for diluted net income (loss) per share	32,641	28,468	30,424	28,160
Net income (loss) per share:				
Basic	$ 0.04	$ (0.19)	$ (0.11)	$ (0.37)
Diluted	$ 0.04	$ (0.19)	$ (0.11)	$ (0.37)

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Shares reserved for conversion of convertible subordinated debentures	816,458	2,183,548	816,458	2,183,548
Shares reserved for conversion of convertible subordinated notes	2,231,545	—	2,231,545	—
Unvested restricted shares issued subject to forfeiture	—	274,000	504,500	274,000
Common stock warrants	1,034	9,490	1,128	9,490
Common stock related to employee equity awards	1,067,271	4,225,075	3,888,409	4,225,075

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 Company will continue to provide a valuation allowance for the net deferred tax asset, other than the deferred tax asset associated with its Singapore subsidiary, until it becomes more likely than not that the net deferred tax asset will be realizable. The Company released the tax valuation allowance on the Company's Singaporean net deferred tax assets during the year ended December 31, 2006. For the three and six months ended June 30, 2007, the Company recorded a tax provision of $197,000 and $551,000, respectively. For the three and six months ended June 30, 2006, the Company recorded a tax provision of $215,000 and $600,000, respectively. The tax provision recorded in the periods ended June 30, 2007 is attributable to the Company's foreign operations. The tax provision recorded in the periods ended June 30, 2006 is primarily related to federal alternative minimum tax, which is attributable to the Company's domestic operations. The Company did not record any excess tax benefit associated with the stock options exercised by employees during the three and six months ended June 30, 2007. For the six months ended June 30, 2006, the Company recorded $570,000 of excess tax benefit associated with the stock options exercised by employees during the period.

In January 2007, the Company adopted the provisions of FIN 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The adoption of FIN 48 resulted in no cumulative effect of a change in accounting principle being recorded on the Company's statement of operations during the three and six months ended June 30, 2007.

As of the date of adopting FIN 48, the Company had approximately $1,883,000 of unrecognized tax benefits including $138,000 of interest primarily related to tax positions claiming refundable research credits in the State of Hawaii. The Company has filed an appeal in the Tax Court in Hawaii and is currently working

to settle the claim. As of June 30, 2007, the Company believed that the appeal filed in the Tax Court in Hawaii would possibly be settled within the next 12 months. However, the Company cannot estimate the range of any settlement. Subsequent to the adoption of FIN 48, the Company recorded additional unrecognized tax benefits of $331,000 attributable to certain expenditures included in the Singaporean net operating loss carry-forward as it is probable that the inclusion of those expenditures in the Singaporean net operating loss carry-forward would be denied by the local tax authority. As a result, the total unrecognized tax benefits were $2,214,000 as of June 30, 2007. A majority of the unrecognized tax benefits, if subsequently recognized, will affect the Company's effective tax rate at the time of recognition. The Company will continue to classify the interest and penalties recognized in accordance with paragraphs 15 and 16, respectively, of FIN 48 in the financial statements as income tax. The Company's income tax returns for all tax years remain open to examination by federal and state taxing authorities due to Net Operating Loss ("NOL") carry-forward. In addition, the Company's tax years of 2001 through 2005 also remain open and subject to examination by local tax authorities in the foreign jurisdictions in which the Company has major operations.

The Internal Revenue Service completed the examination of the Company's income tax return for fiscal year 2003 during the three months ended June 30, 2007, which did not result in any impact to the Company's tax liabilities and financial statements.

Construction in Progress

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

Interest incurred is capitalized in accordance with SFAS No. 34, "Capitalization of Interest Costs." Total interest cost incurred and total interest capitalized during the three months ended June 30, 2007 were $7,749,000 and $1,634,000, respectively. Total interest cost incurred and total interest capitalized during the six months ended June 30, 2007 were $12,723,000 and $3,146,000, respectively. Total interest cost incurred and total interest capitalized during the three months ended June 30, 2006 were $3,990,000 and $425,000, respectively. Total interest cost incurred and total interest capitalized during the six months ended June 30, 2006 were $8,121,000 and $688,000, respectively.

Asset Retirement Obligations

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 2025 and all of them have renewal options available to the Company.

During the three and six months ended June 30, 2007, the Company recorded accretion expense related to its asset retirement obligations of $148,000 and $289,000, respectively. During the three and six months ended June 30, 2006, the Company recorded accretion expense related to its asset retirement obligations of $131,000 and $256,000, respectively.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Stock-Based Compensation

On January 1, 2006, the Company adopted the provisions of, and accounts for stock-based compensation in accordance with, SFAS No. 123(R), "Share-Based Payment," and related pronouncements ("SFAS 123(R)"). Under the fair value recognition provisions of this statement, stock-based compensation cost is measured at the grant date for all stock-based awards made to employees and directors based on the fair value of the award using an option-pricing model and is recognized as expense over the requisite service period, which is generally the vesting period. SFAS 123(R) supersedes the Company's previous accounting under Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees," ("APB 25") for periods beginning in fiscal year 2006. In March 2005, the SEC issued Staff Accounting Bulletin No. 107 ("SAB 107") providing supplemental implementation guidance for SFAS 123(R). The Company has applied the provisions of SAB 107 in its adoption of SFAS 123(R).

The Company currently uses the Black-Scholes option-pricing model to determine the fair value of stock options and shares purchased under the employee stock purchase plan as they only have a service condition. The Company currently uses a Monte Carlo simulation option-pricing model to determine the fair value of certain restricted stock grants that have both a service and market price condition. The determination of the fair value of stock-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of complex and subjective variables. These variables include the Company's expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, which is referred to as expected term, risk-free interest rates and expected dividends.

In January 2007, the Stock Option Committee of the Board of Directors approved stock option grants to employees, excluding executive officers, to purchase an aggregate of 511,310 shares of common stock as part of the Company's annual refresh program. In addition, the Compensation Committee of the Board of Directors approved the issuance of 178,400 restricted stock units to certain employees, excluding executive officers, also as part of the Company's annual refresh program. The Compensation Committee of the Board of Directors also approved the issuance of an aggregate of 218,000 shares of restricted common stock and restricted stock units to executive officers pursuant to the 2000 Equity Incentive Plan. In April 2007, the Compensation Committee of the Board of Directors approved the issuance of 84,000 shares of restricted common stock to the Company's new Chief Executive Officer who joined the Company in April 2007. All awards are subject to vesting provisions. All such equity awards have a total fair value, net of estimated forfeitures, of $51,052,000, which is expected to be amortized over a weighted-average period of 3.4 years. During the three and six months ended June 30, 2007, the Company had amortized $4,188,000 and $7,520,000, respectively, net of estimated forfeitures, of the total fair value of such equity awards.

The following table presents, by operating expense, the Company's stock-based compensation expense recognized in the Company's condensed consolidated statement of operations (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Cost of revenues	$ 1,004	$ 964	$ 2,141	$ 1,721
Sales and marketing	1,643	2,132	4,127	4,024
General and administrative	7,398	5,801	14,275	10,910
	$10,045	$ 8,897	$20,543	$16,655

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Goodwill and Other Intangible Assets

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

	June 30, 2007	December 31, 2006
Goodwill	$16,914	$ 16,919
Other intangibles:		
Intangible asset – customer contracts	4,369	4,370
Intangible asset – leases	1,017	1,017
Intangible asset – tradename	339	339
Intangible asset – workforce	160	160
Intangible asset – lease expenses	111	111
	5,996	5,997
Accumulated amortization	(5,611)	(5,475)
	385	522
	$17,299	$ 17,441

The Company's goodwill and certain intangible assets are assets denominated in Singapore dollars. As a result, they are subject to foreign currency fluctuations. The Company's foreign currency translation gains and losses are a component of other comprehensive income and loss (see Note 13).

For the three and six months ended June 30, 2007, the Company recorded amortization expense of $56,000 and $136,000, respectively. For the three and six months ended June 30, 2006, the Company recorded amortization expense of $332,000 and $478,000, respectively. The Company expects to record the following amortization expense during the remainder of 2007 and beyond (in thousands) (unaudited):

Year ending:	
2007 (six months remaining)	$100
2008	180
2009	67
2010	38
Total	$385

2. IBX Acquisitions and Expansions

San Jose Property Acquisition

In January 2007, the Company entered into a conditional purchase agreement to purchase the building and property where its original Silicon Valley IBX center is located (the "San Jose Property Acquisition") for $65,000,000, excluding closing costs, which was paid in full in a cash transaction during July 2007 following an initial $6,500,000 million cash deposit paid in January 2007 (see Note 17).

Singapore IBX Expansion Project

In March 2007, the Company entered into long-term leases for new space in the same building in which the Company's existing Singapore IBX center is located (the "Singapore IBX Expansion Project"). Minimum payments under these leases, which qualify as operating leases, total 3,674,000 Singapore dollars (approximately $2,394,000 as translated using effective exchange rates at June 30, 2007) in cumulative lease payments with monthly payments commencing in the third quarter of 2007. The Company is building out this new space in multiple phases. As of June 30, 2007, the Company incurred approximately $11,200,000 of capital expenditures to build out the first phase.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Washington, D.C. Metro Area IBX Expansion Project

In March 2007, the Company announced its intention to build out a new IBX center within the Ashburn Campus, which will be the fifth IBX center in the Washington, D.C. metro area, in order to further expand its existing Washington, D.C metro area IBX center (the "Washington, D.C. Metro Area IBX Expansion Project"). As of June 30, 2007, the Company incurred $1,996,000 of capital expenditures for the Washington, D.C. Metro Area IBX Expansion Project.

Los Angeles Metro Area IBX Expansion Project

In June 2007, the Company purchased a new property, comprised of land and an empty building, located in El Segundo, California, for $49,040,000, including closing costs, which the Company paid in full in a cash transaction during June 2007. The Company intends to build an IBX center on this property, which will be the Company's fourth IBX center in the Los Angeles metro area (the "Los Angeles Metro Area IBX Expansion Project").

Silicon Valley Metro Area IBX Expansion Project

In June 2007, the Company announced its plan to invest further in an existing IBX center in the Silicon Valley metro area (the "Silicon Valley Metro Area IBX Expansion Project"). The Company intends to expand this IBX center for customer availability during the second quarter of 2008.

3. Related Party Transactions

A significant amount of the Company's Asia-Pacific revenues are generated in Singapore and a significant portion of the business in Singapore is transacted with entities affiliated with STT Communications, which is the Company's single largest stockholder (owning approximately 13.5% of outstanding common stock as of June 30, 2007). For the three and six months ended June 30, 2007, revenues recognized with related parties, primarily entities affiliated with STT Communications, were $2,107,000 and $3,977,000, respectively, and as of June 30, 2007, accounts receivable with these related parties was $1,421,000. For the three and six months ended June 30, 2007, costs and services procured with related parties, primarily entities affiliated with STT Communications, were $322,000 and $637,000, respectively, and as of June 30, 2007, accounts payable with these related parties was $112,000. For the three and six months ended June 30, 2006, revenues recognized with related parties, primarily entities affiliated with STT Communications, were $1,404,000 and $2,838,000, respectively, as of June 30, 2006, accounts receivable with these related parties was $1,019,000. For the three and six months ended June 30, 2006, costs and services procured with related parties, primarily entities affiliated with STT Communications, were $1,067,000 and $2,019,000, respectively, and as of June 30, 2006, accounts payable with these related parties was $295,000.

4. Accounts Receivable

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

	June 30, 2007 (unaudited)	December 31, 2006
Accounts receivable	$ 57,838	$ 52,500
Unearned revenue	(29,315)	(25,363)
Allowance for doubtful accounts	(383)	(273)
	$ 28,140	$ 26,864

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.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

5. Property and Equipment

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

	June 30, 2007 (unaudited)	December 31, 2006
Leasehold improvements	$ 421,715	$ 416,952
IBX plant and machinery	224,448	191,243
IBX equipment	92,588	84,499
Buildings	78,619	50,526
Computer equipment and software	46,376	35,913
Land	44,292	24,967
Site improvements	36,282	904
Furniture and fixtures	2,568	2,438
Construction in progress	207,886	88,429
	1,154,774	895,871
Less accumulated depreciation	(394,599)	(349,476)
	$ 760,175	$ 546,395

Site improvements are improvements to owned property versus leasehold improvements, which are improvements to leased property. Site improvements are depreciated using the straight-line method over the estimated useful lives of the respective asset, generally 10 to 15 years.

Leasehold improvements, IBX plant and machinery, computer equipment and software and buildings recorded under capital leases aggregated $35,361,000 at both June 30, 2007 and December 31, 2006. Amortization on the assets recorded under capital leases is included in depreciation expense and accumulated depreciation on such assets totaled $5,899,000 and $3,531,000 as of June 30, 2007 and 2006, respectively.

As of June 30, 2007 and December 31, 2006, the Company had accrued property and equipment expenditures of $71,216,000 and $23,337,000, respectively. The Company's planned capital expenditures during the remainder of 2007 and 2008 in connection with recently acquired IBX properties and expansion efforts are substantial. For further information, refer to "Other Purchase Commitments" in Note 12.

6. Accounts Payable and Accrued Expenses

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

	June 30, 2007 (unaudited)	December 31, 2006
Accounts payable	$ 4,220	$ 4,515
Accrued compensation and benefits	14,408	11,836
Accrued utility and security	4,718	3,849
Accrued acquisition and financing costs	3,991	—
Accrued interest	3,041	1,318
Accrued taxes	1,783	2,081
Accrued professional fees	1,581	1,362
Accrued other	1,684	2,308
	$ 35,425	$ 27,269

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

7. Other Current Liabilities

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

	June 30, 2007 (unaudited)	December 31, 2006
Deferred installation revenue	$ 9,768	$ 7,838
Customer deposits	884	799
Deferred recurring revenue	650	674
Deferred rent	405	401
Other current liabilities	196	439
	$ 11,903	$ 10,151

8. Deferred Rent and Other Liabilities

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

	June 30, 2007 (unaudited)	December 31, 2006
Deferred rent, non-current	$ 20,502	$ 20,522
Deferred recurring revenue, non-current	5,521	6,058
Asset retirement obligations	4,273	3,985
Deferred installation revenue, non-current	3,995	3,856
Other liabilities	393	209
	$ 34,684	$ 34,630

The Company currently leases the majority of its IBX centers and certain equipment under non-cancelable operating lease agreements expiring through 2025. The IBX 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 for certain properties to better match the phased build-out of its centers. The Company accounts for such abatements and increasing base rentals using the straight-line method over the life of the lease. The difference between the straight-line expense and the cash payment is recorded as deferred rent.

9. Convertible Debt

The Company's convertible debt consisted of the following (in thousands):

	June 30, 2007 (unaudited)	December 31, 2006
Convertible subordinated debentures	$ 32,250	$ 86,250
Convertible subordinated notes	250,000	—
	$282,250	$ 86,250

Convertible Subordinated Debentures

In March 2007, the Company entered into agreements with certain holders ("Holders") of its 2.50% Convertible Subordinated Debentures due February 15, 2024, pursuant to which the Company agreed to exchange an aggregate of 1,367,090 newly issued shares of its common stock for such Holders' $54,000,000 of $86,250,000 principal amount of the Convertible Subordinated Debentures (the "Convertible Subordinated Debentures' Partial Conversion"). The number of shares of common stock issued equals the amount issuable upon conversion of the Convertible Subordinated Debentures in accordance with their terms. In addition, each Holder received cash consideration equal to accrued and unpaid interest through the redemption date totaling $111,000, as well as the present value of future interest due through February 15, 2009 and an incremental fee, totaling $3,395,000 (the "Inducement Fee").

The Company recognized a loss on debt conversion totaling $3,395,000 as a result of the Convertible Subordinated Debentures' Partial Conversion in accordance with FASB No. 84, "Induced Conversions of Convertible Debt", due to the Inducement Fee. As a result of the Convertible Subordinated Debentures' Partial Conversion, a total of $53,229,000 was credited to stockholders' equity during the first quarter of 2007, which was comprised of $54,000,000 of Convertible Subordinated Debentures, offset by $771,000 of unamortized debt issuance costs since, at the time of issuance, the Convertible Subordinated Debentures did not contain a beneficial conversion feature. As of June 30, 2007, debt issuance costs related to the Convertible Subordinated Debentures, net of amortization, were $390,000 and are being amortized to interest expense using the effective interest method through February 15, 2009.

As of June 30, 2007, a total of $32,250,000 Convertible Subordinated Debentures remained outstanding and were convertible into 816,458 shares of the Company's common stock.

Convertible Subordinated Notes

In March 2007, the Company issued $250,000,000 aggregate principal amount of 2.50% Convertible Subordinated Notes due April 15, 2012 (the "Convertible Subordinated Notes"). Interest is payable semi-annually on April 15 and October 15 of each year, commencing October 15, 2007.

The Convertible Subordinated Notes are governed by an Indenture dated as of March 30, 2007, 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 Notes are unsecured and rank junior in right of payment to the Company's existing or future senior debt and equal in right of payment to the Company's existing and future subordinated debt.

Upon conversion, holders will receive, at the Company's election, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock. However, the Company may at any time irrevocably elect for the remaining term of the Convertible Subordinated Notes to satisfy its obligation in cash up to 100% of the principal amount of the Convertible Subordinated Notes converted, with any remaining amount to be satisfied, at the Company's election, in shares of its common stock or a combination of cash and shares of its common stock.

The initial conversion rate is 8.9259 shares of common stock per $1,000 principal amount of Convertible Subordinated Notes, subject to adjustment. This represents an initial conversion price of approximately $112.03 per share of common stock. Holders of the Convertible Subordinated Notes may convert their notes at any time prior to the close of business on the business day immediately preceding the maturity date under the following circumstances:

- during any fiscal quarter (and only during that fiscal quarter) ending after June 30, 2007, 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 fiscal quarter, is greater than 130% of the conversion price per share of common stock on such last trading day, presently $145.64 per share (the "Stock Price Condition Conversion Clause");
- subject to certain exceptions, during the five business day period following any ten consecutive trading day period in which the trading price of the Convertible Subordinated Notes for each day of such period was less than 98% of the product of the sale price of the Company's common stock and the conversion rate (the "Parity Provision Clause");
- if such Convertible Subordinated Notes have been called for redemption;

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

- upon the occurrence of 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 (the "Corporate Action Provision Clause"); or
- at any time on or after March 15, 2012.

Upon conversion, due to the conversion formulas associated with the Convertible Subordinated Notes, if the Company's stock is trading at levels exceeding 130% of the conversion price per share of common stock, and if the Company elects to pay any portion of the consideration in cash, additional consideration beyond the $250,000,000 of gross proceeds received would be required. However, in no event would the total number of shares issuable upon conversion of the Convertible Subordinated Notes exceed 11.6036 per $1,000 principal amount of Convertible Subordinated Notes, subject to anti-dilution adjustments, or the equivalent of $86.18 per share of common stock or a total of 2,900,900 shares of the Company's common stock. As of June 30, 2007, the Convertible Subordinated Notes were convertible into 2,231,545 shares of the Company's common stock.

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 Notes will not receive any cash payment representing accrued and unpaid interest upon conversion of a note. Accrued but unpaid interest will be deemed to be paid in full upon conversion rather than cancelled, extinguished or forfeited. Convertible Subordinated Notes 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 Notes at any time after April 16, 2010 for cash but only if the closing sale price of the Company's common stock for at least 20 of the 30 consecutive trading days immediately prior to the day the Company gives notice of redemption is greater than 130% of the applicable conversion price per share of common stock on the date of the notice, presently $145.64 per share. The redemption price will equal 100% of the principal amount of the Convertible Subordinated Notes, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

Holders of the Convertible Subordinated Notes have the right to require the Company to purchase with cash all or a portion of the Convertible Subordinated Notes upon the occurrence of a fundamental change at a purchase price equal to 100% of the principal amount of the Convertible Subordinated Notes plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase. Following certain corporate transactions that constitute a change of control, the Company will increase the conversion rate for a holder who elects to convert the Convertible Subordinated Notes in connection with such change of control in certain circumstances.

The Company has considered the guidance in FASB No. 133, "Accounting for Derivative Instruments and Hedging Activities", EITF Abstract No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock" and EITF Abstract No. 00-27, "Application of EITF Issue No. 98-5, 'Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios,' to Certain Convertible Instruments" and other related accounting pronouncements and has determined that the Convertible Subordinated Notes 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. In addition, the Convertible Subordinated Notes contain one embedded derivative requiring bifurcation and separate accounting treatment, the Parity Provision Clause, which had a zero fair value as of June 30, 2007. The Company will be remeasuring this 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 Notes were capitalized and are being amortized to interest expense using the effective interest method, through March 15, 2012, the first date that the holders

of the Convertible Subordinated Notes can convert without satisfaction of the Stock Price Condition Conversion Clause, Parity Provision Clause or the Corporate Action Provision Clause. Debt issuance costs related to the Convertible Subordinated Notes, net of amortization, were $7,577,000 as of June 30, 2007.

10. Non-Convertible Debt

Loan Payable

In February 2007, a wholly-owned subsidiary of the Company obtained a loan of up to $110,000,000 to finance up to 60% of the development and construction costs of the Chicago Metro Area IBX Expansion Project (the "Chicago IBX Financing"). The Company periodically receives advances of funds in conjunction with costs incurred for construction of its Chicago Metro Area IBX Expansion Project (the "Loan Payable"). As of June 30, 2007, the Company had received advances totaling $69,263,000. As a result, up to $40,737,000 remained available for borrowing from the Chicago IBX Financing and is expected to be borrowed periodically during the remaining construction period of the Chicago Metro Area IBX Expansion Project until completion by the end of 2007.

The Loan Payable has a maturity date of January 31, 2010, with options to extend for up to an additional two years, in one-year increments, upon satisfaction of certain extension conditions. The Loan Payable bears interest at a floating rate (one, three or six month LIBOR plus 2.75%) with interest payable monthly, which commenced March 1, 2007. As of June 30, 2007, the Loan Payable had an effective interest rate of 8.125% per annum. The Chicago IBX Financing has no specific financial covenants and contains a limited parent company guaranty.

The debt issuance costs related to the Chicago IBX Financing were capitalized and are being amortized to interest expense using the effective interest method through January 31, 2010. Debt issuance costs related to the Chicago IBX Financing, net of amortization, were $2,288,000 as of June 30, 2007.

Silicon Valley Bank Credit Line

In March 2007, the Company amended certain provisions of the Silicon Valley Bank Credit Line which related to the modification of certain financial covenants, the addition of a liquidity covenant and the revision of the definition of "Approved Subordinated Debt" in order to allow the Company to proceed with the Convertible Subordinated Notes offering (see Footnote 9). The liquidity covenant requires the Company to maintain total liquidity of at least $75,000,000. The liquidity covenant is defined as the sum of cash, cash equivalents, short-term investments, 80% of long-term investments and 10% of net accounts receivable. In the event of a default, Silicon Valley Bank has the right to exercise a notice of control to give Silicon Valley Bank the sole right to control, direct or dispose of the assets as it deems necessary to satisfy the Company's obligations under the Silicon Valley Bank Credit Line, if any. As of June 30, 2007, the Company was in compliance with all financial covenants in connection with the amended Silicon Valley Bank Credit Line including the liquidity covenant.

Borrowings under the Silicon Valley Bank Credit Line continue to bear interest at variable interest rates, plus the applicable margins, in effect prior to the amendment, based on either prime rates or LIBOR rates. The Silicon Valley Bank Credit Line continues to mature on September 15, 2008 and remains secured by substantially all of the Company's domestic personal property assets and certain of the Company's real property leases.

As of June 30, 2007, letters of credit totaling $15,419,000 had been issued and were outstanding under the Silicon Valley Bank Credit Line. As a result, the amount of borrowings available to the Company was $59,581,000. These letters of credit automatically renew in successive one-year periods until the final termination. If the beneficiaries for any of these letters of credit decide to draw down on these letters of credit, the Company will be required to fund these letters of credit either through cash collateral or borrowings under the Silicon Valley Bank Credit Line. As of June 30, 2007, had the Company borrowed against the Silicon Valley Bank Credit Line, it would have had an effective interest rate of 7.82% per annum.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Senior Bridge Loan

In June 2007, the Company entered into a Senior Bridge Loan Credit Agreement (the "Senior Bridge Loan") with Citibank, N.A., as Lender, and as agent for the Lender, for a principal amount of $500,000,000, to finance its IXEurope Acquisition (see Note 1).

The Senior Bridge Loan has an initial maturity of 12 months and, at the initial maturity date, will be converted into a seven-year term loan that will be exchangeable by the Lenders at any time into fixed-rate exchange notes with registration rights to the extent the Company draws down on the Senior Bridge Loan and any amounts outstanding under the Senior Bridge Loan are not repaid within one year. The Senior Bridge Loan bears interest at floating rates during the first three months at an initial rate of LIBOR plus 3.50% per annum and the interest is payable quarterly. The rate for each subsequent three-month period increases by 0.5% over the floating rate in effect for the immediate preceding three-month period. The interest rate for each three-month period will be equal to the greater of the interest rate applicable for such period or 9.0% per annum but will not exceed 11.25% per annum. The drawdown of the Senior Bridge Loan is subject to the completion of the IXEurope Acquisition, which is expected to close in September 2007.

As of June 30, 2007, the Company incurred $2,864,000 of debt issuance costs related to the Senior Bridge Loan, which have been capitalized and will be amortized to interest expense using the effective interest method commencing with the completion of the IXEurope Acquisition and the drawdown of funds available under the Senior Bridge Loan.

11. Debt Maturities

Combined aggregate maturities for the Company's various debt facilities and other financing obligations as of June 30, 2007 was as follows (in thousands) (unaudited):

	Convertible debt	Mortgage and loan payable	Capital lease and other financing obligations	Total
2007 (six months remaining)	$ —	$ 5,082	$ 4,816	$ 9,898
2008	—	10,164	9,860	20,024
2009	32,250	10,164	10,134	52,548
2010	—	79,427	10,409	89,836
2011	—	10,164	10,703	20,867
2012 and thereafter	250,000	143,668	117,652	511,320
	282,250	258,669	163,574	704,493
Less amount representing interest	—	(91,540)	(76,375)	(167,915)
Plus amount representing residual property value	—	—	6,555	6,555
	282,250	167,129	93,754	543,133
Less current portion of principal	—	(2,288)	(2,197)	(4,485)
	$282,250	$ 164,841	$ 91,557	$ 538,648

12. Commitments and Contingencies

Legal Matters Relating to Stock Option Granting Practices

On June 29, 2006 and September 18, 2006, shareholder derivative actions were filed in the Superior Court of the State of California, County of San Mateo, naming Equinix as a nominal defendant and several of Equinix's current and former officers and directors as individual defendants. These actions were consolidated, and the consolidated complaint was filed in January 2007. The consolidated complaint alleges that the individual defendants breached their fiduciary duties and violated California securities law as a result of purported backdating of stock option grants, insider trading and the preparation and approval of inaccurate financial results. Plaintiffs seek to recover, on behalf of Equinix, unspecified monetary damages, corporate governance changes, equitable and injunctive relief, restitution, and fees and costs. In March 2007, the state court stayed this action in deference to a federal shareholder derivative action filed in the United States District Court for the Northern District of California in October 2006. The federal action

named Equinix as a nominal defendant and several current and former officers and directors as individual defendants. This complaint alleged that the individual defendants breached their fiduciary duties and violated California and federal securities laws as a result of purported backdating of stock options, insider trading and the dissemination of false statements. On April 12, 2007, the federal action was voluntarily dismissed without prejudice pursuant to a joint stipulation entered as an order by the court. On May 3, 2007, the state court lifted the stay on proceedings in the state court action and set a briefing schedule permitting Equinix to file a motion to dismiss on the grounds that plaintiffs lack standing to sue on Equinix's behalf. The hearing on Equinix's motion to dismiss is scheduled for August 6, 2007. In addition to the pending state court derivative action, the Company may be subject to additional derivative or other lawsuits that may be presented on an individual or class basis alleging claims based on its stock option granting practices. Similar lawsuits and investigations have been commenced against numerous other companies based on similar allegations.

Responding to, investigating and/or defending against civil litigations and government inquiries regarding the Company's stock option grants and practices will present a substantial cost to the Company in both cash and the attention of certain management and may have a negative impact on the Company's operations. In addition, in the event of any negative finding or assertion by a court of law or any third-party claim related to the Company's stock option granting practices, the Company may be liable for damages, fines or other civil or criminal remedies, or be required to restate its prior period financial statements or adjust its current period financial statements. Any such adverse action could have a material adverse effect on the Company's business and current market value.

The Company believes that while an unfavorable outcome to any or all of the above-mentioned inquiries, cases or complaints is reasonably possible, it is not probable. As a result, the Company has not accrued for any settlements in connection with these legal matters as of June 30, 2007.

Other 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 initial public offering (the "Underwriter Defendants"). 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 and Sections 10(b), Rule 10b-5 and 20(a) of the Securities Exchange Act of 1934 against the Company 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 the Company's initial public offering to certain investors in exchange for excessive and undisclosed commissions and agreements by those investors to make additional purchases in the aftermarket at pre-determined prices. The plaintiffs allege that the prospectus for the Company's initial public offering was false and misleading and in violation of the securities laws because it did not disclose these arrangements. The action seeks damages in an unspecified amount. On February 19, 2003, the Court dismissed the Section 10(b) claim against the Company, but denied the motion to dismiss the Section 11 claim. On October 13, 2004, the Court certified a class in six of the approximately 300 other nearly identical actions (the "focus cases") and noted that the decision is intended to provide strong guidance to all parties regarding class certification in the remaining cases. The Underwriter Defendants appealed the decision and the Second Circuit vacated the District Court's decision granting class certification in those six cases on December 5, 2006. Plaintiffs filed a petition for rehearing. On April 6, 2007, the Second Circuit denied the petition, but noted that Plaintiffs could ask the District Court to certify a more narrow class than the one that was rejected. Plaintiffs have not yet moved to certify a class in the Equinix case.

Prior to the Second Circuit's decision, 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 Equinix, 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

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

those companies. These agreements were submitted to the Court for approval. In light of the Second Circuit opinion, the parties agreed that the settlement cannot be approved because the defined settlement class, like the litigation class, cannot be certified. On June 25, 2007, the Court approved a stipulation filed by the plaintiffs and the issuers which terminated the proposed settlement. The Company cannot predict whether it will be able to renegotiate a settlement that complies with the Second Circuit's mandate. Plaintiffs now plan to replead their complaints and move for class certification again. Due to the inherent uncertainties of litigation, the Company cannot accurately predict the ultimate outcome of the matter.

While 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, the Company has insurance coverage that it believes is sufficient to cover any reasonably possible liability resulting from this litigation. The Company and its officers and directors intend to continue to defend the actions vigorously.

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.

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 for which the outcome is expected to result in a material adverse effect in the financial position, results of operations or cash flows of the Company.

Other Purchase Commitments

Primarily as a result of the Company's various IBX expansion projects, as of June 30, 2007, the Company was contractually committed for $96,125,000 of unaccrued capital expenditures, primarily for IBX equipment not yet delivered and labor not yet provided, in connection with the work necessary to open these IBX centers and make them available to customers for installation, as well as for the San Jose Property Acquisition. In addition, the Company has numerous other, non-capital purchase commitments in place as of June 30, 2007, such as commitments to purchase power in select locations, primarily in the U.S. and Singapore, through 2007 and thereafter, and other open purchase orders for goods or services to be delivered or provided during 2007. Such other miscellaneous purchase commitments totaled $30,589,000 as of June 30, 2007.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

13. Other Comprehensive Income and Loss

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

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Net income (loss)	$1,217	$(5,270)	$(3,239)	$(10,340)
Unrealized gain (loss) on available for sale securities	(95)	13	(2)	(19)
Foreign currency translation gain (loss)	(519)	525	(97)	1,379
Comprehensive income (loss)	$ 603	$(4,732)	$(3,338)	$ (8,980)

There were no significant tax effects on comprehensive income (loss) for the three and six months ended June 30, 2007 and 2006.

14. Segment Information

The Company and its subsidiaries are principally engaged in a single segment: 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 condensed consolidated financial statements.

While the Company operates in a single segment, the Company provides the following geographic statement of operations disclosures as follows (in thousands) (unaudited):

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Total revenues:				
United States	$78,250	$58,900	$150,775	$114,740
Asia-Pacific	13,587	9,648	26,171	18,677
	$91,837	$68,548	$176,946	$133,417
Cost of revenues:				
United States	$47,871	$40,030	$ 93,428	$ 77,978
Asia-Pacific	7,738	5,533	14,946	10,930
	$55,609	$45,563	$108,374	$ 88,908
Income (loss) from operations:				
United States	$ 1,246	$ (3,404)	$ 1,614	$ (5,651)
Asia-Pacific	1,201	184	1,639	(373)
	$ 2,447	$ (3,220)	$ 3,253	$ (6,024)

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

	June 30, 2007 (unaudited)	December 31, 2006
United States	$760,790	$ 553,619
Asia-Pacific	74,596	51,952
	$835,386	$ 605,571

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The Company's goodwill totaling $16,914,000 and $16,919,000 as of June 30, 2007 and December 31, 2006, respectively, is part of the Company's Singapore reporting unit, which is reported within the Asia-Pacific geographic area.

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

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Colocation	$65,641	$47,988	$ 125,400	$ 93,557
Interconnection	17,653	12,644	34,373	24,448
Managed infrastructure	4,285	4,046	8,384	7,979
Rental	325	411	633	857
Recurring revenues	87,904	65,089	168,790	126,841
Non-recurring revenues	3,933	3,459	8,156	6,576
	$91,837	$68,548	$ 176,946	$ 133,417

No single customer accounted for 10% or greater of the Company's revenues for the three and six months ended June 30, 2007. Revenue from one customer accounted for 10% of the Company's revenues for the six months ended June 30, 2006. No other single customer accounted for more than 10% of the Company's revenues for the three and six months ended June 30, 2007 and 2006. No accounts receivables accounted for 10% or greater of the Company's gross accounts receivable as of June 30, 2007. Accounts receivable from the customer mentioned above accounted for 20% of the Company's gross accounts receivable as of June 30, 2006. No other single customer accounted for more than 10% of the Company's gross accounts receivable as of June 30, 2007 and 2006.

15. 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 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. The Company records 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.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

A summary of the movement in the 2004 accrued restructuring charge from December 31, 2006 to June 30, 2007 is outlined as follows (in thousands) (unaudited):

	Accrued restructuring charge as of December 31, 2006	Accretion expense	Restructuring charge adjustment	Cash payments	Accrued restructuring charge as of June 30, 2007
Estimated lease exit costs	$ 13,857	$ 413	$ 407	$(1,547)	$ 13,130
	13,857	$ 413	$ 407	$(1,547)	13,130
Less current portion	(3,096)				(3,318)
	$ 10,761				$ 9,812

During the three months ended June 30, 2007, the Company recorded an additional restructuring charge of $407,000 as a result of revised sublease assumptions on one of these two excess space leases as new information became available. 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 condensed consolidated balance sheets as of June 30, 2007 and December 31, 2006. The Company is contractually committed to these two excess space leases through 2015.

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 the Company currently has 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 would pay $40,000,000 over the next four years plus property taxes, which commenced on 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 $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 right to occupy 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. The Company records 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

A summary of the movement in the 2005 accrued restructuring charge from December 31, 2006 to June 30, 2007 is outlined as follows (in thousands) (unaudited):

	Accrued restructuring charge as of December 31, 2006	Accretion expense	Cash payments	Accrued restructuring charge as of June 30, 2007
Estimated lease exit costs	$ 27,715	$ 921	$(5,350)	$ 23,286
	27,715	$ 921	$(5,350)	23,286
Less current portion	(10,373)			(10,369)
	$ 17,342			$ 12,917

16. Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after December 15, 2007. The Company is currently in the process of evaluating the impact that the adoption of SFAS No. 157 will have on its financial position, results of operations and cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"). SFAS No. 159 permits companies to choose to measure, on an instrument-by-instrument basis, many financial instruments and certain other assets and liabilities at fair value that are not currently required to be measured at fair value. SFAS No. 159 is effective as of the beginning of a fiscal year that begins after November 15, 2007. The Company is currently in the process of evaluating the impact that the adoption of SFAS No. 159 will have on its financial position, results of operations and cash flows.

17. Subsequent Events

In July 2007, the Company closed on the San Jose Property Acquisition (see Note 2) and, as a result, took title to the property and paid the remaining amount due of $58,500,000, excluding closing costs, in cash.

In July 2007, the Company received additional advances totaling $11,443,000, bringing the cumulative Loan Payable to date to $80,706,000 with a blended interest rate of 8.125% per annum (see Note 10). As a result, the remaining amount available to borrow from the Chicago IBX Financing totals $29,294,000.

As discussed in Note 1, a wholly-owned subsidiary of the Company announced an offer to purchase all of the entire issued and to be issued share capital of IXEurope, in which the terms were subsequently revised in July 2007 as a result of an unsolicited conditional offer to acquire IXEurope by another company. Under the revised terms of the IXEurope Acquisition, IXEurope shareholders will receive 140 British pence in cash for each IXEurope share valuing the share capital of IXEurope on a fully diluted basis at approximately 270,100,000 British pounds or approximately $554,623,000 (as translated using effective exchange rates at July 18, 2007). The Company anticipates completing the IXEurope Acquisition in September 2007; however, the closing and its timing are subject to the approval of IXEurope's shareholders and the U.K. courts as well as the satisfaction or waiver of other closing conditions.

In July 2007, the Company entered into forward contracts to purchase 241,000,000 British pounds at an average forward rate of 2.023927, or the equivalent of $487,766,000, to be delivered in September 2007, for purposes of hedging a portion of the purchase price of the IXEurope Acquisition. The Company will be accounting for these forward contracts under the Company's current accounting policies for hedging activities as disclosed in the Company's last annual report on Form 10-K, which are based on the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended.

Item 2.

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

The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, the words "believes," "anticipates," "plans," "expects," "intends" and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a discrepancy include, but are not limited to, those discussed in "Liquidity and Capital Resources" below and "Risk Factors" in Item 1A of Part II of this Quarterly Report on Form 10-Q. All forward-looking statements in this document are based on information available to us as of the date of this Report 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 10 markets in the U.S. and Asia-Pacific, customers can directly interconnect with each other for critical traffic exchange requirements. As of June 30, 2007, we operate IBX centers in the Chicago, Dallas, Los Angeles, New York, Silicon Valley and Washington, D.C. metro areas in the United States and Hong Kong, Singapore, Sydney and Tokyo in the Asia-Pacific region. In June 2007, to accommodate strong customer demand, our wholly-owned subsidiary in the United Kingdom announced an offer to acquire IXEurope plc, or IXEurope, located in the United Kingdom, whereby IXEurope will become our wholly-owned subsidiary. We refer to this transaction as the IXEurope acquisition. However, in July 2007, as a result of an unsolicited conditional offer to acquire IXEurope by another company, we revised the terms of the IXEurope acquisition (see "Recent Developments" below). We expect to close the IXEurope acquisition in September 2007; however, the closing and its timing are subject to the approval of IXEurope's shareholders and the U.K. courts as well as the satisfaction or waiver of other closing conditions. IXEurope operates data centers in Europe in the United Kingdom, France, Germany and Switzerland.

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 telecommunications 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 and 2006, 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 positive effect on industry pricing.

Our customer count increased to 1,373 as of June 30, 2007 versus 1,192 as of June 30, 2006, an increase of 15%. Our utilization rate represents the percentage of our cabinet space billing versus total cabinet space available. Our utilization rate was 59% as of June 30, 2007 and 53% as of June 30, 2006; however, excluding the impact of our recent IBX center openings in the Chicago, Los Angeles, Silicon Valley and Washington, D.C. metro areas, our utilization rate would have been 61% as of June 30, 2007, which varies from market to market among our IBX centers in the 10 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. Once capacity becomes limited, we will perform demand studies to determine if future expansion is warranted. 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. This increased power consumption has driven the requirement to build out our new IBX centers to support power and cooling needs twice that of previous IBX centers. 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. Due to these power limitations, commencing with the first quarter of 2007, we began to track the utilization of our centers on a net sellable cabinet capacity basis. Therefore, our utilization rate as of June 30, 2007 on a net sellable cabinet capacity basis was 77% versus the 59% noted above under our previous utilization rate methodology, which does not factor in these power limitations.

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 2005 expansions in the Silicon Valley, Chicago and Los Angeles metro area markets, our 2006 expansions in the Washington, D.C., Chicago, New York and Tokyo, Japan metro area markets, which are expected to open in 2007 (see “Recent Developments” below), and our 2007 San Jose and Los Angeles property acquisitions and expansions in the Singapore, Washington, D.C., Silicon Valley and Los Angeles metro area markets, as well as our planned IXEurope acquisition. However, we will continue to be very selective with any similar opportunities. As was the case with these recent expansions in our existing markets in the Washington, D.C., Silicon Valley, Chicago, Los Angeles, Tokyo and Singapore metro area markets or our planned expansion in new markets, such as Europe with the IXEurope acquisition, 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 break-even and in-place customers. Like our recent expansions, the right combination of these factors may be attractive to 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 properties up to Equinix standards. Property expansion may be in the form of a purchase of real property, long-term leasing arrangements or acquisitions. Future purchases, construction or acquisitions may be completed by us or with partners or potential customers to minimize the outlay of cash, which can be significant.

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. Over the past few years, greater than 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.

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 majority of these non-recurring revenues are typically billed on the first invoice distributed to the customer in connection with their initial installation. 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.

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, including stock-based compensation, 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.

Sales and marketing expenses consist primarily of compensation and related costs for sales and marketing personnel, including stock-based compensation, sales commissions, marketing programs, public relations, promotional materials and travel.

General and administrative expenses consist primarily of salaries and related expenses, including stock-based compensation, accounting, legal and other professional service fees, other general corporate expenses such as our corporate headquarter office lease and some depreciation expense.

Recent Developments

In January 2007, we entered into a conditional purchase agreement to purchase the building and property where our original Silicon Valley IBX center is located for $65.0 million, excluding closing costs, which was paid in full in a cash transaction during July 2007 following an initial $6.5 million cash deposit paid in January 2007. We refer to this transaction as the Silicon Valley property acquisition.

In February 2007, one of our wholly-owned subsidiaries obtained a loan of up to $110.0 million to finance up to 60% of the development and construction costs of our Chicago metro area IBX expansion project. We refer to this transaction as the Chicago IBX financing. We periodically receive advances of funds in conjunction with costs incurred for the construction of our Chicago metro area IBX expansion project, which we refer to as our loan payable. As of June 30, 2007, we had received advances totaling $69.3 million. As a result, up to $40.7 million remained available for borrowing from the Chicago IBX financing and is expected to be borrowed periodically during the remaining construction period of the Chicago metro area IBX expansion project until completion by the end of 2007. The loan payable has a maturity date of January 31, 2010, with options to extend for up to an additional two years, in one-year increments, upon satisfaction of certain extension conditions. The loan payable bears interest at a floating rate (one, three or six month LIBOR plus 2.75%) with interest payable monthly, which commenced March 1, 2007. In July 2007, we received additional advances totaling $11.4 million, bringing the cumulative loan payable to date to $80.7 million with a blended interest rate of 8.125% per annum.

In March 2007, we entered into long-term leases for new space in the same building in which our existing Singapore IBX center is located. Minimum payments under these leases, which qualify as operating leases, total 3.7 million Singapore dollars (approximately $2.4 million as translated using effective exchange rates at June 30, 2007) in cumulative lease payments with monthly payments commencing in the third quarter of 2007. We are building out this new space in multiple phases and plan to invest approximately $15.8 million in total. We plan to spend approximately $12.0 million to build out the first phase, of which approximately $11.2 million was incurred as of June 30, 2007.

In March 2007, we extended an offer of employment to Stephen M. Smith to serve as our Chief Executive Officer and President. Mr. Smith commenced his employment with us on April 2, 2007. Prior to joining us, Mr. Smith served as senior vice president at HP Services, an operating segment of Hewlett-Packard Co., from January 2005 to October 2006. Prior to joining Hewlett-Packard Co., Mr. Smith served

as vice president of global professional and managed services at Lucent Technologies Inc. from September 2003 to January 2005. From October 1987 to September 2003, he spent 17 years with Electronic Data Systems Corporation in a variety of positions, including chief sales officer, president of EDS Asia-Pacific, and president of EDS Western Region. Mr. Smith earned a Bachelor of Science degree in engineering from the U.S. Military Academy at West Point.

In March 2007, we entered into agreements with certain holders of our 2.50% convertible subordinated debentures due February 15, 2024, pursuant to which we agreed to exchange an aggregate of 1.4 million newly issued shares of our common stock for such holders' $54.0 million of $86.3 million principal amount of the convertible subordinated debentures. The number of shares of common stock issued equaled the amount issuable upon conversion of the convertible subordinated debentures in accordance with their original terms. In addition, each holder received cash consideration equal to accrued and unpaid interest through the redemption date totaling $110,000, as well as the present value of future interest due through February 15, 2009 and an incremental fee, totaling $3.4 million, which was recorded as loss on conversion of debt during the three months ended March 31, 2007.

In March 2007, we announced our intention to build out a new IBX center within the Ashburn campus, which will be the fifth IBX center in the Washington, D.C. metro area, in order to further expand our existing Washington, D.C metro area IBX center. We refer to this project as the Washington, D.C. metro area IBX expansion project. We plan to spend approximately $70.0 million for the Washington, D.C. Metro Area IBX Expansion Project, of which $1,996,000 was incurred as of June 30, 2007.

In March 2007, we issued $250.0 million in aggregate principal amount of 2.50% convertible subordinated notes due 2012. The initial conversion rate is 8.9259 shares of common stock per $1,000 principal amount of convertible subordinated notes, subject to adjustment. This represents an initial conversion price of approximately $112.03 per share of common stock or 2.2 million shares of our common stock. Upon conversion, holders will receive, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock. We have used or intend to use the net proceeds from this offering for general corporate purposes, including the funding of our expansion activities and working capital requirements. We refer to this transaction as the convertible subordinated notes offering.

In June 2007, we purchased a new property, comprised of land and an empty building, located in El Segundo, California, for $49.0 million, including closing costs, which we paid in full in a cash transaction during June 2007. We intend to build an IBX center on this property, which will be our fourth IBX center in the Los Angeles metro area. We refer to this project as the Los Angeles metro area IBX expansion project.

In June 2007, we announced our plan to invest approximately $41.0 million on an existing IBX center in the Silicon Valley metro area. We refer to this project as the Silicon Valley metro area IBX expansion project. We intend to expand this IBX center for customer availability during the second quarter of 2008.

In June 2007, our wholly-owned subsidiary in the United Kingdom announced an offer to purchase all of the entire issued and to be issued share capital of IXEurope. Under the original terms of the IXEurope acquisition, IXEurope shareholders would have received 125 British pence in cash for each IXEurope share, valuing the share capital of IXEurope on a fully diluted basis at approximately 240.9 million British pounds or approximately $483.3 million (as translated using effective exchange rates at June 30, 2007). However, in July 2007, as a result of an unsolicited conditional offer to acquire IXEurope by another company, we revised the terms of the IXEurope acquisition. Under the revised terms of the IXEurope acquisition, IXEurope shareholders will receive 140 British pence in cash for each IXEurope share valuing the share capital of IXEurope on a fully diluted basis at approximately 270.1 million British pounds or approximately $554.6 million (as translated using effective exchange rates at July 18, 2007). IXEurope operates data centers in the United Kingdom, France, Germany and Switzerland. The combined company will operate under the Equinix name with the current management teams in place in the U.S., Europe and Asia-Pacific. The IXEurope acquisition will be accounted for using the purchase method of accounting in accordance with SFAS No. 141, "Business Combinations." We anticipate completing the IXEurope acquisition in September 2007; however, the closing and its timing are subject to the approval of IXEurope's shareholders and the U.K. courts as well as the satisfaction or waiver of other closing conditions.

In June 2007, we entered into a senior bridge loan credit agreement with Citibank, N.A., as lender, and as agent for the lender, for a principal amount of $500.0 million, to finance the IXEurope acquisition. We refer to this transaction as the senior bridge loan. The senior bridge loan has an initial maturity of 12 months and, at the initial maturity date, will be converted into a seven-year term loan that will be exchangeable by the lenders at any time into fixed-rate exchange notes with registration rights to the extent we draw down on the senior bridge loan and any amounts outstanding under the senior bridge loan are not repaid within one year. The senior bridge loan bears interest at floating rates during the first three months at an initial rate of LIBOR plus 3.50% per annum and the interest is payable quarterly. The rate for each subsequent three-month period increases by 0.5% over the floating rate in effect for the immediate preceding three-month period. The interest rate for each three-month period will be equal to the greater of the interest rate applicable for such period or 9.0% per annum but will not exceed 11.25% per annum. The drawdown of the senior bridge loan is subject to the completion of the IXEurope acquisition, which is expected to close in September 2007.

In July 2007, we entered into forward contracts to purchase 241.0 million British pounds at an average forward rate of 2.023927, or the equivalent of $487.8 million, to be delivered in September 2007, for purposes of hedging a portion of the purchase price of the IXEurope acquisition.

In July 2007, Christopher Paisley was elected to our board of directors and our audit committee. Mr. Paisley will serve as the audit committee's chair and as its financial expert. Mr. Paisley has been the Dean's Executive Professor of Accounting and Finance at the Leavey School of Business at Santa Clara University since January 2001. From September 1985 until May 2000, Mr. Paisley was the Senior Vice President of Finance and Chief Financial Officer of 3Com Corporation. Mr. Paisley currently serves as a director of Electronics for Imaging, Inc. and Volterra Semiconductor Corporation, both public companies.

Critical Accounting Policies and Estimates

Equinix's financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States of America. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses. These estimates and assumptions are affected by management's application of accounting policies. Critical accounting policies for Equinix include revenue recognition and allowance for doubtful accounts, accounting for income taxes, estimated and contingent liabilities, accounting for property and equipment, impairment of long-lived assets, accounting for asset retirement obligations, accounting for leases and IBX acquisitions, accounting for restructuring charges and accounting for stock-based compensation, which are discussed in more detail under the caption "Critical Accounting Policies and Estimates" in our 2006 Annual Report on Form 10-K.

Results of Operations

Three Months Ended June 30, 2007 and 2006

Revenues. Our revenues for the three months ended June 30, 2007 and 2006 were split between the following revenue classifications (dollars in thousands):

	Three months ended June 30,			
	2007	%	2006	%
Recurring revenues	$87,904	96%	$65,089	95%
Non-recurring revenues:				
Installation and professional services	3,933	4%	3,455	5%
Other	—	0%	4	0%
		4%	3,459	5%
Total revenues	$91,837	100%	$68,548	100%

Our revenues for the three months ended June 30, 2007 and 2006 were geographically comprised of the following (dollars in thousands):

	Three months ended June 30,			
	2007	%	2006	%
U.S. revenues	$78,250	85%	$58,900	86%
Asia-Pacific revenues	13,587	15%	9,648	14%
Total revenues	$91,837	100%	$68,548	100%

We recognized revenues of $91.8 million for the three months ended June 30, 2007 as compared to revenues of $68.5 million for the three months ended June 30, 2006, a 34% increase. We analyze our business geographically between the U.S. and Asia-Pacific as further discussed below.

U.S. Revenues. We recognized U.S. revenues of $78.2 million for the three months ended June 30, 2007 as compared to $58.9 million for the three months ended June 30, 2006. U.S. revenues consisted of recurring revenues of $75.5 million and $56.1 million, respectively, for the three months ended June 30, 2007 and 2006, a 35% increase. U.S. recurring revenues consist primarily of colocation and interconnection services plus a nominal amount of managed infrastructure services and rental income. 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 utilization rate as discussed above both in our new and existing IBX centers, as well as selective price increases in each of our IBX markets. Most notably, we recorded $11.0 million of revenues during the three months ended June 30, 2007 from our newly opened IBX centers in the Chicago, Los Angeles, Silicon Valley and Washington, D.C. metro areas. In addition, we recorded a net adjustment of $775,000 to our U.S. recurring revenues as a result of correcting billing errors attributable to prior periods, the net impact of which increased our U.S. recurring revenues for the three months ended June 30, 2007. We concluded that the cumulative credit to recurring revenues, totaling $775,000, was not material to any previously-reported historical period and expected results of operations for the current fiscal year. As such, this cumulative credit was recorded in the quarter ended June 30, 2007 and is included in the statement of operations for the three months ended June 30, 2007. 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 $2.7 million and $2.8 million, respectively, for the three months ended June 30, 2007 and 2006. U.S. non-recurring revenues consisted of the recognized portion of deferred installation and professional services.

Asia-Pacific Revenues. We recognized Asia-Pacific revenues of $13.6 million for the three months ended June 30, 2007 as compared to $9.6 million for the three months ended June 30, 2006, a 41% increase. Asia-Pacific revenues consisted of recurring revenues of $12.4 million and $9.0 million, respectively, for the three months ended June 30, 2007 and 2006, consisting primarily of colocation and managed infrastructure services. 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. In addition, Asia-Pacific revenues consisted of non-recurring revenues of $1.2 million and $663,000, respectively, for the three months ended June 30, 2007 and 2006. Asia-Pacific revenues are generated from Hong Kong, Singapore, Sydney and Tokyo, with Singapore representing approximately 36% and 40%, respectively, of the regional revenues for the three months ended June 30, 2007 and 2006. The overall 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. In addition, during the three months ended June 30, 2007, we recorded $323,000 of revenues from our new IBX center in Tokyo, which we acquired in December 2006. We expect our Asia-Pacific revenues to continue to grow.

Cost of Revenues. Cost of revenues were $55.6 million for the three months ended June 30, 2007 as compared to $45.6 million for the three months ended June 30, 2006, a 22% increase.

U.S. Cost of Revenues. U.S. cost of revenues was $47.9 million for the three months ended June 30, 2007 as compared to $40.1 million for the three months ended June 30, 2006. U.S. cost of revenues for the three months ended June 30, 2007 included (i) $18.3 million of depreciation and amortization expense, (ii) $791,000 of accretion expense for our asset retirement obligations and 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 and (iii) $845,000 of stock-based compensation expense. U.S. cost of revenues for the three months ended June 30, 2006 included (i) $16.0 million of depreciation and amortization expense, (ii) $931,000 of accretion expense for our asset retirement obligations and 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 and (iii) $837,000 of stock-based compensation. Our U.S. cost of revenues for the three months ended June 30, 2007 also included $5.1 million of incremental cash operating costs not incurred in the prior year associated with the recently opened IBX centers in the Silicon Valley, Chicago, Los Angeles and Washington, D.C. metro areas, and the IBX centers under construction in the Chicago, New York and Washington, D.C. metro areas. Excluding depreciation and amortization expense, accretion expense, stock-based compensation expense and the incremental cash costs associated with operating our new IBX centers, U.S. cost of revenues increased period over period to $20.8 million for the three months ended June 30, 2007 from $20.3 million for the three months ended June 30, 2006, a 3% increase. We continue to anticipate that our cost of revenues will increase in the foreseeable future to the extent that the occupancy levels in our U.S. IBX centers increase and as newly-opened IBX centers in the Silicon Valley, Chicago, Los Angeles and Washington, D.C. metro areas commence operations more fully in 2007. 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 Silicon Valley property acquisition. We expect that this savings in rent expense will be approximately $2.0 million annually; however, part of the rent savings will be offset by increases in depreciation and property tax.

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues was $7.7 million for the three months ended June 30, 2007 as compared to $5.5 million for the three months ended June 30, 2006. Asia-Pacific cost of revenues for the three months ended June 30, 2007 and 2006 included $1.7 million and $873,000, respectively, of depreciation and amortization expense. Our Asia-Pacific cost of revenues for the three months ended June 30, 2007 also included $779,000 of incremental cash operating costs not incurred in the prior year associated with our new IBX center in Tokyo and our Singapore IBX expansion project. Excluding depreciation and amortization expense, stock-based compensation expense and the incremental cash costs associated with operating our new IBX centers in the Tokyo and Singapore metro areas, Asia-Pacific cost of revenues increased period over period to $5.1 million for the three months ended June 30, 2007 from $4.5 million for the three months ended June 30, 2006, a 12% increase. This increase is primarily the result of an increase in compensation, repair and maintenance, and increasing utility and bandwidth costs in line with increasing customer installations and revenues attributed to customer growth. Our Asia-Pacific cost of revenues is 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 will increase in the foreseeable future in connection with overall revenue growth and our expansions in the Tokyo and Singapore metro areas.

Sales and Marketing. Sales and marketing expenses were $8.5 million for both the three months ended June 30, 2007 and 2006.

U.S. Sales and Marketing Expenses. U.S. sales and marketing expenses decreased to $7.1 million for the three months ended June 30, 2007 from $7.3 million for the three months ended June 30, 2006. Included in U.S. sales and marketing expenses for the three months ended June 30, 2007 and 2006 was $1.4 million and $2.0 million, respectively, of stock-based compensation expense. Excluding stock-based compensation expense, U.S. sales and marketing expenses increased to $5.7 million for the three months ended June 30, 2007 as compared to $5.3 million for the three months ended June 30, 2006, a 7% increase. This increase is primarily attributable to increased sales compensation as a result of revenue growth. Going forward, we expect to see U.S. sales and marketing spending to increase nominally in absolute dollars as we continue to grow our business.

Asia-Pacific Sales and Marketing Expenses. Asia-Pacific sales and marketing expenses increased to $1.4 million for the three months ended June 30, 2007 as compared to $1.2 million for the three months

ended June 30, 2006, a 21% increase. This increase was primarily due to general salary increases and sales compensation of approximately $215,000 over the prior period associated with the overall growth in this region. Our Asia-Pacific sales and marketing expenses are generated in Hong Kong, Singapore, Sydney and Tokyo. We expect that our Asia-Pacific sales and marketing expenses will experience some growth in the foreseeable future as we continue to grow our business.

General and Administrative. General and administrative expenses increased to $24.9 million for the three months ended June 30, 2007 from $17.7 million for the three months ended June 30, 2006.

U.S. General and Administrative Expenses. U.S. general and administrative expenses increased to $21.6 million for the three months ended June 30, 2007 as compared to $15.0 million for the three months ended June 30, 2006. Included in U.S. general and administrative expenses for the three months ended June 30, 2007 were $6.5 million of stock-based compensation expense and $1.5 million of depreciation expense. Included in U.S. general and administrative expenses for the three months ended June 30, 2006 were $5.2 million of stock-based compensation expense and $522,000 of depreciation expense. Excluding stock-based compensation expense and depreciation expense, U.S. general and administrative expenses increased to $13.7 million for the three months ended June 30, 2007, as compared to $9.3 million for the three months ended June 30, 2006, a 47% increase. This increase is primarily due to approximately $1.2 million of higher compensation costs, including general salary increases, benefits and headcount growth (194 U.S. general and administrative employees as of June 30, 2007 versus 162 as of June 30, 2006), $1.4 million as a result of a negotiated tax filing agreement with a former employee and an increase in professional fees of approximately $682,000 due primarily to an increase in various consulting projects in connection with our growth strategies. Going forward, we expect U.S. general and administrative spending to increase as we continue to scale our operations to support our growth.

Asia-Pacific General and Administrative Expenses. Asia-Pacific general and administrative expenses increased to $3.3 million for the three months ended June 30, 2007 as compared to $2.7 million for the three months ended June 30, 2006. Included in Asia-Pacific general and administrative expenses for the three months ended June 30, 2007 and 2006 was $924,000 and $639,000, respectively, of stock-based compensation expense. Excluding stock-based compensation expense, Asia-Pacific general and administrative expenses increased to $2.3 million for the three months ended June 30, 2007, as compared to $2.1 million for the three months ended June 30, 2006, a 10% increase. This increase was primarily due to higher compensation costs, including general salary increases, benefits and headcount growth (95 Asia-Pacific general and administrative employees as of June 30, 2007 versus 85 as of June 30, 2006). 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. We expect that our Asia-Pacific general and administrative expenses will experience some moderate growth in the foreseeable future.

Restructuring Charges. During the three months ended June 30, 2007, we recorded an additional restructuring charge of $407,000 as a result of revised sublease assumptions for our excess space lease in the Los Angeles metro area as a result of new information becoming available. The original restructuring charge for this lease, along with one other lease in the New York metro area, was recorded in the fourth quarter of 2004 and totaled $17.7 million. We are contractually committed to these two excess space leases through 2015.

Interest Income. Interest income increased to $5.1 million from $1.7 million for the three months ended June 30, 2007 and 2006, respectively. The increase in interest income was primarily due to higher invested balances from the proceeds of our $250.0 million convertible notes offering in March 2007 and higher yields on cash and cash equivalent balances held in interest-bearing accounts. The average yield for the three months ended June 30, 2007 was 5.20% versus 4.49% for the three months ended June 30, 2006. We expect our interest income to decrease for the foreseeable future due to the utilization of our cash to finance our expansion activities.

Interest Expense. Interest expense increased to $6.1 million from $3.6 million for the three months ended June 30, 2007 and 2006, respectively. The increase in interest expense was primarily due to new financings entered into during 2006 and 2007: (i) additional financing of $40.0 million under the Ashburn campus mortgage payable during the three months ended December 31, 2006, which bears interest at 8.0% per annum, (ii) our $110.0 million Chicago IBX financing, which is drawn down during the construction

period of the Chicago metro area IBX expansion project, of which $69.3 million was outstanding as of June 30, 2007 with interest at 8.125% per annum and (iii) our $250.0 million financing from the convertible subordinated notes offering in March 2007, which bears interest at 2.5% per annum. This increase was partially offset by the $54.0 million partial conversion of our 2.5% convertible subordinated debentures in March 2007 that resulted in a decrease in interest expense. Although we now have higher debt balances, we are also capitalizing more interest in connection with various construction projects related to our IBX expansion efforts. During the three months ended June 30, 2007 and 2006, we capitalized $1.6 million and $425,000, respectively, of interest expense to construction in progress. Going forward, we expect to incur higher interest expense as we obtain additional financing to fund our expansion efforts, such as the senior bridge loan obtained in connection with our plan to acquire IXEurope.

Income Taxes. For the three months ended June 30, 2007 and 2006, we recorded $197,000 and $215,000, respectively, of income tax expense. The tax provision recorded in the three months ended June 30, 2007 is primarily attributable to our foreign operations. The tax provision recorded in the three months ended June 30, 2006 is primarily attributable to federal alternative minimum tax and foreign jurisdictions. A full valuation allowance is recorded against our net deferred tax assets in all jurisdictions other than Singapore 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. We have not incurred any significant income tax expense since inception and we do not expect to incur any significant income tax expense during 2007 other than foreign income and domestic alternative minimum tax.

Six Months Ended June 30, 2007 and 2006

Revenues. Our revenues for the six months ended June 30, 2007 and 2006 were split between the following revenue classifications (dollars in thousands):

	Six months ended June 30,			
	2007	%	2006	%
Recurring revenues	$168,790	95%	$126,841	95%
Non-recurring revenues:				
Installation and professional services	8,156	5%	6,555	5%
Other	—	0%	21	0%
	8,156	5%	6,576	5%
Total revenues	$176,946	100%	$133,417	100%

Our revenues for the six months ended June 30, 2007 and 2006 were geographically comprised of the following (dollars in thousands):

	Six months ended June 30,			
	2007	%	2006	%
U.S. revenues	$150,776	85%	$114,740	86%
Asia-Pacific revenues	26,170	15%	18,677	14%
Total revenues	$176,946	100%	$133,417	100%

We recognized revenues of $176.9 million for the six months ended June 30, 2007 as compared to revenues of $133.4 million for the six months ended June 30, 2006, a 33% increase. We analyze our business geographically between the U.S. and Asia-Pacific as further discussed below.

U.S. Revenues. We recognized U.S. revenues of $150.8 million for the six months ended June 30, 2007 as compared to $114.7 million for the six months ended June 30, 2006. U.S. revenues consisted of recurring revenues of $144.8 million and $109.3 million, respectively, for the six months ended June 30, 2007 and 2006, a 32% increase. 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 utilization rate as discussed above both in our new and existing IBX centers, as well as selective price increases in each of our IBX markets. Most notably, we recorded $18.4 million of revenues during the six months ended June 30, 2007 from our newly opened IBX centers in the Chicago, Los Angeles, Silicon Valley and Washington, D.C. metro areas. In addition, we recorded a net adjustment of $775,000 to our U.S. recurring revenues as a result of correcting billing errors attributable to prior periods, the net impact of which increased our U.S. recurring revenues for the six months ended June 30, 2007. We concluded that the cumulative credit to recurring revenues, totaling $775,000, was not material to any previously-reported historical period and expected results of operations for the current fiscal year. As such, this cumulative credit was recorded during the three months ended June 30, 2007 and is included in the statement of operations for the six months ended June 30, 2007. 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 $6.0 million and $5.4 million, respectively, for the six months ended June 30, 2007 and 2006. U.S. non-recurring revenues increased 11% period over period, primarily due to strong existing and new customer growth during the year.

Asia-Pacific Revenues. We recognized Asia-Pacific revenues of $26.1 million for the six months ended June 30, 2007 as compared to $18.7 million for the six months ended June 30, 2006, a 40% increase. Asia-Pacific revenues consisted of recurring revenues of $24.0 million and $17.5 million, respectively, for the six months ended June 30, 2007 and 2006, consisting primarily of colocation and managed infrastructure services. In addition, Asia-Pacific revenues consisted of non-recurring revenues of $2.1 and $1.2 million, respectively, for the six months ended June 30, 2007 and 2006. Asia-Pacific revenues are generated from Hong Kong, Singapore, Sydney and Tokyo, with Singapore representing approximately 35% and 40%, respectively, of the regional revenues for the six months ended June 30, 2007 and 2006. The overall 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. In addition, during the six months ended June 30, 2007, we recorded $635,000 of revenues from our new IBX center in Tokyo, which we acquired in December 2006. We expect our Asia-Pacific revenues to continue to grow.

Cost of Revenues. Cost of revenues were $108.4 million for the six months ended June 30, 2007 as compared to $88.9 million for the six months ended June 30, 2006, a 22% increase.

U.S. Cost of Revenues. U.S. cost of revenues was $93.4 million for the six months ended June 30, 2007 as compared to $78.0 million for the six months ended June 30, 2006. U.S. cost of revenues for the six months ended June 30, 2007 included (i) $35.6 million of depreciation and amortization expense, (ii) $1.6 million of accretion expense for our asset retirement obligations and 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 and (iii) $1.8 million of stock-based compensation expense. U.S. cost of revenues for the six months ended June 30, 2006 included (i) $31.4 million of depreciation and amortization expense, (ii) $1.9 million of accretion expense for our asset retirement obligations and 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 and (iii) $1.5 million of stock-based compensation. Our U.S. cost of revenues for the six months ended June 30, 2007 also included $9.0 million of incremental cash operating costs not incurred in the prior year associated with the recently opened IBX centers in the Silicon Valley, Chicago, Los Angeles and Washington, D.C. metro areas, and the IBX centers under construction in the Chicago, New York and Washington, D.C. metro areas. Excluding depreciation and amortization expense, accretion expense, stock-based compensation expense and the incremental cash costs associated with operating our new IBX centers, U.S. cost of revenues increased period over period to $41.9 million for the six months ended June 30, 2007 from $39.7 million for the six months ended June 30, 2006, 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. We continue to anticipate that our cost of revenues will increase in the foreseeable future to the extent that the occupancy levels in our U.S. IBX centers increase and as newly-opened IBX centers in the Silicon Valley, Chicago, Los Angeles and Washington, D.C. metro areas commence operations more fully in 2007. 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 Silicon Valley property acquisition. We expect that this savings in rent expense will be approximately $2.0 million annually; however, part of the rent savings will be offset by increases in depreciation and property tax.

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues was $15.0 million for the six months ended June 30, 2007 as compared to $10.9 million for the six months ended June 30, 2006. Asia-Pacific cost of revenues for the six months ended June 30, 2007and 2006 included $3.3 million and $1.8 million, respectively, of depreciation and amortization expense. Our Asia-Pacific cost of revenues for the six months ended June 30, 2007 also included $1.4 million of incremental cash operating costs not incurred in the prior year associated with our new IBX centers in the Tokyo and Singapore metro areas. Excluding depreciation and amortization expense, stock-based compensation expense and the incremental cash costs associated with operating our new Tokyo IBX center and our Singapore IBX expansion project, Asia-Pacific cost of revenues increased period over period to $9.9 million for the six months ended June 30, 2007 from $8.9 million for the six months ended June 30, 2006, a 12% increase. This increase is primarily the result of an increase in compensation, repair and maintenance, and increasing utility and bandwidth costs in line with increasing customer installations and revenues attributed to customer growth. We anticipate that our Asia-Pacific cost of revenues will increase in the foreseeable future in connection with overall revenue growth and our expansions in the Tokyo and Singapore metro areas.

Sales and Marketing. Sales and marketing expenses increased to $17.2 million for the six months ended June 30, 2007 from $15.7 million for the six months ended June 30, 2006.

U.S. Sales and Marketing Expenses. U.S. sales and marketing expenses increased to $14.2 million for the six months ended June 30, 2007 from $13.6 million for the six months ended June 30, 2006. Included in U.S. sales and marketing expenses was $3.7 million of stock-based compensation expense for both the six months ended June 30, 2007 and 2006. Excluding stock-based compensation expense, U.S. sales and marketing expenses increased to $10.5 million for the six months ended June 30, 2007 as compared to $9.8 million for the six months ended June 30, 2006, a 7% increase. This increase is primarily attributable to increased sales compensation as a result of revenue growth. Going forward, we expect to see U.S. sales and marketing spending to increase nominally in absolute dollars as we continue to grow our business.

Asia-Pacific Sales and Marketing Expenses. Asia-Pacific sales and marketing expenses increased to $3.0 million for the six months ended June 30, 2007 as compared to $2.1 million for the six months ended June 30, 2006, a 41% increase. This increase was primarily due to general salary increases and sales compensation of approximately $599,000 over the prior period associated with the overall growth in this region. We expect that our Asia-Pacific sales and marketing expenses will experience some growth in the foreseeable future as we continue to grow our business.

General and Administrative. General and administrative expenses increased to $47.7 million for the six months ended June 30, 2007 from $34.9 million for the six months ended June 30, 2006.

U.S. General and Administrative Expenses. U.S. general and administrative expenses increased to $41.1 million for the six months ended June 30, 2007 as compared to $28.9 million for the six months ended June 30, 2006. Included in U.S. general and administrative expenses for the six months ended June 30, 2007 were $12.5 million of stock-based compensation expense and $2.8 million of depreciation expense. Included in U.S. general and administrative expenses for the six months ended June 30, 2006 were $9.7 million of stock-based compensation expense and $1.0 million of depreciation expense. Excluding stock-based compensation expense and depreciation expense, U.S. general and administrative expenses increased to $25.9 million for the six months ended June 30, 2007, as compared to $18.1 million for the six months ended June 30, 2006, a 43% increase. This increase is primarily due to approximately $2.4 million of higher compensation costs, including general salary increases, benefits and headcount growth, $1.4 million as a result of a negotiated tax filing agreement with a former employee and an increase in professional fees of approximately $2.1 million due primarily to an increase in various consulting projects in connection with our growth strategies. Going forward, we expect U.S. general and administrative spending to increase as we continue to scale our operations to support our growth.

Asia-Pacific General and Administrative Expenses. Asia-Pacific general and administrative expenses increased to $6.6 million for the six months ended June 30, 2007 as compared to $6.0 million for the six months ended June 30, 2006. Included in Asia-Pacific general and administrative expenses for the six months ended June 30, 2007 and 2006 was $1.8 million and $1.2 million, respectively, of stock-based

compensation expense. Excluding stock-based compensation expense, Asia-Pacific general and administrative expenses were flat at $4.7 million for both the six months ended June 30, 2007 and 2006. We expect that our Asia-Pacific general and administrative expenses will experience some moderate growth in the foreseeable future.

Restructuring Charges. During the six months ended June 30, 2007, we recorded an additional restructuring charge of $407,000 as a result of revised sublease assumptions for our excess space lease in the Los Angeles metro area as a result of new information becoming available. The original restructuring charge for this lease, along with one other lease in the New York metro area, was recorded in the fourth quarter of 2004 and totaled $17.7 million. We are contractually committed to these two excess space leases through 2015.

Interest Income. Interest income increased to $7.0 million from $3.3 million for the six months ended June 30, 2007 and 2006, respectively. The increase in interest income was primarily due to higher invested balances from the proceeds of our $250.0 million convertible notes offering in March 2007 and higher yields on cash and cash equivalent balances held in interest-bearing accounts. The average yield for the six months ended June 30, 2007 was 5.21% versus 4.33% for the six months ended June 30, 2006. We expect our interest income to decrease for the foreseeable future due to the utilization of our cash to finance our expansion activities.

Interest Expense. Interest expense increased to $9.6 million from $7.4 million for the six months ended June 30, 2007 and 2006, respectively. The increase in interest expense was primarily due to new financings entered into during 2006 and 2007: (i) additional financing of $40.0 million under the Ashburn campus mortgage payable during the three months ended December 31, 2006, which bears interest at 8.0% per annum, (ii) our $110.0 million Chicago IBX financing, which is drawn down during the construction period of the Chicago metro area IBX expansion project, of which $69.3 million was outstanding as of June 30, 2007 with interest at 8.125% per annum and (iii) our $250.0 million financing from the convertible subordinated notes offering in March 2007, which bears interest at 2.5% per annum. This increase was partially offset by the $54.0 million partial conversion of our 2.5% convertible subordinated debentures in March 2007 that resulted in a decrease in interest expense. Although we now have higher debt balances, we are also capitalizing more interest in connection with various construction projects related to our IBX expansion efforts. During the six months ended June 30, 2007 and 2006, we capitalized $3.1 million and $688,000, respectively, of interest expense to construction in progress. Going forward, we expect to incur higher interest expense as we obtain additional financing to fund our expansion efforts, such as the senior bridge loan obtained in connection with our plan to acquire IXEurope.

Loss on Conversion of Debt. During the three months ended March 31, 2007, we retired $54.0 million of our convertible subordinated debentures in exchange for approximately 1.4 million newly issued shares of our common stock and a $3.4 million cash inducement fee. As a result, during the six months ended June 30, 2007, we recognized a loss on debt conversion totaling $3.4 million in accordance with FASB No. 84, “Induced Conversions of Convertible Debt,” due to the inducement fee.

Income Taxes. For the six months ended June 30, 2007 and 2006, we recorded $551,000 and $600,000, respectively, of income tax expense. The tax provision recorded in the six months ended June 30, 2007 is primarily attributable to our foreign operations. The tax provision recorded in the six months ended June 30, 2006 is primarily attributable to federal alternative minimum tax and foreign jurisdictions. A full valuation allowance is recorded against our net deferred tax assets in all jurisdictions other than Singapore 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. We have not incurred any significant income tax expense since inception and we do not expect to incur any significant income tax expense during 2007 other than foreign income and domestic alternative minimum tax.

Cumulative Effect of a Change in Accounting Principle. As a result of our adoption of SFAS No. 123(R), “Share-Based Payment,” during the three months ended March 31, 2006, we recorded a reduction of expense totaling $376,000, which is reflected as a cumulative effect of a change in accounting principle on our statement of operations for this period. This amount reflects the application of an estimated forfeiture rate to partially vested employee equity awards as of January 1, 2006 that we accounted for under

APB 25, which was primarily for restricted stock awards to our executive officers that were granted during the first quarter of 2005. During the six months ended June 30, 2007, no cumulative effect of a change in accounting principle was recorded in our statement of operations.

Liquidity and Capital Resources

As of June 30, 2007, our total indebtedness was comprised of (i) convertible debt totaling $282.3 million from our convertible subordinated debentures and our convertible subordinated notes as outlined below and (ii) non-convertible debt and financing obligations totaling $260.9 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 Chicago IBX financing.

In July 2007, as a result of an unsolicited conditional offer to acquire IXEurope by another company, we revised the terms of the IXEurope acquisition. Under the revised terms of the IXEurope acquisition, IXEurope shareholders will receive 140 British pence in cash for each IXEurope share valuing the share capital of IXEurope on a fully diluted basis at approximately 270.1 million British pounds or approximately $554.6 million (as translated using effective exchange rates at July 18, 2007). We expect to close the IXEurope acquisition in September 2007; however, the closing and its timing are subject to the approval of IXEurope's shareholders and the U.K. courts as well as the satisfaction or waiver of other closing conditions. In order to provide cash to fund the IXEurope acquisition, we entered into the senior bridge loan credit agreement with Citibank, N.A., as lender, and as agent for the lender, for a principal amount of $500.0 million in June 2007 and we are currently seeking alternative permanent sources of financing, both debt and/or equity, to fund this acquisition.

We believe we have sufficient cash, coupled with anticipated cash generated from operating activities and anticipated cash from financings, to meet our operating requirements for at least the next 12 months. As of June 30, 2007, we had $324.0 million of cash, cash equivalents and short-term and long-term investments. As of June 30, 2007, we had a total of $600.3 million of additional liquidity available to us, which is comprised of (i) $40.7 million under the Chicago IBX financing for the Chicago metro area IBX expansion project, (ii) $59.6 million under the $75.0 million Silicon Valley Bank revolving credit line in the event we need additional cash to fund expansion activities, fund working capital requirements or pursue attractive strategic opportunities that may become available in the future and (iii) $500.0 million under the senior bridge loan available only for purposes of the IXEurope acquisition. In addition, from time to time we assess external financing opportunities, both debt and equity, as alternative sources for financing such activities and opportunities. While we expect that our cash flow from operations will continue to increase, we expect our cash flow used in investing activities, primarily as a result of our expected purchases of property and equipment to complete our announced expansion projects, will also increase and we expect our cash flow used in investing activities to be greater than our cash flows generated from operating activities. 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 Part II of this Quarterly Report on Form 10-Q below.

Sources and Uses of Cash

Net cash provided by our operating activities was $57.7 million and $28.9 million for the six months ended June 30, 2007 and 2006, respectively. This increase was primarily due to improved operating results; however, this increase was also impacted by favorable net working capital improvements, primarily less growth in accounts receivable due to strong collection activity and an increase in accrued expenses. Even with the payment of certain of these accrued expenses in the second half of 2007, we expect that we will continue to generate cash from our operating activities throughout the remainder of 2007 and beyond.

Net cash used in our investing activities was $229.9 million and $60.9 million for the six months ended June 30, 2007 and 2006, respectively. Net cash used in investing activities for the six months ended June 30, 2007 was primarily the result of the capital expenditures required to bring our recently announced and current IBX expansion projects to Equinix standards, and to support our growing customer base, the deposit for the conditional purchase of our San Jose IBX property in January 2007 of $6.5 million, as well as the purchase of our Los Angeles IBX property in June 2007 of $49.0 million, partially offset by net

maturities of our short-term and long-term investments. Net cash used in investing activities for the six months ended June 30, 2006 was primarily the result of the capital expenditures required to bring our recently acquired IBX centers in the Silicon Valley, Chicago and Los Angeles metro areas to Equinix standards, the Washington, D.C. metro area IBX expansion project and to support our growing customer base, as well as the net purchases of our short-term and long-term investments and the purchase of our Chicago IBX property in June 2006 for $9.8 million. For the remainder of 2007 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 the IXEurope acquisition and our capital expenditures, which we expect to be substantial, as well as additional purchases of real estate that we may undertake in the future.

Net cash provided by financing activities was $323.8 million for the six months ended June 30, 2007. Net cash used in our financing activities was $10.1 million for the six months ended June 30, 2006. Net cash provided by financing activities for the six months ended June 30, 2007, was primarily the result of $250.0 million in gross proceeds form our convertible subordinated notes offering, $69.3 million in gross proceeds from our loan payable in connection with the Chicago IBX financing and proceeds from our various employee stock plans, partially offset by debt issuance costs and principal payments for our capital leases and other financing obligations and Ashburn campus mortgage payable. Net cash used for the six months ended June 30, 2006, was primarily due to the repayment of the $30.0 million drawdown from the $50.0 million Silicon Valley Bank revolving credit line that we borrowed in October 2005 and principal payments for our capital lease and other financing obligations and Ashburn campus mortgage payable, partially offset by proceeds from the exercises of employee stock options and purchases from our employee stock purchase plan.

Debt Obligations –Convertible Debt

Convertible Subordinated Debentures. During February 2004, we sold $86.3 million in aggregate principal amount of 2.5% convertible subordinated debentures due 2024, convertible into 2.2 million shares of our common stock, to qualified institutional buyers. The interest on the convertible subordinated debentures is payable semi-annually every February and August, which commenced August 2004, and is payable in cash. In March 2007, we entered into agreements with certain holders of these convertible subordinated debentures to exchange an aggregate of 1.4 million newly issued shares of our common stock for such holders' $54.0 million of $86.3 million principal amount of the convertible subordinated debentures. The number of shares of common stock issued equals the amount issuable upon conversion of the convertible subordinated debentures in accordance with their original terms. In addition, each holder received cash consideration equal to accrued and unpaid interest through the redemption date totaling $110,000, as well as the present value of future interest due through February 15, 2009 and an incremental fee, totaling $3.4 million as an inducement fee.

Holders of the 2.5% convertible subordinated debentures that remain outstanding 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.

As of June 30, 2007, a total of $32.3 million convertible subordinated debentures remained outstanding and were convertible into 816,458 shares of our common stock.

Convertible Subordinated Notes. In March 2007, we issued $250.0 million in aggregate principal amount of 2.50% convertible subordinated notes due 2012. The initial conversion rate is 8.9259 shares of common stock per $1,000 principal amount of convertible subordinated notes, subject to adjustment. This represents an initial conversion price of approximately $112.03 per share of common stock or 2.2 million shares of our common stock. Upon conversion, holders will receive, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock. We have used or intend to use the net proceeds from this offering for general corporate purposes, including the funding of our expansion activities and working capital requirements.

Holders of the convertible subordinated notes may convert their notes upon certain defined circumstances, including during any fiscal quarter (and only during that fiscal quarter) ending after June 30, 2007, if the sale price of our 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 fiscal quarter, is greater than 130% of the conversion price per share of common stock on such last trading day, presently $145.64 per share. In addition, holders of the convertible subordinated notes may convert their individual notes at any time on or after March 15, 2012 regardless of the satisfaction of any conditions.

We may redeem all or a portion of the convertible subordinated notes at any time after April 16, 2010 for cash but only if the closing sale price of our common stock for at least 20 of the 30 consecutive trading days immediately prior to the day we give notice of redemption is greater than 130% of the applicable conversion price per share of common stock on the date of the notice, presently $145.64 per share. The redemption price will equal 100% of the principal amount of the convertible subordinated notes, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

Upon conversion, due to the conversion formulas associated with the convertible subordinated notes, if our stock is trading at levels exceeding 130% of the conversion price per share of common stock, and if we elect to pay any portion of the consideration in cash, additional consideration beyond the $250.0 million of gross proceeds received would be required. However, in no event would the total number of shares issuable upon conversion of the convertible subordinated notes exceed 11.6036 per $1,000 principal amount of convertible subordinated notes, subject to anti-dilution adjustments, or the equivalent of $86.18 per share of common stock or a total of 2.9 million shares of our common stock.

Debt Obligations – Non-Convertible Debt

Chicago IBX financing. In February 2007, our wholly-owned subsidiary obtained a loan of up to $110.0 million to finance up to 60% of the development and construction costs of the Chicago metro area IBX expansion project, which we refer to as the Chicago IBX financing. Funds are advanced at up to 60% of project costs incurred. As of June 30, 2007, we had received advances representing a loan payable totaling $69.3 million. As a result, up to $40.7 million remained available for borrowing from the Chicago IBX financing and is expected to be borrowed periodically during the remaining construction period of the Chicago metro area IBX expansion project until completion by the end of 2007. The loan payable has a maturity date of January 31, 2010, with options to extend for up to an additional two years, in one-year increments, upon satisfaction of certain extension conditions. The loan payable bears interest at a floating rate (one, three or six month LIBOR plus 2.75%) with interest payable monthly, which commenced March 1, 2007. As of June 30, 2007, the loan payable had an effective interest rate of 8.125% per annum. The Chicago IBX financing has no specific financial covenants and contains a limited parent company guaranty. In July 2007, we received additional advances totaling $11.4 million, bringing the cumulative loan payable to date to $80.7 million with a blended interest rate of 8.125% per annum.

$75.0 Million Silicon Valley Bank Revolving Credit Line. In March 2007, we amended certain provisions of the Silicon Valley Bank revolving credit line which related to the modification of certain financial covenants, the addition of a liquidity covenant and the revision of the definition of “Approved Subordinated Debt” in order to allow us to proceed with the convertible subordinated notes offering. The liquidity covenant requires us to maintain total liquidity of at least $75.0 million. The liquidity covenant is defined as the sum of cash, cash equivalents, short-term investments, 80% of long-term investments and 10% of net accounts receivable. In the event of a default, Silicon Valley Bank has the right to exercise a notice of control to give Silicon Valley Bank the sole right to control, direct or dispose of the assets as it deems necessary to satisfy our obligations under the Silicon Valley Bank Credit Line, if any. As of June 30, 2007, we were in compliance with all financial covenants in connection with the $75.0 million Silicon Valley Bank revolving credit line including the liquidity covenant. Borrowings under the $75.0 million Silicon Valley Bank revolving credit line will continue to bear interest at variable interest rates, plus the applicable margins, which were in effect prior to the amendment, based on either prime rates or LIBOR rates. The $75.0 million Silicon Valley Bank revolving credit line continues to mature on September 15, 2008 and remains secured by substantially all of our domestic personal property assets and certain of our real property leases. As of June 30, 2007,

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we had a total of $15.4 million of outstanding letters of credit under the letters of credit sublimit of the $75.0 million Silicon Valley Bank revolving credit line reducing the amount of borrowings available to us to $59.6 million. These letters of credit automatically renew in successive one-year periods until the final termination. If the beneficiaries of these letters of credit 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 $75.0 million Silicon Valley Bank revolving credit line. As of June 30, 2007, if we had borrowed against the Silicon Valley Bank revolving credit line, our borrowings would have had an effective interest rate of 7.82% per annum.

Senior bridge loan. In June 2007, we entered into a senior bridge loan with Citibank, N.A., as lender, and as agent for the lender, for a principal amount of $500.0 million, to finance our IXEurope acquisition. The senior bridge loan has an initial maturity of 12 months and, at the initial maturity date, will be converted into a seven-year term loan that will be exchangeable by the lenders at any time into fixed-rate exchange notes with registration rights to the extent we draw down on the senior bridge loan and any amounts outstanding under the senior bridge loan are not repaid within one year. The senior bridge loan bears interest at floating rates during the first three months at an initial rate of LIBOR plus 3.50% per annum and the interest is payable quarterly. The rate for each subsequent three-month period increases by 0.5% over the floating rate in effect for the immediate preceding three-month period. The interest rate for each three-month period will be equal to the greater of the interest rate applicable for such period or 9.0% per annum but will not exceed 11.25% per annum. The drawdown of the senior bridge loan is subject to the completion of the IXEurope acquisition, which is expected to close in September 2007.

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 June 30, 2007 (in thousands):

	Convertible debt	Mortgage and loan payable	Capital lease and other financing obligations	Operating leases covered under accrued restructuring charges	Operating leases (1)	Other contractual commitments (1)	Total
2007 (six months)	—	5,082	4,816	7,085	16,808	649,844	683,635
2008	—	10,164	9,860	13,957	33,495	18,308	85,784
2009	32,250	10,164	10,134	14,025	33,270	253	100,096
2010	—	79,427	10,409	4,094	31,830	211	125,971
2011	—	10,164	10,703	4,224	26,846	—	51,937
2012 and thereafter	250,000	143,668	117,652	15,997	139,519	—	666,836
	282,250	258,669	163,574	59,382	281,768	668,616	1,714,259
Less amount representing interest	—	(91,540)	(76,375)	—	—	—	(167,915)
Plus amount representing residual property value	—	—	6,555	—	—	—	6,555
Less amount representing estimated subrental income and expense	—	—	—	(17,899)	—	—	(17,899)
Less amount representing accretion	—	—	—	(5,067)	—	—	(5,067)
	$ 282,250	$ 167,129	$ 93,754	$ 36,416	$ 281,768	$ 668,616	$ 1,529,933

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

Primarily as a result of our various IBX expansion projects, as of June 30, 2007, we were contractually committed for $96.1 million of unaccrued capital expenditures, primarily for IBX equipment not yet delivered and labor not yet provided, in connection with the work necessary to open these IBX centers prior to making them available to customers for installation, as well as for the San Jose property acquisition. This amount, which is expected to be paid during the remainder of 2007, is reflected in the table above as “other contractual commitments.”

We have other, non-capital purchase commitments in place as of June 30, 2007, such as commitments to purchase power in select locations, primarily in the U.S. and Singapore, through 2007 and thereafter and other open purchase orders, which contractually bind us for goods or services to be delivered or provided during the remainder of 2007. Such other purchase commitments as of June 30, 2007, which total $30.6 million, are also reflected in the table above as "other contractual commitments."

In addition, although we are not contractually obligated to do so, we expect to incur additional capital expenditures beyond the $96.1 million contractually committed as of June 30, 2007 in our various IBX expansion projects during the remainder of 2007 and 2008 of approximately $150.0 million to $200.0 million in order to complete the work needed to open these IBX centers. These non-contractual capital expenditures are not reflected in the table above.

We also are contractually committed to acquiring IXEurope in cash for 270.1 million British pounds or approximately $541.9 million (as translated using effective exchange rates at June 30, 2007). We expect to close the IXEurope acquisition in September 2007. This amount, which is expected to be paid in September 2007, is reflected in the table above as "other contractual commitments."

As previously discussed above, in connection with six of our IBX operating leases and one utilities contract, we have entered into seven irrevocable letters of credit totaling $15.4 million with Silicon Valley Bank, provided in lieu of cash deposits under the letters of credit sublimit provision of the $75.0 million Silicon Valley Bank revolving credit line. If the beneficiaries of these letters of credit 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 Silicon Valley Bank revolving credit line. This contingent commitment is not reflected in the table above.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after December 15, 2007. We are currently in the process of evaluating the impact that the adoption of SFAS No. 157 will have on our financial position, results of operations and cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"). SFAS No. 159 permits companies to choose to measure, on an instrument-by-instrument basis, many financial instruments and certain other assets and liabilities at fair value that are not currently required to be measured at fair value. SFAS No. 159 is effective as of the beginning of a fiscal year that begins after November 15, 2007. We are currently in the process of evaluating the impact that the adoption of SFAS No. 159 will have on our financial position, results of operations and cash flows.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risk

The following discussion about market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. We may be exposed to market risks related to changes in interest rates and foreign currency exchange rates and 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, such as our decision in July 2007 to hedge a portion of the purchase price of the IXEurope acquisition. We do not use financial instruments for trading or speculative purposes.

Interest Rate Risk

Our exposure to market risk resulting from changes in interest rates relates primarily to our investment portfolio. All of our cash equivalents and marketable securities are designated as available-for-sale and are therefore recorded at fair market value on our condensed consolidated balance sheets 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 June 30, 2007 our portfolio maturity was relatively short. If current interest rates were to increase or decrease by 10% from their position as of June 30, 2007, the fair market value of our investment portfolio could increase or decrease by approximately $349,000.

An immediate 10% increase or decrease in current interest rates from their position as of June 30, 2007 would furthermore not have a material impact on our debt obligations due to the fixed nature of the majority of our debt obligations. However, the interest expense associated with our $75.0 million revolving credit line, which bears interest at floating rates, plus applicable margins, based on either the prime rate or LIBOR, could be affected. Accordingly, any borrowings from our $75.0 million Silicon Valley Bank revolving credit line are subject to interest rate risk. Assuming $75.0 million was outstanding under the $75.0 million Silicon Valley Bank revolving credit line, for every 100 basis point change in interest rates, our interest expense could increase or decrease by $750,000. The interest expense associated with our Chicago IBX financing, which bears interest at floating rates, plus applicable margins, based on either the prime rate or LIBOR, could also be affected.

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 and convertible subordinated notes is based on quoted market prices. The estimated fair value of our convertible subordinated debentures at June 30, 2007 was approximately $75.9 million. The estimated fair value of our convertible subordinated notes at June 30, 2007 was approximately $261.0 million.

Foreign Currency Risk

The majority of our recognized revenue is denominated in U.S. dollars, generated mostly from customers in the U.S. However, approximately 15% of our revenues and 14% of our 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 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, as well as significant revenues and costs generated and incurred in the Europe region as a result of the IXEurope acquisition. In addition, we are currently undergoing expansions of our IBX centers in the Tokyo, Japan and Singapore metro area markets. As a result, we are exposed to risks resulting from fluctuations in foreign currency exchange rates in connection with our international expansions. To the extent we are paying contractors in foreign currencies, our expansions could cost more than anticipated from declines in the U.S dollar relative to foreign currencies.

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.

In July 2007, we entered into forward contracts to purchase 241.0 million British pounds at an average forward rate of 2.023927, or the equivalent of $487.8 million, to be delivered in September 2007, for purposes of hedging a portion of the purchase price of the IXEurope acquisition.

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 are now building new, "greenfield" IBX centers, we are 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 4. Controls and Procedures

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

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

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On July 30, 2001 and August 8, 2001, putative shareholder class action lawsuits were filed against us, certain of our officers and directors (the "Individual Defendants"), and several investment banks that were underwriters of our initial public offering (the "Underwriter Defendants"). 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 and Sections 10(b), Rule 10b-5 and 20(a) of the Securities Exchange Act of 1934 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. On October 13, 2004, the Court certified a class in six of the approximately 300 other nearly identical actions (the "focus cases") and noted that the decision is intended to provide strong guidance to all parties regarding class certification in the remaining cases. The Underwriter Defendants appealed the decision and the Second Circuit vacated the District Court's decision granting class certification in those six cases on December 5, 2006. Plaintiffs filed a petition for rehearing. On April 6, 2007, the Second Circuit denied the petition, but noted that Plaintiffs could ask the District Court to certify a more narrow class than the one that was rejected. Plaintiffs have not yet moved to certify a class in the Equinix case.

Prior to the Second Circuit's decision, 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. These agreements were submitted to the Court for approval. In light of the Second Circuit opinion, the parties agreed that the settlement cannot be approved because the defined settlement class, like the litigation class, cannot be certified. On June 25, 2007, the Court approved a stipulation filed by the plaintiffs and the issuers which terminated the proposed settlement. We cannot predict whether we will be able to renegotiate a settlement that complies with the Second Circuit's mandate. Plaintiffs now plan to replead their complaints and move for class certification again. Due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of the matter.

While 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, we have insurance coverage that we believe is sufficient to cover any reasonably possible liability resulting from this litigation. We and our officers and directors intend to continue to defend the actions vigorously.

On June 29, 2006 and September 18, 2006, shareholder derivative actions were filed in the Superior Court of the State of California, County of San Mateo, naming Equinix as a nominal defendant and several of our current and former officers and directors as individual defendants. These actions were consolidated, and the consolidated complaint was filed in January 2007. The consolidated complaint alleges that the individual defendants breached their fiduciary duties and violated California securities law as a result of purported backdating of stock option grants, insider trading and the preparation and approval of inaccurate financial results. Plaintiffs seek to recover, on behalf of Equinix, unspecified monetary damages, corporate governance changes, equitable and injunctive relief, restitution, and fees and costs. In March 2007, the state court stayed this action in deference to a federal shareholder derivative action filed in the United States District Court for the Northern District of California in October 2006. The federal action named Equinix as a nominal defendant and several current and former officers and directors as individual defendants. This complaint alleged that the individual defendants breached their fiduciary duties and violated California and federal securities laws as a result of purported backdating of stock options, insider trading and the dissemination of false statements. On April 12, 2007, the federal action was voluntarily dismissed without prejudice pursuant to a joint stipulation entered as an order by the court. On May 3, 2007, the state court lifted the stay on proceedings in the state court action and set a briefing schedule permitting us to file a motion to dismiss on the grounds that plaintiffs lack standing to sue on our behalf. The hearing on our motion to dismiss is scheduled for August 6, 2007. In addition to the pending state court derivative action, we may be subject to additional derivative or other lawsuits that may be presented on an individual or class basis alleging claims based on our stock option granting practices. Similar lawsuits and investigations have been commenced against numerous other companies based on similar allegations.

Responding to, investigating and/or defending against civil litigations and government inquiries regarding our stock option grants and practices will present a substantial cost to us in both cash and the attention of certain management and may have a negative impact on our operations. In addition, in the event of any negative finding or assertion by a court of law or any third-party claim related to our stock option granting practices, we may be liable for damages, fines or other civil or criminal remedies, or be required to restate our prior period financial statements or adjust our current period financial statements. Any such adverse action could have a material adverse effect on our business and current market value.

Item 1A. Risk Factors

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

Risks Related to Our Business

We may not be able to successfully integrate IXEurope and achieve benefits from the IXEurope acquisition.

On June 27, 2007, we announced our intention to acquire the entire issued and to be issued share capital of IXEurope. It is expected that the IXEurope acquisition will be effective in September 2007, subject to the satisfaction of all relevant conditions. We will only achieve the benefits that are expected to result from the IXEurope acquisition if we can successfully integrate each company's administrative, finance, operations, sales and marketing organizations, and implement appropriate systems and controls.

Upon the IXEurope acquisition, the integration of IXEurope into our operations will involve a number of risks, including:

- the possible diversion of our management's attention from other business concerns, including our previously announced expansion plans in the U.S and Asia-Pacific;
- the potential inability to successfully pursue some or all of the anticipated revenue opportunities associated with the IXEurope acquisition;
- the possible loss of IXEurope's key employees;
- the potential inability to achieve expected operating efficiencies in IXEurope's operations;
- the inability to successfully integrate IXEurope's operations with our own;
- the increased complexity and diversity of our operations after the IXEurope acquisition compared to our prior operations; and
- unanticipated problems or liabilities.

If we fail to integrate IXEurope successfully and/or fail to realize the intended benefits of the IXEurope acquisition, our results of operations could be adversely affected.

Our substantial debt could adversely affect our cash flow and limit our flexibility to raise additional capital.

We have a significant amount of debt. As of June 30, 2007, our total indebtedness was approximately $543.1 million and stockholders' equity was $442.7 million. We intend to finance the IXEurope acquisition by raising money through a permanent debt or equity offering, or a combination thereof. To the extent we offer additional equity, our current stockholders will experience dilution and the market price of our common stock may be adversely affected. Furthermore, any additional debt issuance will increase the amount of debt we currently have outstanding. In addition, on June 27, 2007 we entered into the senior bridge loan for a principal amount of $500.0 million. To the extent we are unable to finance the IXEurope acquisition with a permanent debt or equity offering, we intend to draw down amounts under the senior bridge loan. We would then attempt to repay any amounts drawn under the senior bridge loan with the proceeds from a subsequent permanent debt and/or equity offering.

Our substantial amount of debt could have important consequences. For example, it could:

- require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, reducing the availability of our cash flow to fund future capital expenditures, working capital, execution of our expansion strategy and other general corporate requirements;
- make it more difficult for us to satisfy our obligations under our various debt instruments;
- increase our vulnerability to general adverse economic and industry conditions and adverse changes in governmental regulations;

- limit our flexibility in planning for, or reacting to, changes in our business and industry, which may place us at a competitive disadvantage compared with our competitors;
- limit our ability to borrow additional funds, even when necessary to maintain adequate liquidity; and
- make us more vulnerable to increases in interest rates because of the variable interest rates on some of our borrowings.

Any of the foregoing factors could have a material adverse effect on our business, results of operations and financial condition.

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, 2006, 2005 and 2004, we incurred net losses of $6.4 million, $42.6 million and $68.6 million, respectively. Furthermore, for the six months ended June 30, 2007, we incurred an additional net loss of $3.2 million. Although we believe we are approaching a position of having our net losses decrease to a breakeven level or even possibly producing some nominal level of net income in the foreseeable future, we are also currently investing heavily in our future growth through the build-out of several additional IBX centers and IBX center expansions. As a result, we will incur higher depreciation and other operating expenses that will negatively impact our ability to achieve and sustain profitability unless and until these new IBX centers generate enough revenue to exceed their operating costs and cover our additional overhead needed to scale our business for this anticipated growth. In addition, costs associated with the IXEurope acquisition and the integration of the two companies may also negatively impact our ability to achieve and sustain profitability. Although our goal is to achieve profitability, 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 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 beyond those expansion projects already announced. 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 have begun construction of new IBX centers, and may begin construction of additional 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 must acquire suitable land with or without structures to build our new IBX centers from the ground up (a "greenfield" build). Greenfield builds are currently underway in the Chicago, Los Angeles, Washington D.C. and New York metro areas. A greenfield build involves substantial planning and lead-time, much longer time to completion than we have currently experienced 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. A greenfield build also requires us to carefully select and rely on the experience of one or several general contractors and associated subcontractors during the construction process. Should a general contractor or significant subcontractor experience financial or other problems during the construction process, we could experience significant delays, increased costs to complete the project and other negative impacts to our expected 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 provide services to interconnect these two centers. Should these services not provide the necessary reliability to sustain service, this could result in lower interconnection revenue, lower margins and could have a negative impact on customer retention over time.

If we are not able to generate sufficient operating cash flows or obtain external financing, our ability to fund capital expenditures or fulfill our obligations or execute expansion plans may be limited.

Our capital expenditures, together with ongoing operating expenses and obligations to service our debts, will be a substantial drain on our cash flow and may decrease our cash balances. We regularly assess markets for external financing opportunities, including debt and equity. Additional debt or equity financing may not be available when needed or, if available, may not be available on satisfactory terms. Our inability to obtain needed debt and/or equity financing or to generate sufficient cash from operations may require us to abandon projects or curtail capital expenditures. If we curtail capital expenditures or abandon projects, we could be materially adversely affected.

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, tornados and other natural disasters;
- extreme temperatures;
- water damage;
- fiber cuts;
- power loss;
- terrorist acts;
- 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. For example, in the event of an unusually long period of extreme heat, we may not be able to keep certain of our centers in compliance with our stated cooling objectives or the center's cooling units could fail under the strain. The extreme temperatures could also lead to our suppliers experiencing electrical power outages or shortages. 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 and potential claims related to such failures. 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 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 our managed services business in Singapore 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 our customers or us 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 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, but not limited to:

- 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 and units;
- financing or other expenses related to the IXEurope acquisition;
- 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;
- lack of 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 not be able to continue to generate net income on a quarterly basis or we may never be able to generate net income on annual basis in the future. 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.

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 carry-forward 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 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, 2006, in the course of our ongoing evaluation of our internal controls over financial 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, including IXEurope, 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, including our international expansion plans, our revenues may not increase and our business and results of operations would be harmed.

For the years ended December 31, 2006, 2005 and 2004, we recognized 14%, 13% and 13%, respectively, of our revenues outside North America. For the three and six months ended June 30, 2007, we recognized 15% 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. Upon the completion of the IXEurope acquisition, certain of our revenues and costs will also be denominated in the British pound sterling, the euro and the Swiss franc. 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 and services more expensive in local currencies.

We are currently undergoing expansions of our IBX center operations in the Tokyo, Japan and Singapore metro areas. Undertaking and managing these expansions in foreign jurisdictions may present unanticipated challenges to us. In addition, any expansion requires substantial operational and financial resources, and we may not have sufficient customer demand to support the expansion once complete. Unanticipated technological changes could also affect customer requirements for data centers and we may not have built such requirements into our expanded IBX centers. We are also exposed to risks resulting from fluctuations in foreign currency exchange rates in connection with our international expansions. To the extent we are paying contractors in foreign currencies, our expansions could cost more than anticipated from declines in the U.S dollar relative to foreign currencies.

Our international operations are generally subject to a number of additional risks, including:

- the 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;
- our ability to obtain, transfer, or maintain licenses required by governmental entities with respect to our business; and
- compliance with evolving governmental regulation with which we have little experience.

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 those IBX centers may be limited. 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 to 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.

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, or complementary businesses, such as IXEurope, 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 may 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, Los Angeles and Tokyo, Japan metro areas may increase our exposure to seismic activity, especially if these centers are located on or near fault zones.

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.

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

Our IBX centers are susceptible to regional costs of power, electrical power shortages, planned or unplanned power outages, and limitations, especially internationally, on the availability of adequate power resources.

Power outages, such as those that occurred in California during 2001, the Northeast in 2003, and from the tornados on the U.S. East Coast in 2004, 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 the power outages we experienced in our Chicago and Washington, D.C. metro area IBX centers in 2005.

In addition, global fluctuations in the price of power can increase the cost of energy, and although contractual price increase clauses may exist in some of our customer agreements, 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.

We may also have difficulty obtaining sufficient power capacity for potential expansion sites in new or existing markets. We may experience significant delays and substantial increased costs demanded by the utilities to provide the level of electrical service required by our current IBX center designs.

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 connection with the combination.

We agreed to a covenant in connection with the combination (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 United States, 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 our stockholders and us. 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.

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 June 30, 2007, STT Communications, through its subsidiary, i-STT Investments (Bermuda) Ltd., had voting control over approximately 13.5% 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.

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.

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 our 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. At some of our locations, there are land use restrictions in place relating to an earlier environmental cleanup that do not materially limit our use of the site. To the extent any hazardous substances or any other substance or material must be cleaned up or removed from our 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.

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.

Our networks may be vulnerable to unauthorized persons accessing our systems, which could disrupt our operations and result in the theft of our proprietary information.

A party who is able to breach the security measures on our networks could misappropriate either our proprietary information or the personal information of our customers, or cause interruptions or malfunctions in our operations. We may be required to expend significant capital and resources to protect against such threats or to alleviate problems caused by breaches in security, which could have a material adverse affect on our financial performance and operating results.

A small number of customers, including IBM, account for a significant portion of our revenues, and the loss of any of these customers could significantly harm our business, financial condition and results of operations.

As of June 30, 2007, we had 1,373 customers. While no single customer accounted for 10% of our revenues for the three and six months ended June 30, 2007 and the year ended December 31, 2006, our top 10 customers accounted for 24%, 24% and 25%, respectively, of our revenues during these periods. We expect that a small percentage of our customers will continue to account for a significant portion of our revenues for the foreseeable future. We cannot guarantee that we will retain these customers or that they will maintain their commitments in our IBX centers at current levels. For example, although the term of our contract with IBM, our single largest customer, 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 any of these key customers, or if any of them decide to reduce the level of their commitment to us, our business, financial condition and results of operations could be adversely affected.

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.

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, webhosting 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 webhosting 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 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 competitive compensation packages, including equity 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 equity awards in addition to their regular salaries. In addition to granting equity awards to selected new hires, we periodically grant new equity awards to certain employees as an incentive to remain with us. To the extent we are unable to offer competitive compensation packages to our employees and adequately maintain equity incentives due to equity expensing or otherwise, and should employees decide to leave us, 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.

The failure to obtain favorable terms when we renew our IBX center leases could harm our business and results of operations.

While we own certain of our IBX centers, others are leased under long-term arrangements with lease terms expiring at various dates ranging from 2010 to 2025. These leased centers have all been subject to significant development by us in order to convert them from, in most cases, vacant buildings or warehouses into IBX centers. All of our IBX center leases have renewal options available to us. However, these renewal options provide for rent set at then-prevailing market rates. To the extent that then-prevailing market rates are higher than present rates, these higher costs may adversely impact our business and results of operations.

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, 2006, the closing sale price of our common stock on the NASDAQ Global Select Market ranged from $41.43 to $96.19 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 others or us 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;
- governmental investigations;
- changes in the ratings of our stock by securities analysts;
- purchase or development of real estate and/or additional IBX centers;
- acquisitions of complementary businesses;
- 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.

We are subject to securities class action and derivative 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 if 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. In addition, we may, in the future, be subject to other securities class action or similar litigation.

On June 29, 2006 and September 18, 2006, shareholder derivative actions were filed in the Superior Court of the State of California, County of San Mateo, naming Equinix as a nominal defendant and several of Equinix's current and former officers and directors as individual defendants. These actions were consolidated, and the consolidated complaint was filed in January 2007. The consolidated complaint alleges that the individual defendants breached their fiduciary duties and violated California securities law as a result of purported backdating of stock option grants, insider trading and the preparation and approval of inaccurate financial results. Plaintiffs seek to recover, on behalf of Equinix, unspecified monetary damages, corporate governance changes, equitable and injunctive relief, restitution, and fees and costs. In March 2007, the state court stayed this action in deference to a federal shareholder derivative action filed in the United States District Court for the Northern District of California in October 2006. The federal action named Equinix as a nominal defendant and several current and former officers and directors as individual defendants. This complaint alleged that the individual defendants breached their fiduciary duties and violated California and federal securities laws as a result of purported backdating of stock options, insider trading and the dissemination of false statements. On April 12, 2007, the federal action was voluntarily dismissed without prejudice pursuant to a joint stipulation entered as an order by the court. On May 3, 2007, the state court lifted the stay on proceedings in the state court action and set a briefing schedule permitting us to file a motion to dismiss on the grounds that plaintiffs lack standing to sue on our behalf. The hearing on our motion to dismiss is scheduled for August 6, 2007. In addition to the pending state court derivative action, we may be subject to additional derivative or other lawsuits that may be presented on an individual or class basis alleging claims based on our stock option granting practices. Responding to, investigating and/or defending against these complaints will present a substantial cost to us in both cash and the attention of certain management. Any adverse outcome in litigation could seriously harm our business and results of operations.

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 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

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

Our Annual Meeting of Stockholders was held on June 7, 2007 in Foster City, California, at which the following proposals were subject to stockholder vote:

1. The election of seven directors to the Board of Directors to serve until the next Annual Meeting or until their successors have been duly elected and qualified;
2. The ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007; and
3. The approval of long-term incentive performance terms for certain executives.

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The table below presents the voting results for the election of all seven members to our Board of Directors:

	Affirmative Votes	Votes Withheld
Steven T. Clontz	29,216,978	525,392
Steven P. Eng	28,046,430	1,695,940
Gary F. Hromadko	29,467,633	274,737
Scott G. Kriens	29,097,256	645,114
Irving F. Lyons, III	29,467,070	275,300
Stephen M. Smith	29,467,697	274,673
Peter F. Van Camp	29,349,734	392,636

The stockholders also ratified the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007. The table below presents the voting results:

	Affirmative Votes	Negative Votes	Votes Withheld
Ratification of appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm	29,683,743	48,224	10,403

The stockholders also approved the long-term incentive performance terms for certain executives. The table below presents the voting results:

	Affirmative Votes	Negative Votes	Votes Withheld
Approval of long-term incentive performance terms for certain executives	29,454,617	280,009	7,744

Item 5. Other Information

None.

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Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference: Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
2.1	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.	Def. Proxy 14A	12/12/02		
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended to date.	10-K/A	12/31/02	3.1	
3.2	Certificate of Designation of Series A and Series A-1 Convertible Preferred Stock.	10-K/A	12/31/02	3.3	
3.3	Bylaws of the Registrant.	10-K	12/31/02	3.2	
3.4	Certificate of Amendment of the Bylaws of the Registrant.	10-Q	6/30/03	3.4	
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3 and 3.4.				
4.2	Registration Rights Agreement (see Exhibit 10.15).				
4.3	Indenture dated February 11, 2004 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	10-Q	3/31/04	10.99	
4.4	Indenture dated March 30, 2007 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	3/30/07	4.4	
4.5	Form of 2.50% Convertible Subordinated Note Due 2012 (see Exhibit 4.4).				
10.1	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).	S-4 (File No. 333-93749)	12/29/99	10.2	
10.2	Form of Indemnification Agreement between the Registrant and each of its officers and directors.	S-4 (File No. 333-93749)	12/29/99	10.5	
10.3+	Lease Agreement with Carlyle-Core Chicago LLC, dated as of September 1, 1999.	S-4/A (File No. 333-93749)	5/9/00	10.9	
10.4+	Lease Agreement with Rose Ventures II, Inc., dated June 10, 1999.	S-4/A (File No. 333-93749)	5/9/00	10.12	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
10.5	2000 Equity Incentive Plan.	S-1 (File No. 333-39752)	6/21/00	10.24	
10.6	2000 Director Option Plan.	S-1/A (File No. 333-39752)	7/19/00	10.25	
10.7	Ground Lease by and between iStar San Jose, LLC and Equinix, Inc., dated June 21, 2000.	S-1/A (File No. 333-39752)	8/9/00	10.27	
10.8+	Lease Agreement with Burlington Associates III Limited Partnership, dated as of July 24, 2000.	10-Q	9/30/00	10.31	
10.9	First Modification to Ground Lease by and between iStar San Jose, LLC and Equinix, Inc., dated September 26, 2001.	10-Q	9/30/01	10.46	
10.10	2001 Supplemental Stock Plan.	10-Q	9/30/01	10.48	
10.11	Second Modification to Ground Lease by and between iStar San Jose, LLC and Equinix, Inc., dated May 20, 2002.	10-Q	6/30/02	10.53	
10.12+	Second Amendment to Lease Agreement with Burlington Realty Associates III Limited Partnership, dated as of October 1, 2002.	10-Q	9/30/02	10.56	
10.13	Form of Severance Agreement entered into by the Company and each of the Company's executive officers.	10-Q	9/30/02	10.58	
10.14	Third Modification to Ground Lease by and between iStar San Jose, LLC and Equinix, Inc., dated as of September 30, 2002.	10-K	12/31/02	10.74	
10.15	Registration Rights Agreement by and among Equinix and the Initial Purchasers, dated as of December 31, 2002.	10-K	12/31/02	10.75	
10.16	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.	8-K	5/1/03	10.1	
10.17	Fourth Modification to Ground Lease by and between iStar San Jose, LLC and Equinix, Inc., dated as of November 21, 2003.	10-K	12/31/03	10.94	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
10.18+	Sublease Agreement between Sprint Communications Company, L.P. and Equinix Operating Co., Inc. dated as of October 24, 2003.	10-K	12/31/03	10.95	
10.19+	Lease Agreement dated as of April 21, 2004 between Eden Ventures LLC and Equinix, Inc.	10-Q	6/30/04	10.103	
10.20	Equinix, Inc. 2004 International Employee Stock Purchase Plan effective as of June 3, 2004.	10-Q	6/30/04	10.105	
10.21	Equinix, Inc. Employee Stock Purchase Plan effective as of June 3, 2004.	10-Q	6/30/04	10.106	
10.22	First Amendment to Sublease Agreement dated as of June 21, 2004 between Equinix Operating Co. Inc. and Sprint Communications Company L.P.	10-K	12/31/04	10.107	
10.23+	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-K	12/31/04	10.109	
10.24	Form of Restricted Stock Agreement for Equinix's executive officers under the Company's 2000 Equity Incentive Plan.	10-K	12/31/05	10.115	
10.25	Lease Agreement dated June 9, 2005 between Equinix Operating Co., Inc. and Mission West Properties L.P. and associated Guaranty of Equinix, Inc.	10-Q	6/30/05	10.117	
10.26	Letter Agreement dated October 6, 2005 among Equinix, Inc., STT Communications Ltd. and I-STT Investments Pte. Ltd.	8-K	10/6/05	99.1	
10.27	Lease Agreement dated December 21, 2005 between Equinix Operating Co., Inc. and iStar El Segundo, LLC and associated Guaranty of Equinix, Inc.	10-K	12/31/05	10.126	
10.28+	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-K	12/31/05	10.127	

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Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date/ Period End Date	Exhibit	
10.29	Lease Agreement dated as of December 21, 2005 between Equinix RP II, LLC and Equinix, Inc.	10-K	12/31/05	10.128	
10.30	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-K	12/31/05	10.129	
10.31	Lease Agreement dated September 14, 2006 between 777 Sinatra Drive Corp. and Equinix, Inc.	10-Q	9/30/06	10.135	
10.32+	Second Amended and Restated Loan and Security Agreement dated August 10, 2006 between Silicon Valley Bank, General Electric Capital Corporation, Equinix, Inc. and Equinix Operating Co., Inc.	10-Q	9/30/06	10.136	
10.33	2007 Equinix Annual Incentive Plan	10-K	12/31/06	10.35	
10.34	First Omnibus Modification Agreement dated December 27, 2006 by and among SFT I, Inc. (“SFT I”), Equinix RP II, LLC (“RP II”) and Equinix, Inc. (“Equinix”), Amended and Restated Promissory Note dated December 27, 2006 by RP II in favor of SFT I and Reaffirmation of Guaranty dated December 27, 2006 by RP II and Equinix in favor of SFT I.	10-K	12/31/06	10.37	
10.35	First Amendment to Deed of Lease dated December 27, 2006 by and between Equinix RP II, LLC and Equinix Operating Co., Inc.	10-K	12/31/06	10.38	
10.36	Development Loan and Security Agreement dated February 2, 2007 by and between CHI 3, LLC and SFT I, Inc. and related Promissory Notes One through Four.	10-Q	3/31/07	10.37	
10.37	Guaranty dated February 2, 2007 by and between Equinix, Inc. and SFT I, Inc.	10-Q	3/31/07	10.38	
10.38	Completion and Payment Guaranty dated February 2, 2007 by and between Equinix, Inc. and SFT I, Inc.	10-Q	3/31/07	10.39	

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Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
10.39	Master Lease dated February 2, 2007 by and between CHI 3, LLC and Equinix Operating Co., Inc. and associated Guaranty of Lease by Equinix, Inc.	10-Q	3/31/07	10.40	
10.40	Purchase and Sale Agreement and Joint Escrow Instructions dated January 25, 2007 by and between Equinix, Inc. and Rose Ventures II, Inc.	10-Q	3/31/07	10.41	
10.41	Offer of employment dated March 16, 2007 to Stephen M. Smith by Equinix Operating Co., Inc., accepted by Stephen M. Smith.	10-Q	3/31/07	10.43	
10.42	Severance Agreement dated March 16, 2007 by and between Stephen M. Smith and Equinix, Inc.	10-Q	3/31/07	10.44	
10.43	Form of Restricted Stock Agreements for Stephen M. Smith under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	3/31/07	10.45	
10.44	Amendment No. 1 to Second Amended and Restated Loan and Security Agreement dated March 26, 2007 by and among Equinix, Inc., Equinix Operating Co., Inc., General Electric Capital Corporation and Silicon Valley Bank.	10-Q	3/31/07	10.46	
10.45	Purchase and Sale Agreement dated June 11, 2007 by and between LA4, LLC and NG Holdings, L.P.				X
10.46	Implementation Agreement dated June 28, 2007 by and among Equinix, Inc., Equinix UK Limited and IXEurope plc				X
10.47	Senior Bridge Loan Credit Agreement dated June 28, 2007 by and among Equinix, Inc., Equinix Operating Co., Inc., as Guarantor, the Lenders named therein, and Citibank, N.A., as Agent for the Lenders				X
21.1	Subsidiaries of Equinix.				X
31.1	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
32.1	Chief Executive Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2	Chief Financial Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X

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

EQUINIX, INC.

SIGNATURES

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

EQUINIX, INC.

Date: August 1, 2007

By: /s/ KEITH D. TAYLOR

Chief Financial Officer
(Principal Financial and Accounting Officer)

INDEX TO EXHIBITS

Exhibit Number	Description of Document
10.45	Purchase and Sale Agreement dated June 11, 2007 by and between LA4, LLC and NG Holdings, L.P.
10.46	Implementation Agreement dated June 28, 2007 by and among Equinix, Inc., Equinix UK Limited and IXEurope plc
10.47	Senior Bridge Loan Credit Agreement dated June 28, 2007 by and among Equinix, Inc., Equinix Operating Co., Inc., as Guarantor, the Lenders named therein, and Citibank, N.A., as Agent for the Lenders
21.1	Subsidiaries of Equinix.
31.1	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Chief Executive Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Chief Financial Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 10.45

PURCHASE AND SALE AGREEMENT

445 N. Douglas Street, El Segundo, California

ARTICLE 1: PROPERTY/PURCHASE PRICE

1.1 Certain Basic Terms.

(a) Purchaser and Notice Address:	LA4, LLC c/o Equinix, Inc. 301 Velocity Way, 5th Floor Foster City, CA 94404 Attn: Real Estate Counsel (SDH) Telephone: 650.513.7208 Facsimile: 650.513.7699
	And
	Equinix, Inc. 10780 Parkridge Blvd., Suite 150 Reston, VA 20191 Attn: Howard Horowitz Telephone: 703.251.3331 Facsimile: 703.251.3330
With a copy to:	Pircher, Nichols & Meeks 1925 Century Park East Los Angeles, California 90067 Attn: James L. Brat Telephone: 310.201.8900 Facsimile: 310.201.8922
(b) Seller and Notice Address:	NG Holdings, L.P. a Delaware limited partnership c/o ING Clarion Partners, LLC Attn: Annie Kodak 601 South Figueroa Street, 34th Floor Los Angeles, California 90017 Telephone: (213) 236-3420 Facsimile: (213)
With a copy to:	ING Clarion 601 13th Street, NW, Suite 700N Washington, DC 20005 Attn: Robert D. Greer, Jr., Managing Director Telephone: (202) 879-9484 Facsimile: (202) 398-2025
	And
	Mayer, Brown, Rowe & Maw LLP Attn: Jeffrey A. Usow

	71 South Wacker Drive Chicago, Illinois 60606=4637 Telephone: (312) 701-8612 Facsimile: (312) 706-8725 And Mayer, Brown, Rowe & Maw LLP Attn: Boise A. Ding 350 South Grand Avenue, 25th Floor Los Angeles, California 90017 Telephone: (213) 229-5180 Facsimile: (213) 576-8109
(c) Date of this Agreement:	The latest date of execution by Seller and Purchaser, as shown on the signature page hereto.
(d) Purchase Price:	$49,000,000
(e) Earnest Money:	$1,000,000, and any other deposits of earnest money made pursuant to the terms of this Agreement. The definition of "Earnest Money" includes any interest earned thereon.
(f) Due Diligence Period:	Expires on Date of this Agreement
(g) Closing Date:	The date that is ten business days after the Date of this Agreement.
(h) Title Company:	Chicago Title Insurance Company Attn: Frank Jansen 700 South Flower Street, Suite 3305 Los Angeles, CA 90017 Telephone: (213) 627-3630 Facsimile: (213) 891-0834
(i) Escrow Agent:	Chicago Title Insurance Company Attn: Terri Gervasi 700 South Flower Street, Suite 800 Los Angeles, CA 90017 Telephone: (213) 488-4379 Facsimile: (213) 612-4110
(j) Brokers:	CB Richard Ellis 990 W. 190th Street, Suite 100 Torrance, California 90502 Attention: David Stromath Telephone: (310) 516-2333 Facsimile: (310) 516-2310 CB Richard Ellis 3501 Jamboree Road, Suite 100 Newport Beach, CA 92660 Attention: Jason Shepard Telephone: (949) 725-8539 Facsimile: (949) 725-8545

Colliers International Torrance
2050 West 190th Street, Suite 101
Torrance, CA 90504
Attention: David Drummond
Telephone: (310) 381-2433
Facsimile: (310) 381-2533

1.2 Property. Subject to the terms of this Purchase and Sale Agreement (this "Agreement"), Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, all of Seller's right, title and interest in and to the following property (the "Property"):

(a) The real property described in Exhibit A attached hereto, together with the buildings and improvements thereon (the "Improvements"), and all appurtenances of the above-described real property, including easements or rights-of-way relating thereto, and, without warranty (other than expressly provided for herein), all right, title, and interest, if any, of Seller in and to the land lying within any street or roadway adjoining the real property described above or any vacated or hereafter vacated street or alley adjoining said real property (the "Real Property").

(b) Any and all fixtures, furniture, furnishings, decorations, equipment, machinery, and other tangible personal property, if any, owned by Seller presently located on the Real Property (the "Personal Property"), but excluding: (i) any items of personal property listed on Exhibit C hereto, and (iii) if the Personal Property includes computer hardware, any software installed therein.

(c) Intentionally omitted.

(d) Any and all of the following items (the "Intangible Personal Property"), to the extent assignable and without warranty (other than as expressly provided herein): (i) licenses, certificates of occupancy, development rights and permits relating to the Real Property, (ii) the right to use the name of the Improvements in connection with the Real Property, but specifically excluding any trademarks, service marks and trade names of Seller, except as set forth in Section 1.2(f) below, (iii) guaranties and warranties received by Seller from any contractor, manufacturer or other person in connection with the construction or operation of the Property and (iv) any and all Service Contracts.

(e) Seller's right, if any, to plans, specifications, maps, surveys, drawings, landscape plans, engineering plans and studies, soil, environmental and other reports and studies pertaining to the Property.

(f) Seller's right, if any, to any and all (i) trade names, trademarks, service marks, logos and all copyrights used exclusively in connection with the Property, (ii) to the extent in the possession or control of Seller, phone numbers and phone listings for the Property, and (iii) to the extent in the possession or control of Seller, all software, video tapes, films, brochures, marketing packages and other advertising and promotional materials used solely in connection with the Property, each to the extent assignable (collectively, the "Miscellaneous Assets"). The following items shall be excluded from "Miscellaneous Assets": the tradenames "CLPF", "Clarion" and "Clarion Lion Properties" (collectively, the "Excluded Assets").

1.3 Earnest Money. As a condition to the effectiveness of this Agreement, the Earnest Money, in immediately available federal funds, evidencing Purchaser's good faith to perform Purchaser's obligations under this Agreement, shall be deposited by Purchaser with the Escrow Agent no later than two (2) business days after the Date of this Agreement. Upon receipt by Escrow Agent: (i) the Earnest Money shall become nonrefundable except as expressly set forth herein, (ii) Seller shall be entitled to have the Earnest Money immediately released to it and Escrow Agent is hereby directed to remit the Earnest Money to Seller without further instruction from Purchaser or Seller, and (iii) at Escrow Agent's request, Purchaser shall promptly sign and deliver to Escrow Holder such written instructions as Escrow Holder may request confirming that the Earnest Money may be released to Seller. Purchaser acknowledges and agrees that there shall not be any interest earned on the Earnest Money after its release to Seller. At Closing, the Earnest Money shall be applied to the Purchase Price.

ARTICLE 2: INSPECTIONS

2.1 Property Information.

(a) Prior to the date of this Agreement, Seller has made available to Purchaser the information listed on Exhibit B attached hereto ("Property Information"), to the extent in Seller's possession or control. In addition, Brokers have established an electronic data site for the Property ("Property Data Site") for the purpose of providing Property Information to Purchaser.

(b) Seller has made available to Purchaser all files, books and records used or held by Seller for use in operation of the Property, including, without limitation, to the extent in the possession or control of Seller, (i) all names, addresses, telephone numbers, records of billings to and payments by tenants, and other information relating to current tenants and accounts and (ii) all financial and accounting books and records used or held by Seller for use in the current operation of the Property (collectively, the "Books and Records").

(c) Except as specifically provided for in this Agreement, Seller makes no representations or warranties as to the accuracy or completeness of the Property Information. The Property Information and all other information, other than matters of public record, furnished to, or obtained through inspection of the Property by, Purchaser, the Purchaser Related Parties (as defined herein) or Purchaser's lender, will be treated by Purchaser, as confidential and Purchaser shall inform the Purchaser Related Parties and Purchaser's lender of the confidentiality requirement, and Purchaser will not disclose such information to anyone other than on a need-to-know basis to Purchaser's consultants who agree to maintain the confidentiality of such information, and will be returned to Seller by Purchaser if the Closing does not occur. Seller assumes no duty to furnish Purchaser with any other existing information, reports or updates of such materials. Except as specifically provided for in this Agreement, Purchaser hereby waives any and all claims against Seller arising out of the accuracy, completeness, conclusions or statements expressed in materials so furnished, and any and all claims arising out of any duty of Seller to acquire, seek or obtain such materials. This provision shall survive the Closing or any termination of this Agreement.

2.2 Conduct of Inspections; Approval. Prior to execution of this Agreement, Purchaser has had the opportunity to make a complete review and inspection of the physical, legal, economic and environmental condition of the Property, including, without limitation, any leases and contracts affecting the Property, Books and Records maintained by Seller or its agents relating to the Property, pest control matters, soil condition, asbestos, PCB, hazardous waste, toxic substance or other environmental matters, compliance with building, health, safety, land use and zoning laws, regulations and orders, plans and specifications, structural, life safety, HVAC and other building system and engineering characteristics, traffic patterns, and all other information pertaining to the Property. Except as specifically provided for in this Agreement, without any other representation or warranty, Seller has cooperated in Purchaser's review and provided Purchaser with the opportunity to review leases, financial reports, Books and Records and other third-party inspection reports and similar materials in Seller's possession relating to the Property (excluding the Excluded Assets and any appraisals, internal valuations or similar proprietary materials that may be in Seller's possession (collectively, the "Proprietary Materials")). By its execution of this Agreement, Purchaser acknowledges that the Due Diligence Period has expired and the Property is satisfactory for Purchaser's purposes in all respects.

2.3 Conduct of Inspections.

(a) Inspections in General. Prior to the execution of this Agreement, Purchaser, its agents, and employees had the right to enter upon the Property and Purchaser shall continue to have such right for the purpose of making non-invasive inspections at Purchaser's sole risk, cost and expense. Purchaser shall indemnify, defend and hold harmless Seller and Seller's partners and their respective shareholders, directors, officers, affiliates, tenants, agents, contractors, employees, successors and assigns ("Seller Related Parties") and the Property from and against any and all losses, costs, damages, claims, or liabilities arising out of or in connection with any entry or inspections

performed by Purchaser, its agents or representatives, provided, however, that the foregoing indemnity by Purchaser shall not extend to (i) protect Seller from liability for matters merely discovered by Purchaser (e.g., latent environmental contamination) or (ii) any liens, claims, causes of action, damages, liabilities or expenses that are attributable to the action or inaction of Seller or its agents or employees. This indemnity shall survive the Closing or any termination of this Agreement.

(b) Environmental Inspections. At Seller's written request and at Seller's sole cost and expense, Purchaser shall deliver to Seller copies of any Phase I, Phase II or other environmental report to which Seller has consented.

2.4 [INTENTIONALLY OMITTED]

2.5 Purchaser's Reliance on its Investigations. Purchaser acknowledges and agrees that (a) the Property is being sold, and Purchaser accepts possession of the Property on the date of Closing, "AS IS, WHERE IS, WITH ALL FAULTS," with no right of setoff or reduction in the Purchase Price; (b) except for Seller's representations and warranties in Paragraph 8.1 ("Seller's Warranties"), neither Seller nor any Seller Related Party has or shall be deemed to have made any verbal or written representations, warranties, promises or guarantees (whether express, implied, statutory or otherwise) to Purchaser with respect to the Property, any matter set forth, contained or addressed in the documents delivered to Purchaser in connection with the Property (including, but not limited to, the accuracy and completeness thereof) or the results of Purchaser's due diligence; and (c) Purchaser has confirmed independently all information that it considers material to its purchase of the Property or the transaction contemplated hereby. Purchaser specifically acknowledges that, except for Seller's Warranties, Purchaser is not relying on (and Seller, for itself and on behalf of the Seller Related Parties, does hereby disclaim and renounce) any representations or warranties of any kind or nature whatsoever, whether oral or written, express, implied, statutory or otherwise, as to: (1) the operation of the Property or the income potential, uses, or the merchantability, habitability or fitness of any portion of the Property for a particular purpose; (2) the physical condition of the Property or the condition or safety of the Property or any component thereof, including, but not limited to, plumbing, sewer, heating, ventilating and electrical systems, roofing, air conditioning, foundations, soils and geology, including hazardous materials, lot size, or suitability of the Property or any component thereof for a particular purpose; (3) the presence or absence, location or scope of any hazardous materials in, at, about or under the Property; (4) whether the appliances, if any, plumbing or utilities are in working order; (5) the habitability or suitability for occupancy of any structure or the quality of its construction; (6) whether the Improvements are structurally sound, in good condition, or in compliance with applicable laws; (7) the accuracy of any statements, calculations or conditions stated or set forth in Seller's or the Seller Related Parties' books and records concerning the Property or set forth in any offering materials with respect to the Property; (8) the dimensions of the Property or the accuracy of any floor plans, square footage, lease abstracts, sketches, or revenue or expense projections related to the Property; (9) the operating performance, the income and expenses of the Property or the economic status of the Property; (10) the ability of Purchaser to obtain any and all necessary governmental approvals or permits for Purchaser's intended use and development of the Property; (11) the leasing status of the Property or the intentions of any parties with respect to the negotiation and/or execution of any lease for any portion of the Property; and (12) Seller's ownership of any portion of the Property. Purchaser further acknowledges and agrees that, except for Seller's Warranties and the conditions set forth in Section 5.1(a), Seller is under no duty to make any affirmative disclosures or inquiry regarding any matter which may or may not be known to Seller or the Seller Related Parties, and Purchaser, for itself and for its successors and assigns, hereby specifically waives and releases Seller and each Seller Related Party from any such duty that otherwise might exist.

Except for the Seller's Warranties, Purchaser, for itself and its partners, members, shareholders, directors, officers, affiliates, agents, contractors, employees, and their respective successors and assigns ("Purchaser Related Parties"), hereby releases Seller and each Seller Related Party from, and waives all claims and liability against Seller and each Seller Related Party for or attributable to, the following: (a) any and all statements or opinions heretofore or hereafter made, or information furnished, by the Seller or Seller Related Parties to Purchaser or any of the Purchaser Related Parties; and (b) any and all losses, costs, claims, liabilities, expenses, demands or obligations of any kind or nature whatsoever attributable to the Property, whether arising or accruing before, on or after the date hereof and whether attributable to events or circumstances which have heretofore or may hereafter occur, including, without limitation, (i) all losses, costs, claims, liabilities, expenses, demands and obligations with respect to the structural, physical, or environmental condition of the Property; (ii) all losses, costs, claims, liabilities, expenses,

demands and obligations relating to the release of or the presence, discovery or removal of any hazardous materials in, at, about or under the Property, or for, connected with or arising out of any and all claims or causes of action based upon CERCLA (Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. §§9601 et seq., as amended by SARA (Superfund Amendment and Reauthorization Act of 1986) and as may be further amended from time to time), the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§6901 et seq., or any related claims or causes of action or any other federal, state or municipal based statutory or regulatory causes of action for environmental contamination at, in, about or under the Property; and (iii) any tort claims made or brought with respect to the Property or the use or operation thereof.

In addition, Purchaser expressly understands and acknowledges that it is possible that unknown liabilities may exist with respect to the Property and that Purchaser explicitly took that possibility into account in determining and agreeing to the Purchase Price, and that a portion of such consideration, having been bargained for between parties with the knowledge of the possibility of such unknown liabilities shall be given in exchange for a full accord and satisfaction and discharge of all such liabilities.

WITH RESPECT TO THE RELEASES AND WAIVERS SET FORTH IN THIS SECTION 2.5, PURCHASER 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 OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

PURCHASER HAS BEEN ADVISED BY ITS LEGAL COUNSEL AND UNDERSTANDS THE SIGNIFICANCE OF THIS WAIVER OF SECTION 1542 RELATING TO UNKNOWN, UNSUSPECTED AND CONCEALED CLAIMS. BY ITS INITIALS BELOW, PURCHASER ACKNOWLEDGES THAT IT FULLY UNDERSTANDS, APPRECIATES AND ACCEPTS ALL OF THE TERMS OF THIS SECTION 2.5.

PURCHASER'S INITIALS: KT

The provisions of this Paragraph 2.5 shall survive indefinitely the Closing or termination of this Agreement and shall not be merged into the closing documents.

2.6 Natural Hazard Disclosures. As used herein, the term "Natural Hazard Area" shall mean those areas identified as natural hazard areas or natural hazards in the Natural Hazard Disclosure Act, California Government Code Sections 8589.3, 8589.4 and 51183.5, and California Public Resources Code Sections 2621.9, 2694 and 4136, and any successor statutes or laws (the "**Act**"). Purchaser hereby acknowledges that, prior to the Date of this Agreement, Seller has provided Purchaser with a Natural Hazard Disclosure Statement (the "Disclosure Statement") in a form required by the Act. Purchaser acknowledges that Seller retained the services of LGS Reports, Inc. to examine the maps and other information made available to the public by government agencies for the purpose of enabling Seller to fulfill its disclosure obligations with respect to the Act and to prepare the written report of the result of its examination (the "Report"). Purchaser acknowledges that the Report fully and completely discharges Seller from its disclosure obligations under the Act and under California Civil Code Sections 1102 through 1102.17. Purchaser acknowledges and agrees that nothing contained in the Disclosure Statement releases Purchaser from its obligation to fully investigate and satisfy itself with the condition of the Property during the Due Diligence Period, including, without limitation, whether the Property is located in any Natural Hazard Area. Purchaser further acknowledges and agrees that the matters set forth in the Disclosure Statement or Report may change on or prior to the Closing Date and that Seller has no obligation to update, modify or supplement the Disclosure Statement or Report. Purchaser is solely responsible for preparing and delivering its own Disclosure Statement to subsequent prospective purchasers of the Property.

ARTICLE 3: TITLE AND SURVEY REVIEW

3.1 Title Review. Purchaser acknowledges it has had the opportunity to review Seller's existing title insurance policies; the title commitment(s) or preliminary report(s) ("Title Report") issued by the Title Company with respect to the Property; documents and information pertaining to the exceptions to title listed in the Title Report; and Seller's existing surveys with respect to the Property. Purchaser has had the opportunity to obtain any additional title commitment(s) or report(s) or survey updates desired by Purchaser has approved the exceptions to title listed on Exhibit G hereto (the "Permitted Exceptions"). Purchaser shall have the right to request that the Title Company provide at Purchaser's sole cost and expense any reinsurance or endorsements Purchaser shall request, provided that the issuance of such reinsurance or endorsements shall not be a condition to or delay the Closing.

3.2 Removal of Liens; Affidavits. Seller shall have no obligation to remove any exceptions to title other than those pertaining to real estate taxes lawfully assessed and owed by Seller, mortgages or other monetary liens or encumbrances made or assumed by Seller and liens or other encumbrances created by Seller after the Date of this Agreement without Purchaser's written consent. Seller shall have no obligation to execute any affidavits or indemnifications in connection with the issuance of Purchaser's title insurance policy, excepting only (i) a Gap Indemnity in the form of Exhibit H hereto, if required by Title Company, (ii) an Owner's Statement in the form ofExhibit I hereto, (iii) such additional affidavits or statements as may be customary and reasonably required by the Title Company in form reasonably satisfactory to Seller and (iv) indemnifications for mechanic's liens arising directly from work performed at the request of Seller pursuant to a written agreement with Seller (collectively, the "Title Company Indemnities").

3.3 Additional Title Matters. Approval by Purchaser of any additional exceptions to title or survey matters first coming into existence or first disclosed to Purchaser after the Date of this Agreement ("Additional Title Matters") shall be a condition precedent to Purchaser's obligations to purchase the Property (Purchaser hereby agreeing that its approval of Additional Title Matters shall not be unreasonably withheld). Unless Purchaser gives written notice ("Title Disapproval Notice") that it disapproves any Additional Title Matters, stating the Additional Title Matters so disapproved, before the sooner to occur of the Closing or five (5) days after Purchaser's receipt of written notice from any source of such Additional Title Matters, Purchaser shall be deemed to have approved such Additional Title Matters. Seller shall have up to a thirty (30) day period after its receipt of any Title Disapproval Notice within which to remove the disapproved Additional Title Matters set forth therein from title or obtain from Title Company a commitment to issue an endorsement affirmatively insuring against such items in a form reasonably acceptable to Purchaser at no cost or expense to Purchaser (Seller having the right but not the obligation to do so, except as provided in Section 3.2), and the Closing Date shall be extended, at Seller's option, in Seller's sole and absolute discretion, to allow for such thirty (30) day period. In the event Seller determines at any time that it is unable or unwilling to remove any one or more of such disapproved Additional Title Matters, in Seller's sole and absolute discretion, Seller may give written notice to Purchaser to such effect; in such event, Purchaser may, at its option, terminate this Agreement upon written notice to Seller but only if given prior to the sooner to occur of the Closing or five (5) days after Purchaser receives Seller's notice, in which case Seller shall immediately refund the Earnest Money to Purchaser. If Purchaser fails to give such termination notice by such date, Purchaser shall be deemed to have waived its objection to, and approved, the matters set forth in Seller's notice.

ARTICLE 4: OPERATIONS AND RISK OF LOSS

4.1 Ongoing Operations. During the pendency of this Agreement, Seller shall carry on its business and activities relating to the Property substantially in the same manner as Seller did before the date of this Agreement with substantially the same management practices, insurance coverage and leasing standards as currently done; provided, however, in no event shall Seller be obligated to make any capital repairs or replacements, except as required by applicable law or ordinance or as required under any Lease.

4.2 Contracts. During the pendency of this Agreement, Seller will not enter into or amend any contract that will be binding on Purchaser or an obligation affecting the Property subsequent to the Closing without the prior written consent of the Purchaser.

4.3 Leasing. During the pendency of this Agreement, Seller will not enter into any lease, license or other occupancy agreement (collectively, "Leases") with respect to the Property without Purchaser's prior written consent.

4.4 [INTENTIONALLY OMITTED]

4.5 Notice to Purchaser. Seller shall notify Purchaser promptly of the occurrence of any of the following: (i) a fire or other casualty causing damage to the Property, or any portion thereof; (ii) receipt of notice of eminent domain proceedings or condemnation of or affecting the Property, or any portion thereof; (iii) receipt of notice from any governmental authority or insurance underwriter relating to the condition, use or occupancy of the Property, or any portion thereof, or any real property adjacent to any of the Property, or setting forth any requirements with respect thereto; (iv) receipt or delivery of any default or termination notice or claim of offset or defense to the payment of rent from any tenant; (v) receipt of any notice of default from the holder of any lien or security interest in or encumbering the Property, or any portion thereof; (vi) a change in the occupancy of the leased portions of the Property; (vii) notice of any actual or threatened litigation against Seller or affecting or relating to the Property, or any portion thereof; or (ix) the commencement of any strike, lock out, boycott or other labor trouble affecting the Property, or any portion thereof.

4.6 Damage or Condemnation. Risk of loss resulting from any condemnation or eminent domain proceeding which is commenced or has been threatened before the Closing, and risk of loss to the Property due to fire, flood or any other cause before the Closing, shall remain with Seller. If before the Closing the Property shall be materially damaged, or if the Property or any material portion thereof shall be subjected to a bona fide threat of condemnation or shall become the subject of any proceedings, judicial, administrative or otherwise, with respect to the taking by eminent domain or condemnation, then Purchaser may terminate this Agreement by written notice to Seller given within 5 business days after Purchaser learns of the damage or taking, in which event the Earnest Money shall be returned to Purchaser. If the Closing Date is within the aforesaid 5-day period, then Closing shall be extended to the next business day following the end of said 5-day period. If no such election is made, and in any event if the damage (or, in the case of a taking, the affected portion of the Property) is not material, this Agreement shall remain in full force and effect and the purchase contemplated herein, less any interest taken by eminent domain or condemnation, shall be effected with no further adjustment, and upon the Closing of this purchase, Seller shall assign, transfer and set over to Purchaser all of the right, title and interest of Seller in and to any awards that have been or that may thereafter be made for such taking, and Seller shall assign, transfer and set over to Purchaser any insurance proceeds not applied to the repair of the Property prior to Closing that may thereafter be made for such damage or destruction, and, if an insured casualty, Seller shall pay or credit to Purchaser the amount of any deductible (but not to exceed the amount of the loss). For the purposes of this paragraph, the phrases "material damage" and "materially damaged" means damage reasonably exceeding $1,000,000 to repair, and a "material portion" means a portion of the Property exceeding ten percent (10%) of the Purchase Price for the Property in value. The provisions of this Paragraph 4.4 supersede the provisions of any applicable laws with respect to the subject matter of this Paragraph 4.4.

ARTICLE 5: CONDITIONS PRECEDENT

5.1 Purchaser's Conditions. Notwithstanding anything in this Agreement to the contrary, Purchaser's obligation to purchase the Property shall be subject to and contingent upon the satisfaction or waiver of the following conditions precedent:

(a) Performance. Seller's performance or tender of performance of all its obligations under this Agreement and the truth and accuracy of Seller's express representations and warranties in this Agreement as of the Closing Date.

(b) Title. Title Company shall be irrevocably and unconditionally prepared to issue its Owner's Policy of Title Insurance with liability in the amount of the Purchase Price, showing title vested in Purchaser and subject only to the Permitted Exceptions and any Additional Title Matters approved or deemed to have been approved by Purchaser pursuant to Section 3.3 hereof (the "Owner's Policy").

(c) No Bankruptcy or Dissolution. That at no time on or before the Closing shall any of the following have been done by, against or with respect to Seller: (i) the commencement of a case under Title 11 of the U.S. Code, as now constituted or hereafter amended, or under any other applicable federal or state bankruptcy law or other similar law; (ii) the appointment of a trustee or receiver of any property interest; (iii) an assignment for the benefit of creditors; (iv) an attachment, execution or other judicial seizure of a substantial property interest; (v) the taking of, failure to take, or submission to any action indicating an inability to meet its financial obligations as they accrue; or (vi) a dissolution, liquidation, death or incapacity.

5.2 Seller's Conditions. Notwithstanding anything in this Agreement to the contrary, Seller's obligation to sell the Property shall be subject to and contingent upon the satisfaction or waiver of the following conditions precedent:

(a) Performance. Purchaser's performance or tender of performance of all its obligations under this Agreement and the truth and accuracy of Purchaser's express representations and warranties in this Agreement as of the Closing Date.

5.3 Failure or Waiver of Conditions Precedent. In the event any of the conditions set forth in Paragraphs 5.1 or 5.2 are not fulfilled or waived, the party benefited by such conditions may, by written notice to the other party, terminate this Agreement, whereupon all rights and obligations hereunder of each party shall be at an end except those that expressly survive any termination. Either party may, at its election, at any time on or before the date specified for the satisfaction of the condition, waive in writing the benefit of any of the conditions set forth in Paragraphs 5.1 and 5.2 above. In the event this Agreement is terminated as a result of any condition set forth in Paragraph 5.1, Seller shall immediately refund the Earnest Money to Purchaser. In any event, Purchaser's consent to the close of escrow pursuant to this Agreement shall waive any remaining unfulfilled conditions, and any liability on the part of Seller for breaches of representations, warranties and covenants, to the extent the same survive the Closing, of which Purchaser had actual knowledge as of the Closing.

ARTICLE 6: CLOSING

6.1 Closing. The consummation of the transaction contemplated herein ("Closing") shall occur on the Closing Date through the Escrow Agent. Upon completion of the deliveries pursuant to Paragraphs 6.2 and 6.3, satisfaction of the other conditions to Closing herein set forth and performance by each party of its obligations required to be performed prior to or at the Closing, the parties shall direct the Escrow Agent to make such deliveries and disbursements according to the terms of this Agreement.

6.2 Seller's Deliveries in Escrow. At least one (1) business day prior to the Closing Date (as the same may be extended as provided herein), Seller shall deliver in escrow to the Escrow Agent the following:

(a) Deed. Grant deed (the "Deed") in the form attached hereto as Exhibit D, conveying, to Purchaser Seller's title to the Property, subject to any and all liens not yet delinquent for real property and personal property taxes and for general and special assessments against the Property.

(b) Assignment of Contracts, General Assignment and Bill of Sale. Assignment of Contracts, General Assignment and Bill of Sale with respect to the Property (the "Assignment") in the form of Exhibit E attached hereto, executed by Seller;

(c) State Law Disclosures. Such disclosures and reports as are required by applicable state and local law in connection with the conveyance of real property;

(d) FIRPTA. Foreign Investment in Real Property Tax Act affidavit and a California form 593-C, both executed by Seller;

(e) Title Company Indemnities. Such Title Company Indemnities as may be required by the Title Company in order to issue the Owner's Policy, executed by Seller; and

(f) Additional Documents. Any additional documents that Escrow Agent or the Title Company may reasonably require for the proper consummation of the transaction contemplated by this Agreement.

6.3 Purchaser's Deliveries in Escrow. On or before the Closing Date, Purchaser shall deliver in escrow to the Escrow Agent the following:

(a) Purchase Price. The Purchase Price, less the Earnest Money that is applied to the Purchase Price, plus or minus applicable prorations, deposited by Purchaser with the Escrow Agent in immediate, same-day federal funds wired for credit into the Escrow Agent's escrow account;

(b) Assignment of Contracts, General Assignment and Bill of Sale. The Assignment, executed by Purchaser;

(c) State Law Disclosures. Such disclosures and reports as are required by applicable state and local law in connection with the conveyance of real property; and

(d) Additional Documents. Any additional documents that Escrow Agent or the Title Company may reasonably require for the proper consummation of the transaction contemplated by this Agreement.

6.4 Closing Statement/Escrow Fees. At the Closing, Seller and Purchaser shall deposit with the Escrow Agent an executed closing statement consistent with this Agreement in the form required by the Escrow Agent.

6.5 Possession. Seller shall deliver possession of the Property to Purchaser at the Closing.

6.6 Post-Closing Deliveries. Immediately after the Closing, Seller shall deliver the following, to the extent in Seller's possession or control, to the offices of Purchaser's property manager: the original Leases; copies or originals of all contracts, receipts for deposits, and unpaid bills; operating manuals; all keys, if any, used in the operation of the Property; and any "as-built" plans and specifications of the Improvements.

6.7 [INTENTIONALLY OMITTED]

6.8 Closing Costs. At Closing, Seller and Purchaser shall pay the costs of closing the transaction contemplated hereby as provided on Schedule 1 attached hereto. At Closing, Seller and Purchaser shall each pay one-half of any escrow fees. Each party shall pay its own attorneys' fees. All other customary and usual closing costs, if any, shall be borne by the parties hereto in accordance with the custom of the county in which the Property is located, as determined by the Title Company.

6.9 Close of Escrow. Upon satisfaction or completion of the foregoing conditions and deliveries, the parties shall direct the Escrow Agent to immediately record and deliver the documents described above to the appropriate parties and make disbursements according to the closing statements executed by Seller and Purchaser.

ARTICLE 7: PRORATIONS

Prorations and adjustments with respect to the Property shall be made as of the Closing Date as set forth in this Article 7.

7.1 Prorations. If the Purchase Price is received by Seller's depository bank prior to 10:00 am pacific time on the Closing Date, the day of Closing shall belong to Purchaser and all prorations hereinafter provided to be made as of the Closing shall each be made as of the end of the day before the Closing Date. If the cash portion of the Purchase Price is not so received by Seller's depository bank on the Closing Date, then the day of Closing shall belong to Seller and such proration shall be made as of the end of the day that is the Closing Date. In each such proration set forth below, the portion thereof applicable to periods beginning as of Closing shall be credited to Purchaser or charged to Purchaser as applicable and the portion thereof applicable to periods ending as of Closing shall be credited to Seller or charged to Seller as applicable.

(a) Taxes and Assessments. Seller shall receive a credit for any taxes and assessments paid by Seller and applicable to any period after the Closing.

(b) Final Adjustment After Closing. If final prorations cannot be made at Closing for any item being prorated under this Paragraph 7.1, then Purchaser and Seller agree to allocate such items on a fair and equitable basis as soon as invoices or bills are available and applicable reconciliations with tenants have been completed, with final adjustment to be made as soon as reasonably possible after the Closing but no later than 120 days after the Closing, to the effect that income and expenses are received and paid by the parties on an accrual basis with respect to their period of ownership. Payments in connection with the final adjustment shall be due within 10 days of written notice. Seller and Purchaser shall have reasonable access to, and the right to inspect and audit, the other's books to confirm the final prorations.

7.2 Utility Deposits. Purchaser shall be responsible for making any deposits required with utility companies.

7.3 Sale Commissions. Seller and Purchaser represent and warrant each to the other that they have not dealt with any real estate broker, sales person or finder in connection with this transaction other than Brokers. If this transaction is closed, Seller shall pay Brokers in accordance with their separate agreement. Brokers are independent contractors and are not authorized to make any agreement or representation on behalf of either party. Except as expressly set forth above, if any claim is made for broker's or finder's fees or commissions in connection with the negotiation, execution or consummation of this Agreement or the transactions contemplated hereby, each party shall defend, indemnify and hold harmless the other party from and against any such claim based upon any purported or actual statement, representation or agreement of such party. The foregoing indemnity shall survive the Closing or any earlier termination of this Agreement.

7.4 Service Contracts. All payments under the Service Contracts shall be prorated as of the Closing Date. Purchaser will assume at Closing any and all of the Service Contracts affecting the Property. Notwithstanding the foregoing, prior the expiration of the Due Diligence Period, Purchaser shall notify Seller in writing of which Service Contracts Purchaser requests that Seller deliver written termination at or prior to Closing. Seller shall deliver at Closing notices of termination of all Service Contracts that are not so assumed.

7.5 Survival. The provisions of this Article 7 shall survive the Closing.

ARTICLE 8: REPRESENTATIONS AND WARRANTIES

8.1 Seller's Representations and Warranties. As a material inducement to Purchaser to execute this Agreement and consummate this transaction, Seller represents and warrants to Purchaser that:

(a) Organization and Authority. Seller has been duly organized and is validly existing as a Delaware limited partnership, in good standing in the State of Delaware and is qualified to do business in the state in which the Property is located. Seller has the full right and authority and has obtained any and all consents required to enter into this Agreement and to consummate or cause to be consummated the transactions contemplated hereby. This Agreement has been, and all of the documents to be delivered by Seller at the Closing will be, authorized and properly executed and constitutes, or will constitute, as appropriate, the valid and binding obligation of Seller, enforceable in accordance with their terms.

(b) Conflicts and Pending Action. There is no agreement to which Seller is a party or, to Seller's knowledge binding on Seller which is in conflict with this Agreement. To Seller's knowledge, there is no action or proceeding, including condemnation proceedings, pending or threatened in writing against Seller or the Property.

(c) Leases. There are no leases, licenses or other occupancy agreements pertaining to the Property to which Seller is a party or, to Seller's knowledge, which will be binding on Purchaser or the Property following the Closing.

(d) Service Contracts. Attached as Exhibit F is a list of all management, maintenance, licensing, service and other contracts or agreements pertaining to the Project which will bind Purchaser or the Property following the Closing (the "**Service Contracts**"). Seller has delivered to Purchaser true and complete copies of all the Service Contracts.

(e) ERISA. Completion by Seller of its obligations under this Agreement will not constitute a non-exempt prohibited transaction and will not violate the Employee Retirement Income Security Act of 1974, as amended.

(f) Litigation. To Seller's knowledge, Seller has not received written notice of any pending or threatened lawsuits affecting all or any material portion of Seller's interest in the Property, including, but not limited to, judicial, municipal or administrative proceedings in eminent domain.

(g) Foreign Person. Seller is not a "foreign person" within the meaning of Section 1445(e)(3) of the Internal Revenue Code of 1986, as amended.

(h) Violations. To Seller's knowledge, Seller has not received any notice of violation of any Government Regulation relating to the Property that have not been cured. "Governmental Regulation" means any law, ordinance, rule, requirement, resolution, policy statement and regulation (including, without limitation, those relating to land use, subdivision, zoning environmental, toxic or hazardous waste, occupational health and safety, water, earthquake hazard reduction, and building and ire codes) of governmental authorities.

"Seller's knowledge" as used in this Agreement means the current actual knowledge of Annie Kodak, Seller's asset manager for the Property, without any duty of inquiry or investigation. . Purchaser acknowledges that the individuals named above are named solely for the purpose of defining and narrowing the scope of Seller's knowledge and not for the purpose of imposing any liability on or creating any duties running from such individuals to Purchaser. Purchaser covenants that it will bring no action of any kind against such individuals related to or arising out of these representations and warranties.

8.2 Purchaser's Representations and Warranties. As a material inducement to Seller to execute this Agreement and consummate this transaction, Purchaser represents and warrants to Seller that:

(a) Organization and Authority. Purchaser has been duly organized and is validly existing as a corporation, in good standing in the State of California and is qualified to do business in the state in which the Property is located. Purchaser has the full right and authority and has obtained any and all consents required to enter into this Agreement and to consummate or cause to be consummated the transactions contemplated hereby. This Agreement has been, and all of the documents to be delivered by Purchaser at the Closing will be, authorized and properly executed and constitutes, or will constitute, as appropriate, the valid and binding obligation of Purchaser, enforceable in accordance with their terms.

(b) Conflicts and Pending Action. There is no agreement to which Purchaser is a party or to Purchaser's knowledge binding on Purchaser which is in conflict with this Agreement. There is no action or proceeding pending or, to Purchaser's knowledge, threatened against Purchaser which challenges or impairs Purchaser's ability to execute or perform its obligations under this Agreement.

(c) ERISA. Purchaser does not hold "plan assets" (within the meaning of 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA) of any "employee benefit plan" as defined in Section 3(3) of ERISA or any "plan" as described in Section 4975(3)(1) of the Code. As used herein 'ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended and "Code" means the U.S. Internal Revenue Code of 1986, as amended.

(d) Unsolicited Offer. Purchaser acknowledges that Seller in no way has marketed the sale of the Property to Purchaser. Purchaser's offer to purchase the Property set forth in this Agreement was made by Purchaser to Seller without solicitation by Seller.

ARTICLE 9: DEFAULT AND DAMAGES

9.1 Default by Purchaser. If Purchaser shall default in its obligation to purchase the Property pursuant to this Agreement, Purchaser agrees that Seller shall have the right to have the Escrow Agent deliver the Earnest Money to Seller as liquidated damages to recompense Seller for time spent, labor and services performed, and the loss of its bargain. Purchaser and Seller agree that it would be impracticable or extremely difficult to affix damages if Purchaser so defaults and that the Earnest Money, together with the interest thereon, represents a reasonable estimate of Seller's damages. Seller agrees to accept the Earnest Money as Seller's total damages and relief hereunder if Purchaser defaults in its obligation to close hereunder. If Purchaser does so default, this Agreement shall be terminated and Purchaser shall have no further right, title or interest in or to the Property.

THE AMOUNT PAID TO AND RETAINED BY SELLER AS LIQUIDATED DAMAGES PURSUANT TO THE FOREGOING PROVISIONS SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY IF PURCHASER FAILS TO CLOSE THE PURCHASE OF THE PROPERTY. THE PARTIES HERETO EXPRESSLY AGREE AND ACKNOWLEDGE THAT SELLER'S ACTUAL DAMAGES IN THE EVENT OF A DEFAULT BY PURCHASER WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO ASCERTAIN AND THAT THE AMOUNT OF THE DEPOSIT PLUS ANY INTEREST ACCRUED THEREON REPRESENTS THE PARTIES' REASONABLE ESTIMATE OF SUCH DAMAGES. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS SECTION 9.1, SELLER AND PURCHASER AGREE THAT THIS LIQUIDATED DAMAGES PROVISION IS NOT INTENDED AND SHOULD NOT BE DEEMED OR CONSTRUED TO LIMIT IN ANY WAY PURCHASER'S INDEMNITY OBLIGATIONS UNDER THIS AGREEMENT.

Seller's Initials: RDG Purchaser's Initials: KT

9.2 Default by Seller. If prior to the Closing Seller defaults under this Agreement, Purchaser's sole and exclusive remedy shall be to elect one of the following: (a) to terminate this Agreement, in which event Purchaser shall be entitled to the return of the Earnest Money, or (b) to bring a suit for specific performance provided that any suit for specific performance must be brought within 30 days of Seller's default, to the extent permitted by law, Purchaser waiving the right to bring suit at any later date. Any suit for specific performance shall not limit the obligations of Purchaser and Seller hereunder and shall not limit the prevailing party's right to recover its attorney's fees and costs as provided herein. As a condition precedent to any suit for specific performance, Purchaser must have tendered all of its deliveries on or before the Closing Date, excluding tender of the Purchase Price. Purchaser hereby waives any other rights or remedies, including, without limitation, the right to seek money damages, except as provided in Paragraph 9.3(a) below. In no event shall Seller be liable to Purchaser for any punitive, speculative or consequential damages. This Agreement confers no present right, title or interest in the Property to Purchaser and Purchaser agrees not to file a *lis pendens* or other similar notice against the Property except in connection with a suit for specific performance.

9.3 Limitations.

(a) Limitation Period. The representations and warranties of Seller, and any covenants and indemnities of Seller which expressly survive the Closing, contained in this Agreement and in any document executed by Seller pursuant to this Agreement ("Seller's Surviving Warranties") shall survive Purchaser's purchase of the Property only for a period commencing on the Closing Date and ending six (6) months after the Closing Date (the "Limitation Period"). Seller's liability for breach of any such covenant, indemnity, representation or warranty with respect to the Property shall be limited to claims that are in excess of an aggregate $50,000. Seller's aggregate liability for claims arising out of such covenants, indemnities, representations and warranties with respect to the Property shall not exceed $500,000. Purchaser shall provide written notice to Seller prior to the expiration of the Limitation Period of any alleged breach of such covenants, indemnities, warranties or representations. Purchaser's sole and exclusive remedy for breach of such covenants, indemnities, warranties or representations shall be an action at law for actual damages (subject to the second and third sentences of this Paragraph 9.3(a)) as a consequence thereof, which must be commenced, if at all, no later than 30 days after the expiration of the Limitation Period. The Limitation Period referred to herein shall apply to known as well as unknown breaches of such covenants, indemnities, warranties or representations. Purchaser's waiver and release set forth in Paragraph 2.5 shall apply fully to liabilities under such covenants, indemnitees, representations and warranties and is hereby incorporated by this reference. Purchaser specifically acknowledges that such termination of liability represents a material element of the consideration to Seller. The limitation as to Seller's liability in this Paragraph 9.3(a) does not apply to Seller's liability with respect to prorations and adjustments under Article 7 and does not apply to Seller's obligation to return the Earnest Money as expressly required herein.

(b) Disclosure. Notwithstanding any contrary provision of this Agreement, if during the pendency of this Agreement prior to Closing, Seller discloses any matters which make any of Seller's representations and warranties untrue in any material respect or in the event that Purchaser otherwise becomes aware during the pendency of this Agreement prior to Closing of any matters which make any of Seller's representations or warranties untrue in any material respect, such representations and warranties shall be deemed modified to reflect such matters and Seller shall bear no liability for such matters, but Purchaser shall have the right to elect in writing within 5 days after becoming aware of any such matter, but in no event later than the Closing Date, (i) as to any matter disclosed following the expiration of the Due Diligence Period, to terminate this Agreement and receive a prompt return of the Earnest Money, or (ii) to waive such matter and complete the purchase of the Property without reduction of the Purchase Price in accordance with the terms of this Agreement (and any failure to give notice under clause (i) shall be deemed to constitute such a waiver).

ARTICLE 10: INTENTIONALLY DELETED

ARTICLE 11: MISCELLANEOUS

11.1 Parties Bound. Purchaser may not assign this Agreement without the prior written consent of Seller, and any such prohibited assignment shall be void. Notwithstanding the foregoing, this Agreement may be assigned by Purchaser prior to the Closing Date without Seller's consent to any entity or entities directly or indirectly controlling, controlled by, or under direct or indirect common control of Purchaser; provided that (a) Purchaser shall provide written notice to Seller of any such assignment, (b) the assignee(s) shall immediately assume all of Purchaser's rights and obligations hereunder pursuant to an assumption agreement reasonably approved by Seller, and (c) Purchaser shall not be released from any and all obligations and liabilities hereunder nor shall Purchaser's rights or obligations under this Agreement be affected in any way. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the respective legal representatives, successors, assigns, heirs, and devisees of the parties.

11.2 Confidentiality; Press Release. Until the Closing, neither Seller nor Purchaser will release or cause or permit to be released any press notices, or publicity (oral or written) or advertising promotion relating to, or otherwise announce or disclose or cause or permit to be announced or disclosed, in any manner whatsoever, the terms, conditions or substance of this Agreement without first obtaining the written consent of the other party. The foregoing shall not preclude either party from discussing the substance or any relevant details of such transactions with any of its attorneys, accountants, professional consultants, lenders, partners, investors, or any prospective lender, partner or investor, as the case may be, or prevent either party hereto, from complying with laws, rules, regulations and court orders, including without limitation, governmental regulatory, disclosure, tax and reporting requirements. Any party to this transaction (and each employee, agent or representative of the foregoing) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to them relating to such tax treatment and tax structure except to the extent maintaining such confidentiality is necessary to comply with any applicable federal or state securities laws. The authorization in the preceding sentence is not intended to permit disclosure of any other information unrelated to the tax treatment and tax structure of the transaction including (without limitation) (i) any portion of the transaction documents or related materials to the extent not related to the tax treatment or tax structure of the transaction, (ii) the existence or status of any negotiations unrelated to the tax issues, or (iii) any other term or detail not relevant to the tax treatment or the tax structure of the transaction. In addition to any other remedies available to a party, each party shall have the right to seek equitable relief, including without limitation injunctive relief or specific performance, against the other party in order to enforce the provisions of this Paragraph 11.2.

11.3 Headings. The article and paragraph headings of this Agreement are for convenience only and in no way limit or enlarge the scope or meaning of the language hereof.

11.4 Invalidity and Waiver. If any portion of this Agreement is held invalid or inoperative, then so far as is reasonable and possible the remainder of this Agreement shall be deemed valid and operative, and effect shall be given to the intent manifested by the portion held invalid or inoperative. The failure by either party to enforce against the other any term or provision of this Agreement shall not be deemed to be a waiver of such party's right to enforce against the other party the same or any other such term or provision in the future.

11.5 Governing Law. This Agreement shall, in all respects, be governed, construed, applied, and enforced in accordance with the law of the state in which the Property is located.

11.6 No Third Party Beneficiary. This Agreement is not intended to give or confer any benefits, rights, privileges, claims, actions, or remedies to any person or entity as a third party beneficiary, decree, or otherwise.

11.7 Entirety and Amendments. This Agreement embodies the entire agreement between the parties and supersedes all prior agreements and understandings relating to the Property except for any confidentiality agreement binding on Purchaser, which shall not be superseded by this Agreement. This Agreement may be amended or supplemented only by an instrument in writing executed by the party against whom enforcement is sought.

11.8 Time of the Essence. Time is of the essence in the performance of this Agreement.

11.9 Attorneys' Fees. Should either party employ attorneys to enforce any of the provisions hereof, the party against whom any final judgment is entered agrees to pay the prevailing party all reasonable costs, charges, and expenses, including attorneys' fees, expended or incurred in connection therewith.

11.10 Notices. All notices required or permitted hereunder shall be in writing and shall be served on the parties at the addresses set forth in Paragraph 1.1. Any such notices shall be either (a) sent by overnight delivery using a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier, (b) sent by facsimile, with written confirmation by overnight or first class mail, in which case notice shall be deemed delivered upon receipt of confirmation of transmission of such facsimile notice, or (c) sent by personal delivery, in which case notice shall be deemed delivered upon receipt. Any notice sent by facsimile or personal delivery and delivered after 5:00 p.m., Pacific Time, shall be deemed received on the next business day. A party's address may be changed by written notice to the other party; provided, however, that no

notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

11.11 Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and that the normal rule of construction — to the effect that any ambiguities are to be resolved against the drafting party — shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

11.12 Calculation of Time Periods. Unless otherwise specified, in computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday for national banks in the location where the Property is located, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday, or legal holiday. The last day of any period of time described herein shall be deemed to end at 5:00 p.m., Pacific Time.

11.13 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one Agreement. To facilitate execution of this Agreement, the parties may execute and exchange by telephone facsimile counterparts of the signature pages.

11.14 Section 1031 Exchange. Seller or Purchaser may consummate the sale of the Property as part of a so-called like-kind exchange (the "Exchange") pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended. Should either party elect to consummate an Exchange it shall be conditioned upon: (a) all costs, fees, and expenses attendant to the Exchange being the sole responsibility of the party electing the Exchange; (b) the Closing not being delayed or affected by reason of the Exchange; (c) the consummation or accomplishment of the Exchange not being a condition precedent or condition subsequent to either party's obligations and covenants under this Agreement; (d) Purchaser not being required to acquire or hold title to any real property other than the Property for purposes of consummating the Exchange; and (e) the party not electing the Exchange shall have the right to review and approve (with such approval not to be unreasonably withheld) all documents it is requested to execute in connection with the Exchange.

11.15 Merger. Except as otherwise expressly provided in this Agreement (and subject to the survival period set forth in Section 9.3(a) hereof), any and all rights of action of Purchaser for any breach by Seller of any representation, warranty or covenant contained in this Agreement shall merge with the Deed and other instruments executed at Closing, shall terminate at Closing and shall not survive the Closing.

11.16 Waiver of CC Section 1662. Seller and Purchaser each expressly waive the provisions of California Civil Code Section 1662 and hereby agree that the provisions of Section 4.6 hereof shall govern their obligations in the event of damage or destruction to the Property or condemnation of all or part of the Property.

11.17 Dispute Resolution Procedure. All claims, disputes and other matters in question between the parties arising out of or relating to this Agreement or the breach or interpretation thereof (collectively, "Disputes") shall be resolved pursuant to the terms of this Section.

(a) Notice. Any person with a Dispute will give the other party written notice of the claim describing the nature of the claim and any proposed remedy ("Notice of Dispute").

(b) Judicial Reference. If the parties cannot resolve the Dispute, the Dispute shall be resolved by general judicial reference pursuant to Code of Civil Procedure Sections 638 and 641 through 645.1, or any successor statutes thereto, and as modified or as otherwise provided in this Section. Subject to the limitations set forth in this Section, the general referee shall have the authority to try all issues, whether of fact or law, and to report a statement of decision to the court. The referee shall be the only trier of fact or law in the reference proceeding, and shall have no authority to further refer any issues of fact or law to any other party, without the mutual consent of all parties to the judicial reference proceeding.

(1) Place. The proceedings shall be heard in Los Angeles County.

(2) Referee. The referee shall be a retired judge with experience in relevant real estate matters. The referee shall not have any relationship to the parties to the Dispute or interest in the Property. The parties to the Dispute participating in the judicial reference shall meet to select the referee within ten (10) days after service of the Notice of Dispute or initial complaint on all defendants named therein. Any dispute regarding the selection of the referee shall be promptly resolved by the judge to whom the matter is assigned, or if there is none, to the presiding judge of the Superior Court of Los Angeles County who shall select the referee.

(3) Commencement and Timing of Proceeding. The referee shall promptly commence the proceeding at the earliest convenient date in light of all of the facts and circumstances and shall conduct the proceeding without undue delay.

(4) Pre-hearing Conferences. The referee may require one or more pre-hearing conferences.

(5) Discovery. The parties to the judicial reference proceeding shall be entitled only to limited discovery, consisting of the exchange between such parties of only the following matters: (i) witness lists; (ii) expert witness designations; (iii) expert witness reports; (iv) exhibits; (v) reports of testing or inspections of the property subject to the Dispute, including but not limited to, destructive or invasive testing; and (vi) trial briefs. Any other discovery provided for in the California Code of Civil Procedure shall be permitted by the referee upon a showing of good cause or based on the mutual agreement of the parties to the judicial reference proceeding. The referee shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge.

(6) Motions. The referee shall have the power to hear and dispose of motions, including motions relating to provisional remedies, demurrers, motions to dismiss, motions for judgment on the pleadings and summary adjudication motions, in the same manner as a trial court judge, except the referee shall also have the power to adjudicate summarily issues of fact or law including the availability of remedies, whether or not the issue adjudicated could dispose of an entire cause of action or defense. Notwithstanding the foregoing, if prior to the selection of the referee as provided herein, any provisional remedies are sought by the parties to the Dispute, such relief may be sought in the Superior Court of Los Angeles County.

(7) Rules of Law. The referee shall apply the laws of the State of California except as expressly provided herein including the rules of evidence, unless expressly waived by all parties to the judicial reference proceeding.

(8) Record. A stenographic record of the hearing shall be made, provided that the record shall remain confidential except as may be necessary for post-hearing motions and any appeals.

(9) Statement of Decision. The referee’s statement of decision shall contain findings of fact and conclusions of law to the extent required by law if the case were tried to a judge. The decision of the referee shall stand as the decision of the court, and upon filing of the statement of decision with the clerk of the court, judgment may be entered thereon in the same manner as if the Dispute had been tried by the court.

(10) Post-hearing Motions. The referee shall have the authority to rule on all post-hearing motions in the same manner as a trial judge.

(11) Appeals. The decision of the referee shall be subject to appeal in the same manner as if the Dispute had been tried by the court.

(12) Expenses. The fees and costs of the referee in any judicial reference proceeding hereunder shall be shared equally by the parties to the judicial reference proceeding, subject to Section 11.9.

(c) WAIVER OF LEGAL RIGHTS. BY INITIALING IN THE SPACE BELOW, THE PARTIES ACKNOWLEDGE AND AGREE TO HAVE ANY DISPUTE DECIDED BY JUDICIAL REFERENCE AS PROVIDED UNDER CALIFORNIA LAW AND THAT THEY ARE WAIVING ANY RIGHTS THEY MAY POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR BY JURY TRIAL. THE PARTIES FURTHER ACKNOWLEDGE AND AGREE THAT THEY ARE WAIVING THEIR JUDICIAL RIGHTS TO DISCOVERY EXCEPT TO THE EXTENT SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THIS SECTION. IF EITHER PARTY REFUSES TO SUBMIT TO JUDICIAL REFERENCE AFTER EXECUTION OF THIS AGREEMENT AND INITIALING BELOW, SUCH PARTY MAY BE COMPELLED TO PROCEED WITH JUDICIAL REFERENCE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. EACH PARTY'S AGREEMENT TO THIS SECTION IS VOLUNTARY. THE PARTIES HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED OR DESCRIBED IN THIS SECTION TO JUDICIAL REFERENCE.

RDG	KT
SELLER'S INITIALS	PURCHASER'S INITIALS

[Signature Page Follows]

SIGNATURE PAGE TO
PURCHASE AND SALE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year written below.

SELLER:

NG HOLDINGS, L.P.,
a Delaware limited partnership

By: ING Clarion Partners, LLC,
a Delaware limited liability company,
Its: Authorized Signatory

By: /s/ Robert D. Greer, Jr.
Name: Robert D. Greer, Jr.
Title: Authorized Signatory

PURCHASER:

LA4, LLC,
a Delaware limited liability company

By: /s/ Keith D. Taylor
Name: Keith D. Taylor
Title: Manager

Date: June 11, 2007

SHEARMAN & STERLING LLP

DATED 28th June 2007

EQUINIX, INC.

and

EQUINIX UK LIMITED

and

IXEUROPE PLC

IMPLEMENTATION AGREEMENT

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THIS AGREEMENT is made on 28th June 2007

BETWEEN:

(1) Equinix, Inc., a Delaware corporation whose principal place of business is at 301 Velocity Way, 5th Floor, Foster City, CA 94404-4803 ("**Equinix**");

(2) Equinix UK Limited, a company incorporated in England and Wales whose registered office is at 20-22 Bedford Row, London WC1R 4JS ("**Equinix UK**") and

(3) IXEurope Plc, a company incorporated in England and Wales whose registered office is at 41-44 Great Queen Street, London WC2B 5AD ("**IXEurope**"),

together referred to as the "parties" and each as a "party" to this Agreement.

RECITALS:

(A) Equinix UK, a wholly-owned subsidiary of Equinix, intends to acquire the entire issued and to be issued share capital of IXEurope on the terms and subject to the conditions set out in the Announcement.

(B) The parties have agreed that the Acquisition will be implemented by way of a scheme of arrangement pursuant to section 425 of the Companies Act proposed to be made between IXEurope and IXEurope Shareholders under which (together with, or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Equinix UK and IXEurope) (the "**Scheme**") all of the Scheme Shares will be cancelled and the reserve arising from such cancellation will be applied in paying up in full a number of new IXEurope Shares equal to the number of shares so cancelled and issuing such new IXEurope Shares to Equinix UK in consideration for which Equinix UK will pay to IXEurope Shareholders a cash payment of 125 pence per IXEurope Share; and provided that Equinix UK reserves the right, as set out in the Announcement and in this Agreement, to elect to implement the Acquisition by means of an Offer.

(C) The parties have agreed to take certain steps to effect the completion of the Acquisition and wish to enter into this Agreement to record their respective obligations relating to such matters.

IT IS AGREED as follows:

1. **INTERPRETATION**

1.1 In this Agreement (including the Recitals), unless the context otherwise requires, the following expressions shall have the following meanings:

"**Acquisition**" means the acquisition of the entire issued and to be issued share capital of IXEurope and for the avoidance of doubt includes an acquisition of the IXEurope Shares implemented by way of the Scheme or by way of an Offer;

"**AIM Rules**" means the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time;

"**Announcement**" means the press announcement in relation to the Acquisition to be released in accordance with Clause 2.1 by the parties substantially in the form appended to this Agreement and initialled by or on behalf of the parties for the purposes of identification only;

"**Business Day**" means a day (other than Saturday or Sunday) on which banks in the City of London are generally open for business;

"**City Code**" means The City Code on Takeovers and Mergers;

"**Companies Act**" means the Companies Act 1985, as amended;

"**Conditions**" means the terms and conditions to the implementation for the Scheme as set out in the Announcement (or, if an Offer is made, those Conditions but with the replacement of conditions (a), (b) and (c) with the acceptance condition set out in the Announcement);

"**Counsel**" means Andrew Thornton of Erskine Chambers;

"**Court**" means the High Court of Justice in England and Wales;

"**Court Meeting**" means the meeting of IXEurope Shareholders (and any adjournment thereof) to be convened by order of the Court pursuant to section 425 of the Companies Act to consider and, if thought fit, approve the Scheme;

"**Court Orders**" means the Scheme Order and the Reduction Order;

"**Effective Date**" means the date on which (i) the Scheme becomes effective by registration of the Court Orders by the Registrar and issue by the Registrar of a certificate under section 138 of the Companies Act in relation to the reduction of share capital associated with the Scheme; or (ii) if Equinix UK elects to implement the Acquisition by way of an Offer, such Offer becoming or being declared unconditional in all respects;

"**EGM**" means the extraordinary general meeting of IXEurope Shareholders to be convened in connection with the Scheme to be held on the same date as the Court Meeting to consider and, if thought fit, approve the EGM Resolution, including any adjournment thereof;

"**EGM Resolution**" means the special resolution to approve, amongst other things, the cancellation of the entire issued share capital of IXEurope, the alteration of IXEurope's articles of association and such other matters as may be necessary to implement the Scheme and the delisting of IXEurope Shares;

"**Equinix Group**" means Equinix, its subsidiaries and subsidiary undertakings from time to time and "member of the Equinix Group" shall be construed accordingly;

"**Exclusivity Period**" has the meaning as defined in the Inducement Fee Agreement;

"**Form of Proxy**" means the form of proxy for use by IXEurope Shareholders at the Court Meeting and the EGM;

"**Inducement Fee Agreement**" shall mean the inducement fee agreement dated 14 June 2007 between Equinix and IXEurope;

"**IXEurope Directors**" means the directors of IXEurope;

"**IXEurope Group**" means IXEurope, its subsidiaries and subsidiary undertakings from time to time and "**member of the IXEurope Group**" shall be construed accordingly;

"**IXEurope Shareholders**" means holders of IXEurope Shares;

"**IXEurope Shares**" means ordinary shares of one pence each in the capital of IXEurope;

"**IXEurope Share Schemes**" means the IXEurope Founders Share Option Scheme and the IXEurope Unapproved Share Option Scheme;

"**Key Personnel**" means those employees of the IXEurope Group whose names are listed in the Schedule;

"**Listing Rules**" means the rules and regulations made by the UK Listing Authority under Part VI of the Financial Services and Markets Act 2000, as amended from time to time;

"**Meetings**" means the Court Meeting and the EGM;

"**Offer**" means, if Equinix UK should elect to effect the Acquisition by way of a takeover offer (as defined in Part 28 of the Companies Act 2006) in exercise of its right pursuant to Clause 5.1, the offer to be made by or on behalf of Equinix UK, or by or on behalf of any other member of the Equinix Group, for all of the IXEurope Shares on the terms and subject to the conditions to be set out in the related offer document and form of acceptance including, where the context requires, any subsequent revision, variation, extension or renewal of such offer;

"**Offer Document**" means the offer document published in connection with any Offer;

"**Panel**" means the UK Panel on Takeovers and Mergers;

"**Posting Date**" means the date on which the Scheme Document and the Form of Proxy are posted to the IXEurope Shareholders (and others) being a date which is no later than 28 days after the date of the Announcement, or such later date as may be agreed between the parties with the approval of the Panel;

"**Proposals**" means the Scheme and the other matters to be considered at the Meetings;

"**Reduction Hearing**" means the hearing by the Court of the petition to confirm the reduction of share capital of IXEurope under section 137 of the Companies Act provided for by the Scheme, at which the Reduction Order is expected to be granted;

"**Reduction Hearing Date**" means the date of the Reduction Hearing;

"**Reduction Order**" means the order of the Court confirming the reduction of share capital of IXEurope under section 137 of the Companies Act provided for by the Scheme;

"**Registrar**" means the Registrar of Companies in England and Wales;

"**Scheme**" has the meaning set out in Recital (B);

"**Scheme Document**" means the circular in respect of the Scheme to be despatched to IXEurope Shareholders and others, setting out, amongst other things, the full terms and conditions to implementation of the Scheme as well as the Scheme itself and the notice of meeting for each of the Court Meeting and the EGM;

"**Scheme Hearing**" means the hearing by the Court of the petition to sanction the Scheme, at which the Scheme Order is expected to be granted;

"**Scheme Hearing Date**" means the date of the Scheme Hearing;

"**Scheme Order**" means the order of the Court sanctioning the Scheme pursuant to section 425 of the Companies Act;

"**Scheme Record Date**" the day on which the registrar of IXEurope settles the list of IXEurope Shareholders subject to the Scheme;

"**Scheme Shareholders**" means holders of Scheme Shares;

"**Share Scheme Proposals**" means the proposals by Equinix in relation to the IXEurope Share Schemes as set out in the Announcement;

"**Voting Record Time**" means the time and date specified in the Scheme Document by reference to which entitlement to vote on the Scheme will be determined, expected to be 6:00 pm (London time) on the day which is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6:00 pm on the day which is two days before the date of such adjourned Court Meeting; and

"**Working Hours**" means 9.00 a.m. to 5.00 p.m. on a Business Day.

1.2 In this Agreement, unless otherwise specified:

(a) references to Recitals and Clauses are to recitals and clauses of this Agreement;

(b) a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted;

(c) references to a statutory provision include any subordinate legislation made from time to time under that provision which is in force at the date of this Agreement;

(d) references to a "**company**" shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established;

(e) references to a "**person**" shall be construed so as to include any individual, firm, company, government, state or agency of a state or any joint venture, association or partnership (whether or not having separate legal personality);

(f) the singular includes the plural and vice versa and references to one gender include all genders;

(g) the expressions "**holding company**", "**subsidiary**" and "**subsidiary undertaking**" shall have the meanings respectively given in the Companies Act;

(h) references to writing shall include any modes of reproducing words in a legible and non-transitory form;

(i) headings to clauses are for convenience only and do not affect the interpretation of this Agreement;

(i) the rule known as the *ejusdem generis* rule shall not apply and accordingly general words introduced by the word "other" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things; and

(ii) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words; and

(j) whenever the words "include", "includes" or "including" are used in this Agreement, they are deemed to be followed by the words "without limitation".

2. **ANNOUNCEMENT**

2.1 Immediately following execution of this Agreement, the parties shall (subject to Clause 2.2) procure the release of the Announcement through a Regulatory Information Service (as defined in the AIM Rules).

2.2 The obligation in Clause 2.1 to release the Announcement is conditional on the receipt by Equinix of the following, in each case in a form satisfactory to Equinix:

(a) an irrevocable undertaking from each of the IXEurope Directors who holds an interest in IXEurope Shares and from the trustees of related family trusts to vote in favour of the Scheme, or to accept any Offer, in respect of his entire holding of IXEurope Shares, and (where relevant) to accept the Share Scheme Proposals in respect of all of his options under the IXEurope Share Schemes;

(b) irrevocable undertakings from each of IX Holdings LLC and certain funds managed by Milestone Capital to vote in favour of the Scheme, or accept the Offer, in respect of its entire holding of IXEurope Shares;

(c) each of Guy de Rohan Willner and Christophe de Buchet having agreed heads of terms with Equinix UK in relation to the amendment of their existing service contracts, share options and retention arrangements; and

(d) each of the other Key Personnel having agreed heads of terms with Equinix UK in relation to their employment terms and retention arrangements.

2.3 The obligations of the parties under this Agreement (other than Clause 2.1) shall be conditional upon such release.

3. **SCHEME DOCUMENTATION**

3.1 IXEurope shall, in conjunction with Equinix and Equinix UK, prepare the Scheme Document and the Form of Proxy and the parties shall use all reasonable endeavours to ensure that the Scheme Document is finalised in sufficient time to permit application to the Court to be made for leave to convene the Court Meeting and for the Scheme Document to be posted by the Posting Date.

3.2 IXEurope undertakes:

(a) to consult with Equinix and Equinix UK as to the form and content of the Scheme Document and Form of Proxy;

(b) to obtain the approval of Equinix and Equinix UK (such approval not to be unreasonably withheld or delayed) as to the content of the Scheme Document (including the terms of the Scheme but excluding information in relation to IXEurope, the IXEurope Group or the IXEurope Directors) and the Form of Proxy;

(c) to afford Equinix and Equinix UK sufficient time to consider such documents in order to give their approval;

(d) not to finalise or post the Scheme Document or the Form of Proxy to IXEurope Shareholders unless IXEurope has first obtained the prior written approval of Equinix and Equinix UK (such approval not to be unreasonably withheld or delayed).

3.3 Equinix and Equinix UK undertake:

(a) to use all reasonable endeavours to approve the Scheme Document within a reasonable time to permit the Scheme Document to be posted by the Posting Date;

(b) to provide IXEurope with all such information about itself and the Equinix Group for inclusion in the Scheme Document and provide as soon as reasonably practicable all such other assistance as IXEurope may reasonably require in connection with the preparation of the Scheme Document, including access to, and ensuring the provision of assistance by, relevant professional advisers.

3.4 Equinix and Equinix UK shall procure that its respective directors will accept responsibility for all of the information in the Scheme Document relating to

themselves or the Equinix Group or which is required to be included in the Scheme Document under Rule 24 of the Code. IXEurope will procure that its directors accept responsibility for all other information in the Scheme Document including that relating to the IXEurope Group.

3.5 Should any supplemental circular or announcement be required to be published and/or submitted to the Court in connection with the Acquisition (a "**Supplemental Document**"), the parties shall provide such co-operation and information to each other, as the other party may reasonably request and as is reasonably necessary to finalise and publish promptly such Supplemental Document.

3.6 The terms of the Acquisition shall be as set out or referred to in the Announcement, unless otherwise agreed by the parties or otherwise contemplated in this Agreement. The only conditions to the Acquisition shall be the Conditions. Unless and until this Agreement is terminated in accordance with its terms, each of the parties shall use all reasonable endeavours to implement the Acquisition and (so far as they each may be able) to achieve satisfaction of the Conditions as promptly as reasonably practicable.

4. **IMPLEMENTATION OF THE SCHEME**

4.1 Without prejudice to Clause 3, each of Equinix, Equinix UK and IXEurope shall, as promptly as reasonably practicable, take or cause to be taken all such steps as are within its power and necessary (and in so far as it is permitted by law and regulation), and to provide each other with such other assistance as may reasonably be required, to implement the Acquisition as soon as reasonably practicable, including without limitation:

(a) IXEurope undertakes to Equinix and Equinix UK that it will use all reasonable endeavours to take, or cause to be taken, all such steps as are within its power and are necessary, or reasonably required by Equinix and Equinix UK (in each case in so far as it is permitted by law and regulation), to implement the Scheme, and in accordance with and subject to the terms and conditions of the Announcement;

(b) IXEurope shall instruct Counsel for the purposes of the Scheme (including the Scheme Hearing and Reduction Hearing) and shall provide Equinix and Equinix UK with the opportunity to attend any conferences with Counsel to discuss the Scheme and any issues arising in connection with it;

(c) IXEurope shall, as soon as reasonably practicable following the release of the Announcement in accordance with Clause 2.1, apply to the Court for leave to convene the Court Meeting and file such documents and take such other steps as the Court may direct or require or may otherwise be necessary in connection with such application;

(d) subject to:

(i) the Court making the order necessary for the purpose of convening the Court Meeting as contemplated by Clause 4.1(c);

(ii) the necessary documents being settled with the Court and, where required, approved by Equinix and Equinix UK under Clause 3.2(d);

(iii) compliance by Equinix and Equinix UK with its obligations under Clause 3.3 and 3.4; and

(iv) such documents being approved by the Panel,

IXEurope shall, in accordance with the orders of the Court and as soon as reasonably practicable and in any event no later than the Posting Date, publish and post the Scheme Document and Form of Proxy to the IXEurope Shareholders on the register of members of IXEurope on a record date to be agreed with the Court (and any others entitled to receive such documents) and thereafter as soon as reasonably practicable, publish and/or post such other documents and information as the Court or the Panel may approve or require from time to time in connection with the convening of the Court Meeting and/or the EGM;

(e) once the Scheme Document has been published and posted to IXEurope Shareholders, except as required by law or by the Panel (after any such rights as Equinix may have elected to exercise to appeal a Panel Executive ruling to the full Panel shall have been exhausted), IXEurope shall not make any amendment or addition to, or otherwise vary, the terms of the Scheme or the Acquisition without the prior written approval of Equinix and Equinix UK (not to be unreasonably withheld);

(f) IXEurope shall, in accordance with the relevant orders of the Court, convene the Court Meeting for the purpose of considering and, if thought fit, approving the Scheme and hold the Court Meeting at the time and on the date on which it is convened and propose the Scheme in the form and manner directed by the Court;

(g) IXEurope shall convene the EGM for the purpose of considering and, if thought fit, approving the EGM Resolutions and hold the EGM at the time and on the date on which it is convened and propose the EGM Resolutions in the terms set out in the Scheme Document without amendments;

(h) by 3:00 pm on the Business Day preceding each of the Court Meeting and the EGM, IXEurope shall inform Equinix and Equinix UK of the number of proxy votes received in respect of the resolutions to be proposed at each such Meeting;

(i) following and subject to the resolutions to be proposed at each of the Court Meeting and the EGM having been passed by the requisite majorities, IXEurope shall as soon as reasonably practicable, seek the Scheme Order at the Scheme Hearing and seek the Reduction Order at the Reduction Hearing, propose, issue, serve and lodge all such Court documents as may be necessary in connection therewith and take any other action reasonably necessary to make the Scheme effective (including, for the avoidance of doubt, reconvening the Court Meeting and any other shareholder meetings, if necessary) **provided** that IXEurope undertakes to Equinix and Equinix UK

that it will not, without Equinix and Equinix UK's prior written consent, seek the sanction of the Court to the Scheme at the Scheme Hearing if Equinix and Equinix UK shall have notified IXEurope that an event has occurred or a circumstance has arisen which is sufficiently material for the Panel to permit it to withdraw from the Acquisition and the Panel has finally determined to grant such permission. Where such a matter is pending before the Panel, Equinix and Equinix UK may issue a holding notice to IXEurope and IXEurope shall not seek the sanction of the Court unless and until the Panel finally determines not to grant permission to Equinix to withdraw the Acquisition;

(j) as soon as reasonably practicable after the Reduction Order is granted (following the sanction of the Court to the Scheme at the Scheme Hearing) IXEurope shall cause a copy of the Court Orders to be filed with the Registrar; and

(k) IXEurope shall, at the reasonable request of Equinix and Equinix UK, take all necessary actions to seek an adjournment (and, where applicable, re-convene) either or both of the Court Meeting and the EGM to or for such time and date as Equinix and Equinix UK may (acting reasonably) require.

4.2 Equinix and Equinix UK shall take all such steps as are necessary to implement the Acquisition on the terms (but subject to the Conditions) set out in the Announcement, and in particular shall:

(a) give such undertakings as may be required by the Court in connection with the Scheme; and

(b) pay such consideration as is required to be paid not later than 14 days after the Effective Date.

4.3 Equinix UK undertakes to IXEurope that, subject to the satisfaction or (at the discretion of Equinix UK) waiver of the Conditions, it shall:

(a) through Counsel, consent to the implementation of the Scheme and undertake to do all things necessary to implement the Scheme; and

(b) execute and procure the execution of all such documents, and do or procure the carrying out of all such actions, as may be necessary or desirable for the purposes of implementing the Scheme.

5. **OFFER**

5.1 Equinix UK reserves the right, included in the Announcement, to elect to implement the Acquisition by means of an Offer under the City Code, rather than by way of the Scheme.

5.2 If Equinix UK exercises its right to effect the Acquisition by way of an Offer pursuant to Clause 5.1, responsibility for production of the Offer Document and related documents shall rest with Equinix and Equinix UK, Equinix UK shall make such Offer in accordance with all applicable law and regulation, and the obligations of the parties under Clauses 3 and 4 above shall terminate, save that IXEurope undertakes:

(a) to provide Equinix UK with all such information relating to IXEurope, the other members of the IXEurope Group and its directors as may be reasonably required for inclusion in the Offer Document and to provide such other assistance as may be reasonably required in connection with the preparation of the Offer Document, including access to, and procuring the provision of assistance by, professional advisers to the IXEurope Group and its directors; and

(b) to procure that its directors accept responsibility for their recommendation of the Offer and all information which has been included with the approval of IXEurope in the Offer Document relating to themselves, IXEurope and the IXEurope Group (including any employees).

6. **IXEUROPE SHARE SCHEMES**

6.1 The parties agree to use their reasonable endeavours to implement the Share Schemes Proposals.

6.2 In the event that any participants in the IXEurope Share Schemes exercise their options (rather than accepting the Share Scheme Proposals), then IXEurope shall issue new IXEurope Shares to participants in the IXEurope Share Schemes either before (where possible) or on or following the Scheme Record Date. Any new IXEurope Shares as are issued prior to or on the Scheme Record Date shall be issued subject to the terms of the Scheme and the holder or holders of such IXEurope Shares shall be bound by the Scheme accordingly. Where any new IXEurope Shares are issued after the Scheme Record Date, such new IXEurope Shares shall be issued subject to the terms of the new article in IXEurope's Articles of Association, to be set out in the notice of EGM, and the holder or holders of such new IXEurope Shares shall be bound by such terms accordingly.

7. **WARRANTY AND CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE**

7.1 The provisions of this Agreement shall be without prejudice to the provisions of the Inducement Fee Agreement.

7.2 During the period from the date of this Agreement until the earlier of (i) the Effective Date or (ii) the termination of this Agreement in accordance with its terms, save with the prior written consent of Equinix and Equinix UK (such consent not to be unreasonably withheld or delayed), IXEurope undertakes to Equinix and Equinix UK that it shall not, and shall procure that members of the IXEurope Group and their respective directors, officers and employees, shall not (save in relation to all matters required in connection with the refinancing of IXEurope's current facility arrangements as previously disclosed to Equinix and save as, where the context allows, previously disclosed to Equinix or Equinix UK):

(a) carry on its business otherwise than in the ordinary and usual course;

(b) other than as is committed, authorised or planned in the normal course of business as provided for in the current business plan for 2007 that has been provided to Equinix prior to the date hereof, commit or authorise any capital expenditure;

(c) save as contemplated by Clause 2.2, terminate or vary, in any material way, the terms and conditions of employment of any Key Personnel under any employment or services contract or induce or cause any such person to terminate such employment or services contract;

(d) take any action which would amount to an action requiring the approval of shareholders in general meeting or the consent of the Panel under Rule 21 of the City Code or enter into or agree to enter into any transaction that would require the approval of IXEurope Shareholders under the AIM Rules;

(e) recommend, declare, announce, pay or make or propose the recommendation, declaration, payment or making of any bonus, dividend or other distribution, whether payable in cash or otherwise, to IXEurope Shareholders;

(f) save pursuant to the exercise of options under the IXEurope Share Schemes and satisfaction of awards granted prior to the date hereof under the IXEurope Share Schemes, allot or issue any IXEurope Shares;

(g) grant any further options under the IXEurope Share Schemes;

(h) amend the memorandum or articles of any member of the IXEurope Group (other than as contemplated by the EGM Resolution);

(i) otherwise take any action which is prejudicial to the successful outcome of the Acquisition or which would or might reasonably be expected to have the effect of preventing any of the Conditions becoming fulfilled;

(j) dispose of, agree to dispose of, or grant or agree to grant any option in respect of, any material part of its assets;

(k) enter into, amend or terminate any material contract or arrangement or any contract or arrangement which provides for termination (or more onerous terms) on a change of control or change of management of IXEurope or a member of the IXEurope Group;

(l) create, grant or issue, or agree to create, grant or issue, any mortgages, charges (other than liens arising by operation of law), debentures or other securities or redeem or agree to redeem any such securities save for security in relation to existing bank facilities disclosed to Equinix prior to the date hereof;

(m) borrow (other than by bank overdraft or any facility disclosed to Equinix prior to the date hereof) any money or agree so to do;

(n) change its residence for taxation purposes or take any position with a relevant taxing authority in relation to material taxation matters of any member of the IXEurope Group;

(o) take steps to procure payment of any bank debt in advance of the date on which it is payable in accordance with the terms applicable to such bank debt;

(p) enter into, compromise or settle any material litigation or claim;

(q) in relation to any property occupied by a member of the IXEurope Group:

(i) terminate or serve any notice to terminate, surrender or accept any surrender of or waive the terms of any lease;

(ii) agree any new rent or fee payable under any lease;

(iii) enter into or vary any lease; or

(r) agree to recognise any trade unions or equivalent in any jurisdiction.

7.3 IXEurope agrees that it shall:

(a) promptly notify Equinix and Equinix UK (in writing) of any fact, matter or event which has had or is likely to have a material adverse effect on either the business of the IXEurope Group or the implementation of the Proposals in accordance with their terms; and

(b) promptly notify Equinix and Equinix UK (in writing) of any fact, matter, event or circumstance which has caused, resulted in or is likely to cause or result in any of the Conditions not being fulfilled or becoming incapable of fulfilment;

(c) promptly inform Equinix and Equinix UK if it receives an approach in relation to any proposed offer or other transaction for the acquisition of shares of IXEurope or any other transaction from a bona fide third party offeror (notwithstanding that such third party has been party to a proposal or made an approach or been approached prior to the date of this Agreement) with whom the IXEurope Directors reasonably believe they are obliged to have discussions due to their fiduciary duties to act in the best interest of IXEurope.

7.4 IXEurope shall, and shall use all reasonable endeavours to procure that each member of the IXEurope Group shall, upon the reasonable request of Equinix and Equinix UK, at the cost and expense of Equinix and Equinix UK :

(a) Use its reasonable endeavours to facilitate discussions with the providers of finance to the IXEurope Group under its existing credit facilities and provide such other reasonable assistance and co-operation in relation to the same as Equinix and Equinix UK may reasonably request;

(b) Provide such information, assistance and co-operation as Equinix and Equinix UK may reasonably request in relation to the financing or refinancing of the Acquisition and/or of the existing financing of the IXEurope Group, including (i) providing the information to enable Equinix and Equinix UK to finalise the structure of the holding company of the IXEurope Group and any post-acquisition structuring of the IXEurope Group; (ii) co-operating in the preparation of any bank syndication documentation, any registration statement, de-registration statement or other documents required under US securities laws or the rules of the SEC in relation to such financing or refinancing; (iii) co-operating with prospective lenders and their advisers in conducting their due diligence in relation to the IXEurope Group, and making senior management of the IXEurope Group reasonably available and upon

reasonable advance notice for presentations in connection with any syndication **provided** that in each case each recipient of any confidential information has entered into a confidential undertaking reasonably satisfactory to IXEurope; and (iv) requesting the accountants of the IXEurope Group to provide reasonable assistance in such financing, re-financing and structuring discussions;

(c) Use its reasonable endeavours to facilitate discussions between Equinix and Equinix UK (on the one hand) and landlords of premises occupied by members of the IXEurope Group (on the other) and provide such other reasonable assistance and co-operation in relation to the same as Equinix and Equinix UK may reasonably request;

(d) Use its reasonable endeavours to facilitate discussions between Equinix and Equinix UK (on the one hand) and customers of members of the IXEurope Group (on the other) and provide such other reasonable assistance and co-operation in relation to the same as Equinix and Equinix UK may reasonably request;

(e) Do all things reasonably necessary (in so far as they are able) to ensure that persons nominated by Equinix UK are appointed as directors of members of the IXEurope Group in addition to the existing directors with effect from the Effective Date;

(f) Provide all information, assistance and access as may be reasonably required by Equinix UK to ensure that any accountants' and other reports required in connection with the whitewash under section 155 of the Companies Act of financial assistance (if any) in connection with the financing or re-financing of the Acquisition may, if required, be given immediately after the Effective Date (or, if Equinix and Equinix UK elects to effect the Acquisition by way of an Offer, as soon as reasonably practicable after the Offer becomes or is declared unconditional in all respects);

(g) Use all reasonable endeavours to assist Equinix and Equinix UK in the preparation of integration plans, including providing access to employees, customer contracts and information regarding the business of the IXEurope Group as Equinix and Equinix UK may reasonably request.

7.5 IXEurope agrees that the Scheme Document shall incorporate unanimous recommendations from the Directors to vote in favour of the resolutions to be proposed at the Meetings except to the extent that the Directors have determined in good faith that such recommendation should not be given or should be withdrawn, modified or qualified in order to comply with their fiduciary duties or that such recommendation should be modified due to the requirements of Rule 3.1 of the City Code to make the substance of any independent advice known to IXEurope Shareholders and **provided** that IXEurope notifies Equinix UK as soon as reasonably practicable that the recommendation of the Offer will not be given or will be withdrawn, modified or qualified. For the avoidance of doubt, it shall not be a breach of this Clause if the IXEurope Directors, acting in the best interests of the Company and the IXEurope Shareholders as a whole, determine not to give, or to withdraw, such a recommendation.

7.6 IXEurope hereby warrants to Equinix and Equinix UK that it has not, from the commencement of the Exclusivity Period until today's date, directly or indirectly solicited, initiated, facilitated, supported or (save for the one enquiry disclosed to Equinix prior to the date hereof) received any enquiry, proposal or offer from, furnished information to, or participated in any discussions or negotiations with, any party or parties other than Equinix (a "**Third Party**") for the issued and to be issued share capital of IXEurope or a substantial part thereof or for the whole or any part of the undertaking, business or other assets of IXEurope or any of its subsidiaries or any offer or proposal from a Third Party involving a reorganisation or scheme of arrangement involving IXEurope or any of its subsidiaries.

8. **SUSPENSION AND TERMINATION**

8.1 This Agreement shall terminate with immediate effect and upon such termination all obligations of the parties hereunder shall cease forthwith, as follows:

(a) as agreed in writing between the parties at any time;

(b) upon any public pronouncement by Equinix or Equinix UK that it has withdrawn or lapsed its proposed acquisition of IXEurope;

(c) if any of Conditions (d) to (i) which has not been waived is (or becomes) incapable of satisfaction and if Equinix UK notifies IXEurope that, notwithstanding the fact that it has the right to waive such Condition, it will not do so and that the Panel has confirmed that it will permit it to invoke such Condition, or if any Condition which is incapable of waiver becomes incapable of satisfaction;

(d) 10 Business Days following the date of the Court Meeting or the EGM (or such lesser period of time as may be permitted or required by the Panel), if the Scheme is not approved by the requisite majority of IXEurope Shareholders at the Court Meeting or the EGM Resolution is not passed by the requisite majority at the EGM and Equinix UK has not exercised its right pursuant to Clause 5.1 to implement the Acquisition by means of an Offer within such period;

(e) 10 Business Days following the date of the Reduction Hearing (or such lesser period of time as may be permitted or required by the Panel) if the Court refuses to sanction the Scheme and Equinix UK has not exercised its right pursuant to Clause 5.1 to implement the Acquisition by means of an Offer within such period;

(f) if the Directors have withdrawn their recommendation to vote in favour of the resolutions to be proposed at the Meetings having determined in good faith that such recommendation should not be given or should be withdrawn in order to comply with their fiduciary duties; or

(g) if the Effective Date shall not have occurred by 31 October 2007.

8.2 Suspension or termination of this Agreement shall be without prejudice to the rights of any of the parties that have arisen prior to suspension or termination (as the case may be) including (without limitation) any claim in respect of a breach of this Agreement. Clauses 1, 9 to 14 and this Clause 8.2 shall survive termination.

9. **COSTS**

Without prejudice to its other rights pursuant to this Agreement (or in relation to a breach by either party of the terms of this Agreement) each party shall pay its own costs and expenses incidental to the Acquisition.

10. **REMEDIES AND WAIVERS**

10.1 No delay or omission by any party to this Agreement in exercising any right, power or remedy provided by law or under this Agreement or any other documents referred to in it shall affect that right, power or remedy or operate as a waiver thereof.

10.2 The single or partial exercise of any right, power or remedy provided by law or under this Agreement shall not preclude any other or further exercise of it or the exercise of any other right, power or remedy.

10.3 The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by law.

11. **NOTICES**

11.1 A notice under this Agreement shall only be effective if it is in writing.

11.2 Notices under this Agreement shall be sent to a party at its address and fax number and for the attention of the individual set out below:

Party	Address	Fax No:	Attention
Equinix and/or Equinix UK	301 Velocity Way 5th Floor Foster City CA 94404-4803 USA	+1 650 513 7913	Executive Chairman with a copy to the General Counsel
IXEurope	41-44 Great Queen Street London WC2B 5AD UK	020 7269 0931	Karen Bach

provided that a party may change its notice details on giving notice to the other party of the change in accordance with this Clause.

11.3 Any notice given under this Agreement shall, in the absence of earlier receipt, be deemed to have been duly given as follows:

(a) if delivered personally, on delivery;

(b) if sent by air mail post, five clear Business Days after the date of posting; and

(c) if sent by fax when despatched.

11.4 Any notice given under this Agreement outside Working Hours in the place to which it is addressed shall be deemed not to have been given until the start of the next period of Working Hours in such place (except that if any notice to terminate this Agreement is given outside Working Hours on the day immediately preceding the date of the hearing of Court to sanction the Scheme, such notice shall be deemed to have been served immediately upon delivery (if delivered personally) and when despatched (if sent by fax)) .

12. ANNOUNCEMENTS

12.1 Save as contemplated by this Agreement, no announcement or circular concerning the Acquisition or otherwise in connection with the existence or the subject matter of this Agreement shall be made or issued by or on behalf of either party prior to the Scheme becoming effective without the prior written approval of the other parties. This shall not affect any announcement or circular required by law, the City Code, the AIM Rules, the Listing Rules (if applicable), the Panel, the UK Listing Authority, the London Stock Exchange or any other regulatory body or the rules of any recognised stock exchange or other regulatory body to which either party is subject but in such circumstances the party with an obligation to make an announcement or issue a circular shall consult with the other party insofar as is reasonably practicable before complying with such an obligation.

12.2 Clause 12.1 is without prejudice to the terms of the Confidentiality Agreement dated 17 May 2007 between IXEurope and Equinix.

13. GENERAL

13.1 This Agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute but one and the same instrument.

13.2 Except as otherwise expressly provided, time is of the essence in this Agreement, both as regards, any dates and periods mentioned and as regards any dates and periods which may be substituted for them in accordance with this Agreement or by agreement in writing between the parties.

13.3 If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement.

13.4 No variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the parties to this Agreement.

13.5 This Agreement is personal to the parties to it. Accordingly none of Equinix, Equinix UK and IXEurope may assign, hold on trust or otherwise transfer the benefit of all or any of the other’s obligations under this Agreement, or any benefit arising under or out of this Agreement.

13.6 A person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

14. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

14.1 This Agreement shall be governed by and construed in accordance with English law.

14.2 Each of the parties irrevocably agrees that the courts of England shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and the documents to be entered into pursuant to it and that accordingly any proceedings arising out of or in connection with this Agreement and such documents shall be brought in such courts and for such purposes each of the parties irrevocably submits to the jurisdiction of the English courts.

14.3 Equinix hereby irrevocably appoints Equinix UK as its agent to accept service of process in England in any legal action or proceedings arising out of this Agreement, service upon whom shall be deemed completed whether or not forwarded to or received by Equinix UK.

IN WITNESS whereof this Agreement has been duly entered into on the date first above written.

SIGNED by **KEITH TAYLOR** on behalf of Equinix, Inc.	))	/s/ Keith Taylor
SIGNED by **KEITH TAYLOR** on behalf of Equinix UK Limited	))	/s/ Keith Taylor
SIGNED by **KAREN BACH** on behalf of IXEurope PLC	))	/s/ Karen Bach

SCHEDULE 1
Key Personnel

Guy Willner

Christophe De Buchet

Karen Bach

Russell Poole

Harro Beusker

Joerg Rosengart

Frits van der Graaff

Michel Brignano

Frank Hassett

Kevin Martin

Andy Castle

Michael Winterson

James Marchbank

Petrina Steele

Exhibit 10.47

EXECUTION VERSION

SENIOR
BRIDGE LOAN
CREDIT AGREEMENT

dated as of

June 28, 2007

among

EQUINIX, INC.

as Company,

THE GUARANTORS named herein,

THE LENDERS named herein

and

CITIBANK, N.A., as Agent

Cahill Gordon & Reindel LLP
80 Pine Street
New York, New York 10005

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EXHIBITS

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IV	FORM OF DESCRIPTION OF SENIOR NOTES
V	FORM OF REGISTRATION RIGHTS AGREEMENT
VI-A	FORM OF OPINION OF BRANDI GALVIN MORANDI, GENERAL COUNSEL OF THE COMPANY
VI-B	FORM OF OPINION OF SHEARMAN & STERLING, COUNSEL FOR THE COMPANY AND GUARANTORS
VII	FORM OF GUARANTEE

This Senior Bridge Loan Credit Agreement is dated as of June 28, 2007 and entered into by and between EQUINIX, INC., a Delaware corporation (the "Company"), the Guarantors named on the signature pages hereto, the Lenders named on the signature pages hereto (the "Lenders"), and CITIBANK, N.A. ("Citibank"), as agent for the Lenders (in such capacity, the "Agent").

RECITALS

WHEREAS, the Company desires that the Lenders extend a senior bridge loan credit facility to the Company in connection with the Acquisition (as defined herein);

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereby agree as follows:

SECTION 1 DEFINITIONS

1.1 Certain Defined Terms The following terms used in this Agreement shall have the following meanings:

"Acquired Business" means Target and its subsidiaries.

"Acquisition" means the acquisition of the Target, directly or indirectly, by the Company.

"Acquired Indebtedness" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary of the Company or at the time it merges or consolidates with or into the Company or any of its Subsidiaries or assumed in connection with the acquisition of assets from such Person and in each case not incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Restricted Subsidiary of the Company or such acquisition, merger or consolidation.

"Affiliate" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. The term "control" 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; and the terms "controlling" and "controlled" have meanings correlative of the foregoing.

"Agent" has the meaning ascribed to such term in the introduction to this Agreement.

"Agreement" means this Senior Bridge Loan Credit Agreement dated as of June 28, 2007, as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"Applicable Rate" means for each Interest Period the LIBOR Rate then in effect.

"Applicable Spread" means 3.50% for the period from and including the Closing Date and to but excluding the three month anniversary of the Closing Date and for each subsequent 3-month period, the Applicable Spread in effect for the immediately preceding 3-month period plus 0.5%.

"Asset Acquisition" means (a) an Investment by the Company or any Restricted Subsidiary of the Company in any other Person pursuant to which such Person shall become a Restricted Subsidiary of the Company or any Restricted Subsidiary of the Company, or shall be merged with or into the Company or any Restricted Subsidiary of the Company, or (b) the acquisition by the Company or any Restricted Subsidiary of the Company of the assets of any Person (other than a Restricted Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business.

"Asset Sale" means any direct or indirect sale, issuance, conveyance, transfer, lease (other than operating leases entered into in the ordinary course of business), assignment or other transfer for value by the Company or any of its Restricted Subsidiaries (including any Sale and Leaseback Transaction) to any Person other than the Company or a Wholly Owned Restricted Subsidiary of the Company of: (a) any Capital Stock of any Restricted Subsidiary of the Company; or (b) any other property or assets of the Company or any Restricted Subsidiary of the Company other than in the ordinary course of business; *provided*, *however*, that asset sales or other dispositions shall not include: (1) a transaction or series of related transactions for which the Company or its Restricted Subsidiaries receive aggregate consideration of less than $5.0 million; (2) the sale, lease, conveyance, disposition or other transfer of all or substantially all of the assets of the Company as permitted under Section 6.5; (3) any Restricted Payment permitted by Section 6.3 or, after the Conversion Date, that constitutes a Permitted Investment; (4) the sale or discount, in each case without recourse, of accounts receivable arising in the ordinary course of business, but only in connection with the compromise or collection thereof; (5) disposals or replacements of obsolete or worn out equipment; (6) the grant of Liens not prohibited by this Agreement; (7) the licensing of intellectual property; (8) dispositions of accounts receivable to local distribution companies under guaranteed receivables agreements entered into in the ordinary course of business; (9) the sale of inventory in the ordinary course of business; (10) the sale of the Singapore E-mail Business in an amount not to exceed $2.0 million; and (11) Sale and Leaseback Transactions permitted under clause (o) of the definition of "Permitted Indebtedness".

"Availability Period" means (a) in the case of each Offer Loan, the period commencing on the Effective Date and ending on the final date of the Offer Certain Funds Period and (b) in the case of each Scheme Loan, the period commencing on the Effective Date and ending on the final date of the Scheme Certain Funds Period.

"Average Life" means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing (a) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by (b) the sum of all such payments.

"Bank Facility" means the Second Amended and Restated Loan and Security Agreement, by and among the Company, Equinix Operating Co. Inc. the lenders party thereto in their capacities as lenders thereunder and Silicon Valley Bank, as administrative agent, together with the related documents thereto (including, without limitation, any guarantee agreements and security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including one or more credit agreements, loan agreements or similar agreements (but excluding debt securities) extending the maturity of, refinancing, replacing or otherwise restructuring (including increasing the amount of available borrowings thereunder or adding Restricted Subsidiaries of the Company as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or agreements or any successor or replacement agreement or agreements and whether by the same or any other agent, lender or group of lenders.

"Bankruptcy Law" means Title 11 of the United States Code entitled "Bankruptcy", as now and hereafter in effect, or any successor statute or any other United States federal, state or local law or the law of any other jurisdiction relating to bankruptcy, insolvency, winding up, liquidation, reorganization or relief of debtors, whether in effect on the date hereof or hereafter.

"Bankruptcy Order" means any court order made in a proceeding pursuant to or within the meaning of any Bankruptcy Law, containing an adjudication of bankruptcy or insolvency, or providing for liquidation, winding up, dissolution or reorganization, or appointing a custodian of a debtor or of all or any substantial part of a debtor's property, or providing for the staying, arrangement, adjustment or composition of indebtedness or other relief of a debtor.

"Bidco" means Equinix (UK) Limited, a Wholly Owned Restricted Subsidiary of the Company formed under the laws of England and Wales.

"Board of Directors" means, as to any Person, the board of directors (or similar governing body) of such Person or any duly authorized committee thereof.

"Board Resolution" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Agent.

"Bridge Loan" means, collectively, the loans made by the Lenders pursuant to Section 2.1(a) consisting of Offer Loans or Scheme Loans

"Bridge Loan Commitment" means the commitment of the Lenders to make the Bridge Loan as set forth in Section 2.1(a) consisting of the Offer Commitments and the Scheme Commitments.

"Bridge Notes" has the meaning ascribed to such term in Section 2.1(d) and attached as Exhibit I.

"Business Day" means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of New York, New York or is a day on which banking institutions therein located are authorized or required by law or other governmental action to close; *provided*, *however*, that when used in connection with LIBOR Rate, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Stock" means: (a) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person, and all options, warrants or other rights to purchase or acquire any of the foregoing; and (b) with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests of such Person, and all options, warrants or other rights to purchase or acquire any of the foregoing.

"Capitalized Lease Obligations" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP and, for purposes of this definition, the amount of such obligations at any date shall be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

"Cash Equivalents" means:

(a) debt securities denominated in euro, pounds sterling or U.S. dollars to be issued or directly and fully guaranteed or insured by the government of a Participating Member State, the U.K. or the U.S., as applicable, where the debt securities have not more than twelve months to final maturity and are not convertible into any other form of security;

(b) commercial paper denominated in euro, pounds sterling or U.S. dollars maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least P1 from Moody's and A1 from Standard & Poor's;

(c) certificates of deposit denominated in euro, pounds sterling or U.S. dollars having not more than twelve months to maturity issued by a bank or financial institution incorporated or having a branch in a Participating Member State in the United Kingdom or the United States, provided that the bank is rated P1 by Moody's or A1 by Standard & Poor's;

(d) any cash deposit denominated in euro, pounds sterling or U.S. dollars with any commercial bank or other financial institution, in each case whose long term unsecured, unsubordinated debt rating is at least Aa3 by Moody's or AA by Standard & Poor's;

(e) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (a) above entered into with any bank or financial institution meeting the qualifications specified in clause (d) above; and

(f) investments in money market funds which invest substantially all their assets in securities of the types described in clauses (a) through (e) above.

"Certain Funds Period" means the Scheme Certain Funds Period or, after an Election has occurred, the Offer Certain Funds Period.

"Change of Control" means the occurrence of one or more of the following events:

(a) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to any Person or group of related Persons for purposes of Section 13(d) of the Exchange Act (a "Group"), together with any Affiliates thereof (whether or not otherwise in compliance with the provisions of this Agreement);

(b) the approval by the holders of Capital Stock of the Company of any plan or proposal for the liquidation or dissolution of the Company (whether or not otherwise in compliance with the provisions of this Agreement);

(c) any Person or Group shall become the owner, directly or indirectly, beneficially or of record, of shares representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding Capital Stock of the Company; or

(d) the replacement of a majority of the Board of Directors of the Company over a two-year period from the directors who constituted the Board of Directors of the Company at the beginning of such period, and such replacement shall not have been approved by a vote of at least a majority of the Board of Directors of the Company, then still in office who either were members of such Board of Directors at the beginning of such period or whose election as a member of such Board of Directors was previously so approved.

"Change of Control Date" has the meaning ascribed to such term in Section 2.5(a)(4).

"Change of Control Offer" has the meaning ascribed to such term in Section 2.5(a)(4).

"Closing Date" means the date on which the Bridge Loans are made in accordance with this Agreement.

"Commission" means the Securities and Exchange Commission.

"Common Stock" of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock, whether outstanding on the Closing Date or issued after the Closing Date, and includes, without limitation, all series and classes of such common stock.

"Companies Act 1985" means the Companies Act 1985 of England and Wales, as amended.

"Companies Act 2006" means the Companies Act 2006 of England and Wales, as amended.

"Companies House" means the Companies House, an executive agency of the UK Department of Trade and Industry.

"Company" has the meaning ascribed to such term in the introduction to this Agreement.

"Completion" means the completion of the acquisition of 100% of the Capital Stock of the Target.

"Completion Date" means the date on which Completion occurs.

"Compulsory Acquisition Procedures" means the procedures set out for the compulsory acquisition of minority shares in Chapter 3 of Part 28 to the Companies Act 2006.

"Consolidated Depreciation, Amortization and Accretion Expense" means with respect to any Person for any period, the total amount of depreciation, amortization and accretion expense, including the amortization of deferred financing fees or costs of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

"Consolidated EBITDA" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period:

(a) increased (without duplication) by the following, in each case to the extent deducted in determining Consolidated Net Income for such period:

(1) provision for taxes based on income or profits or capital, including, without limitation, state, franchise and similar taxes and foreign withholding taxes (including any levy, impost, deduction, charge, rate, duty, compulsory loan or withholding which is levied or imposed by a governmental agency, and any related interest, penalty, charge, fee or other amount) of such Person paid or accrued during such period deducted (and not added back) in computing Consolidated Net Income; plus

(2) Consolidated Interest Expense of such Person for such period to the extent the same were deducted (and not added back) in calculating such Consolidated Net Income; plus

(3) Consolidated Depreciation, Amortization and Accretion Expense of such Person for such period to the extent that the same were deducted (and not added back) in computing Consolidated Net Income; plus

(4) any expenses or charges (other than depreciation or amortization expense) related to any Equity Offering or the incurrence of Indebtedness permitted

to be incurred in accordance with the Loan Documents (including a refinancing thereof) (whether or not successful), including (A) such fees, expenses or charges relating to the offering of the Demand Take-Out Notes and (B) any amendment or other modification of the Demand Take-Out Notes and, in each case, deducted (and not added back) in computing Consolidated Net Income; plus

(5) any other Non-cash Charges, including any provisions, provision increases, write-offs or write downs reducing Consolidated Net Income for such period (*provided* that if any such Non-cash Charges represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA to such extent), and excluding amortization of a prepaid cash item that was paid in a prior period; plus

(6) any costs or expense incurred by the Company or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Company or net cash proceeds of an issuance of Equity Interest of the Company (other than Disqualified Stock) solely to the extent that such net cash proceeds are excluded from the calculation set forth in paragraph (c) of Section 6.3; plus

(7) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to clause (2) below for any previous period and not added back; plus

(8) any net loss from disposed or discontinued operations; plus

(9) (i) any net unrealized loss (after any offset) resulting in such period from obligations under any Currency Agreements and the application of FASB Standard No. 139 “Financial Instruments: Recognition and Measurement”; *provided* that to the extent any such Currency Agreement relates to items included in the preparation of the income statement (as opposed to the balance sheet, as reasonably determined by the Company), the realized loss on a Currency Agreement shall be included to the extent the amount of such hedge loss was excluded in a prior period; and (ii) any net unrealized loss (after any offset) resulting in such period from (A) currency translation or exchange losses including those (x) related to currency remeasurements of Indebtedness and (y) resulting from hedge agreements for currency exchange risk and (B) changes in the fair value of Indebtedness resulting from changes in interest rates; and

(b) decreased (without duplication) by the following, in each case to the extent included in determining Consolidated Net Income for such period:

(1) non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period and any non-cash gains with respect to cash actually received in a prior period so long as such cash did not increase Consolidated EBITDA in such prior period; plus

(2) any net gain from disposed or discontinued operations; plus

(3) (i) any net unrealized gain (after any offset) resulting in such period from obligations under any Currency Agreements and the application of FASB Standard No. 139 "Financial Instruments: Recognition and Measurement"; *provided* that to the extent any such Currency Agreement relates to items included in the preparation of the income statement (as opposed to the balance sheet, as reasonably determined by the Company), the realized gain on a Currency Agreement shall be included to the extent the amount of such hedge gain was excluded in a prior period; and (ii) any net unrealized gain (after any offset) resulting in such period from (A) currency translation or exchange gains including those (x) related to currency remeasurements of Indebtedness and (y) resulting from hedge agreements for currency exchange risk and (B) changes in the fair value of Indebtedness resulting from changes in interest rates.

"Consolidated Fixed Charge Coverage Ratio" means, with respect to any Person, the ratio of Consolidated EBITDA of such Person during the four full fiscal quarters (the "Four Quarter Period") ending prior to the date of the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio for which financial statements are available (the "Transaction Date") to Consolidated Fixed Charges of such Person for the Four Quarter Period. In addition to and without limitation of the foregoing, for purposes of this definition, "Consolidated EBITDA" and "Consolidated Fixed Charges" shall be calculated after giving effect on a *pro forma* basis for the period of such calculation to:

(a) the incurrence or repayment of any Indebtedness of such Person or any of its Restricted Subsidiaries (and the application of the proceeds thereof) giving rise to the need to make such calculation and any incurrence or repayment of other Indebtedness (and the application of the proceeds thereof), other than the incurrence or repayment of Indebtedness in the ordinary course of business for working capital purposes pursuant to working capital facilities, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Transaction Date, as if such incurrence or repayment, as the case may be (and the application of the proceeds thereof), occurred on the first day of the Four Quarter Period; and

(b) any asset sales or other dispositions or Asset Acquisitions (including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of such Person or one of its Restricted Subsidiaries (including any Person who becomes a Restricted Subsidiary as a result of the Asset Acquisition) incurring, assuming or otherwise being liable for Acquired Indebtedness and also including any Consolidated

EBITDA (including any *pro forma* expense and cost reductions calculated on a basis consistent with Regulation S-X under the Exchange Act) attributable to the assets which are the subject of the Asset Acquisition or asset sale or other disposition during the Four Quarter Period) occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Transaction Date, as if such asset sale or other disposition or Asset Acquisition (including the incurrence, assumption or liability for any such Acquired Indebtedness) occurred on the first day of the Four Quarter Period. If such Person or any of its Restricted Subsidiaries directly or indirectly guarantees Indebtedness of a third Person, the preceding sentence shall give effect to the incurrence of such guaranteed Indebtedness as if such Person or any Restricted Subsidiary of such Person had directly incurred or otherwise assumed such guaranteed Indebtedness.

Furthermore, in calculating "Consolidated Fixed Charges" for purposes of determining the denominator (but not the numerator) of this "Consolidated Fixed Charge Coverage Ratio":

(a) interest on outstanding Indebtedness determined on a fluctuating basis as of the Transaction Date and which will continue to be so determined thereafter shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on the Transaction Date; and

(b) notwithstanding clause (a) above, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by agreements relating to Interest Swap Obligations, shall be deemed to accrue at the rate per annum resulting after giving effect to the operation of such agreements.

"Consolidated Fixed Charges" means, with respect to any Person for any period, the sum, without duplication, of:

(a) Consolidated Interest Expense; plus

(b) the product of (1) the amount of all dividend payments on any series of Preferred Stock of such Person and, to the extent permitted under this Agreement, its Restricted Subsidiaries (other than dividends paid in Qualified Capital Stock and other than dividends paid by a Restricted Subsidiary of such Person to such Person or to a Wholly Owned Restricted Subsidiary of such Person) paid, accrued or scheduled to be paid or accrued during such period times (2) a fraction, the numerator of which is one and the denominator of which is one minus the then current effective consolidated federal, state and local income tax rate of such Person, expressed as a decimal.

"Consolidated Interest Expense" means, with respect to any Person for any period, the sum of, without duplication:

(a) the aggregate of the interest expense of such Person and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, including without limitation: (1) any amortization of debt discount and the amortization

or write-off of deferred financing costs; (2) the net costs under Interest Swap Obligations; (3) all capitalized interest; and (4) the interest portion of any deferred payment obligation; plus

(b) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Restricted Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP; less

(c) interest income for such period.

"Consolidated Net Income" means, with respect to any Person, for any period, the aggregate net income (loss) of such Person and its Restricted Subsidiaries for such period on a consolidated basis, determined in accordance with GAAP; *provided* that there shall be excluded therefrom (without duplication):

(a) any after tax effect of extraordinary, non-recurring or unusual gains or losses (including all fees and expenses relating thereto) or expenses (including relating to the Transaction),

(b) any net after tax gains or losses on disposal of disposed, abandoned or discontinued operations shall be excluded,

(c) any after tax effect of gains or losses (including all fees and expenses relating thereto) attributable to sale, transfer, license, lease or other disposition of assets or abandonments or the sale, transfer or other disposition of any Equity Interest of any Person other than in the normal course of business shall be excluded,

(d) the net income for such period of any Person that is not a Subsidiary, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be excluded,

(e) any after tax effect of income (loss) from the early extinguishment of (1) Indebtedness, (2) obligations under any Currency Agreement or (3) other derivative instruments shall be excluded,

(f) any impairment charge or asset write off or write down, including impairment charges or asset write offs or write downs related to intangible assets, long lived assets, investments in debt and equity securities or as a result of a change in law or regulation, in each case, pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP shall be excluded,

(g) any non-cash compensation charge or expense including any such charge arising from the grants of stock appreciation or similar rights, stock options, restricted stock or other rights shall be excluded,

(h) any fees and expenses incurred during such period, or any amortization thereof for such period, in connection with any issuance or repayment of Indebtedness, issuance of Equity Interests, refinancing transaction, amendment or modification of any debt instrument shall be excluded,

(i) accruals and reserves that are established within twelve months after the Closing Date that are so required to be established as a result of the Transaction in accordance with GAAP shall be excluded to the extent included in Net Income for the period,

(j) income or loss attributable to discontinued operations (including, without limitation, operations disposed of during such period whether or not such operations were classified as discontinued), and

(k) in the case of a successor to the referent Person by consolidation or merger or as a transferee of the referent Person's assets, any earnings of the successor corporation prior to such consolidation, merger or transfer of assets.

In addition, to the extent not already included in the Consolidated Net Income of such Person and its Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, but without duplication, Consolidated Net Income shall include the amount of proceeds received from business interruption insurance and reimbursements of any expenses and charges that are covered by indemnification or other reimbursement provisions in connection with any Permitted Investment or any sale, conveyance, transfer or other disposition of assets permitted under the Loan Documents (in each case, whether or not non-recurring).

Notwithstanding the foregoing, for the purpose of Section 6.3 only (other than paragraph (c)(3)(D) of Section 6.3), there shall be excluded from Consolidated Net Income any income arising from any sale or other disposition of Investments (other than Permitted Investments) made by Company and its Restricted Subsidiaries, any repurchases and redemptions of Investments (other than Permitted Investments) from the Company and its Restricted Subsidiaries, any repayments of loans and advances which constitute Investments (other than Permitted Investments) by the Company or any of its Restricted Subsidiaries, any sale of the stock of an Unrestricted Subsidiary or any distribution or dividend from an Unrestricted Subsidiary, in each case only to the extent such amounts increase the amount of Restricted Payments permitted under paragraph (c)(3)(D) of Section 6.3.

"Consolidated Non-cash Charges" means, with respect to any Person, for any period, the aggregate depreciation, amortization and other non-cash expenses of such Person and its Restricted Subsidiaries reducing Consolidated Net Income of such Person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP (excluding any such charges constituting an extraordinary item or loss or any such charge which requires an accrual of or a reserve for cash charges for any future period).

"Conversion Date" means the one year anniversary of the Closing Date.

"Court Order" means an order of an English court of competent jurisdiction sanctioning the Scheme under Section 425 of the Companies Act 1985 and, if applicable, confirming the reduction of share capital of Target under Section 138 of the Companies Act 1985.

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement designed to protect the Company or any Restricted Subsidiary of the Company against fluctuations in currency values.

"Custodian" means any receiver, interim receiver, receiver and manager, trustee, assignee, liquidator, sequestrator or similar official charged with maintaining possession or control over property for one or more creditors, whether under any Bankruptcy Law or otherwise.

"Default" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"Demand Take-Out Notes" means securities of the Company issued pursuant to Section 5.9, the proceeds of which shall be used to repay the Bridge Notes in whole or in part, which Demand Take-Out Notes shall be guaranteed by each entity that guarantees the Bridge Loan.

"Description of Senior Notes" means the description of notes attached hereto as Exhibit IV.

"Disqualified Capital Stock" means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event (other than an event which would constitute a change of control or an asset sale), matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof (except, in each case, upon the occurrence of a change of control or an asset sale) on or prior to the final maturity date of the Term Loans.

"Dollars" or the sign "$" means the lawful money of the United States of America.

"Domestic Restricted Subsidiary" means a Restricted Subsidiary incorporated or otherwise organized or existing under the laws of the United States, any state thereof or any territory or possession of the United States.

"Effective Date" means the date on which the conditions specified in Section 3.1 are satisfied (or waived in accordance with Section 10.6).

"Election" means an election made by Bidco (and notified in writing to the Agent) to undertake the Acquisition by way of the Offer rather than pursuant to the Scheme.

"Eligible Assignee" means (a) (1) a commercial bank organized under the laws of the United States of America or any state thereof; (2) a savings and loan association or savings

bank organized under the laws of the United States or any state thereof; (3) a commercial bank organized under the laws of any other country or a political subdivision thereof; *provided* that (A) such bank is acting through a branch or agency located in the United States or (B) such bank is organized under the laws of a country that is a member of the Organization for Economic Cooperation and Development or a political subdivision of such country; and (4) any other entity which is an "accredited investor" (as defined in Regulation D under the Securities Act of 1933) which extends credit or buys loans as one of its businesses including, but not limited to, insurance companies, mutual funds and lease financing companies, in each case (under clauses (1) through (4) above) that is reasonably acceptable to Agent; and (b) any Lender and any Affiliate of any Lender.

"Engagement Letter" means the engagement letter between Citigroup Global Markets Inc and the Company dated the date hereof.

"Employee Benefit Plan" means any "employee benefit plan" as defined in Section 3(3) of ERISA (a) which is, or, at any time within the five calendar years immediately preceding the date hereof, was at any time, maintained or contributed to by any of the Company or its Subsidiaries or any of their respective ERISA Affiliates or (b) with respect to which the Company or any of its Subsidiaries retains any liability, including any potential joint and several liability as a result of an affiliation with an ERISA Affiliate or a party that would be an ERISA Affiliate except for the fact the affiliation ceased more than five calendar years prior to the date hereof.

"Environmental Claim" means any accusation, allegation, notice of violation, claim, demand, abatement order or other order or directive (conditional or otherwise) by any governmental authority or any Person for any response or corrective action, any damage, including, without limitation, personal injury (including sickness, disease or death), tangible or intangible property damage, contribution, indemnity, indirect or consequential damages, damage to the environment, nuisance, pollution, contamination or other adverse effects on the environment, or for fines, penalties or restrictions, in each case arising under any Environmental Law, including without limitation, relating to, resulting from or in connection with Hazardous Materials and relating to the Company, any of its Subsidiaries or any of their respective properties or predecessors in interest.

"Environmental Laws" means the common law and all statutes, ordinances, orders, rules, regulations, judgments, orders or decrees relating to (a) pollution and protection of the environment (b) the Release or threatened Release of Hazardous Materials, (c) the generation, use, storage, transportation, treatment or disposal of Hazardous Materials, or (d) occupational safety and health, industrial hygiene, land use or the protection of human, plant or animal health or welfare, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601 et seq.) ("CERCLA"), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. § 136 et seq.), the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.) and the Emergency Planning

and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.), each as amended or supplemented, and any analogous future or present statutes and regulations promulgated pursuant thereto, each as in effect as of the date of determination.

"Environmental Lien" means a Lien in favor of a Tribunal or other Person (a) for any liability under an Environmental Law or (b) for damages arising from or costs incurred by such Tribunal or other Person in response to a release or threatened release of hazardous or toxic waste, substance or constituent into the environment.

"Environmental Permit" means any permit, license, order, approval or other authorization under any Environmental Law.

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

"Equity Offering" means any public or private sale of Common Stock or Preferred Stock of the Company (excluding Disqualified Stock), other than:

(a) public offerings with respect to the Company's or any direct or indirect parent company's common stock registered on Form S-4 or Form S-8 (or similar forms under non-U.S. law);

(b) issuances to any Subsidiary of the Company;

(c) issuances pursuant to the exercise of options or warrants outstanding on the date hereof;

(d) issuances upon conversion of securities convertible into Common Stock outstanding on the date hereof;

(e) issuances in connection with an acquisition of property in a transaction entered into on an arm's-length basis; and

(f) issuances pursuant to employee stock plans.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute.

"ERISA Affiliate", as applied to any Person, means (a) any corporation which is, or was at any time within the five calendar years immediately preceding the date hereof, a member of a controlled group of corporations within the meaning of Section 414(b) of the Internal Revenue Code of which that Person is, or was at any time within the five calendar years immediately preceding the date hereof, a member; (b) any trade or business (whether or not incorporated) which is, or was at any time within the five calendar years immediately preceding the date hereof, a member of a group of trades or businesses under common control within the meaning of Section 414(c) of the Internal Revenue Code of which that Person is, or was at any time

within the five calendar years immediately preceding the date hereof, a member; and (c) with respect to provisions relating to Section 412 of the Internal Revenue Code, any member of an affiliated service group within the meaning of Section 414(m) or (o) of the Internal Revenue Code of which that Person, any corporation described in clause (a) above or any trade or business described in clause (b) above is, or was at any time within the five calendar years immediately preceding the date hereof, a member.

"ERISA Event" means (a) a "Reportable Event" with respect to any Pension Plan; (b) the failure to meet the minimum funding standard of Section 412 of the Internal Revenue Code with respect to any Pension Plan (whether or not waived in accordance with Section 412(d) of the Internal Revenue Code) or the failure to make by its due date a required installment under Section 412(m) of the Internal Revenue Code with respect to any Pension Plan or the failure to make any required contribution to a Multiemployer Plan; (c) the provision by the administrator of any Pension Plan pursuant to Section 4041(a)(2) of ERISA of a notice of intent to terminate such plan in a distress termination described in Section 4041(c) of ERISA; (d) the withdrawal by any of the Company or its Subsidiaries or any of their respective ERISA Affiliates from any Pension Plan with two or more contributing sponsors or the termination of any such Pension Plan resulting in liability pursuant to Sections 4063 or 4064 of ERISA; (e) the institution by the PBGC of proceedings to terminate any Pension Plan, or the occurrence of any event or condition which might reasonably be expected to constitute grounds under ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (f) the imposition of liability on any of the Company or its Subsidiaries or any of their respective ERISA Affiliates pursuant to Section 4062(e) or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA; (g) the withdrawal by any of the Company or its Subsidiaries or any of their respective ERISA Affiliates in a complete or partial withdrawal (within the meaning of Sections 4203 and 4205 of ERISA) from any Multiemployer Plan if there is any potential liability therefor, or the receipt by any of the Company or its Subsidiaries or any of their respective ERISA Affiliates of notice from any Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA, or that it intends to terminate or has terminated under Section 4041A or 4042 of ERISA; (h) receipt from the Internal Revenue Service of notice of the failure of any Pension Plan (or any other Employee Benefit Plan intended to be qualified under Section 401(a) of the Internal Revenue Code) to qualify under Section 401(a) of the Internal Revenue Code, or the failure of any trust forming part of any Pension Plan to qualify for exemption from taxation under Section 501(a) of the Internal Revenue Code; or (i) the imposition of a Lien pursuant to Section 302(f) of ERISA with respect to any Pension Plan.

"Event of Default" means each of the events set forth in Section 7.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor statute.

"Exchange Notes" has the meaning ascribed to it in Section 5.10(b).

"Exchange Request" has the meaning ascribed to it in Section 5.10.

"fair market value" means, with respect to any asset or property, the price which could be negotiated in an arm's-length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair market value shall be determined by the Board of Directors of the Company or any duly appointed officer of the Company or a Restricted Subsidiary, as applicable, acting reasonably and in good faith and, in respect of any asset or property with a fair market value in excess of $10.0 million, shall be determined by the Board of Directors of the Company and shall be evidenced by a Board Resolution of the Board of Directors of the Company delivered to the Agent.

"Fee Letter" means the fee letter between Citigroup Global Markets Inc. and the Company dated the date hereof.

"Filing Date" means the date on which an office copy of the Court Order is filed at the Companies House.

"Financial Officer" for any Person means the chief financial officer, treasurer or senior financial officer of such Person, as applicable.

"Fixed Rate" means, with respect to any Loans, a rate of interest equal to the Applicable Rate plus the Applicable Spread then in effect on the applicable date as provided in Section 2.3(a)(2).

"Fixed Rate Loans" means Loans described in Section 2.3(a)(2).

"Floating Rate Loans" means Loans described in Section 2.3(a)(1).

"Funding Guarantor" shall have the meaning provided in Section 9.6.

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

"Guarantee" means, collectively, the guarantees delivered to the Lenders by the Guarantors pursuant to Section 9 that are evidenced by signatures hereto or a guarantee substantially in the form of Exhibit VII annexed hereto.

"Guarantor" means (a) as of the Effective Date, Equinix Operating Co., Inc. and (b) after the Effective Date, Equinix Operating Co., Inc. and each of the Company's Domestic Restricted Subsidiaries that in the future executes a Guarantee pursuant to which such Restricted Subsidiary agrees to be bound by the terms of this Agreement as a Guarantor; *provided* that any Person constituting a Guarantor as described above shall cease to constitute a Guarantor when its respective Guarantee is released in accordance with the terms of this Agreement.

"Hazardous Materials" means (a) any chemical, material or substance at any time defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," "infectious waste," "toxic substances" or any other formulations intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, "TCLP toxicity" or "EP toxicity" or words of similar import under any applicable Environmental Laws or publications promulgated pursuant thereto; (b) any oil, petroleum, petroleum fraction or petroleum derived substance; (c) any drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal resources; (d) any flammable substances or explosives; (e) any radioactive materials; (f) asbestos in any form; (g) urea formaldehyde foam insulation; (h) electrical equipment which contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty parts per million; (i) pesticides; and (j) any other chemical, material, substance, pollutant or contaminant in any form regulated, or which can give rise to liability, under any Environmental Law.

"Indebtedness" means with respect to any Person, without duplication:

(a) all Obligations of such Person for borrowed money;

(b) all Obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) all Capitalized Lease Obligations of such Person;

(d) all Obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all Obligations under any title retention agreement (but excluding (1) trade accounts payable and other accrued liabilities arising in the ordinary course of business that are not overdue by 120 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and (2) any earn-out obligation until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP;

(e) all Obligations for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction;

(f) guarantees and other contingent obligations in respect of Indebtedness referred to in clauses (a) through (e) above and clause (h) below;

(g) all Obligations of any other Person of the type referred to in clauses (a) through (f) which are secured by any lien on any property or asset of such Person, the amount of such Obligation being deemed to be the lesser of the fair market value of such property or asset or the amount of the Obligation so secured;

(h) all Obligations under currency agreements and interest swap agreements of such Person; and

(i) all Disqualified Capital Stock issued by such Person or Preferred Stock issued by such Person's non-Domestic Restricted Subsidiaries which are not Guarantors with the amount of Indebtedness represented by such Disqualified Capital Stock or Preferred Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any.

For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Agreement, and if such price is based upon, or measured by, the fair market value of such Disqualified Capital Stock, such fair market value shall be determined reasonably and in good faith by the Board of Directors of the issuer of such Disqualified Capital Stock.

"indemnified liabilities" has the meaning ascribed to such term in Section 10.4.

"Indemnitees" has the meaning ascribed to such term in Section 10.4.

"Interest Period" means (a) with respect to any Loan (other than a Fixed Rate Loan), a three-month period (or such shorter period as may be acceptable to the Lenders) and (b) with respect to any Fixed Rate Loan, a six-month period.

"Interest Rate Determination Date" means, with respect to any Interest Period, the second Business Day on which banks in New York and London are open prior to the first Business Day of such Interest Period.

"Interest Swap Obligations" means the obligations of any Person pursuant to any arrangement with any other Person, whereby, directly or indirectly, such Person is entitled to receive from time to time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such other Person calculated by applying a fixed or a floating rate of interest on the same notional amount and shall include, without limitation, interest rate swaps, caps, floors, collars and similar agreements.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor code or statute.

"Investment" means, with respect to any Person, any direct or indirect loan or other extension of credit (including, without limitation, a guarantee) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other Person. "Investment" shall exclude extensions of trade credit by the Company and its Restricted Subsidiaries on commercially reasonable terms in accordance with normal trade practices of the Company or such Restricted Subsidiary, as the case may be, and, in the case of the Company and its Restricted Subsidiaries, intercompany loans, advances or Indebtedness having a term not exceeding 364 days and made in the ordinary course of business consistent with past

practice. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Common Stock of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Company, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Common Stock of such Restricted Subsidiary not sold or disposed of. The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced by any dividend, distribution, interest payment, return of capital, repayment or other amount received in cash by the Company or a Restricted Subsidiary in respect of such Investment.

"Laws" means all applicable statutes, laws, ordinances, regulations, rules, orders, judgments, writs, injunctions or decrees of any state, commonwealth, nation, territory, possession, province, county, parish, town, township, village, municipality or Tribunal, and "Law" means each of the foregoing.

"Lenders" has the meaning ascribed to that term in the introduction to this Agreement and shall include any assignee of any Loan, Note or Loan Commitment to the extent of such assignment.

"LIBOR Rate" means the rate per annum determined by the Agent to be the arithmetic mean of the offered rates for deposits in dollars with a term comparable to such Interest Period (or such shorter period as may be acceptable to the Lenders) that appears on the Telerate British Bankers Assoc. Interest Settlement Rates Page (as defined below) at approximately 11:00 a.m., London, England time, on the second full Business Day preceding the first day of such Interest Period; *provided*, *however*, that (a) if no comparable term for an Interest Period is available, the LIBOR Rate shall be determined using the weighted average of the offered rates for the two terms most nearly corresponding to such Interest Period and (b) if there shall at any time no longer exist a Telerate British Bankers Assoc. Interest Settlement Rates Page, "LIBOR Rate" shall mean, with respect to each day during each Interest Period the rate per annum equal to the rate at which the Agent is offered deposits in dollars at approximately 11:00 a.m., London, England time, two Business Days prior to the first day of such Interest Period in the London interbank market for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to its portion of the amount to be outstanding during such Interest Period. "Telerate British Bankers Assoc. Interest Settlement Rates Page" shall mean the display designated as Page 3750 on the Telerate System Incorporated Service (or such other page as may replace such page on such service for the purpose of displaying the rates at which dollar deposits are offered by leading banks in the London interbank deposit market).

"Lien" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest).

"Litigation" means any action, suit, proceeding, claim, lawsuit and/or investigation conducted or threatened by or before any Tribunal.

"Loan Commitment" means the Bridge Loan Commitment and the Term Loan Commitment.

"Loan Documents" means this Agreement, the Bridge Notes, the Term Notes, the Guarantees, the Senior Indenture, the Exchange Notes and the Registration Rights Agreement.

"Loans" means the Bridge Loan and the Term Loan as each may be outstanding.

"Major Covenant" means the covenants set forth in Sections 6.1 and 6.2 (except insofar as each such covenant may apply to or constitute a procurement covenant relating to the Acquired Business) and the covenant set forth in Section 6.5(a) insofar as each such covenant applies to Company, Bidco or any Material Subsidiary (except insofar as such covenant may apply to or constitute a procurement covenant relating to the Acquired Business).

"Major Default" means any of the following events occurs, whether or not caused by any reason outside the control of the Company or any Guarantor:

(a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed (other than by a Lender) seeking (1) liquidation, reorganization, administration or other relief in respect of the Company, Bidco or any Material Subsidiary (other than the Acquired Business) or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (2) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company, Bidco or any Material Subsidiary (other than the Acquired Business) or for a substantial part of its assets, and, in any such case, such proceeding or petition (A) shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered or (B) is not frivolous or vexatious;

(b) the Company, Bidco or any Material Subsidiary (other than the Acquired Business) shall (1) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization, administration or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (2) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (a) of this definition, (3) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company, Bidco or any Material Subsidiary (other than the Acquired Business) or for a substantial part of its assets, (4) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (5) make a general assignment for the benefit of creditors or (6) take any action for the purpose of effecting any of the foregoing;

(c) the Company, Bidco or any Material Subsidiary (other than the Acquired Business) shall generally not pay its debts as they become due or shall admit in writing its inability or failure to pay its debts as they become due;

(d) it becomes unlawful to make or fund, or to have any commitment to make or fund, the Loans; or

(e) the Company cancels, rescinds or purports to rescind this Agreement or the Company or any Guarantor initiates a proceeding seeking to establish the invalidity or unenforceability thereof (exclusive of questions of interpretation of any provision thereof), or the Company or any Guarantor shall repudiate or deny any portion of its liability or obligation for the Loans.

"Major Representation" means each of the representations and warranties set forth in Section 4.1 (a), Section 4.2 and Section 4.3(a)(2) and Section 4.3(a)(3) (solely with respect to material debt instruments and indentures or similar agreements pursuant to which such debt instruments are issued), in each case, insofar as they relate to the Company or Bidco.

"Margin Stock" has the meaning assigned to that term in Regulation U and Regulation G of the Board of Governors of the Federal Reserve System as in effect from time to time.

"Material Adverse Effect" means a material adverse effect upon (a) the business, results of operations, properties or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company or its Subsidiaries taken as a whole to perform its or their respective material obligations under the Loan Documents to which it is a party or (c) the validity or enforceability against the Company or any of its Subsidiaries of any of the Loan Documents or any of the material rights or remedies of the Agent or the Lenders thereunder.

"Material Subsidiary" means a "significant subsidiary" as defined in Rule 1.02(w) of Regulation S-X promulgated under the Securities Act.

"Multiemployer Plan" means a Pension Plan which is a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA.

"Net Cash Proceeds" means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents (other than the portion of any such deferred payment constituting interest) received by the Company or any of its Restricted Subsidiaries from such Asset Sale net of:

(a) reasonable out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions);

(b) taxes paid or payable after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements;

(c) repayment of Indebtedness (other than Indebtedness under the Bank Facility or the Target Facility) that is secured by the property or assets that are the subject of such Asset Sale; and

(d) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale.

"Net Income" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends or distributions.

"Non-cash Charges" means, with respect to any Person, (a) losses on asset sales, disposals or abandonments, (b) any impairment charge or asset write-off related to intangible assets, long-lived assets, and investments in debt and equity securities pursuant to GAAP, (c) all losses from investments recorded using the equity method, (d) stock-based awards compensation expense, and (e) other non-cash charges (*provided* that if any non-cash charges referred to in this clause (e) represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period).

"Notes" means, collectively, the Bridge Notes and the Term Notes.

"Notice of Borrowing" means a notice substantially in the form of Exhibit III annexed hereto with respect to a proposed borrowing.

"Obligations" means all obligations for principal, premium, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Offer" means (a) the offer made or to be made on behalf of Bidco, to acquire all the issued and outstanding Target Shares, excluding any Open Market Shares, as such offer may be amended, supplemented or otherwise modified in accordance with the terms of this Agreement and (b) if the context requires, the acquisition of Target Shares pursuant to Compulsory Acquisition Procedures.

"Offer Announcement Date" means the date on which the Offer Press Release is issued.

"Offer Certain Funds Period" means the period from and including the Offer Announcement Date and to and including the earliest of:

(a) the date which is five months after the date on which the Offer Document is first posted if Bidco has not become entitled to initiate the Compulsory Acquisition Procedures in respect of the Target Shares of the shareholders of the Target who have not accepted the Offer;

(b) if, on or prior to the date which is five months after the date on which the Offer Document is first posted, Bidco becomes entitled to initiate the Compulsory Acquisition Procedures, the date which is the later of (1) the first Business Day after the expiry of seven weeks after the date Bidco becomes entitled to initiate the Compulsory Acquisition Procedures in respect of the Target Shares of the shareholders of the Target who have not accepted the Offer; (2) if an application to court is made under Section 986 of the Companies Act 2006, the first Business Day after the last day on which that application was disposed of; and (3) 15 days after the Offer is closed; and

(c) the date on which any Offer Mandatory Cancellation Event occurs.

"Offer Commitment" means, with respect to each Lender, the commitment of such Lender to make an Offer Loan in an amount not to exceed the amount set forth under the heading "Term Commitment—Offer Commitment" opposite such Lender's name on Schedule 1.1. The initial aggregate amount of the Lenders' Offer Commitments is $500.0 million.

"Offer Conditions Precedent" mean the conditions listed in Appendix I to the Offer Document.

"Offer Covenants" means the covenants set forth in paragraphs (a), (b), (c), (e) and (f) of Section 5.16 to the extent the breach of such covenants is materially prejudicial to the Lenders.

"Offer Document" means the document containing the Offer posted to shareholders of Target.

"Offer Loan" means any Loan the purpose of which is to finance, directly or indirectly, the cash consideration for the Target Shares purchased pursuant to the Offer (including any Target Shares acquired pursuant to the Compulsory Acquisition Procedures).

"Offer Mandatory Cancellation Event" means the occurrence of any of the following:

(a) the Offer lapses or is withdrawn; or

(b) the Offer Document is not posted within 28 days following the date of issue of the Offer Press Release (or such longer time period as the Required Lenders and the Takeover Panel may agree); or

(c) if the Competition Commission initiates proceedings under Article 6(1)(c) of Council Regulation (EC) 139/2004 or the Offer is referred to the Competition Commission, in either case before 1:00 p.m. on the first closing date of the Offer or the Unconditional Date, whichever is later; or

(d) the Unconditional Date does not occur within 180 days after the date of this Agreement.

"Offer Payment Date" has the meaning ascribed to such term in Section 2.5(a)(4).

"Offer Press Release" means the press release made by or on behalf of Bidco announcing the terms of the Offer.

"Officer" means the Chairman of the Board, the President, any Vice President, the Chief Financial Officer, the Controller, the Treasurer or the Secretary of the Company.

"Officers' Certificate" means, as applied to any corporation, a certificate executed on behalf of such corporation by two Officers; *provided*, *however*, that every Officers' Certificate with respect to the compliance with a condition precedent to the making of the Loans hereunder shall include (a) a statement that the officer or officers making or giving such Officers' Certificate have read such condition and any definitions or other provisions contained in this Agreement relating thereto, (b) a statement that, in the opinion of the signers, they have made or have caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such condition has been complied with, and (iii) a statement as to whether, in the opinion of the signers, such condition has been complied with.

"Open Market Shares" means the Target Shares purchased by Bidco (or any Affiliate thereof) in the open market prior to the Unconditional Date.

"Other Taxes" has the meaning ascribed to such term in Section 10.19.

"Participating Member State" means each state, so described in any European Monetary Union legislation, which was a participating member state on December 31, 2003.

"Payment Office" shall mean the office of the Agent located at 2 Penns Way, Suite 100, New Castle, Delaware 19720 or such other office as the Agent may designate to the Company and the Lenders from time to time.

"PBGC" means the Pension Benefit Guaranty Corporation, and any successor to all or any of the Pension Benefit Guaranty Corporation's functions under ERISA.

"Pension Plan" means an employee pension benefit plan as defined in Section 3(2) of ERISA which is subject to the provisions of Title IV of ERISA and which is maintained for employees of the Company or any Subsidiary of the Company.

"Permits" has the meaning ascribed to such term in Section 4.18.

"Permitted Indebtedness" means, without duplication, each of the following:

(a) Indebtedness under the Bridge Loans issued on the Closing Date in an aggregate principal amount not to exceed $500.0 million, this Agreement and the Guarantees and any Term Loans or Exchange Notes issued in exchange therefor pursuant to the terms of this Agreement;

(b) Indebtedness incurred pursuant to the Bank Facility in an aggregate principal amount at any time outstanding not to exceed $75.0 million, less:

(i) the amount of all payments actually made by the Company thereunder in respect of Indebtedness thereunder with Net Cash Proceeds from Asset Sales pursuant to Section 2.5(a) and 6.9 (excluding any such payments to the extent refinanced at the time of payment under a replaced Bank Facility); and

(ii) reduced by any required permanent repayments actually made (which are accompanied by a corresponding permanent commitment reduction) thereunder;

(c) other Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Closing Date and listed on Schedule 6.1, reduced by the amount of any scheduled amortization payments, mandatory prepayments when actually paid, conversions or permanent reductions thereon; *provided, however*, that the principal amount of Indebtedness under the Loan and Security Agreement and Note between Equinix RP II, LLC and SFT I, Inc. dated December 21, 2005 may be increased by up to $50.0 million;

(d) Interest Swap Obligations of the Company or any Restricted Subsidiary of the Company covering Indebtedness of the Company or any of its Restricted Subsidiaries; *provided*, *however*, that such Interest Swap Obligations are entered into to protect the Company and its Restricted Subsidiaries from fluctuations in interest rates on its outstanding Indebtedness to the extent the notional principal amount of such Interest Swap Obligation does not, at the time of the incurrence thereof, exceed the principal amount of the Indebtedness to which such Interest Swap Obligation relates;

(e) Indebtedness under Currency Agreements; *provided* that in the case of Currency Agreements which relate to Indebtedness, such Currency Agreements do not increase the Indebtedness of the Company and its Restricted Subsidiaries outstanding other than as a result of fluctuations in foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;

(f) Indebtedness of a Restricted Subsidiary of the Company to the Company or to a Wholly Owned Restricted Subsidiary of the Company for so long as such Indebtedness is held by the Company or a Wholly Owned Restricted Subsidiary of the Company or the holder of a Lien permitted under this Agreement, in each case subject to no Lien held by a Person other than the Company or a Wholly Owned Restricted Subsidiary of the Company or the holder of a Lien permitted under this Agreement; *provided* that if as of any date any Person other than the Company or a Wholly Owned Restricted Subsidiary of the Company or the holder of a Lien permitted under this Agreement owns or

holds any such Indebtedness or holds a Lien in respect of such Indebtedness, such date shall be deemed the incurrence of Indebtedness not constituting Permitted Indebtedness under this clause (f) by the issuer of such Indebtedness;

(g) Indebtedness of the Company to a Wholly Owned Restricted Subsidiary of the Company for so long as such Indebtedness is held by a Wholly Owned Restricted Subsidiary of the Company or the holder of a Lien permitted under this Agreement, in each case subject to no Lien other than a Lien permitted under this Agreement; *provided* that (1) any Indebtedness of the Company to any Wholly Owned Restricted Subsidiary of the Company that is not a Guarantor is unsecured and subordinated, pursuant to a written agreement, to the Company's obligations under this Agreement and the Notes and (2) if as of any date any Person other than a Wholly Owned Restricted Subsidiary of the Company or the holder of a Lien permitted under this Agreement owns or holds any such Indebtedness or any Person holds a Lien in respect of such Indebtedness, such date shall be deemed the incurrence of Indebtedness not constituting Permitted Indebtedness under this clause (g) by the Company;

(h) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within five business days of incurrence;

(i) Indebtedness of the Company or any of its Restricted Subsidiaries in respect of performance bonds, bankers' acceptances, workers' compensation claims, surety or appeal bonds, payment obligations in connection with self-insurance or similar obligations, and bank overdrafts (and letters of credit in respect thereof) in the ordinary course of business;

(j) Indebtedness represented by Capitalized Lease Obligations and Purchase Money Indebtedness of the Company and its Restricted Subsidiaries incurred in the ordinary course of business not to exceed (together with any Refinancing Indebtedness with respect thereto) $10.0 million at any time outstanding;

(k) Refinancing Indebtedness;

(l) Indebtedness of the Company or any Restricted Subsidiary consisting of "earn-out" obligations, guarantees, indemnities or obligations in respect of purchase price adjustments in connection with the acquisition or disposition of assets (including Capital Stock);

(m) Indebtedness of the Acquired Business incurred pursuant to the Target Facility in an aggregate principal amount at any time not to exceed £82.0 million, less:

(1) the amount of all payments actually made by the Company thereunder in respect of Indebtedness thereunder with Net Cash Proceeds from Asset Sales pursuant to Section 2.5(a) and 6.9 (excluding any such payments to the extent refinanced at the time of payment under a replaced Target Facility); and

(2) reduced by any required permanent repayments (which are accompanied by a corresponding permanent commitment reduction) thereunder;

(n) Indebtedness incurred by the Company or any of the Restricted Subsidiaries in respect of letters of credit, bank guarantees, bankers' acceptances or similar instruments issued or created in the ordinary course of business, including in respect of workers' compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to reimbursement-type obligations regarding workers' compensation claims; *provided* that any reimbursement obligations in respect thereof are reimbursed within 30 days following the incurrence thereof;

(o) Indebtedness in respect of Sale and Leaseback Transactions in an amount not to exceed $50.0 million in aggregate;

(p) Indebtedness of Restricted Subsidiaries in Japan, Singapore and Australia in an amount not to exceed $60.0 million and guarantees in respect thereof by the Company; and

(q) additional Indebtedness of the Company and its Restricted Subsidiaries in an aggregate principal amount (or accreted value) not to exceed $25.0 million at any one time outstanding (which amounts may, but need not, be incurred in whole or in part under the Bank Facility).

For purposes of determining compliance with Section 6.1, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clauses (a) through (q) above or, after the Conversion Date is entitled to be incurred pursuant to the Consolidated Fixed Charge Coverage Ratio provisions of Section 6.1(b), the Company shall, in its sole discretion, classify (or later reclassify) such item of Indebtedness in any manner that complies with Section 6.1; *provided* that all Indebtedness outstanding under the Bank Facility up to the maximum amount permitted under clause (b) above shall be deemed to have been incurred pursuant to clause (b). Accrual of interest, accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Capital Stock in the form of additional shares of the same class of Disqualified Capital Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock of a Restricted Subsidiary or Disqualified Capital Stock, as applicable, for purposes of Section 6.1.

"Permitted Investment" means:

(a) Investments by the Company or any Restricted Subsidiary of the Company in any Person that is or will become immediately after such Investment a Wholly-Owned Restricted Subsidiary of the Company or that will merge or consolidate into the Company or a Wholly-Owned Restricted Subsidiary of the Company;

(b) Investments in the Company by any Restricted Subsidiary of the Company; *provided* that any Indebtedness evidencing such Investment and held by a Restricted Subsidiary that is not a Wholly-Owned Restricted Subsidiary that is a Guarantor is unsecured and subordinated, pursuant to a written agreement, to the Company's obligations under the Notes and this Agreement;

(c) investments in cash and Cash Equivalents and Investments permitted by the investment policy adopted by the Company's Board of Directors, a true and correct copy of which has been provided to the Agent;

(d) loans and advances to employees, directors and officers of the Company and its Restricted Subsidiaries in the ordinary course of business for bona fide business purposes not in excess of $5.0 million at any one time outstanding;

(e) Currency Agreements and Interest Swap Obligations entered into in the ordinary course of the Company's or its Restricted Subsidiaries' businesses and otherwise in compliance with this Agreement;

(f) additional Investments (other than any Investments in any direct or indirect parent company of the Company) not to exceed $10.0 million at any one time outstanding;

(g) Investments in securities of trade creditors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers or in good faith settlement of delinquent obligations of such trade creditors or customers;

(h) Investments made by the Company or its Restricted Subsidiaries as a result of consideration received in connection with an Asset Sale made in compliance with Section 2.5(a) and 6.9;

(i) Investments resulting from the creation of Liens on the assets of the Company or any of its Restricted Subsidiaries in compliance with Section 6.2;

(j) Investments represented by guarantees that are otherwise permitted under this Agreement;

(k) Investments the payment for which is Qualified Capital Stock of the Company;

(l) Investments in Target Shares; and

(m) Investments in Persons other than Wholly Owned Subsidiaries owned by them as of the Closing Date and described on Schedule 6.4 annexed hereto.

"Permitted Liens" means the following types of Liens:

(a) Liens for taxes, assessments or governmental charges or claims either (1) not delinquent or (2) contested in good faith by appropriate proceedings and as to which the Company or its Restricted Subsidiaries shall have set aside on its books such reserves as may be required pursuant to GAAP;

(b) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made in respect thereof;

(c) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(d) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;

(e) easements, rights-of-way, zoning restrictions and other similar charges or encumbrances in respect of real property not interfering in any material respect with the ordinary conduct of the business of the Company or any of its Restricted Subsidiaries;

(f) any interest or title of a lessor under any Capitalized Lease Obligation;*provided* that such Liens do not extend to any property or assets which is not leased property subject to such Capitalized Lease Obligation (other than other property that is subject to a separate lease from such lessor or any of its Affiliates);

(g) Liens securing Purchase Money Indebtedness incurred in the ordinary course of business;*provided*, *however*, that (1) such Purchase Money Indebtedness shall not exceed the purchase price or other cost of such property or equipment and shall not be secured by any property or equipment of the Company or any Restricted Subsidiary of the Company other than the property and equipment so acquired or other property that was acquired from such seller or any of its Affiliates with the proceeds of Purchase Money Indebtedness and (2) the Lien securing such Purchase Money Indebtedness shall be created within 120 days of such acquisition;

(h) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(i) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(j) Liens securing Interest Swap Obligations which Interest Swap Obligations relate to Indebtedness that is otherwise permitted under this Agreement;

(k) Liens securing Indebtedness under Currency Agreements;

(l) Liens securing Acquired Indebtedness incurred in accordance with Section 6.1; *provided* that

(1) such Liens secured such Acquired Indebtedness at the time of and prior to the incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary of the Company and were not granted in connection with, or in anticipation of, the incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary of the Company; and

(2) such Liens do not extend to or cover any property or assets of the Company or of any of its Restricted Subsidiaries other than the property or assets that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Restricted Subsidiary of the Company and are no more favorable to the lienholders than those securing the Acquired Indebtedness prior to the incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary of the Company;

(m) Liens on assets of a Restricted Subsidiary of the Company that is not a Guarantor to secure Indebtedness of such Restricted Subsidiary that is otherwise permitted under this Agreement;

(n) leases, subleases, licenses and sublicenses granted to others that do not materially interfere with the ordinary cause of business of the Company and its Restricted Subsidiaries;

(o) banker’s Liens, rights of setoff and similar Liens with respect to cash and Cash Equivalents on deposit in one or more bank accounts in the ordinary course of business;

(p) Liens arising from filing Uniform Commercial Code financing statements regarding leases;

(q) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of custom duties in connection with the importation of goods;

(r) Liens (1) on inventory held by and granted to a local distribution company in the ordinary course of business and (2) in accounts purchased and collected by and granted to a local distribution company that has agreed to make payments to the Company or any of its Restricted Subsidiaries for such amounts in the ordinary course of business;

(s) Liens securing Indebtedness of Special Purpose Subsidiaries;

(t) Liens securing Indebtedness in respect of Sale and Leaseback Transactions permitted pursuant to paragraph (o) of the definition of Permitted Indebtedness;

(u) Liens securing Indebtedness permitted pursuant to paragraph (p) of the definition of Permitted Indebtedness; and

(v) after the Conversion Date, Liens with respect to obligations (including Indebtedness) of the Company or any of its Restricted Subsidiaries that do not exceed $10.0 million at any one time outstanding.

"Person" means an individual, partnership, corporation, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"Plan" means an employee benefit plan as defined in Section 3(3) of ERISA maintained by the Company or any of its Subsidiaries for employees of the Company or any of its Subsidiaries.

"Potential Event of Default" means a condition or event which, 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.

"Preferred Stock" of any Person means any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions or upon liquidation.

"Press Release" means the Scheme Press Release or, following an Election, the Offer Press Release.

"Purchase Money Indebtedness" means Indebtedness of the Company and its Restricted Subsidiaries incurred in the normal course of business for the purpose of financing all or any part of the purchase price, or the cost of installation, construction or improvement, of property or equipment.

"Qualified Capital Stock" means any Capital Stock that is not Disqualified Capital Stock.

"Receiving Bank" means the bank appointed receiving bank in connection with the Offer.

"Receiving Bank Account" means the account with the Receiving Bank into which proceeds from the Offer Loans to purchase Target Shares will be paid.

"Receiving Bank Account Letter" means the letter of instructions, containing customary terms for such letter, from Bidco to the Receiving Bank and countersigned by the Receiving Bank.

"Refinance" means, in respect of any security or Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue a security or Indebtedness in exchange or replacement for, such security or Indebtedness in whole or in part. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means any Refinancing by the Company or any Restricted Subsidiary of the Company of Indebtedness incurred in accordance with the "Limitation on Incurrence of Additional Indebtedness" covenant (other than pursuant to clauses (b), (d), (e), (f), (g), (h), (i), (j), (l), (n) or (o) of the definition of Permitted Indebtedness), in each case that does not:

(a) result in an increase in the aggregate principal amount of Indebtedness of such Person as of the date of such proposed Refinancing (plus the amount of all accrued interest and any premium required to be paid under the terms of the instrument governing such Indebtedness and plus the amount of reasonable fees and expenses incurred by the Company in connection with such Refinancing); or

(b) create Indebtedness with: (1) a Weighted Average Life to Maturity that is less than the Weighted Average Life to Maturity of the Indebtedness being Refinanced; or (2) a final maturity earlier than the final maturity of the Indebtedness being Refinanced; *provided* that (A) if such Indebtedness being Refinanced is Indebtedness solely of the Company (and is not otherwise guaranteed by a Restricted Subsidiary of the Company), then such Refinancing Indebtedness shall be Indebtedness solely of the Company and (B) if such Indebtedness being Refinanced is subordinate or junior to the Notes or any Guarantee, then such Refinancing Indebtedness shall be subordinate to the Notes or such Guarantee, as the case may be, at least to the same extent and in the same manner as the Indebtedness being Refinanced.

"Registration Rights Agreement" means a registration rights agreement to be dated on or after the Conversion Date substantially in the form ofExhibit V annexed hereto.

"Release" means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Materials into the indoor or outdoor environment (including, without limitation, the abandonment or disposal of any barrels, containers or other closed receptacles containing any Hazardous Materials), or into or out of any Facility, including the movement of any Hazardous Material through the air, soil, surface water, groundwater or property.

"Reportable Event" has the meaning set forth in Section 4043 of ERISA, but excluding any event for which the 30-day notice requirement has been waived by applicable regulations of the PBGC.

"Required Lenders" means Lenders holding in the aggregate more than 50% of the outstanding principal amount of Notes.

"Restricted Payment" has the meaning ascribed to such term in Section 6.3.

"Restricted Subsidiary" of any Person means any Subsidiary of such Person which at the time of determination is not an Unrestricted Subsidiary.

"Sale and Leaseback Transaction" means any direct or indirect arrangement with any Person or to which any such Person is a party, providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Closing Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person from whom funds have been or are to be advanced by such Person on the security of such property.

"Scheme" means a scheme of arrangement made pursuant to Section 425 of the Companies Act 1985 in relation to the cancellation of the entire issued share capital of Target and the subsequent issue of new shares in Target to Bidco as contemplated by the Scheme Press Release.

"Scheme Announcement Date" means the date on which the Scheme Press Release is issued.

"Scheme Certain Funds Period" means the period (a) beginning on the Scheme Announcement Date and (b) ending on the earlier of (1) the date that falls 14 days after the Filing Date and (2) the date on which a Scheme Mandatory Cancellation Event occurs.

"Scheme Commitment" means, with respect to each Lender, the commitment of such Lender to make a Scheme Loan in an amount not to exceed the amount set forth under the heading "Term Commitment—Scheme Commitment" opposite such Lender's name on Schedule 1.1. The initial aggregate amount of the Lenders' Scheme Commitments is $500.0 million.

"Scheme Conditions Precedent" means the conditions listed in Appendix I to the Scheme Document.

"Scheme Covenants" means the covenants set forth in paragraphs (a), (b), (d) and (e) of Section 5.17 to the extent the breach of such covenants is materially prejudicial to the Lenders.

"Scheme Document" means the scheme document issued or to be issued by Target to its shareholders in respect of the Scheme.

"Scheme Loan" means any Loan the purpose of which is to finance, directly or indirectly, the cash consideration for the Target Shares purchased pursuant to the Scheme.

"Scheme Mandatory Cancellation Event" means the occurrence of any of the following:

(a) the Scheme lapses or is withdrawn; or

(b) if the Competition Commission initiates proceedings under Article 6(1)(c) of Council Regulation (EC) 139/2004 or the Scheme is referred to the Competition Commission prior to the date on which the resolutions are passed at the court meeting; or

(c) if the Filing Date has not occurred on or prior to the date falling 150 days after the date of this Agreement.

"Scheme Press Release" means the press release made by or on behalf of Bidco announcing the terms of the Scheme.

"Securities" means any stock, shares, partnership interests, voting trust certificates, certificates of interest or participation in any profit sharing agreement or arrangement, 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.

"Securities Act" means the Securities Act of 1933, as amended from time to time, and any successor statute.

"Senior Indenture" means an indenture between the Company and a trustee, containing the covenants summarized in the Description of Senior Notes attached hereto as Exhibit IV (with such additional changes therein as the Agent and the Company shall approve), as the same may at any time be amended, modified and supplemented and in effect.

"Singapore E-mail Business" means the Company's email service program offered in Singapore.

"Special Purpose Subsidiary" means any wholly-owned direct or indirect Subsidiary of the Company which was formed to own certain real or personal property interests and incur limited recourse Indebtedness in connection therewith and engages in no other activities.

"stated maturity" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any date on which the payment of principal of such security is due and payable as a result of any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"Subordinated Indebtedness" means Indebtedness of the Company or any Guarantor that is subordinated or junior in right of payment to the Notes or the Guarantee of such Guarantor, as the case may be.

"Subsidiary", with respect to any Person, means (a) any corporation of which the outstanding Capital Stock having at least a majority of the votes entitled to be cast in the election of directors under ordinary circumstances shall at the time be owned, directly or indirectly, by such Person; or (b) any other Person of which at least a majority of the voting interest under ordinary circumstances is at the time, directly or indirectly, owned by such Person. From and after the date hereof, Target and its subsidiaries shall be deemed Subsidiaries of the Company for purposes of Section 4; provided that all representations and warranties relating to Target and its Subsidiaries made prior to the Closing Date shall be limited to the best of the Company's knowledge. From and after the Closing Date, Target and its subsidiaries shall deemed Subsidiaries of the Company for all purposes under the Loan Documents.

"Take-Out Banks" means the bank or banks engaged to offer Securities of the Company pursuant to the Engagement Letter.

"Take-Out Securities" means any Securities of the Company and/or the Guarantors the proceeds of which are used to repay the Notes in full and any Securities of the Company issued in accordance with Section 5.9, the proceeds of which are used to Refinance the Notes in part, including, without limitation, the Demand Take-Out Notes.

"Takeover Code" means the City Code on Takeovers and Mergers.

"Takeover Panel" means the Panel on Takeovers and Mergers and includes the executive of the Panel and its appeal committee.

"Target" means IXEurope plc, a public limited company incorporated under the laws of England and Wales.

"Target Facility" means the Facility Agreement, by and among the Target, the lenders party thereto in their capacities as lenders thereunder and CIT Bank Limited, as arranger, together with the related documents thereto (including, without limitation, any guarantee agreements and security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including one or more credit agreements, loan agreements or similar agreements (but excluding debt securities) extending the maturity of, refinancing, replacing or otherwise restructuring (including increasing the amount of available borrowings thereunder or adding Restricted Subsidiaries of the Company as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or agreements or any successor or replacement agreement or agreements and whether by the same or any other agent, lender or group of lenders.

"Target Group" means Target and its subsidiaries at the Completion Date.

"Target Shares" means the ordinary shares of Target (par value 1 pence per share) to which the Scheme, or upon an Election, the Offer relates and any options outstanding with respect thereto referred to in the Scheme Press Release (and references to Target Shares purchased pursuant to the Scheme or the Offer shall include such options).

"Taxes" means all taxes, assessments, fees, levies, imposts, duties, penalties, deductions, liabilities, withholdings or other charges of any nature whatsoever, including interest penalties, from time to time or at any time imposed by any Law or any Tribunal.

"Term Loan Commitment" has the meaning ascribed to such term in Section 2.2(a).

"Term Loans" has the meaning ascribed to such term in Section 2.2(a).

"Term Notes" has the meaning ascribed to such term in Section 2.2(e).

"Transaction" means the Acquisition, including the Scheme or the Offer effecting such Acquisition, as applicable, the borrowing of the Bridge Loans and the payment of related fees and expenses.

"Tribunal" means any government, any arbitration panel, any court or any governmental department, commission, board, bureau, agency, authority or instrumentality of the United States or any state, province, commonwealth, nation, territory, possession, county, parish, town, township, village or municipality, whether now or hereafter constituted and/or existing.

"Unconditional Date" means the date on which the Offer is declared unconditional in all respects.

"Unfunded Pension Liability" means the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Internal Revenue Code for the applicable plan year.

"Unrestricted Subsidiary" means:

(a) any Subsidiary of such Person that at the time of determination shall be or continue to be designated an Unrestricted Subsidiary by the Board of Directors of such Person in the manner provided below; and

(b) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors may designate any Subsidiary (including any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Stock of, or owns or holds any Lien on any property of, the Company or any

other Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; *provided* that:

(a) the Company certifies to the Agent that such designation complies with Section 6.3; and

(b) each Subsidiary to be so designated and each of its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Company or any of its Restricted Subsidiaries.

For purposes of making the determination of whether any such designation of a Subsidiary as an Unrestricted Subsidiary complies with Section 6.3, the portion of the fair market value of the net assets of such Subsidiary of the Company at the time that such Subsidiary is designated as an Unrestricted Subsidiary that is represented by the interest of the Company and its Restricted Subsidiaries in such Subsidiary, in each case as determined in good faith by the Board of Directors of the Company, shall be deemed to be an Investment. Such designation will be permitted only if such Investment would be permitted at such time under Section 6.3.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary only if:

(a) immediately after giving effect to such designation, the Company is able to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) in compliance with Section 6.1(b); and

(b) immediately before and immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing.

Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the Board Resolution giving effect to such designation and an officers' certificate certifying that such designation complied with the foregoing provisions.

"U.S. Legal Tender" means such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (a) the then outstanding aggregate principal amount of such Indebtedness into (b) the total of the products obtained by multiplying (1) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal, including payment at final maturity, in respect thereof, by (2) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment.

"Wholly Owned Restricted Subsidiary" means a Restricted Subsidiary, all of the Capital Stock of which (other than directors' qualifying shares) is owned by the Company or another Wholly Owned Restricted Subsidiary.

1.2 Accounting Terms

For the purposes of this Agreement, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with GAAP.

1.3 Other Definitional Provisions; Anniversaries

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. For purposes of this Agreement, a monthly anniversary of the Closing Date shall occur on the same day of the applicable month as the day of the month on which the Closing Date occurred; *provided*, *however*, that if the applicable month has no such day (*i.e.*, 29, 30 or 31), the monthly anniversary shall be deemed to occur on the last day of the applicable month.

1.4 LIBOR Unavailable.

To the extent that the LIBOR Rate shall be unavailable, the Company and the Agent shall agree in good faith to find a comparable rate for the Loans based upon the most recently available LIBOR Rate.

SECTION 2 AMOUNT AND TERMS OF LOAN COMMITMENT AND LOANS; NOTES

2.1 Bridge Loan and Bridge Note

(a) Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of the Company herein set forth, each Lender hereby agrees to lend to the Company the amount of its Offer Commitment or Scheme Commitment, as the case may be (each a "Bridge Loan" and collectively, the "Bridge Loans"). The Bridge Loans will be available on or after the Effective Date provided that the conditions set forth in Section 3.2 have been satisfied or waived in accordance with this Agreement. Each Lender's commitment to make the Bridge Loan to the Company pursuant to this Section 2.1(a) are herein called individually, the "Bridge Loan Commitment" and collectively, the "Bridge Loan Commitments."

(b) When the Company desires to borrow under this Section 2.1, it shall deliver to the Agent a Notice of Borrowing no later than 11:00 A.M. (New York time), at least two Business Days in advance of the Closing Date. The Notice of Borrowing shall specify the applicable date of borrowing (which shall be a Business Day). Upon receipt of such Notice of Borrowing, the Agent shall promptly notify each Lender of its share of the Bridge Loan and the other matters covered by the Notice of Borrowing.

(c) No later than 12:00 Noon (New York time) on the Closing Date, each Lender will make available its pro rata share of the Bridge Loan requested to be made on such date in the manner provided below. All amounts shall be made available to the Agent in U.S. dollars and immediately available funds at the Payment Office and the Agent promptly will make available to the Company by depositing to its account at the Payment Office the aggregate of the amounts so made available in the type of funds received. Unless the Agent shall have been notified by any Lender prior to the Closing Date that such Lender does not intend to make available to the Agent its portion of the Bridge Loan to be made on such date, the Agent may assume that such Lender has made such amount available to the Agent on such date, and the Agent, in reliance upon such assumption, may (in its sole discretion and without any obligation to do so) make available to the Company a corresponding amount. If such corresponding amount is not in fact made available to the Agent by such Lender and the Agent has made available same to the Company, the Agent shall be entitled to recover such corresponding amount from such Lender. If such Lender does not pay such corresponding amount forthwith upon the Agent's demand therefor, the Agent shall promptly notify the Company, and the Company shall immediately pay such corresponding amount to the Agent. The Agent shall also be entitled to recover from the Lender or the Company, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Agent to the Company to the date such corresponding amount is recovered by the Agent, at a rate per annum equal to (1) if paid by such Lender, the overnight Federal Funds Rate or (2) if paid by the Company, the then applicable rate of interest on the Loans.

Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Bridge Loan Commitment hereunder or to prejudice any rights which the Company may have against any Lender as a result of any default by such Lender hereunder.

(d) The Company shall execute and deliver to each Lender, on the Closing Date, a Bridge Note dated the Closing Date substantially in the form of Exhibit I annexed hereto to evidence the portion of the Bridge Loan made on such date by such Lender and with appropriate insertions ("Bridge Notes").

(e) Subject to Section 2.2, the Company shall pay in full the outstanding amount of the Bridge Loan and all other Obligations owing hereunder no later than the Conversion Date.

(f) The Scheme Commitments shall terminate on a Scheme Mandatory Cancellation Event. The Offer Commitments shall terminate on an Offer Mandatory Cancellation Event. All Bridge Loan Commitments shall terminate after the incurrence of the Bridge Loans on the Closing Date. The Company shall have the right, without premium or penalty, to reduce or terminate the Bridge Loan Commitment of the Lenders hereunder at any time.

(g) The Bridge Loan made under this Agreement shall be made by the Lenders *pro rata* on the basis of their respective Bridge Loan Commitments. It is understood that no Lender shall be responsible for any default by any other Lender of its obligation to make its portion of the Bridge Loan hereunder and that each Lender shall be obligated to make its portion of the Bridge Loan hereunder, regardless of the failure of any other Lender to fulfill its commitments hereunder.

2.2 Term Loan and Term Note

(a) Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of the Company herein set forth, the Lenders hereby agree, on the Conversion Date, upon the request of the Company, to convert the then outstanding principal amount of the Bridge Loan into a term loan (the "Term Loan"), such Term Loan to be in the aggregate principal amount of the then outstanding principal amount of the Bridge Loan. The Lenders' commitments under this Section 2.2(a) are herein called collectively, the "Term Loan Commitment."

(b) If the Company has not repaid the Bridge Loan in full on or prior to the Conversion Date, then the Company shall convert the then outstanding principal amount of the Bridge Loan into a Term Loan under this Section 2.2. The Company shall deliver to the Lenders a Notice of Conversion no later than 11:00 A.M. (New York time), at least two Business Days in advance of the Conversion Date. The Notice of Conversion shall specify the principal amount of the Bridge Loan outstanding on the Conversion Date to be converted into a Term Loan.

(c) Each Lender shall extend to the Company the Term Loan to be issued on the Conversion Date by such Lender by canceling on its records a corresponding principal amount of the Bridge Loan held by such Lender.

(d) The Term Loan shall mature and the Company shall pay in full the outstanding principal amount thereof and accrued interest thereon on the date that is the eighth anniversary of the Closing Date (the "Maturity Date").

(e) The Company, as Company, shall execute and deliver to each Lender, on the Conversion Date, a Term Note dated the Conversion Date substantially in the form of Exhibit II annexed hereto to evidence the Term Loan made on such date, in the principal amount of the Bridge Loan held by such Lender on such date and with other appropriate insertions (collectively the "Term Notes").

2.3 Interest on the Loans

(a) The Loans shall bear interest on the unpaid principal amount thereof from the date made through maturity (whether by prepayment, acceleration or otherwise) at a rate determined as set forth below:

(1) Subject to Section 2.3(a)(2), the Loans shall bear interest for each Interest Period at a rate per annum equal to the greater of (A) the Applicable Rate for such period plus the Applicable Spread or (B) 9.0%.

(2) At any time after the Conversion Date, at the request of any Lender, all or any portion of the Term Loan owing to such Lender shall bear interest at a fixed rate per

annum equal to the Fixed Rate, effective as of the first interest payment date with respect to such Term Loan after such notice so long as the 20 Business Days' notice set forth below is given; *provided* that no such conversion shall be permitted in respect of amounts to be voluntarily prepaid following receipt of a notice of prepayment pursuant to Section 2.5(a). In order to request the conversion of a Floating Rate Loan to a Fixed Rate Loan, the Lender shall notify the Agent in writing of its intention to do so at least 20 Business Days prior to an interest payment date indicating the amount of the Term Loan for which it is requesting conversion to a Fixed Rate Loan, which shall be not less than $5,000,000 and increments of $10,000 in excess thereof, and the Agent shall so notify the Company at least 10 Business Days prior to such next succeeding interest payment date. Upon the conversion of a portion of a Floating Rate Loan to a Fixed Rate Loan an appropriate notation will be made on the Term Note and, on and after the first interest payment date following the receipt by the Company of a notice hereunder, such portion of the Term Loan which is converted to a Fixed Rate Loan shall bear interest at the Fixed Rate until repaid.

(3) Notwithstanding clause (1) or (2) of this Section 2.3(a), subject to Section 2.3(c) below, in no event will the interest rate on the Loans exceed 11.25% *per annum*.

(b) Interest shall be payable (i) prior to the Conversion Date, (A) on the numerically corresponding day of each consecutive three month anniversary of the Closing Date (or, if there is no numerically corresponding day, on the last day of the month in which such anniversary occurs) and (B) on the Conversion Date, and (ii) following the Conversion Date, (A) on the numerically corresponding day of each consecutive three month anniversary of the Conversion Date (or, if there is no numerically corresponding day, on the last day of the month in which such anniversary occurs) and (B) on the Final Maturity Date; *provided*, *however*, that at such time as any portion of the Term Loan shall bear interest at a rate per annum equal to the Fixed Rate, then interest shall be payable semi-annually in arrears commencing on the first interest payment date as determined in accordance with this Section 2.3(b) after the first conversion of a Floating Rate Loan to a Fixed Rate Loan and on each second interest payment date thereafter as determined in accordance with this Section 2.3(b) and on the Final Maturity Date; *provided*, *further*, *however*, that if any interest payment date is not a Business Day, such interest payment date shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such interest payment date shall be on the next preceding Business Day.

(c) Any principal payments on the Loans not paid when due and, to the extent permitted by applicable law, any interest payment on the Loans not paid when due, in each case whether at stated maturity, by notice of prepayment, by acceleration or otherwise, shall thereafter bear interest payable upon demand at a rate which is 2.00% per annum in excess of the rate of interest otherwise payable under this Agreement for the Loans.

(d) Interest on the Loans shall be computed on the basis of a 360-day year and, with respect to any amount of the Loans which are Floating Rate Loans, the actual number of days elapsed in the period during which it accrues or, with respect to any amount of the Loans

which are Fixed Rate Loans, twelve 30-day months. In computing interest on the Loans, the date of the making of the Loans shall be included and the date of payment shall be excluded; *provided*, *however*, that if a Loan is repaid on the same day on which it is made, one day's interest shall be paid on that Loan.

2.4 Fees

The Company agrees to pay to the Agent all fees and other obligations in accordance with, and at the times specified by, the Fee Letter.

2.5 Prepayments and Payments

(a) Notwithstanding anything herein to the contrary, at any time the Term Loans bear interest at the Fixed Rate, the Term Loans shall not be prepayable prior to maturity.

(1) Voluntary Prepayments. The Company may, upon not less than one Business Day's prior written or telephonic notice confirmed in writing to the Agent at any time and from time to time, prepay the Loans made to the Company in whole.

Notice of prepayment having been given as aforesaid, the principal amount of the Loans to be prepaid shall become due and payable on the prepayment date. Amounts of the Loans so prepaid may not be reborrowed.

(2) Mandatory Prepayments.

(A) Prepayments from Asset Sales.

(i) On or prior to the Conversion Date, upon receipt by the Company or any Subsidiary of the Company of Net Cash Proceeds of any Asset Sale occurring after the Closing Date, the Company or any Subsidiary of the Company will use the Net Cash Proceeds of such Asset Sale to prepay the Bank Facility (or, in the case of Net Cash Proceeds from Asset Sales of assets of the Acquired Business, the Target Facility) and permanently reduce any commitments thereunder to the extent of the prepayment. Concurrently with the consummation of an Asset Sale, the Company shall deliver to the Agent an Officer's Certificate demonstrating the derivation of Net Cash Proceeds from the gross sales price of such Asset Sale. To the extent not used as above, the Company shall, or shall cause its Subsidiaries to, prepay the Loans with the Net Cash Proceeds received from any Asset Sale on a date not later than the Business Day next succeeding the 90th day after the consummation of such Asset Sale if and to the extent that such Net Cash Proceeds are not applied by the Company or any Subsidiary of the Company within 90 days as provided in the first sentence of this paragraph.

(ii) After the Conversion Date, upon the consummation of an Asset Sale, the Company may apply, or cause such Restricted Subsidiary to apply, the Net Cash Proceeds relating to such Asset Sale within 360 days of receipt thereof either (x) to permanently reduce Indebtedness under the Bank Facility (or, in the case of Net Cash Proceeds from Asset

Sales of assets of the Acquired Business, the Target Facility); and, in the case of any such Indebtedness, effect a permanent reduction in the availability under the Bank Facility (or the Target Facility), (y) to make an investment in properties and assets (including Capital Stock) that replace the properties and assets that were the subject of such Asset Sale or in properties and assets that will be used in the business of the Company and its Restricted Subsidiaries as existing on the Closing Date or in businesses reasonably related thereto ("Replacement Assets"); and/or (z) a combination of prepayment and investment permitted by the foregoing clauses (x) and (y).

(iii) Pending the final application of such Net Cash Proceeds, the Company may temporarily reduce borrowings under the Bank Facility or any other revolving credit facility. On the 361st day after an Asset Sale or such earlier date, if any, as the Board of Directors of the Company or of such Restricted Subsidiary determines not to apply the Net Cash Proceeds relating to such Asset Sale as set forth in clauses (x), (y) and (z) of the preceding paragraph (each, a "Net Proceeds Offer Trigger Date"), such aggregate amount of Net Cash Proceeds which have not been applied on or before such Net Proceeds Offer Trigger Date as permitted in clauses (x), (y) and (z) of the preceding paragraph (each a "Net Proceeds Offer Amount") shall be applied by the Company or such Restricted Subsidiary to make an offer to purchase (the "Net Proceeds Offer") to all Lenders on a date (the "Net Proceeds Offer Payment Date") not less than 30 nor more than 60 days following the applicable Net Proceeds Offer Trigger Date, from all Lenders on a *pro rata* basis, that amount of Loans equal to the Net Proceeds Offer Amount at a price equal to 100% of the principal amount of the Loans to be purchased, plus accrued and unpaid interest thereon, if any, to the date of purchase; *provided*, *however*, that if at any time any non-cash consideration received by the Company or any Restricted Subsidiary of the Company, as the case may be, in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any such non-cash consideration), then such conversion or disposition shall be deemed to constitute an Asset Sale hereunder and the Net Cash Proceeds thereof shall be applied in accordance with this Section 2.5(a)(2)(A).

The Company may defer the Net Proceeds Offer until there is an aggregate unutilized Net Proceeds Offer Amount equal to or in excess of $25.0 million, in each case resulting from one or more Asset Sales (at which time, the entire unutilized Net Proceeds Offer Amount, and not just the amount in excess of $25.0 million, shall be applied as required pursuant to this Section 2.5(a)(2)(A)).

(B) Prepayments from Issuances of Take-Out Securities. Concurrently with the receipt by the Company of proceeds from the issuance of Take-Out Securities, the Company shall prepay the Loans in a principal amount equal to the lesser of the proceeds thereof (net of expenses payable by the Company to any Person other than an Affiliate of the Company in connection with the issuance thereof) and the aggregate principal amount of the Notes then outstanding.

(C) Prepayments from Equity Offerings. Concurrently with the receipt by the Company of proceeds from Equity Offerings, the Company shall prepay the Loans in a principal amount equal to the lesser of the proceeds thereof (net of

expenses payable by the Company to any Person other than an Affiliate of the Company in connection with such Equity Offering) and the aggregate principal amount of the Notes then outstanding.

(D) Prepayments from Issuances of Debt Securities. Concurrently with the receipt by the Company of proceeds from the issuance of any debt Securities, the Company shall prepay the Loans in a principal amount equal to the lesser of the proceeds thereof (net of expenses payable by the Company to any Person other than an Affiliate of the Company in connection with the issuance thereof) and the aggregate principal amount of the Notes then outstanding

(E) Notice. The Company shall notify the Agent of any prepayment to be made pursuant to this Section 2.5A(ii) at least two Business Days prior to such prepayment date (unless shorter notice is satisfactory to the Required Lenders).

(3) Application of Prepayments. All prepayments shall include payment of accrued interest on the principal amount so prepaid and shall be applied to payment of interest before application to principal.

(4) Mandatory Offer to Purchase Notes.

(A) Upon the occurrence of a Change of Control (the date of such occurrence, the "Change of Control Date"), the Lenders shall have the right to require the Company to prepay all of the Loans pursuant to an offer to purchase (the "Change of Control Offer") at a price equal to (i) on or prior to the Conversion Date, 100% of the aggregate principal amount thereof and (ii) after to the Conversion Date, 101% of the aggregate principal amount thereof, and, in each case, plus accrued interest thereon to the date of repurchase.

(B) The notice to the Agent shall contain all instructions and materials necessary to enable the Lenders to tender Loans.

(C) Within 30 days following any Change of Control the Company shall mail a notice to the Agent stating:

(i) that the Change of Control Offer is being made pursuant to this Section 2.5(a)(4);

(ii) the price and the repayment date, which shall be no earlier than 30 days nor later than 40 days from the date such notice is mailed (the "Offer Payment Date");

(iii) that any Loan not repaid will continue to accrue interest;

(iv) that any Loan accepted for prepayment pursuant to the Change of Control Offer shall cease to accrue interest after the Offer Payment Date unless the Company shall default in the prepayment of the repayment price of the Loans;

(v) that if a Lender elects to have a Loan repaid pursuant to the Change of Control Offer it will be required to notify the Agent prior to 5:00 p.m. New York time on the Offer Payment Date;

(vi) that a Lender will be entitled to withdraw its election if the Agent receives, not later than 5:00 p.m. New York time on the Business Day preceding the Offer Payment Date, a telegram, telex, facsimile transmission or letter setting forth the principal amount of Loans such Lender delivered for purchase, and a statement that such Lender is withdrawing its election to have such Loan repaid; and

(vii) that if Loans are repaid only in part a new Note of the same type will be issued in principal amount equal to the unpurchased portion of the Notes surrendered.

(D) On or before the Offer Payment Date, the Company shall (i) accept for payment Loans or portions thereof which are to be repaid in accordance with the above, and (ii) deposit at the Payment Office U.S. Legal Tender sufficient to pay the purchase price of all Loans to be repaid. The Agent shall promptly mail to the Lenders whose Loans are so accepted payment in an amount equal to the repayment price.

(E) The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the purchase of Loans pursuant to an offer hereunder. To the extent the provisions of any securities laws or regulations conflict with the provisions under this Section, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section by virtue thereof.

(b) All payments of principal and interest on the Loans by the Company shall be made without defense, set-off or counterclaim and in same-day funds and delivered to the Agent, unless otherwise specified, not later than 12:00 Noon (New York time) on the date due at the Payment Office for the account of the Lenders; funds received by the Agent after that time shall be deemed to have been paid by the Company on the next succeeding Business Day. The Company hereby authorizes the Agent to charge its account with the Agent in order to cause timely payment to be made of all principal, interest and fees due hereunder (subject to sufficient funds being available in its account for that purpose).

(c) Whenever any payment to be made hereunder or under the Notes shall be stated to be due on a day which is not a Business Day, the payment shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of the payment of interest on the Loans or of the commitment and other fees hereunder, as the case may be.

(d) Each Lender agrees that before disposing of any Note held by it, or any part thereof (other than by granting participations therein), such Lender will make a notation thereon of all principal payments previously made thereon and of the date to which interest thereon has been paid and will notify the Company of the name and address of the transferee of that Note; *provided*, *however*, that the failure to make (or any error in the making of) such a notation or to notify the Company of the name and address of such transferee shall not limit or otherwise affect the obligation of the Company hereunder or under such Notes with respect to the Loans and payments of principal or interest on any such Note.

2.6 Margin Regulations

No portion of the proceeds of any borrowing under this Agreement shall be used by the Company in any manner which might cause the borrowing or the application of such proceeds to violate the applicable requirements of Regulation U, Regulation T or Regulation X of the Board of Governors of the Federal Reserve System or any other regulation of the Board or to violate the Exchange Act, in each case as in effect on the date or dates of such borrowing and such use of proceeds.

SECTION 3 CONDITIONS

3.1 Conditions to Effectiveness of This Agreement

The effectiveness of this Agreement is subject to prior or concurrent satisfaction of each of the following conditions:

(a) A copy of the Scheme Press Release or, if an Election occurs on or prior to the Effective Date, the Offer Press Release, certified by the Secretary or an Assistant Secretary of the Company, shall have been delivered to the Agent.

(b) If an Election has occurred on or prior to the Effective Date, a certified copy of the Receiving Bank Account Letter duly executed by each party thereto shall have been delivered to the Agent.

(c) On or before the Effective Date, the Agent shall have received on behalf of the Lenders the following items, each of which shall be in form and substance satisfactory to the Agent and, unless otherwise noted, dated the Effective Date:

(1) a certified copy of the Company's and each Guarantor's charter, together with a certificate of status, compliance, good standing or like certificate with respect to the Company and each Guarantor issued by the appropriate government officials of the jurisdiction of its incorporation, each to be dated a recent date prior to the Effective Date;

(2) a copy of the Company's and each Guarantor's bylaws, certified as of the Effective Date by its Secretary or one of its Assistant Secretaries;

(3) resolutions of the Company's and each Guarantor's Board of Directors approving and authorizing the execution, delivery and performance of this Agreement, the Transaction and any other documents, instruments and certificates required to be executed by the Company or such Guarantor in connection herewith and therewith and approving and authorizing the execution, delivery and payment of the Notes and the consummation of the Acquisition, each certified as of the Effective Date by its Secretary or one of its Assistant Secretaries as being in full force and effect without modification or amendment;

(4) signature and incumbency certificates of the Company's and each Guarantor's officers executing this Agreement;

(5) executed copies of this Agreement;

(6) originally executed copies of one or more favorable written opinions of (A) Brandi Galvin Morandi, General Counsel of the Company, substantially in the form of Exhibit VI-A annexed hereto and addressed to the Lenders and (B) Shearman & Sterling, counsel for the Company and the Guarantors, substantially in the form of Exhibit VI-B annexed hereto and addressed to the Lenders;

(7) a certificate, delivered by the chief financial officer of the Company and addressed to the Lenders, stating that, after giving effect to the consummation of the Transaction, the fair saleable value of the assets of the Company and its Subsidiaries will not be less than the probable liability on their debts, that the Company and its Subsidiaries, taken as a whole, after giving effect to the consummation of the Transaction, will be able to pay their debts as they mature and that each will not have unreasonably small capital to conduct their business, all in form and substance reasonably satisfactory to the Agent;

(8) An Officers' Certificate from the Company to the effect that on the Effective Date and after giving effect to the Transaction, and the Company is not (and will not be) in default in the performance or compliance with any of the terms or provisions of the Bank Facility; and

(d) to the extent not a party hereto on the date hereof, a Guarantee, executed and delivered by each Guarantor, dated the date of this Agreement, substantially in the form of Exhibit VII annexed hereto, as applicable.

(e) The Company shall have excluded and delivered the Fee Letter and the Engagement Letter and such letters shall be in full force and effect.

3.2 Conditions to Making of Bridge Loan

During the Scheme Certain Funds Period or, following an Election, the Offer Certain Funds Period, the obligation of each Lender to make the Bridge Loans is subject only to the satisfaction of the following conditions precedent:

(a) Delivery to the Agent (with copies for each Lender) of a Notice of Borrowing in the form set forth as Exhibit III delivered in the manner and at the time specified in Section 2.1(b);

(b) Delivery to the Agent (with copies for each Lender) of a certificate signed by a duly authorized officer of the Company confirming, as of the date of the Borrowing, the satisfaction (unless waived by the Required Lenders) of the conditions specified in clauses (e), (f), (g) and (h) of this Section 3.2;

(c) Each of the Scheme Conditions Precedent or, following an Election, the Offer Conditions Precedent shall have been satisfied or waived (in the case of conditions (a) to (c) contained in the Scheme Press Release or the acceptance condition in the Offer Press Release, as applicable, with the consent of the Required Lenders) provided that if circumstances arise where the Takeover Panel would allow reliance by the Company on any other condition so as to permit the Company to withdraw from the Scheme or the Offer, as the case may be, the consent of the Required Lenders has been obtained to such waiver and the Scheme has become effective in accordance with Section 425 of the Companies Act 1985 and, if applicable, Section 138 of the Companies Act 1985 or the Offer shall have become or been declared unconditional in all respects, as the case may be;

(d) The net proceeds from the Bridge Loans shall be used only for the purposes set forth in Section 5.6;

(e) There is no breach of any Major Representation in any material respect;

(f) There is no breach of the Scheme Covenants or, following an Election, the Offer Covenants;

(g) There is no breach by the Company, Bidco or any Material Subsidiary of a Major Covenant;

(h) At the time of and immediately after giving effect to the Term Loans, no Major Default shall have occurred and be continuing;

(i) The Agent shall have received all fees and other amounts due and payable on or prior to the Closing Date (or such fees shall have been deducted from the provision of the Bridge Loans to the Company on the Closing Date), including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Company or a Guarantor under any Loan Document;

(j) The Agent has received a letter from the Company confirming that:

(1) the Scheme has become effective in accordance with Section 425 of the Companies Act 1985 and, if applicable, Section 138 of the Companies Act 1985 or the Offer has been declared unconditional following receipt of acceptances of at least 90% of the nominal value of each class of Target Shares to which the Offer relates, as the case may be; and

(2) there have been no amendments, variations, supplements or waivers to the Scheme Conditions Precedent or, following an Election, the Offer Conditions Precedent (except as contemplated by Section 5.17(b)(2) or 5.16(c)(3), respectively, in any such case without the prior consent of the Required Lenders;

(k) If the Acquisition will be effected pursuant to the Offer, the Lenders have received a copy of the certificate from the Receiving Bank issued in accordance with Note 7 of Rule 10 of the Takeover Code; and

(l) The Agent shall have received on behalf of the Lenders the Bridge Notes substantiality in the form of Exhibit I annexed hereto executed in accordance with Section 2.1(d), drawn to the order of the Lenders.

SECTION 4 REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders to enter into this Agreement and to make the Loans, the Company represents and warrants to the Lenders that, at the time of execution hereof and thereafter, the following statements are true, correct and complete:

4.1 Organization and Good Standing; Capitalization

(a) Each of the Company and its Subsidiaries is a corporation duly organized and existing and, where applicable, in good standing under the laws of its jurisdiction of incorporation. Each of the Company and its Subsidiaries has the corporate power and authority to own and operate its properties and to carry on its business as now conducted and as proposed to be conducted and is duly qualified as a foreign corporation and in good standing in all jurisdictions in which it is doing business, except where failure to be so qualified or in good standing, singly or in the aggregate, has not had and will not have a Material Adverse Effect.

(b) All of the Subsidiaries of the Company as of the Closing Date are identified in Schedule 4.1 annexed hereto. The Capital Stock of each of the Subsidiaries of the Company identified in Schedule 4.1 annexed hereto is duly authorized, validly issued, fully paid and nonassessable, free and clear of all Liens (other than Permitted Liens and Liens securing the Bank Facility and the Target Facility), and none of such capital stock constitutes Margin Stock.

4.2 Authorization and Power

Each of the Company and its Subsidiaries has the corporate power and requisite authority and all requisite material governmental licenses, authorizations, consents and approvals to (a) own its assets and carry on its business, and (b) to consummate the Transactions including to execute, deliver and perform its obligations under the Loan Documents and each other document and instrument to be delivered in connection therewith and to issue the Notes and the Exchange Notes. The execution, delivery, and performance by each of the Company and its Subsidiaries of this Agreement and the other Loan Documents to which it is a party and the consummation of the Transactions have been duly authorized by all necessary organizational action.

4.3 No Conflicts or Consents

(a) The execution and delivery of the Loan Documents and each other document to be executed and delivered in connection therewith, the consummation of each of the Transactions, the compliance with each of the terms and provisions hereof or thereof, and the issuance, delivery and performance of the Notes and the Exchange Notes, do not and will not (1) violate any provision of any Law applicable to any of the Company and its Subsidiaries, (2) contravene the Certificate or Articles of Incorporation or Bylaws or other organizational documents of the Company or any of its Subsidiaries or (3) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any of the provisions of any indenture, instrument or material agreement to which Company or such Subsidiary is a party or is subject, or by which it, or its property, is bound which could reasonably be expected to result in a Material Adverse Effect, or (4) require any approval of stockholders or any approval or consent of any Person under any Contractual Obligation of any of the Company and its Subsidiaries except for such approvals or consents which will be obtained on or before the Closing Date and disclosed in writing to Lenders or such approvals or consents the failure to obtain which could not reasonably be expected to singly or in the aggregate result in a Material Adverse Effect.

(b) No consent, approval, authorization or order of any Tribunal or other Person is required in connection with the execution and delivery by the Company or any of its Subsidiaries of the Loan Documents, the Bank Facility or any other document or instrument to be delivered in connection therewith or the consummation of the transactions contemplated hereby or thereby, other than any such consent, approval, authorization or order which has been obtained and remains in full force and effect or which has been waived in writing by the Agent on behalf of the Lenders or the failure of which to obtain would not, singly or in the aggregate, have a Material Adverse Effect.

4.4 Enforceable Obligations

This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by the Company and each of its Subsidiaries that is a party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of Company and its Subsidiaries party thereto, enforceable against each of them in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar law affecting creditors’ rights generally or general principles of equity.

4.5 Properties; Liens

The Company and each of its Subsidiaries has good record and title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such minor defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such properties and assets for their intended purposes and except where the failure to have such title could not be reasonably expected to have a Material Adverse Effect. None of the property of the Company or any of its Subsidiaries (excluding the Acquired Business) is subject to Liens, other than Permitted Liens and Liens set forth on Schedule 4.5 hereto.

4.6 Financial Condition

(a) The audited consolidated balance sheets of the Company and its Subsidiaries as at December 31, 2005 and 2006 and the related consolidated statements of income, shareholders equity and cash flows of the Company and its Subsidiaries for the three-year period ended December 31, 2006, certified by the Company's independent certified public accountants, copies of which have been delivered to the Agent, were prepared in accordance with GAAP consistently applied throughout the period covered thereby, and fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as at the respective dates thereof and the consolidated results of operations and cash flows of the Company and its Subsidiaries for the periods then ended. No events which have had or could reasonably be expected to have a Material Adverse Effect have occurred since December 31, 2006 except as reflected therein.

(b) The unaudited consolidated balance sheets of the Company and its Subsidiaries as at March 31, 2007 and the related consolidated statements of income and cash flows for the three months ended March 31, 2006 and 2007 were prepared in accordance with GAAP consistently applied, and fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of such date and the consolidated results of operations and cash flows of the Company and its Subsidiaries for the period covered thereby, subject to normal year-end audit adjustments, consistent with past practices. Neither the Company nor any of its Subsidiaries had on such date any material contingent liabilities, liabilities for Taxes or long-term leases, unusual forward or long-term commitment or unrealized or unanticipated losses from any unfavorable commitment which are not reflected or reserved against in the foregoing statements or in the notes thereto.

(c) Immediately after the consummation of the Transaction contemplated by this Agreement, (1) the fair value of the assets of the Company and its Subsidiaries, taken as a whole, will exceed their respective debts and liabilities, subordinated, contingent or otherwise; (2) the present fair saleable value of the property of each of the Company and its Subsidiaries, taken as a whole, will be greater than the amount that will be required to pay the probable liability of their respective debts and other liabilities, subordinated, contingent or otherwise, as such

debts and other liabilities become absolute and matured; (3) the Company and its Subsidiaries, taken as a whole, will be able to pay their respective debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (4) the Company and its Subsidiaries, taken as a whole, will not have unreasonably small capital with which to conduct the business in which they are engaged as such business is now conducted and is proposed to be conducted following the Closing Date.

4.7 Full Disclosure

No information, report, financial statement, exhibit or schedule furnished by or on behalf of the Company or any of its Subsidiaries to the Agent or any Lender in connection with the negotiation of any Loan Document or included therein or delivered pursuant thereto contained, contains or will contain any misstatement of material fact or omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not misleading; *provided* that, with respect to projected financial information, the Company and its Subsidiaries represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

4.8 No Default

Neither the Company nor any of its Subsidiaries is in default in any manner under any provision of any indenture or other agreement or instrument evidencing Indebtedness, any material agreement or instrument to which it is a party or by which it or any of its properties or assets are or may be bound, where such default could reasonably be expected to result in a Material Adverse Effect. No event of default or event that but for the giving of notice or the lapse of time, or both, would constitute an event of default exists under any Contractual Obligation, where such default could reasonably be expected to result in a Material Adverse Effect.

4.9 Compliance with Organizational Documents

None of the Company or any of its Material Subsidiaries is in violation of its certificate of incorporation or similar organizational documents.

4.10 No Litigation

There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Company or any its Subsidiaries, threatened, at law, in equity, in arbitration or before any Tribunal, by or against the Company or any of its Subsidiaries or against any of their properties or revenues that (a) purport to affect or pertain to the Transactions, this Agreement or any other Loan Document, or any of the transactions contemplated thereby, or (b) either individually or in the aggregate, if determined adversely, could reasonably be expected to have a Material Adverse Effect.

4.11 Margin Stock, Etc.

Neither the Company nor any of its Subsidiaries is engaged and will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U), or extending credit for the purpose of purchasing or carrying margin stock.

4.12 Taxes

Except as could not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, the Company and each of its Subsidiaries has filed all federal, state and other tax returns and reports required to be filed, and have paid all federal, state and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those (a) which are not overdue by more than thirty (30) days or (b) which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP.

4.13 ERISA

(a) Except as could not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect, the Company, its Subsidiaries and their respective ERISA Affiliates is in compliance in all material respects with the applicable provisions of ERISA and the Internal Revenue Code and the regulations thereunder.

(b) Except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (1) no ERISA Event has occurred or is reasonably expected to occur; (2) no Pension Plan has any Unfunded Pension Liability; (3) none of the Company, its Subsidiaries and their respective ERISA Affiliates has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (4) none of the Company, its Subsidiaries and their respective ERISA Affiliates has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Sections 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (5) none of the Company, its Subsidiaries and their respective ERISA Affiliates has engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA.

(c) Except as could not, individually or in the aggregate, reasonably be expected to have a Market Adverse Effect, the Company and its Subsidiaries are in compliance with all non-U.S. employee benefit plans.

4.14 Compliance with Law

Neither the Company nor any of its Subsidiaries, nor their operation of their respective material properties (a) is in violation of, nor will the continued operation by the Company

and its Subsidiaries of their material properties as currently conducted violate, any requirements of all applicable Laws of any Tribunal the violation of which could reasonably be expected to have a Material Adverse Effect, and (b) is in default with respect to any judgment, writ, injunction, decree or order of any Tribunal the default of which could reasonably be expected to have a Material Adverse Effect.

4.15 Capital Structure and Subsidiaries

After giving effect to the Transaction, the Company will have no interest in any Person other than the Subsidiaries of the Company set forth on Schedule 4.1 and other Investments of the Company as set forth on Schedule 6.4 attached hereto and the Company will own, free and clear of all Liens, claims or restrictions on voting or transfer (other than as permitted by this Agreement), 100% of all classes of outstanding Capital Stock of each of the entities set forth on such Schedule 4.1, except as specified on Schedule 4.1. All of the issued and outstanding shares of Capital Stock of the Company and of each of its Subsidiaries is, and at and as of the date of consummation of the Transaction will be, duly authorized, validly issued, fully paid and nonassessable. No Subsidiary of the Company has granted or issued, or has agreed to grant or issue, any options, warrants or similar rights to any Person to acquire any shares of, or other securities convertible into, any of its Capital Stock.

4.16 Intellectual Property

The Company and each of its Subsidiaries owns or is licensed or otherwise has full legal right to use all of the patents, trademarks, service marks, trade names, copyrights and other intellectual property rights that are reasonably necessary for the operation of its business, without conflict with the rights of any other Person with respect thereto that could reasonably be expected to have a Material Adverse Effect.

4.17 Environmental Matters

(a) There are no Environmental Claims pending, or to the knowledge of the Company and its Subsidiaries threatened, that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Except as specifically disclosed in Schedule 4.17(b) or except as could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) none of the properties currently or formerly owned, leased or operated by the Company or any Restricted Subsidiary is listed or proposed for listing on the National Priorities List issued under CERCLA or on the CERCLA Information System or any analogous foreign, state or local list or is adjacent to any such property; (ii) to the Company's knowledge, there are no and never have been any underground or aboveground storage tanks or any surface impoundments, septic tanks, pits, sumps or lagoons in which Hazardous Materials are being or have been treated, stored or disposed on any property currently owned, leased or operated by the Company or any Restricted Subsidiary or on any property formerly owned or operated by the Company or any Restricted Subsidiary, except in compliance with Environmental Laws; (iii) there is no asbestos or asbestos-containing material on any property currently owned or operated by the Company or any Restricted

Subsidiary; and (iv) there has been no Release of Hazardous Materials by any Person on, at, under or from any property or facility currently or formerly owned, leased or operated by the Company or any Restricted Subsidiary and Hazardous Materials have not otherwise been Released by any of the Company and its Restricted Subsidiaries at any other location.

(c) The properties owned, leased or operated by the Company and the Restricted Subsidiaries do not contain any Hazardous Materials in amounts or concentrations which (i) constitute, or constituted a violation of, (ii) require remedial action under, or (iii) could give rise to liability under, Environmental Laws, which violations, response or other corrective actions and liabilities, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

(d) Except as specifically disclosed in Schedule 4.17(d), neither the Company nor any of its Restricted Subsidiaries is undertaking or financing, in whole or in part, either individually or together with other potentially responsible parties, any investigation or assessment, remedial, response or other corrective action relating to any actual or threatened Release of Hazardous Materials at, on or from any site, facility, location or operation, either voluntarily or pursuant to the order of any Governmental Authority or the requirements of any Environmental Law except for such investigation or assessment or remedial or response action that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(e) All Hazardous Materials generated, used, treated, handled or stored at, or transported to or from, any property currently or formerly owned or operated by any Loan Party or any of its Subsidiaries have been disposed of in a manner which could not reasonably expected to result, individually or in the aggregate, in a Material Adverse Effect.

(f) Except as could not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect, none of the Loan Parties and their Subsidiaries has contractually assumed any liability or obligation under or relating to any Environmental Law.

(g) Each Loan Party and their Subsidiaries and their respective businesses, operations, facilities and properties are in compliance with all applicable Environmental Laws, except for violations that could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

4.18 Permits

Each of the Company and the Subsidiaries possesses or will possess or can acquire on reasonable terms all licenses, permits, certificates, consents, orders, approvals and other authorizations from, and has made all declarations and filings with, all federal, state, local and other governmental authorities, all self-regulatory organizations and all courts and other tribunals, presently required or necessary to own or lease, as the case may be, and to operate its respective properties and to carry on its respective businesses as now or proposed to be conducted ("Permits"), except where the failure to obtain such Permits would not, individually or in the aggregate, have a Material Adverse Effect.

4.19 Insurance

The Company and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Company or any of its Subsidiaries, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Company or the applicable Subsidiary operates.

4.20 Labor Matters

Except as could not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect, there are no strikes, lockouts, slowdowns or stoppage against the Company or any of its Subsidiaries pending or, to the knowledge of the Company or any of its Subsidiaries, threatened. All payments due from the Company or any of its Subsidiaries, or for which any claim may be made against the Company or any of its Subsidiaries, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of the Company or such Subsidiary, except where the failure to do the same, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

4.21 Investment Company Act

None of the Company, any Person controlling the Company, or any of its Subsidiaries is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

SECTION 5 AFFIRMATIVE COVENANTS

The Company covenants and agrees that, until the Loans and all other amounts due under this Agreement have been indefeasibly paid in full, it shall perform all covenants in this Section 5 required to be performed by it:

5.1 Financial Statements and Other Reports

The Company will maintain, and cause each of its Subsidiaries to maintain, a system of accounting established and administered in accordance with sound business practices to permit preparation of consolidated financial statements in conformity with GAAP (except as provided below). The Company will deliver to each Lender and the Agent on and after the Effective Date:

(a) as soon as available (and in any event within the time periods prescribed by the Commission) all quarterly and annual reports on Forms 10-Q and 10-K (or successor forms) whether or not the Company is then required to rule such reports;

(b) together with each delivery of the annual reports on Form 10-K (or successor form) pursuant to Section (a) above, an Officers' Certificate of the Company

stating that the signers have reviewed the terms of this Agreement and have made, or caused to be made under their supervision, a review in reasonable detail of the transactions and condition of the Company and its Subsidiaries during the accounting period covered by such financial statements and that such review has not disclosed the existence during or at the end of such accounting period, and that the signers do not have knowledge of the existence as at the date of the Officers' Certificate, of any condition or event which constitutes an Event of Default or Potential Event of Default, or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Company has taken, is taking and proposes to take with respect thereto;

(c) together with each delivery of annual consolidated financial statements pursuant to Section (a) above, a written statement by the independent certified public accountants giving the report thereon stating whether, in connection with their audit examination, any condition or event that constitutes an Event of Default or Potential Event of Default that relates to accounting matters has come to their attention and, if any such condition or event has come to their attention, specifying the nature and period of existence thereof; *provided* that such accountants shall not be liable by reason of any failure to obtain knowledge of any such Event of Default or Potential Event of Default that would not be disclosed in the course of their audit examination;

(d) at the same time as they are publicly filed, copies of all annual, regular, periodic and special reports and registration statements which the Company files with the SEC or with any Tribunal that may be substituted therefor (other than amendments to any registration statement (to the extent such registration statement, in the form it became effective, is delivered) and, if applicable, any registration statement on Form S-8) and in any case not otherwise required to be delivered to the Agent pursuant hereto;

(e) promptly upon any Officer obtaining knowledge (1) of any condition or event which constitutes an Event of Default or Potential Event of Default, or becoming aware that any Lender or Agent has given any notice or taken any other action with respect to a claimed Event of Default or Potential Event of Default under this Agreement, (2) that any Person has given any notice to the Company or any Subsidiary of the Company or taken any other action with respect to a claimed default or event or condition which might result in an Event of Default referred to in Section 7.2 or (3) of the occurrence of any event or change that has caused or evidences, either in any case or in the aggregate, a Material Adverse Effect, an Officers' Certificate specifying the nature and period of existence of any such condition or event, or specifying the notice given or action taken by such holder or Person and the nature of such claimed default, Event of Default, Potential Event of Default, event or condition, and what action the Company has taken, is taking and proposes to take with respect thereto;

(f) beginning with the fiscal year ending December 31, 2007, as soon as practicable but in any event no later than 60 days following the first day of each fiscal year a forecast for each of the next succeeding twelve months of the consolidated balance sheet and the consolidated statements of income, cash flow and cash position of the Company and its Subsidiaries and the consolidating balance sheet and the consolidating statements

of income, cash flow and cash position of the Company and the Material Subsidiaries, together with an outline of the major assumptions upon which the forecast is based. Together with each delivery of financial statements pursuant to Section 5.1(b) above, the Company shall deliver a comparison of the current year to date financial results against the budget required to be submitted pursuant to this Section;

(g) in writing, promptly upon an Officer obtaining knowledge that the Company or any of its Subsidiaries has received notice or otherwise learned of any (1) Environmental Claim, the non-compliance with or violation of the requirements of any Environmental Law, the Release or threatened Release of any Hazardous Material, in each case, which could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or (2) the existence of any Environmental Lien on any properties or assets of the Company or any of its Subsidiaries;

(h) promptly upon any Person becoming a Subsidiary of the Company, a written notice setting forth with respect to such Person (1) the date on which such Person became a Subsidiary of the Company and (2) all of the data required to be set forth in Schedule 4.1 annexed hereto with respect to all Subsidiaries of the Company; and

(i) with reasonable promptness, such other information and data with respect to the Company or any of its Subsidiaries or any of their respective property, business or assets as from time to time may be reasonably requested by any Lender; *provided* that no information or data shall be required to be delivered hereunder or under any other provision of this Agreement if it would violate any applicable attorney-client or accountant-client privilege.

Documents required to be delivered pursuant to this Section 5.1 (to the extent any such documents are included in materials otherwise filed with the Commission) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which the Company posts such documents, or provides a link thereto on the Company's website on the internet at the Company's website address of www.equinix.com (or such other website address as the Company may provide to the Agent in writing from time to time); provided that: (x) to the extent the Agent is otherwise unable to receive any such electronically delivered documents, the Company shall, upon request by the Agent, deliver paper copies of such documents to the Agent until a written request to cease delivering paper copies is given by the Agent and (y) the Company shall notify the Agent (by telecopier or electronic mail) of the posting of any such documents or provide to the Agent by electronic mail electronic versions (i.e., soft copies) of such documents.

5.2 Corporate Existence, Etc.

The Company will at all times preserve and keep in full force and effect its corporate existence and rights and franchises to its business and those of each of its Subsidiaries, except as permitted by Section 6.5 or where the failure to so preserve or keep will not, singly or in the aggregate, have a Material Adverse Effect.

5.3 Payment of Taxes and Claims; Tax Consolidation

The Company will, and will cause each of its Subsidiaries to, pay all material Taxes, assessments and other governmental charges imposed upon it or any of its material properties or assets or in respect of any of its franchises, business, income or property before any material penalty accrues thereon, and all claims (including, without limitation, claims for labor, services, materials and supplies) for sums which have become due and payable and which by law have or may become a Lien upon any of its properties or assets prior to the time when any material penalty or fine shall be incurred with respect thereto, *provided*, *however*, that no such charge or claim need be paid if the validity or amount of such charge or claim is being diligently contested in good faith and if such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor.

5.4 Maintenance of Properties; Insurance

Except as could not reasonably be expected to have a Material Adverse Effect, the Company will maintain or cause to be maintained in good repair, working order and condition, ordinary wear and tear excepted, all material properties used or useful in the business of the Company and its Subsidiaries and from time to time promptly will make or cause to be made all necessary repairs, renewals and replacements thereof; *provided*, *however*, that nothing in this Section 5.4 shall prevent the Company or any of its Subsidiaries from discontinuing the use, operation or maintenance of any such properties, or disposing of any of them, if such action is in the ordinary course of business or, in the reasonable good faith judgment of the Company, necessary or desirable in the conduct of its business or otherwise permitted by this Agreement. The Company will maintain or cause to be maintained, with financially sound and reputable insurers or with self insurance programs, in each case to the extent consistent with prudent business practices and customary in its industries, insurance with respect to its properties and business and the properties and businesses of their Subsidiaries against loss or damage of the kinds (including, in any event, business interruption insurance) and in the amounts customarily carried or maintained under similar circumstances by corporations engaged in similar businesses and owning similar properties in the same general respective areas in which the Company and its Subsidiaries operate.

5.5 Inspection

The Company shall permit any authorized representatives designated by the Lenders to visit and inspect any of the properties of the Company or its Subsidiaries, including, without limitation, its and their financial and accounting records, and to make copies and take extracts therefrom, and to discuss its and their affairs, finances and accounts with its and their officers and independent public accountants, all upon reasonable notice and at such reasonable times during normal business hours and as often as may be reasonably requested; *provided that*, excluding any such visits and inspections during the continuation of an Event of Default, only the Agent on behalf of the Lenders may exercise rights of the Agent and the Lenders under this Section 5.5 and the Agent shall not exercise such rights more often than two (2) times during any calendar year absent the existence of an Event of Default and only one (1) such time shall be at the Company’s expense. The Agent and the Lenders shall give the Company the opportunity to participate in any discussions with the Company’s independent public accountants.

5.6 Use of Proceeds

The net proceeds of the Offer Loans or the Scheme Loans, as the case may be, shall be immediately paid by the Company to Bidco (in the form of a combination of loan and contribution to its equity capital) and shall be used by Bidco solely to fund the cash consideration for the Target Shares purchased pursuant to or in connection with the Offer (including any Target Shares acquired pursuant to the Compulsory Acquisition Procedures) or the Scheme, respectively.

The net proceeds of the Term Loan shall be used to cancel any outstanding amount of Bridge Loans converted to Term Loans on such date.

5.7 Compliance with Laws, Etc.

The Company shall and shall cause each of its Subsidiaries to comply with the requirements of all applicable Laws of any Tribunal, noncompliance with which, singly or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.8 Maintenance of Accurate Records, Etc.

The Company shall keep, and will cause each of its Subsidiaries to keep, true books and records and accounts in which full and correct entries will be made of all its respective business transactions, and will reflect, and cause each of its Subsidiaries to reflect, in its respective financial statements adequate accruals and appropriations to reserves.

5.9 Take-Out Financing

Upon request (a "Request") from the Take-Out Banks made at any time after 180 days after the Closing Date (the "Initial Request Date") and prior to the Conversion Date, the Company shall take all reasonable actions necessary or desirable, to the extent within its power, so that the Take-Out Banks can, as soon as practicable after such Request, publicly offer or privately place the Demand Take-Out Notes. Upon notice by the Take-Out Banks (a "Take-Out Securities Notice"), at any time and from time to time following the Initial Request Date, the Company will issue and sell the Demand Take-Out Notes upon such terms and conditions as specified in the Take-Out Securities Notice; *provided*, *however*, that for either a Request or a Take-Out Securities Notice (a) fixed interest rates shall be determined by the Take-Out Banks in light of the then prevailing market conditions, but in no event shall the weighted average overall yield on the Take-Out Securities exceed 11.25% *per annum*; (b) the Demand Take-Out Notes will contain such terms, conditions and covenants as are customary for similar high yield financings and as are satisfactory in all respects to the Take-Out Banks and the Company and shall be issued pursuant to Citigroup Global Markets Inc.'s customary form of purchase agreement or underwriting agreement, as the case may be; and (c) all other arrangements with respect to the Demand Take-Out Notes shall be reasonably satisfactory in all respects to the Take-Out Banks and the Company in light of the then prevailing market conditions. The foregoing shall not limit the ability of the Company to refinance the Bridge Loan by other means.

In addition, the Company covenants and agrees to use its commercially reasonable efforts to assist the Take-Out Banks in marketing the Demand Take-Out Notes to refinance the Bridge Loan, including, without limitation, preparing an offering memorandum (which offering memorandum shall contain audited, unaudited and pro forma financial statements meeting the requirements of Regulation S-X under the Securities Act of 1933, as amended, of the Company and the Acquired Business for the periods required of a registrant on Form S-1) relating thereto, making senior management of the Company and other representatives of the Company available (at mutually agreeable times) to participate in meetings with prospective investors and providing such information and assistance as the Take-Out Banks shall reasonably request during the course of such marketing process. The independent auditors for each of the Company and the Acquired Business shall have agreed to provide customary comfort letters with respect to such offering memorandum.

5.10 Exchange of Term Notes

The Company will, on the 5th Business Day following the written request (the "Exchange Request") of the holder of any Term Loan bearing interest at a fixed interest rate equal to the Fixed Rate (or beneficial owner of a portion thereof).

(a) Execute and deliver, cause each Guarantor to execute and deliver, and cause a bank or trust company acting as trustee thereunder to execute and deliver, the Senior Indenture, if such Senior Indenture has not previously been executed and delivered;

(b) Execute and deliver to such holder or beneficial owner in accordance with the Senior Indenture a note in the form attached to the Senior Indenture (the "Exchange Notes") bearing a fixed interest rate equal to the Fixed Rate in exchange for such Term Note dated the date of the issuance of such Exchange Note, payable to the order of such holder or owner, as the case may be, in the same principal amount as such Term Note (or portion thereof) being exchanged, and cause each Guarantor to endorse its guarantee thereon; and

(c) Execute and deliver, and cause each Guarantor to execute and deliver, to such holder or owner, as the case may be, a Registration Rights Agreement in the form of Exhibit V annexed hereto, if such Registration Rights Agreement has not previously been executed and delivered or, if such Registration Rights Agreement has previously been executed and delivered and such holder or owner is not already a party thereto, permit such holder or owner to become a party thereto.

The Exchange Request shall specify the principal amount of the Term Loans to be exchanged pursuant to this Section 5.10 which shall be at least $5.0 million and integral multiples of $10,000 in excess thereof. Term Loans delivered to the Company under this Section 5.10 in exchange for Exchange Notes shall be canceled by the Company and the corresponding amount of the Term Loan deemed repaid and the Exchange Notes shall be governed by and construed in accordance with the terms of the Senior Indenture.

The bank or trust company acting as trustee under the Senior Indenture shall at all times be a corporation organized and doing business under the laws of the United States of America or the State of New York, in good standing and having its principal offices in the Borough of Manhattan, in The City of New York, which is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by Federal or State authority and which has a combined capital and surplus of not less than $50.0 million.

5.11 Payments in U.S. Dollars

All payments of any Obligations to be made hereunder or under the Notes by the Company or any other obligor with respect thereto shall be made solely in U.S. Dollars or such other currency as is then legal tender for public and private debts in the United States of America.

5.12 Lenders Meeting

The Company will participate in a meeting with the Lenders once during each fiscal year to be held at a location and a time selected by the Company and reasonably satisfactory to the Lenders.

5.13 Payments for Consent

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Lender for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Agreement or the Notes unless such consideration is offered to be paid and is paid to all Lenders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

5.14 Delisting and Reregistration as a Private Company

If the Acquisition has been effected as an Offer, the Company shall ensure that, as soon after the Unconditional Date as permitted by law, the Listing Rules of the UK Listing Authority and the rules of the London Stock Exchange, the Target Shares will be delisted from the Official List of the UK Listing Authority and that admission of the Target Shares to trading on the London Stock Exchange will be terminated. The Company shall cause, as soon as possible after Bidco has acquired not less than 90% of the issued share capital of Target, Target to re-register as a private limited liability company under section 53 of the Companies Act 1985 and deliver to the Agent a certified copy of the certificate of reregistration promptly after such certified is issued; *provided* that in the event that Bidco is exercising its rights pursuant to the Compulsory Acquisition Procedures, reregistration of Target shall be deferred until completion of the Compulsory Acquisition Procedures.

5.15 Compulsory Acquisition Procedures

If the Acquisition has been effected as an Offer, following the Unconditional Date, the Company shall promptly commence the Compulsory Acquisition Procedures after acquiring 90% of the Target Shares, (a) ensure that within ten Business Days thereafter notices are given to the holders of Target Shares who did not accept the Offer, stating that Bidco desires to acquire those shares in accordance with Compulsory Acquisition Procedures, (b) ensure that (except in the event of any proceedings under Section 986 of the Companies Act 2006, Bidco will expeditiously implement the Compulsory Acquisition Procedures and ensure such procedures are carried out in accordance with the timetable provided for in the Companies Act 2006, and (c) inform the Agent upon reasonable request with regard to the progress of the Compulsory Acquisition Procedures.

5.16 The Offer and Related Matters

Upon an Election and thereafter for so long as Bidco continues to proceed with the Offer, the Company shall:

(a) Unless otherwise agreed by the Required Lenders, cause the Offer Press Release to contain a 90% acceptance condition and such other conditions consistent in all material respects with the conditions in the Scheme Press Release and to provide for a price per Target Share at which the Offer is proposed not more than the Scheme price;

(b) Cause the Offer to be made under the Offer Document and the Offer Document to contain terms and conditions consistent in all material respects with those set out in the Press Release;

(c) Except with the consent of the Required Lenders, not:

(1) extend the Offer beyond the date which is the first Business Day after the expiry of six weeks from the date on which the last notice under Section 986 of the Companies Act 2006 is given or, if earlier, the last day of the Certain Funds Period;

(2) make or approve any increase in the Offer price or make any other acquisition of any Target Share above the Offer price; or

(3) amend, vary, supplement or waive the acceptance condition contained in the Offer Press Release;*provided* that if circumstances arise where the Takeover Panel would allow reliance by the Company on any other condition of the Offer so as to permit the Company to withdraw from the Offer, not waive such condition without obtaining the consent of the Required Lenders;

(d) Notify the Agent as soon as reasonably practical after it becomes aware of any circumstance or event which would entitle it to lapse or withdraw the Offer in accordance with the Takeover Code, and in such circumstance, if the Required Lenders shall

reasonably request, cause Bidco to make such representations to the Takeover Panel on behalf of the Lenders as the Required Lenders shall request with a view to obtaining the consent of the Takeover Panel to permit Bidco to invoke the relevant condition;

(e) Take any action which would result in the Company or any of its Subsidiaries being obliged to make an offer to the shareholders of Target under Rule 9 of the Takeover Code;

(f) Take any other steps necessary to ensure that the Offer Press Release, the Offer Document and the conduct of the Offer comply in all material respects with all material applicable consents, laws and regulations (including, without limitation, the Companies Act 1985, the Financial Services and Markets Act 2000 of England and Wales and the Takeover Code, subject to any applicable waivers by the Takeover Panel);

(g) Provide updates from time to time to the Agent as to the status of and progress with respect to the Offer and supply to the Agent any updated financial information on the Target and its Subsidiaries which becomes available and will promptly give to the Agent such other information (including details as to the current level of acceptances) concerning the Offer or otherwise relevant to the Offer as the Agent may reasonably request; and

(h) Take any other steps necessary or advisable to ensure that, other than the Offer Press Release and the Offer Document, no public statement is made by it or any of its Subsidiaries (other than the Acquired Business) in connection with the Offer concerning the Lenders and the Loan Documents without the prior written consent of the Lenders (not to be unreasonably withheld), unless required to do so by the Takeover Code, Takeover Panel, any law or regulation, any applicable stock exchange or any applicable government or other relevant regulatory authority.

5.17 The Scheme and Related Matters

For so long as Bidco continues to proceed with the Scheme, the Company shall:

(a) Cause the Scheme to be proposed on terms and conditions consistent in all material respects with those specified in the Scheme Press Release and cause the Scheme Documents to reflect such terms and conditions in all material respects save as required by the Takeover Panel or by any court;

(b) Except with the consent of the Required Lenders, not:

(1) make or approve any increase in the price per Target Share at which the Scheme is proposed or make any other acquisition of any Target Share above the price per Target Share stated in the Scheme Press Release; or

(2) amend, vary, supplement or waive conditions (a) to (c) contained in the Scheme Press Release; *provided* that if circumstances arise where the

Takeover Panel would allow reliance by the Company on any other condition of the Scheme so as to permit the Company to withdraw from the Scheme, not waive such condition without obtaining the consent of the Required Lenders;

(c) Notify the Agent as soon as reasonably practical after it becomes aware of any circumstance or event which would entitle Bidco to withdraw from the Scheme in accordance with the Takeover Code, and in such circumstance, if the Required Lenders shall reasonably request, cause Bidco to make such representations to the Takeover Panel or the court, as applicable, on behalf of the Lenders as the Required Lenders shall request with a view to obtaining the consent of the Takeover Panel to permit Bidco to invoke the relevant condition;

(d) Take any action which would result in the Company or any of its Subsidiaries being obliged to make an offer to the shareholders of Target under Rule 9 of the Takeover Code;

(e) Take any other steps necessary to ensure that the Scheme Press Release, the Scheme Document and the implementation of the Scheme comply in all material respects with all material applicable consents, laws and regulations (including, without limitation, the Companies Act 1985, the Financial Services and Markets Act 2000 of England and Wales and the Takeover Code, subject to any applicable waivers by the Takeover Panel);

(f) Provide updates from time to time to the Agent as to the status of and progress with respect to the Scheme and supply to the Agent any updated financial information on the Target and its Subsidiaries which becomes available and will promptly give to the Agent such other information concerning the Scheme or otherwise relevant to the Scheme as the Agent may reasonably request; and

(g) Take any other steps necessary or advisable to ensure that, other than the Scheme Press Release and the Scheme Document, no public statement is made by it or any of its Subsidiaries (other than the Acquired Business) in connection with the Scheme concerning the Lenders and the Loan Documents without the prior written consent of the Lenders (not to be unreasonably withheld), unless required to do so by the Takeover Code, Takeover Panel, any law or regulation, any applicable stock exchange or any applicable government or other relevant regulatory authority.

5.18 Syndication

(a) The Company shall take all actions that the Agent may reasonably request to assist in syndication of the Loans. For the avoidance of doubt, such actions may include, but are not limited to:

(i) using its commercially reasonable efforts to make senior management, representatives and advisors of the Company and, after the Closing Date, Target available to participate in informational meetings with potential Lenders at such times and places as the Agent may reasonably request upon advanced notice,

(ii) using its commercially reasonable efforts to ensure that the syndication effort benefits from the existing lending relationships of the Company,

(iii) assisting (including using efforts to cause the Company's affiliates and advisors to assist) in the marketing materials to be used in connection with the syndication, and

(iv) promptly providing the Agent with all available information reasonably deemed necessary by it to successfully complete the Syndication;

(b) At the request of the Agent, the Company shall assist in the preparation of a presentation consisting exclusively of information and documentation that is publicly available or not material with respect to the Company, its affiliates and any of its securities for purposes of United States federal and state securities laws.

(c) As of its date of publication, the marketing materials will not contain any misstatement of material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, misleading.

SECTION 6 NEGATIVE COVENANTS

The Company covenants and agrees that until the satisfaction in full of the Loans and all other Obligations due under this Agreement it will fully and timely perform all covenants in this Section 6.

6.1 Indebtedness

(a) Prior to the Conversion Date, the Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume, guarantee, acquire, become liable, contingently or otherwise, with respect to, or otherwise become responsible for payment of (collectively, "incur") any Indebtedness (other than Permitted Indebtedness).

(b) After the Conversion Date, in addition to the foregoing, if no Default or Event of Default shall have occurred and be continuing at the time of or as a consequence of the incurrence of any such Indebtedness, the Company or any of its Restricted Subsidiaries that is or, upon such incurrence, becomes a Guarantor, may incur Indebtedness (including, without limitation, Acquired Indebtedness) and any Restricted Subsidiary of the Company that is not or will not, upon such incurrence, become a Guarantor may incur Acquired Indebtedness, in each case if on the date of the incurrence of such Indebtedness, after giving effect to the incurrence thereof, the Consolidated Fixed Charge Coverage Ratio of the Company would have been greater than 2.0 to 1.0.

(c) The Company will not, and will not permit any Guarantor to, directly or indirectly, incur any Indebtedness which by its terms (or by the terms of any agreement governing

such Indebtedness) is expressly subordinated in right of payment to any other Indebtedness of the Company or such Guarantor, as the case may be, unless such Indebtedness is also by its terms (or by the terms of any agreement governing such Indebtedness) made expressly subordinate to the Loans or the applicable Guarantee, as the case may be, to the same extent and in the same manner as such Indebtedness is subordinated to other Indebtedness of the Company or such Guarantor, as the case may be. For purposes of the foregoing, no Indebtedness will be deemed to be subordinated in right of payment to any other Indebtedness of the Company or any Guarantor solely by virtue of such Indebtedness being unsecured or by virtue of the fact that the holders of such Indebtedness have entered into one or more intercreditor agreements giving one or more of such holders priority over the other holders in the collateral held by them.

6.2 Liens

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or permit or suffer to exist any Liens of any kind against or upon any property or assets of the Company or any of its Restricted Subsidiaries whether owned on the Closing Date or acquired after the Closing Date, or any proceeds therefrom, or assign or otherwise convey any right to receive income or profits therefrom unless:

(a) in the case of Liens securing Subordinated Indebtedness, the Notes or the Guarantee of such Guarantor, as the case may be, are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens; and

(b) in all other cases, the Notes or the Guarantee of such Guarantor, as the case may be, are equally and ratably secured, except for:

(1) Liens securing borrowings under the Bank Facility incurred pursuant to clause (b) of the definition of "Permitted Indebtedness" and Liens on assets of the Acquired Business securing borrowings under the Target Facility incurred pursuant to clause (m) of the definition of "Permitted Indebtedness";

(2) other Liens existing as of the Closing Date to the extent and in the manner such Liens are in effect on the Closing Date;

(3) Liens securing the Company's and its Restricted Subsidiaries' Obligations under any hedge facility permitted under this Agreement to be entered into by the Company and its Restricted Subsidiaries;

(4) Liens securing the Loans and the Guarantees;

(5) Liens in favor of the Company or a Wholly Owned Restricted Subsidiary of the Company on assets of any Restricted Subsidiary of the Company;

(6) Liens securing Refinancing Indebtedness which is incurred to Refinance any Indebtedness which has been secured by a Lien permitted under this Agreement and which has been incurred in accordance with the provisions of this

Agreement; *provided*, *however*, that such Liens: (A) are no less favorable to the Lenders in any material respect and are not more favorable to the lienholders in any material respect with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced; and (B) do not extend to or cover any property or assets of the Company or any of its Restricted Subsidiaries not securing the Indebtedness so Refinanced; and

(7) Permitted Liens.

6.3 Restricted Payments

(a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly: (1) declare or pay any dividend or make any distribution (other than dividends or distributions payable in Qualified Capital Stock of the Company) on or in respect of shares of the Company's Capital Stock to holders of such Capital Stock, (2) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Company; (3) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness; or (4) make any Investment (other than Permitted Investments) (each of the foregoing actions set forth in clauses (1), (2), (3) and (4) being referred to as a "Restricted Payment").

(b) Notwithstanding the foregoing, if no Default or Event of Default shall have occurred and be continuing or be caused as a consequence thereof, the provisions set forth in the immediately preceding paragraph do not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration of such dividend if the dividend would have been permitted on the date of declaration;

(2) the acquisition of any shares of Capital Stock of the Company, either (A) solely in exchange for shares of Qualified Capital Stock of the Company or (B) through the application of net proceeds of a substantially concurrent sale for cash (other than to a Subsidiary of the Company) of shares of Qualified Capital Stock of the Company;

(3) the acquisition of any Subordinated Indebtedness either (A) solely in exchange for shares of Qualified Capital Stock of the Company, or (B) through the application of net proceeds of a substantially concurrent sale for cash (other than to a Subsidiary of the Company) of (i) shares of Qualified Capital Stock of the Company or (ii) Refinancing Indebtedness;

(4) so long as no Default or Event of Default shall have occurred and be continuing, after the Conversion Date, repurchases by the Company of Common Stock of the Company from officers, directors and employees of the Company or any of its Subsidiaries or their authorized representatives upon the death, disability or termination of employment of such employees or termination of their seat on the board of the Company in an aggregate amount not to exceed $5.0 million in any calendar year;

(5) repurchases of Capital Stock deemed to occur upon the exercise of stock options or warrants if such Capital Stock represents a portion of the exercise price and related statutory withholding taxes of such options or warrants;

(6) payments of dividends on Disqualified Capital Stock or preferred stock of any Restricted Subsidiary, the incurrence or issuance of which was permitted by this Agreement;

(7) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company;

(8) the retirement of any shares of Disqualified Capital Stock of the Company by conversion into, or by exchange for, shares of Disqualified Capital Stock of the Company or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) or other shares of Disqualified Capital Stock of the Company; and

(9) after the Conversion Date, other Restricted Payments in an aggregate amount not to exceed $25.0 million.

(c) In addition to the foregoing, after the Conversion Date, the Company may make Restricted Payments if at the time of such Restricted Payment or immediately after giving effect thereto, (1) no Default or an Event of Default shall have occurred and be continuing; (2) the Company is able to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) in compliance with Section 6.1(b); and (3) the aggregate amount of Restricted Payments (including such proposed Restricted Payment) made subsequent to the Conversion Date (the amount expended for such purposes, if other than in cash, being the fair market value of such property as determined in good faith by the Board of Directors of the Company) shall not exceed the sum of:

(A) 25% of the cumulative Consolidated Net Income (or if cumulative Consolidated Net Income shall be a loss, minus 100% of such loss) of the Company earned subsequent to the Conversion Date and ending on the last day of the most recent quarter for which financial statements have been delivered pursuant to Section 5.1 (treating such period as a single accounting period); plus

(B) 100% of the aggregate net cash proceeds received by the Company from any Person (other than a Subsidiary of the Company) from the issuance and sale subsequent to the Conversion Date and on or prior to the date the Restricted Payment occurs (the "Reference Date") of Qualified Capital Stock of the Company or warrants, options or other rights to acquire Qualified Capital Stock of the Company (but excluding any debt security that is convertible into, or exchangeable for, Qualified Capital Stock, until such debt security has been converted into, or exchanged for, Qualified Capital Stock); plus

(C) without duplication of any amounts included in clause (c)(B) above, 100% of the aggregate net cash proceeds of any equity contribution received by the Company from a holder of the Company's Capital Stock subsequent to the Conversion Date and on or prior to the Reference Date (excluding, in the case of clauses (c)(B) and (C), any net cash proceeds from an equity offering to the extent used to redeem the Notes); plus:

(D) without duplication, the sum of:

(i) the aggregate amount returned in cash on or with respect to Investments (other than Permitted Investments) made subsequent to the Conversion Date whether through interest payments, principal payments, dividends or other distributions or payments;

(ii) the net cash proceeds received by the Company or any of its Restricted Subsidiaries from the disposition of all or any portion of such Investments (other than to a Subsidiary of the Company); and

(iii) upon redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary, the fair market value of such Subsidiary as of the date of such redesignation;

provided, *however*, that the sum of clauses (i), (ii) and (iii) above shall not exceed the aggregate amount of all such Investments made subsequent to the Conversion Date.

After the Conversion Date, in determining the aggregate amount of Restricted Payments made subsequent to the Closing Date in accordance with clause (3) of Section 6.3(c), amounts expended pursuant to clauses (1), (2)(B), (3)(B)(i), (4) and, if applicable, (9) of this Section 6.3(b) shall be included in such calculation.

6.4 [Reserved]

6.5 Restriction on Fundamental Changes

(a) Prior to the Conversion Date, subject to Section 5.2 and other than the sale of 100% of a Subsidiary of the Company in accordance with Section 2.5(a)(2)(A) and Section 6.9, the Company shall not, nor shall it cause or permit any of its Subsidiaries to, directly or indirectly, enter into any transaction, or series of related transactions, of merger, amalgamation, consolidation or combination, or consolidate, or liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, sublease, transfer or otherwise dispose of, in one transaction or in a series of transactions, all or substantially all of its business, property or assets, whether now owned or hereafter acquired, except any Subsidiary of the Company may be merged, amalgamated, consolidated or combined with or into the Company or any wholly-owned

Subsidiary of the Company or be liquidated, wound up or dissolved, or all or substantially all of its business, property or assets may be conveyed, sold, leased, transferred or otherwise disposed of, in one transaction or in a series of transactions, to the Company or to any wholly-owned Subsidiary of the Company; provided, however, that (1) no Potential Event of Default or Event of Default shall have occurred and be continuing or would result therefrom, (2) in the case of such a merger, amalgamation, consolidation or combination of the Company and a Subsidiary of the Company, the Company shall be the continuing or surviving corporation, and (3) where one or more of the predecessor entities is the Company or a Guarantor, the surviving entity (A) if it is the Company or a Subsidiary Guarantor (i) continues to be bound as such under this Agreement or the Guarantee of such Guarantor, as the case may be, and (ii) executes and delivers to the Agent immediately upon consummation of such transaction a written confirmation or acknowledgment to such effect, in form and substance satisfactory to the Lender, together with evidence of appropriate corporate power, authority and action and a written legal opinion in form and substance satisfactory to the Agent to the effect that this Agreement and such Guarantee continue to be a legal, valid and binding obligation of such entity, enforceable against such entity in accordance with its terms (subject to customary exceptions in respect of bankruptcy, insolvency and other equitable remedies) and with respect to such other matters as the Agent may reasonably request, and (B) if it is not the Company or a Guarantor, executes and delivers to the Agent immediately upon the consummation of such transaction an assumption agreement, in form and substance satisfactory to the Agent, whereby such surviving entity assumes the due and punctual performance of all obligations and liabilities of such predecessor Guarantor under its Guarantee, together with evidence of appropriate corporate power, authority and action and a written legal opinion in form and substance satisfactory to the Agent to the effect that such Guarantee is the legal, valid and binding obligation of such surviving entity, enforceable against such surviving entity in accordance with its terms (subject to customary exceptions in respect of bankruptcy, insolvency and other equitable remedies) and with respect to such other matters as the Agent may reasonably request.

(b) After the Conversion Date, the Company will not, in a single transaction or series of related transactions, consolidate with, or merge with or into, any Person, or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary of the Company to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's assets (determined on a consolidated basis for the Company and the Restricted Subsidiaries) whether as an entirety or substantially as an entirety to any Person unless:

(1) either:

(A) the Company shall be the surviving or continuing corporation; or

(B) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition such properties and assets of the Company and of the Company's Restricted Subsidiaries substantially as an entirety (the "Surviving Entity"):

(i) shall be a corporation organized and validly existing under the laws of the United States or any State thereof or the District of Columbia; and

(ii) shall expressly assume, by supplemental indenture (in form and substance satisfactory to the Agent), executed and delivered to the Agent, the due and punctual payment of the principal of, and premium, if any, and interest on all of each series of the Notes and the performance of every covenant of this Agreement on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction and, if applicable, the assumption by the Surviving Entity contemplated by clause (1)(B)(ii) above (including giving effect to any Indebtedness and Acquired Indebtedness incurred or anticipated to be incurred in connection with or in respect of such transaction), the Company or such Surviving Entity, as the case may be, shall be able to incur at least $1.00 of additional Indebtedness pursuant to paragraph (b) of Section 6.1;

(3) immediately after giving effect to such transaction and, if applicable, the assumption by the Surviving Entity contemplated by Section 6.5(b)(1)(B)(ii) above (including, without limitation, giving effect to any Indebtedness and Acquired Indebtedness incurred or anticipated to be incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default shall have occurred and be continuing; and

(4) the Company or the Surviving Entity, as the case may be, shall have delivered to the Agent an officers' certificate and an opinion of counsel, each stating that such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if a joiner agreement is required in connection with such transaction, such joinder agreement complies with the applicable provisions of this Agreement.

For purposes of this Section 6.5, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Company, in a single or a series of related transactions, which properties and assets, if held by the Company instead of such Restricted Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company. Notwithstanding the foregoing clauses (1), (2) and (3), the Company may merge with (A) any of its Wholly Owned Restricted Subsidiaries or (B) an Affiliate that is a Person that has no material assets or liabilities and which was organized solely for the purpose of reorganizing the Company in another jurisdiction.

The Surviving Entity shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Agreement and the Notes with the same effect as if such surviving entity had been named as such.

(c) Each Guarantor (other than any Guarantor whose Guarantee is to be released in accordance with the terms of the Guarantee and this Agreement in connection with any transaction complying with the provisions of Section 6.9) will not, and the Company will not cause or permit any Guarantor to, consolidate with or merge with or into any Person other than the Company or any other Guarantor unless:

(1) the entity formed by or surviving any such consolidation or merger (if other than the Guarantor) or to which such sale, lease, conveyance or other disposition shall have been made is a corporation organized and existing under the laws of the United States or any State thereof or the District of Columbia;

(2) such entity assumes by supplemental indenture all of the obligations of the Guarantor on the Guarantee;

(3) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(4) immediately after giving effect to such transaction and the use of any net proceeds therefrom on a *pro forma* basis, the Company could satisfy the provisions of Section 6.5(b)(2).

Any merger or consolidation of a Guarantor with and into the Company (with the Company being the surviving entity) or another Guarantor that is a Wholly Owned Restricted Subsidiary of the Company need only comply with Section 6.5(c)(4).

6.6 Limitation on Dividend and Other Payment Restrictions Affecting Subsidiaries

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

(a) pay dividends or make any other distributions on or in respect of its Capital Stock;

(b) make loans or advances to the Company or any other Restricted Subsidiary or to pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary of the Company; or

(c) transfer any of its property or assets to the Company or any other Restricted Subsidiary of the Company,

except in each case for such encumbrances or restrictions existing under or by reason of

(1) applicable law, rule, regulation or order;

(2) this Agreement, the Senior Indenture (including the Exchange Notes) and the Guarantees;

(3) customary non-assignment provisions of any contract or any lease, license or sublicenses governing a leasehold interest of any Restricted Subsidiary of the Company;

(4) any instrument governing Acquired Indebtedness, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired;

(5) agreements existing on the Closing Date to the extent and in the manner such agreements are in effect on the Closing Date;

(6) the Bank Facility and the Target Facility;

(7) restrictions on the transfer of assets subject to any Lien permitted under this Agreement imposed by the holder of such Lien;

(8) restrictions imposed by any agreement to sell assets or Capital Stock permitted under this Agreement to any Person pending the closing of such sale;

(9) such encumbrances or restrictions being binding on a Restricted Subsidiary at such time as such Restricted Subsidiary first becomes a Restricted Subsidiary, *provided* that such encumbrances or restrictions are not entered into solely in contemplation of such Person becoming a Restricted Subsidiary;

(10) customary provisions in joint venture agreements and other similar agreements (in each case relating solely to the respective joint venture or similar entity or the equity interests therein) entered into in the ordinary course of business;

(11) an agreement governing Indebtedness incurred to Refinance the Indebtedness issued, assumed or incurred pursuant to an agreement referred to in clauses (2), (4), (5) and (6) above; *provided*, *however*, that the provisions relating to such encumbrance or restriction contained in any such Indebtedness, taken as a whole, are no less favorable to the Company in any material respect as determined by the Board of Directors of the Company in their reasonable and good faith judgment than the provisions relating to such encumbrance or restriction contained in agreements referred to in such clauses (2), (4), (5) and (6);

(12) customary restrictions on leases, subleases, licenses, sublicenses, or asset sale agreements otherwise permitted hereby; and

(13) restrictions imposed on cash or other deposits imposed by customers entered into in the ordinary course of business.

6.7 Transactions with Affiliates

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an "Affiliate Transaction"), other than (1) Affiliate Transactions permitted under paragraph (b) below and (2) Affiliate Transactions on terms that are no less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company or such Restricted Subsidiary.

All Affiliate Transactions (and each series of related Affiliate Transactions which are similar or part of a common plan) involving aggregate payments or other property with a fair market value in excess of $10.0 million shall be approved by the Board of Directors of the Company or such Restricted Subsidiary, as the case may be, such approval to be evidenced by a Board Resolution stating that such Board of Directors has determined that such transaction complies with the foregoing provisions.

(b) The restrictions and the Board approval requirements set forth in paragraph (a) of this Section 6.7 shall not apply to:

(1) loans, advances and payments of reasonable fees and compensation to and indemnity provided on behalf of, officers, directors, employees or consultants of the Company or any Restricted Subsidiary of the Company as determined in good faith by the Company's Board of Directors or senior management;

(2) transactions exclusively between or among the Company and any of its Wholly Owned Restricted Subsidiaries or exclusively between or among such Wholly Owned Restricted Subsidiaries, *provided* that such transactions are not otherwise prohibited by this Agreement;

(3) any agreement as in effect as of the Closing Date or any amendment thereto or any transaction contemplated thereby (including pursuant to any amendment thereto) in any replacement agreement thereto so long as any such amendment or replacement agreement, taken as a whole, is not materially more disadvantageous to the Holders than the original agreement as in effect on the Closing Date;

(4) any transaction on arm's-length terms with any non-Affiliate that becomes an Affiliate as a result of such transaction;

(5) any employment and severance arrangements entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(6) the issuance and sale of Qualified Capital Stock;

(7) Restricted Payments permitted by this Agreement; and

(8) the payment of customary fees and reasonable out-of-pocket costs to, and indemnities provided on behalf of, directors, officers and employees of the Company and the Restricted Subsidiaries in the ordinary course of business to the extent attributable to the ownership or operation of the Company and the Restricted Subsidiaries.

6.8 Business Activities

The Company and its Restricted Subsidiaries will not engage in any businesses which are not the same, similar, ancillary or reasonably related to the businesses in which the Company and its Restricted Subsidiaries are engaged on the Closing Date.

6.9 Asset Sales

The Company shall not, nor shall it cause or permit any of its Subsidiaries to, directly or indirectly, consummate any Asset Sale unless (a) the Company or such Subsidiary, as the case may be, receives consideration therefor at the time thereof at least equal to the fair market value at the time of such Asset Sale of the property, assets or stock that is the subject of such Asset Sale, (b) (1) prior to the Conversion Date, at least 100% or (2) after the Conversion Date, 85%, of the consideration received therefor by the Company or such Subsidiary is in the form of cash or Cash Equivalents and (c) all of the Net Cash Proceeds in respect thereof are applied by the Company or a Subsidiary of the Company in accordance with Section 2.5(a)(2)(A).

6.10 Limitation on Preferred Stock of Domestic Restricted Subsidiaries

The Company will not permit any of its Domestic Restricted Subsidiaries that are not Guarantors to issue any Preferred Stock (other than to the Company or to a Wholly Owned Restricted Subsidiary of the Company) or permit any Person (other than the Company or a Wholly Owned Restricted Subsidiary of the Company) to own any Preferred Stock of any Domestic Restricted Subsidiary of the Company that is not a Guarantor.

6.11 Additional Guarantees

The Company shall cause each of its Domestic Restricted Subsidiaries that is not a Guarantor as of the Effective Date other than Special Purpose Subsidiaries to become a Guarantor hereunder and to agree to be bound by the terms hereof as a Guarantor within 45 days of the date hereof.

If the Company or any of its Restricted Subsidiaries transfers or causes to be transferred, in one transaction or a series of related transactions, any property to any Domestic Restricted Subsidiary that is not a Guarantor (other than a Special Purpose Subsidiary), or if the Company or any of its Restricted Subsidiaries shall organize, acquire or otherwise invest in another such
Domestic Restricted Subsidiary, then such transferee or acquired or other Domestic Restricted Subsidiary (other than a Special Purpose Subsidiary) shall:

(a) execute and deliver to the Agent a Guarantee pursuant to which such Restricted Subsidiary shall unconditionally guarantee all of the Company’s obligations under this Agreement on the terms set forth in the Guarantee and this Agreement; and

(b) deliver to the Agent an opinion of counsel that such Guarantee has been duly authorized, executed and delivered by such Restricted Subsidiary and constitutes a legal, valid, binding and enforceable obligation of such Restricted Subsidiary.

Thereafter, such Domestic Restricted Subsidiary shall be a Guarantor for all purposes of this Agreement.

SECTION 7 EVENTS OF DEFAULT

If any of the following conditions or events ("Events of Default") shall occur and be continuing:

7.1 Failure To Make Payments When Due

Failure to pay any installment of principal of the Loans when due, whether at stated maturity, by acceleration, by notice of prepayment or otherwise; or failure to pay any interest on the Loans or any other amount due under this Agreement within (A) prior to the time the Term Loan shall accrue interest at a Fixed Rate, five days or more after the date due or (B) after such time as the Term Loan shall accrue interest at a Fixed Rate, 30 days after the date due.

7.2 Default in Other Agreements

Failure of the Company or any of its Subsidiaries to pay at final maturity any principal on one or more issues of Indebtedness of the Company or of any of its Subsidiaries (other than Indebtedness referred to in Section 7.1) or breach or default by the Company or any of its Subsidiaries with respect to any other term of any one or more issues of Indebtedness of the Company or of any of its Subsidiaries or any agreement or instrument evidencing or securing such Indebtedness and such default or breach results in the acceleration of that Indebtedness prior to its stated maturity and, in either case, the principal amount of such Indebtedness and all other such Indebtedness of the Company and its Subsidiaries in respect of which there is a failure to pay principal or interest or which has been so accelerated equals $25.0 million or more.

7.3 Breach of Certain Covenants

Failure of the Company to perform or comply with any covenant, term or condition contained in Section 2.5(a)(4) or 5.2.

7.4 Breach of Warranty

Any representation, warranty or certification made by the Company in any Loan Document or in any statement or certificate at any time given by the Company in writing pursuant hereto or thereto or in connection herewith or therewith shall be false or incorrect in any material respect on the date as of which made or deemed made.

7.5 Other Defaults Under Agreement or Loan Documents

The Company shall default in the performance of or compliance with any covenant, term or condition contained in this Agreement or the other Loan Documents (other than those covered by Sections 7.1, 7.3, 7.4, 7.10 or 7.11) and such default shall not have been remedied or waived in accordance with this Agreement within 30 days after the date of written notice from the holder or holders of not less than 25% in aggregate principal amount of the Loans then outstanding of such default.

7.6 Involuntary Bankruptcy; Appointment of Custodian, Etc.

A court of competent jurisdiction enters a Bankruptcy Order under any Bankruptcy Law that:

(a) is for relief against the Company or any Material Subsidiary in an involuntary case or proceeding, or

(b) appoints a Custodian of the Company or any Material Subsidiary for all or substantially all of its properties, or

(c) orders the liquidation of the Company or any Material Subsidiary,

(d) and in each case the order or decree remains unstayed and in effect for 60 days.

7.7 Voluntary Bankruptcy; Appointment of Custodian, Etc.

The Company or any Material Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(1) commences a voluntary case or proceeding, or

(2) consents to the entry of a Bankruptcy Order for relief against it in an involuntary case or proceeding, or

(3) consents to the appointment of a Custodian of it or for all or substantially all of its property, or

(4) makes a general assignment for the benefit of its creditors or files a proposal or scheme of arrangement involving the rescheduling or composition of its indebtedness, or

(5) consents to the filing of a petition in bankruptcy against it, or

(6) shall generally not pay its debts when such debts become due or shall admit in writing its inability to pay its debts generally.

7.8 Judgments and Attachments

One or more judgments in an aggregate amount in excess of $25.0 million shall have been rendered against the Company or any of its Restricted Subsidiaries and such judgment remains undischarged, unpaid, or unstayed for a period of 30 days after such judgment or judgments becomes final and non-appealable.

7.9 Guarantee

(a) Any Guarantee or any material provision thereof shall cease to be in full force or effect (other than in accordance with its express terms), or (b) any Guarantor or any Person acting by or on behalf of such Guarantor shall deny or disaffirm such Guarantor's obligations under its Guarantee, or (c) any Guarantor shall default in the due performance or observance of any term, covenant or agreement on its part to be performed or observed, after giving effect to any applicable grace periods, pursuant to its Guarantee.

THEN, following the Certain Funds Period, (i) upon the occurrence of any Event of Default described in the foregoing Sections 7.6 or 7.7 relating to the Company, all of the unpaid principal amount of and accrued interest on the Loans and all other outstanding Obligations shall automatically become immediately due and payable, without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by the Company, and the commitments of the Lenders hereunder shall thereupon terminate, and (b) upon the occurrence of any other Event of Default, the Agent shall, upon written notice of the Required Lenders, by written notice to the Company, declare all of the unpaid principal amount of and accrued interest on the Loans and all other outstanding Obligations to be, and the same shall forthwith become, due and payable, and the obligations of the Lenders hereunder shall thereupon terminate, in which case the same shall become due and payable; *provided*, *however*, that if any declaration of acceleration under this Agreement occurs solely because an Event of Default set forth in Section 7.2 has occurred and is continuing, such declaration of acceleration shall be automatically annulled if the holders of the Indebtedness which is the subject of such Event of Default have rescinded their declaration of acceleration in respect of such Indebtedness within thirty days of such acceleration of such Indebtedness and the Agent has received written notice thereof within such time and if no other Event of Default has occurred during such thirty-day period which has not been cured or waived in accordance with this Agreement. Nevertheless, if at any time after acceleration of the maturity of the Loans, the Company shall pay all arrears of interest and all payments on account of the principal thereof which shall have become due otherwise than by acceleration (with interest on principal and, to the extent permitted by law, on overdue interest, at the rates specified in this Agreement) and all Events of Default and Potential Events of Default (other than non-payment of principal of and accrued interest on the Loans and the Notes due and payable solely by virtue of acceleration) shall be remedied or waived pursuant to Section 10.6, then the Agent shall, upon written notice of the Required Lenders, by written notice to the Company rescind and annul the acceleration and its consequences; but such action shall not affect any subsequent Event of Default or Potential Event of Default or impair any right consequent thereon.

During the Certain Funds Period, if there exists an Event of Default which is continuing that (a) is a Major Default or (b) results from a breach of one or more Major Representations in any material respect or (c) results from a breach of any Offer Covenant or, after an Election, any Scheme Covenant or (d) results from a breach by the Company, Bidco or a Material Subsidiary of a Major Covenant, then the Agent may, and at the request of the Required Lenders, shall, by notice to the Company, take either or both of the following actions, at the same or different times: (1) terminate the Bridge Loan Commitments, and thereupon the Bridge Loan Commitments shall terminate immediately, and (2) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Company accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company; and in case of any event with respect to the Company described in Sections 7.6 or 7.7, the Bridge Loan Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations of the Company accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company.

Notwithstanding anything to the contrary in this Agreement, during the Certain Funds Period, the Agent and the Lenders shall not, except as provided in the immediately preceding sentence, (A) have the right to cancel, rescind or terminate the Bridge Loan Commitments hereunder if the effect of such cancellation, rescission or termination would prevent or limit the making or borrowing of any of the Loans during the Certain Funds Period, (B) have the right to refuse to participate in or make available its commitment in any Loan during the Certain Funds Period, (C) make or enforce any claims they may have under this Agreement if the effect of such claim or enforcement would prevent or limit the making or borrowing of the Loans or require repayment or prepayment of or otherwise accelerate or cause repayment or prepayment of the Offer Loans or Scheme Loans, as the case may be, during the Certain Funds Period, or (D) otherwise exercise any right of set-off, counterclaim or similar right or remedy which it may have in relation to the Loans. During the Certain Funds Period, subject to Section 3.2 of this Agreement, the Agent and the Lenders shall not otherwise refuse to make available the Loans. After the Certain Funds Period, all of the rights, remedies and entitlements of the Agent and the Lenders shall be available notwithstanding that certain rights, remedies and entitlements were not exercised or available during the Certain Funds Period.

Notwithstanding the foregoing, for the period from the date hereof until the date which is three months after the Closing Date (the "Clean-Up Period"), a breach of any representation or warranty in Section 4 or any covenant in Section 5 existing by reason of circumstances existing on the Closing Date and relating solely to the business or operations of Target or any of

its Subsidiaries will not be a Default if and for so long as the circumstances giving rise to such breach:

(1) are capable of being cured during the Clean-Up Period and the Company and its Subsidiaries are using reasonable efforts to cure such breach (it being understood for the avoidance of doubt that untrue disclosure or financial statements cannot be cured by amending, supplementing or restating such disclosure or financial statements);

(2) have not been caused or approved by the Company or any of its Subsidiaries (other than Target or any of its Subsidiaries); and

(3) have not had, and would not reasonably be expected to have, a Material Adverse Effect;

provided that (a) the Company shall give the Lenders notice of such breach upon knowledge thereof by the Companyor any of its Subsidiaries and the steps it is taking to cure such steps and (b) if the relevant circumstances are continuing at the end of the Clean-Up Period, the Default shall be deemed to occur at the end of the Clean-Up Period.

SECTION 8 THE AGENT

8.1 Appointment

Each Lender hereby irrevocably designates and appoints Citibank, N.A. as Agent of such Lender to act as specified herein and in the other Loan Documents, and each Lender hereby irrevocably authorizes Citibank, N.A. as the Agent to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. The Agent agrees to act as such upon the express conditions contained in this Section 8. Notwithstanding any provision to the contrary elsewhere in this Agreement or in any other Loan Document, the Agent shall not have any duties or responsibilities, except those expressly set forth herein or in the other Loan Documents, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Agent. The provisions of this Section 8 are solely for the benefit of the Agent and the Lenders, and neither the Company nor any of its Subsidiaries shall have any rights as a third party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement, the Agent shall act solely as agent of the Lenders and the Agent does not assume and shall not be deemed to have assumed any obligation or relationship of agent or trust with or for the Company or any of its Subsidiaries.

8.2 Delegation of Duties

The Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care except to the extent otherwise required by Section 8.3.

8.3 Exculpatory Provisions

Neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or the other Loan Documents (except for its or such Person's own gross negligence or willful misconduct) or (b) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Company or any of its Subsidiaries or any of their respective officers contained in this Agreement, any other Loan Documents, or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other Loan Document or for any failure of the Company or any of its Subsidiaries or any of their respective officers to perform its obligations hereunder or thereunder. The Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or the other Loan Documents, or to inspect the properties, books or records of the Company or any of its Subsidiaries. The Agent shall not be responsible to any Lender for the effectiveness, genuineness, validity, enforceability, collectability or sufficiency of this Agreement or any other Loan Document or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statement or in any financial or other statements, instruments, reports, certificates or any other documents in connection herewith or therewith furnished or made by the Agent to the Lenders or by or on behalf of the Company or any of its Subsidiaries to the Agent or any Lender or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein or as to the use of the proceeds of the Loans or of the existence or possible existence of any Default or Event of Default.

8.4 Reliance by Agent

The Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, facsimile, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including, without limitation, counsel to the Company or any of its Subsidiaries), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. As between the Agent and the Lenders, the Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders.

8.5 Notice of Default

The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Agent has actually received notice from a Lender or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Lenders. The Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; *provided* that, as between the Agent and the Lenders unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

8.6 Non-Reliance on Agent and Other Lenders

Each Lender expressly acknowledges that neither the Agent nor any of its respective officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by the Agent hereinafter taken, including any review of the affairs of the Company or any of its Subsidiaries shall be deemed to constitute any representation or warranty by the Agent to any Lender. Each Lender represents to the Agent that it has, independently and without reliance upon the Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, assets, operations, property, financial and other condition, prospects and creditworthiness of the Company or its Subsidiaries and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, assets, operations, property, financial and other condition, prospects and creditworthiness of the Company and its Subsidiaries. The Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, assets, liabilities, property, financial and other condition or creditworthiness of the Company or any of its Subsidiaries which may come into the possession of the Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

8.7 Indemnification

The Lenders agree to indemnify the Agent in its capacity as such ratably according to their respective "percentages" as used in determining the Required Lenders at such time, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, reasonable expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Obligations) be imposed on, incurred by or asserted against the Agent in its capacity as such in any way relating to or arising out of this Agreement or any other Loan Document, or any documents contemplated by or referred to herein or the transactions contemplated hereby of any action taken or omitted to

be taken by the Agent under or in connection with any of the foregoing, but only to the extent that any of the foregoing is not paid by the Company or any of its Subsidiaries; *provided*, that no Lender shall be liable to the Agent for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the gross negligence or willful misconduct of the Agent. If any indemnity furnished to the Agent for any purpose shall, in the opinion of the Agent be insufficient or become impaired, the Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. The agreements in this Section 9.7 shall survive the payment of all Obligations.

8.8 Agent in Its Individual Capacity

The Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Company and its Subsidiaries as though the Agent were not the Agent hereunder. With respect to the Loans made by it and all Obligations owing to it, the Agent shall have the same rights and powers under this Agreement as any Lender and may exercise the same as though it were not the Agent and the terms "Lender" and "Lenders" shall include the Agent in its individual capacity.

8.9 Resignation of the Agent; Successor Agent

The Agent may resign as the Agent upon 30 days' notice to the Lenders and the Company. Upon the resignation of the Agent, the Required Lenders shall appoint from among the Lenders a successor Agent which is a bank or a trust company for the Lenders subject to prior approval by the Company (such approval not to be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Agent, and the term "Agent" shall include such successor agent effective upon its appointment, and the resigning Agent's rights, powers and duties as the Agent shall be terminated, without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement. After the resignation of the Agent hereunder, the provisions of this Section 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

SECTION 9 GUARANTEE

9.1 Unconditional Guarantee

Each Guarantor hereby unconditionally, jointly and severally, guarantees (such guarantee to be referred to herein as the "Guarantee") to each of the Lenders and to the Agent and their respective successors and assigns, that: (a) the principal of and interest on the Loans will be promptly paid in full when due, subject to any applicable grace period, whether at maturity, by acceleration or otherwise and interest on the overdue principal, if any, and interest on any interest, to the extent lawful, of the Loans and all other obligations of the Company to the Lenders or the Agent hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and (b) in case of any extension of time of payment or renewal of any of the Loans or of any such other obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, subject to

any applicable grace period, whether at stated maturity, by acceleration or otherwise, subject, however, in the case of clauses (a) and (b) above, to the limitations set forth in Section 9.5. Each Guarantor hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Loans or this Agreement, the absence of any action to enforce the same, any waiver or consent by any of the Lenders with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that this Guarantee will not be discharged except by complete performance of the obligations contained in the Loans, this Agreement and in this Guarantee. If any Lender or the Agent is required by any court or otherwise to return to the Company, any Guarantor, or any custodian, trustee, liquidator or other similar official acting in relation to the Company or any Guarantor, any amount paid by the Company or any Guarantor to the Agent or such Lender, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Guarantor further agrees that, as between each Guarantor, on the one hand, and the Lenders and the Agent, on the other hand, (1) the maturity of the obligations guaranteed hereby may be accelerated as provided in Section 7 for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (2) in the event of any acceleration of such obligations as provided in Section 7, such obligations (whether or not due and payable) shall forthwith become due and payable by each Guarantor for the purpose of this Guarantee.

9.2 Severability

In case any provision of this Guarantee shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

9.3 Release of a Guarantor

Upon the sale or disposition (whether by merger, stock purchase, asset sale or otherwise) of a Guarantor (or all or substantially all its assets) to an entity which is not a Subsidiary of the Company and which sale or disposition is otherwise in compliance with the terms of this Agreement, such Guarantor shall be deemed released from all obligations under this Section 9 without any further action required on the part of the Agent or any Lender; *provided*, *however*, that any such termination shall occur only to the extent that all obligations of such Guarantor under all of its guarantees of, and under all of its pledges of assets or other security interests which secure, such Indebtedness of the Company shall also terminate upon such release, sale or transfer.

The Agent shall deliver an appropriate instrument evidencing such release upon receipt of a request by the Company accompanied by an Officers' Certificate certifying as to the compliance with this Section 9.3. Any Guarantor not so released remains liable for the full amount of principal of and interest on the Loans as provided in this Section 9.

9.4 Limitation of Guarantor's Liability

Each Guarantor and by its acceptance hereof each of the Lenders hereby confirms that it is the intention of all such parties that the guarantee by such Guarantor pursuant to its Guarantee not constitute a fraudulent transfer or conveyance for purposes of any Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar Federal or state law. To effectuate the foregoing intention, the Lenders and such Guarantor hereby irrevocably agree that the obligations of such Guarantor under the Guarantee shall be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to Section 9.6, result in the obligations of such Guarantor under the Guarantee not constituting such fraudulent transfer or conveyance.

9.5 Guarantors May Consolidate, etc., on Certain Terms

(a) Except as set forth in Section 6.5, nothing contained in this Agreement or in the Loans shall prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor or shall prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety, to the Company or another Guarantor. Upon any such consolidation, merger, sale or conveyance, the Guarantee given by such Guarantor shall no longer have any force or effect.

(b) Except as set forth in Section 6.5, nothing contained in this Agreement or in the Loans shall prevent any consolidation or merger of a Guarantor with or into a corporation or corporations other than the Company or another Guarantor (whether or not affiliated with the Guarantor).

9.6 Contribution

In order to provide for just and equitable contribution among the Guarantors, the Guarantors agree,*inter se*, that in the event any payment or distribution is made by any Guarantor (a "Funding Guarantor") under its Guarantee, such Funding Guarantor shall be entitled to a contribution from all other Guarantors in a*pro rata* amount based on the Adjusted Net Assets of each Guarantor (including the Funding Guarantor) for all payments, damages and expenses incurred by that Funding Guarantor in discharging the Company's obligations with respect to the Obligations. "Adjusted Net Assets" of such Guarantor at any date shall mean the lesser of (a) the amount by which the fair value of the property of such Guarantor exceeds the total amount of liabilities, including, without limitation, contingent liabilities (after giving effect to all other fixed and contingent liabilities incurred or assumed on such date (other than liabilities of such Guarantor under Subordinated Indebtedness)), but excluding liabilities under the Guarantee, of such Guarantor at such date and (b) the amount by which the present fair salable value of the assets of such Guarantor at such date exceeds the amount that will be required to pay the probable liabilities of such Guarantor on its debts including, without limitation, Guarantor Senior Indebtedness (after giving effect to all other fixed and contingent liabilities incurred or assumed on

such date and after giving effect to any collection from any Subsidiary of such Guarantor in respect of the obligations of such Subsidiary under the Guarantee), excluding debt in respect of the Guarantee of such Guarantor, as they become absolute and matured.

9.7 Waiver of Subrogation

Each Guarantor hereby irrevocably waives any claim or other rights which it may now or hereafter acquire against the Company that arise from the existence, payment, performance or enforcement of such Guarantor's obligations under its Guarantee and this Agreement, including, without limitation, any right of subrogation, reimbursement, exoneration, indemnification, and any right to participate in any claim or remedy of any Lender against the Company, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law, including, without limitation, the right to take or receive from the Company, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim or other rights. If any amount shall be paid to any Guarantor in violation of the preceding sentence and the Loans shall not have been paid in full, such amount shall be deemed to have been paid to such Guarantor for the benefit of, and held in trust for the benefit of, the Lenders, and shall forthwith be paid to the Agent for the benefit of such Lenders to be credited and applied upon the Loans, whether matured or unmatured, in accordance with the terms of this Agreement. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Agreement and that the waiver set forth in this Section 9.7 is knowingly made in contemplation of such benefits.

9.8 Evidence of Guarantee

To evidence their guarantees to the Lenders set forth in this Section 9, each of the Guarantors hereby agrees to execute the Guarantee in substantially the form included in Exhibit VII annexed hereto. Each such Guarantee shall be signed on behalf of each Guarantor by two Officers, or an Officer and an Assistant Secretary or one Officer shall sign and one Officer or an Assistant Secretary (each of whom shall, in each case, have been duly authorized by all requisite corporate actions) shall attest to such Guarantee.

9.9 Waiver of Stay, Extension or Usury Laws

Each Guarantor covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive such Guarantor from performing its Guarantee as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Agreement; and (to the extent that it may lawfully do so) each Guarantor 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 Agent, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 10 MISCELLANEOUS

10.1 Representation of the Lenders

Each Lender hereby represents that it is a commercial lender which makes loans in the ordinary course of its business and that it will make the Loans hereunder for its own account or the account of its affiliates in the ordinary course of such business.

10.2 Participations in and Assignments of Loans and Notes

(a) Each Lender shall have the right at any time to sell, assign, transfer or negotiate all or any portion of its Loans or its Bridge Loan Commitment in an aggregate amount of not less than $1.0 million to any Eligible Assignee. In the case of any sale, transfer or negotiation of all or part of the Loans or any Bridge Loan Commitment authorized under this Section 10.2(a), the assignee, transferee or recipient shall become a party to this Agreement as a Lender by execution of an assignment and assumption agreement; *provided* that (1) at such time Section 2.1(a) or 2.2(a), as the case may be, shall be deemed modified to reflect the Loan Commitment of such new Lender and of the existing Lenders, (2) upon surrender of the Notes, new Notes will be issued, at the Company's expense, to such new Lender and to the assigning Lender, such new Notes to be in conformity with the requirements of Section 2.1(d) or 2.2(e) as the case may be (with appropriate modifications) to the extent needed to reflect the revised Bridge Loan Commitment, and (3) the Agent shall receive at the time of each such assignment, from the assigning or assignee Lender, the payment of a non-refundable assignment fee of $3,500; and *provided*, *further*, that such transfer or assignment will not be effective until recorded by the Agent on the Register. To the extent of any assignment pursuant to this Section 10.2(a), the assigning Lender shall be relieved of its obligations hereunder with respect to its assigned Bridge Loan Commitment, and the assignee, transferee or recipient shall have, to the extent of such sale, assignment, transfer or negotiation, the same rights, benefits and obligations as it would if it were a Lender with respect to such Loans or Bridge Loan Commitment, including, without limitation, the right to approve or disapprove actions which, in accordance with the terms hereof, require the approval of a Lender.

(b) Each Lender may grant participations in all or any part of its Loans or its Loan Commitment in an aggregate amount of not less than $1.0 million to any Eligible Assignee.

(c) The Company shall, at its own cost and expense, provide such certificates, acknowledgments and further assurances in respect of this Agreement and the Loans as any Lender may reasonably require in connection with any participation, transfer or assignment pursuant to this Section 10.2.

(d) Nothing in this Agreement shall prevent or prohibit any Lender from pledging its Loan and Notes hereunder to a Federal Reserve Bank in support of borrowings made by such Lender from such Federal Reserve Bank.

(e) The Agent, acting solely for this purpose as an agent of the Company, shall maintain at the Agent's Office a copy of each assignment and assumption agreement

delivered to it and a register for the recordation of the names and addresses of the Lenders, and the commitments of, and principal amounts (and related interest amounts) of the Loans or the Bridge Loan Commitment, owing to each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, absent manifest error, and the Company, the Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Company, any Agent and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

10.3 Expenses

Whether or not the transactions contemplated hereby shall be consummated, the Company agrees to promptly pay (a) all the actual and reasonable costs and expenses of preparation of the Loan Documents and all the costs of furnishing all opinions by counsel for the Company (including without limitation any opinions requested by the Lender as to any legal matters arising hereunder), and of the Company's performance of and compliance with all agreements and conditions contained herein on its part to be performed or complied with; (b) the reasonable and documented fees, expenses and disbursements of counsel to the Agent in connection with the negotiation, preparation, execution and administration of the Loan Documents and the Loans hereunder, and any amendments, modifications and waivers hereto or thereto and consents to departures from the terms hereof and thereof; and (c) after the occurrence of an Event of Default, all reasonable costs and expenses (including reasonable attorneys fees and costs of settlement) incurred by the Lenders or the Agent in enforcing any Obligations of or in collecting any payments due from the Company hereunder or under the Notes by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or of any insolvency or bankruptcy proceedings.

10.4 Indemnity

In addition to the payment of expenses pursuant to Section 10.3, whether or not the transactions contemplated hereby shall be consummated, the Company agrees to indemnify, pay and hold each of the Lenders, the Agent and any holder of any of the Notes, and each of their officers, directors, employees, agents, and affiliates (collectively called the "Indemnitees"), harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, the fees and disbursements of one counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitee shall be designated as a party thereto), which may be suffered by, imposed on, incurred by, or asserted against that Indemnitee, in any manner resulting from, connected with, in respect of, relating to or arising out of this Agreement, the other Loan Documents, the Lenders' agreements to make the Loans or the use or intended use of any of the proceeds of the Loans hereunder, the issuance of the Exchange Notes or the Take-Out Securities or the Transaction (the "indemnified liabilities"); *provided*, *however*, that the Company shall have no obligation to an Indemnitee hereunder with respect to indemnified liabilities (a) to the extent such is finally judicially determined to have resulted solely from (1) the gross

negligence or willful misconduct of that Indemnitee or (2) the failure of such Indemnitee to perform its obligations under any Loan Document or (3) such Indemnitee's violation of law or (b) in connection with the obligations of any Indemnitee under any Loan Document or for any transfer fees. To the extent that the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Company shall contribute the maximum portion which 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.

10.5 Setoff

In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, during the continuance of any Event of Default, each Lender, the Agent and each subsequent holder of any Note is hereby authorized by the Company at any time or from time to time, without notice to the Company, or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, Indebtedness evidenced by certificates of deposit, whether matured or unmatured but not including trust accounts or any other accounts held for the benefit of another Person) and any other Indebtedness at any time held or owing by such Person or that subsequent holder to or for the credit or the account of the Company against and on account of the obligations and liabilities of the Company to such Person or that subsequent holder under this Agreement and the Notes, including, but not limited to, all claims of any nature or description arising out of or connected with this Agreement or the Notes, irrespective of whether or not (a) such Person or that subsequent holder shall have made any demand hereunder or (b) such Person or that subsequent holder shall have declared the principal of or the interest on its portion of the Loans and its Notes and other amounts due hereunder to be due and payable as permitted by Section 7 and although said obligations and liabilities, or any of them, may be contingent or unmatured.

10.6 Amendments and Waivers

No amendment, modification, termination or waiver of any term or provision of this Agreement, of the Notes, any Guarantee or, prior to the execution and delivery thereof, of the form of the Registration Rights Agreement, of Exhibit IV or consent to any departure by the Company or any Guarantor therefrom, shall in any event be effective without the prior written concurrence of the Company or such Guarantor, as the case may be, and the Required Lenders, and, upon the request of any Lender, the receipt of a written opinion of counsel of the Company addressed to the Lenders to the effect that such amendment, modification, termination, waiver or consent does not violate or conflict with any of the terms and provisions of any Contractual Obligation of the Company; *provided*, *however*, that, notwithstanding the third sentence of Section 10.15, without the prior written consent of each Lender affected, an amendment, modification, termination or waiver of this Agreement, any Notes, any Guarantee, and, prior to the execution and delivery thereof, of the form of Registration Rights Agreement or consent to departure from a term or provision hereof or thereof may not: (a) reduce the principal amount of Loans whose holders must consent to any such amendment, modification, termination, waiver or consent; (b) reduce the rate of or extend the time for payment of principal or interest on any Loan;

(c) reduce the principal amount of any Loan; (d) make any Loan payable in money other than that stated in this Agreement; (e) make any change in Section 2.5(a)(4) or in the definition of Change of Control or in the last paragraph of Section 7; (f) reduce the rate or extend the time of payment of fees or other compensation payable to the Lenders hereunder; or (g) waive performance by the Company of its obligations under, or consent to any departure from any of the terms and provisions of, Section 2.5(a)(4) (or make any amendment or modification of Exhibit IV that would have the same effect in respect of the Exchange Notes); and *provided*, *further*, that without the consent of the Agent, no such amendment, modification, termination or waiver may amend, modify, terminate or waive any provision of Section 8 as the same applies to the Agent or any other provision of this Agreement as it relates to the rights or obligations of the Agent. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on the Company in any case shall entitle the Company to any further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section 10.6 shall be binding upon each holder of the Lender at the time outstanding, each subsequent Lender, and, if signed by the Company or a Guarantor, on the Company and such Guarantor.

10.7 Independence of Covenants

All covenants hereunder shall be given 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 limitation of, another covenant shall not avoid the occurrence of an Event of Default or Potential Event of Default if such action is taken or condition exists.

10.8 Entirety

The Loan Documents and the Commitment Letter embody the entire agreement of the parties and supersede all prior agreements and understandings, if any, relating to the subject matter hereof and thereof.

10.9 Notices

Unless otherwise provided herein, any notice or other communications herein required or permitted to be given shall be in writing and may be personally served, telecopied or sent by mail and shall be deemed to have been given when delivered in person, upon receipt of telecopy or four Business Days after depositing it in the mail, registered or certified, with postage prepaid and properly addressed; *provided*, *however*, that notices shall not be effective until received. For the purposes hereof, the addresses of the parties hereto (until notice of a change thereof is delivered as provided in this Section 10.9) shall be set forth under each party's name on the signature pages hereto.

10.10 Survival of Warranties and Certain Agreements

(a) All agreements, representations and warranties made herein and in the Commitment Letter shall survive the execution and delivery of this Agreement and the

Commitment Letter, the making of the Loans hereunder and the execution and delivery of the Notes and, notwithstanding the making of the Loans, the execution and delivery of the Notes or any investigation made by or on behalf of any party, shall continue in full force and effect. The closing of the transactions herein contemplated shall not prejudice any right of one party against any other party in respect of anything done or omitted hereunder or in respect of any right to damages or other remedies.

(b) Notwithstanding anything in this Agreement or implied by law to the contrary, the agreements of the Company set forth in Sections 10.3, 10.4 and 10.22 shall survive the payment of the Loans and the Notes and the termination of this Agreement.

10.11 Failure or Indulgence Not Waiver; Remedies Cumulative

No failure or delay on the part of the Agent or any Lender or any holder of any Note in the exercise of any power, right or privilege hereunder, under a Guarantee or under the Notes 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, under a Guarantee or the Notes are cumulative to and not exclusive of any rights or remedies otherwise available.

10.12 Severability

In case any provision in or obligation under this Agreement, under a Guarantee or the Notes shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

10.13 Headings

Section and 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 given any substantive effect.

10.14 Applicable Law

THIS AGREEMENT, EACH GUARANTEE AND THE NOTES SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

10.15 Successors and Assigns; Subsequent Holders of Notes

This Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and the successors and assigns of the Lenders. The terms and provisions of this Agreement and each Guarantee shall inure to the benefit of any assignee or transferee of the Notes pursuant to Section 10.2(a), and in

the event of such transfer or assignment, the rights and privileges herein conferred upon the Lenders shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof. Except as provided in Section 10.6, in determining whether the holders of a sufficient aggregate principal amount of the Loans shall have consented to any action under this Agreement, any amount of the Loans owned or held by the Company, any Guarantor or any of their respective Affiliates shall be disregarded. The Company's rights or any interest therein hereunder may not be assigned without the prior express written consent of each of the Lenders.

10.16 Counterparts; Effectiveness

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 such 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, and delivery thereof to the Agent or, in the case of the Lenders, written telex or facsimile notice or telephonic notification (confirmed in writing) of such execution and delivery. The Agent will give the Company and each Lender prompt notice of the effectiveness of this Agreement.

10.17 Consent to Jurisdiction; Venue; Waiver of Jury Trial

(a) Any legal action or proceeding with respect to this Agreement, any Note or any Guarantee may be brought in the courts of the State of New York or of the United States for the Southern District of New York, and, by execution and delivery of this Agreement, each of the parties to this Agreement hereby irrevocably accepts for itself and in respect of its respective property, generally and unconditionally, the jurisdiction of the aforesaid courts. Each of the parties to this Agreement hereby further irrevocably waives any claim that any such courts lack jurisdiction over itself, and agrees not to plead or claim, in any legal action or proceeding with respect to this Agreement, the Notes or the Guarantees brought in any of the aforesaid courts, that any such court lacks jurisdiction over such party. Each of the parties to this Agreement irrevocably consents to the service of process in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such party, at its respective address for notices pursuant to Section 10.9, such service to become effective 30 days after such mailing. To the extent permitted by law, each of the parties to this Agreement hereby irrevocably waives any objection to such service of process and further irrevocably waives and agrees not to plead or claim in any action or proceeding commenced hereunder or under any Note or any Guarantee that service of process was in any way invalid or ineffective. Nothing herein shall affect the right of any party to this Agreement to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against any party in any other jurisdiction.

(b) Each of the parties to this Agreement hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement, the Notes or the Guarantees brought in the courts referred to in clause (a) above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

(c) Each of the parties to this Agreement hereby irrevocably waives all right to a trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement, the Notes or the Guarantees or the transactions contemplated hereby or thereby.

10.18 Payments Pro Rata

(a) The Agent agrees that promptly after its receipt of each payment of any interest or premium on or principal of the Notes from or on behalf of the Company or any Guarantor, it shall, except as otherwise provided in this Agreement, distribute such payment to the Lenders (other than any Lender that has consented in writing to waive its *pro rata* share of such payment) *pro rata* based upon their respective *pro rata* shares, if any, of such payment.

(b) Each of the Lenders agrees that, if it should receive any amount hereunder (whether by voluntary payment, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Loan Documents, or otherwise) which is applicable to the payment of the principal of, or interest on, the Loans of a sum which with respect to the related sum or sums received by other Lenders is in a greater proportion than the total of such Obligation then owed and due to such Lender bears to the total of such Obligation then owed and due to all of the Lenders immediately prior to such receipt, then such Lender receiving such excess payment shall purchase for cash without recourse or warranty from the other Lenders an interest in the Obligations of the Company to such Lenders in such amount as shall result in a proportional participation by all of the Lenders in such amount; *provided* that, if all or any portion of such excess amount is thereafter recovered from such Lender, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

10.19 Taxes and Other Taxes

(a) Any and all payments by the Company hereunder or under any of the other Loan Documents shall be made free and clear of and without deduction or withholding for any and all present or future Taxes, unless such Taxes are required by law or the administration thereof to be deducted or withheld and excluding (1) in the case of each Lender and the Agent, Taxes imposed on its net income and franchise taxes imposed on it by the jurisdiction under the laws of which such Person is organized or any political subdivision thereof, (2) in the case of each such Lender and the Agent, any Taxes that are in effect and that would apply to a payment to such Person, as applicable, as of the Closing Date, and (3) if any Person acquires any interest in this Agreement (a "Transferee"), any Taxes to the extent that they are in effect and would apply to a payment to such Transferee as of the date of the acquisition of such interest, as the case may be (all such nonexcluded Taxes being hereinafter referred to as "Covered Taxes"). If the Company shall be required by Law or the administration thereof to deduct or withhold any Covered Taxes from or in respect of any sum payable hereunder or under any other Loan Document, (A) the sum payable shall be increased as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to additional amounts

paid under this paragraph), the Lender receives an amount equal to the sum it would have received if no such deduction or withholding had been made; (B) the Company shall make such deductions or withholdings; and (C) the Company forthwith shall pay the full amount deducted or withheld to the relevant taxation or other authority in accordance with applicable Law.

(b) The Company agrees to pay forthwith any present or future stamp documentary taxes or any other excise or property taxes, charges or similar levies (all such taxes, charges and levies being herein referred to as "Other Taxes") imposed by any jurisdiction (or any political subdivision or taxing authority thereof or therein) which arise from any payment made by the Company hereunder or under any of the other Loan Documents or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any of the other Loan Documents.

(c) The Company agrees to indemnify the Agent and each of the Lenders for the full amount of Covered Taxes or Other Taxes not deducted or withheld and paid by the Company in accordance with Sections 10.19(a) and (b) to the relevant taxation or other authority and any Taxes other than Covered Taxes or Other Taxes imposed by any jurisdiction on amounts payable by the Company under this Section 10.19 paid by the Lender or the Agent and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not any such Taxes or Other Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days from the date the Agent or such Lender makes written demand therefor. A certificate as to the amount of such Taxes or Other Taxes and evidence of payment thereof submitted to the Company shall be prima facie evidence, absent manifest error, of the amount due from the Company to the Agent or such Lender.

(d) The Company shall furnish to the Agent and each of the Lenders the original or a certified copy of a receipt evidencing any payment of Taxes or Other Taxes made by the Company as soon as such receipt becomes available.

(e) The provisions of this Section 10.19 shall survive the termination of the Agreement and repayment of all Obligations.

10.20 Waiver of Stay, Extension or Usury Laws

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive the Company from paying all or any portion of the principal of or interest on the Loans as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Agreement; and (to the extent that it may lawfully do so) the Company 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 Agent, but will suffer and permit the execution of every such power as though no such law had been enacted.

10.21 Requirements of Law

(a) In the event that any change in law occurring after the date that any lender becomes a Lender party to this Agreement with respect to such Lender shall, in the opinion of such Lender, require that any Bridge Loan Commitment of such Lender be treated as an asset or otherwise be included for purposes of calculating the appropriate amount of capital to be maintained by such Lender or any corporation controlling such Lender, and such change in law shall have the effect of reducing the rate of return on such Lender's or such corporation's capital, as the case may be, as a consequence of such Lender's obligations hereunder to a level below that which such Lender or such corporation, as the case may be, could have achieved but for such change in law (taking into account such Lender's or such corporation's policies, as the case may be, with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time following notice by such Lender to the Company of such change in law as provided in paragraph (b) of this Section 10.21, within 15 days after demand by such Lender, the Company shall pay to such Lender such additional amount or amounts as will compensate such Lender or such corporation, as the case may be, for such reduction.

(b) The Company shall not be required to make any payments to any Lender for any additional amounts pursuant to this Section 10.21(b) unless such Lender has given written notice to the Company, through the Agent, of its intent to request such payments prior to or within 60 days after the date on which such Lender became entitled to claim such amounts. If any Lender requests compensation from the Company under this Section 10.21, the Company may, by notice to such Lender (with a copy to the Agent), suspend the obligation of such Lender thereafter to make or continue Loans, until the requirement of law giving rise to such request ceases to be in effect; *provided* that such suspension shall not affect the right of such Lender to receive the compensation so requested.

10.22 Confidentiality

Each Lender shall hold all non-public information obtained pursuant to the requirements of or in connection with this Agreement which has been identified as confidential by the Company in accordance with such Lender's customary procedures for handling confidential information of this nature and in accordance with safe and sound banking practices, it being understood and agreed by the Company that in any event a Lender may make disclosures reasonably required by any bona fide assignee, transferee or participant in connection with the contemplated assignment or transfer by such Lender of any Loans or any participation therein or as required or requested by any governmental agency or representative thereof having authority over such Lender or pursuant to legal process; *provided* that unless specifically prohibited by applicable law or court order, each Lender shall notify the Company of any request by any governmental agency or representative thereof (other than any such request in connection with any examination of the financial condition of such Lender by such governmental agency) for disclosure of any such non-public information prior to disclosure of such information; and *provided*, *further*, that in no event shall any Lender be obligated or required to return any materials furnished by the Company or any of its Subsidiaries. In connection with any sales, assignments or transfers referred to in Section 10.2(a), a Lender shall obtain agreements from the purchasers, assignees or transferees, as the case may be, reasonably satisfactory to the Company, that such parties will comply with this Section 10.22.

WITNESS the due execution hereof by the respective duly authorized officers of the undersigned as of the date first written above.

COMPANY:

EQUINIX, INC.

By: /s/ Keith D. Taylor
Name: Keith D. Taylor
Title: Chief Financial Officer

Notice Address:

301 Velocity Way, 5th Floor
Foster City, CA 94404

GUARANTOR:

EQUINIX OPERATING CO., INC.

By: /s/ Keith D. Taylor
Name: Keith D. Taylor
Title: Chief Financial Officer

Notice Address:

Equinix, Inc.
301 Velocity Way, 5th Floor
Foster City, CA 94404

CITIBANK, N.A., as Agent

By: /s/ Timothy P. Dilworth
Name: Timothy P. Dilworth
Title: Vice President

Notice Address:

388 Greenwich Street
New York, New York 10013

CITIBANK, N.A., as Lender

By: /s/ Timothy P. Dilworth
Name: Timothy P. Dilworth
Title: Vice President

Notice Address:

388 Greenwich Street
New York, New York 10013

Exhibit 21.1

List of Equinix's Subsidiaries

Name	Jurisdiction
Equinix Operating Co., Inc.	Delaware
Equinix-DC, Inc.	Delaware
Equinix Europe, Inc.	Delaware
Equinix Cayman Islands Holdings	Cayman Islands
Equinix Dutch Holdings N.V.	Dutch Antilles
Equinix Netherlands B.V.	Netherlands
Equinix Asia Pacific Pte Ltd	Singapore
Equinix Singapore Holdings Pte Ltd	Singapore
Equinix Singapore Pte Ltd	Singapore
Equinix Pacific Pte Ltd	Singapore
Pihana Pacific SDN, BHD	Malaysia
Equinix Pacific, Inc.	Delaware
Equinix Japan KK (in Kanji)	Japan
Equinix Australia Pty Ltd	Australia
Equinix Hong Kong Ltd	Hong Kong
Equinix RP, Inc.	Delaware
Equinix RP II LLC	Delaware
CHI 3, LLC	Delaware
CHI 3 Procurement, LLC	Illinois
NY3, LLC	Delaware
SV1, LLC	Delaware
LA4, LLC	Delaware
Equinix UK Limited	United Kingdom

Exhibit 31.1

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stephen M. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equinix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 1, 2007

/s/ Stephen M. Smith

Stephen M. Smith
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Keith D. Taylor, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equinix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 1, 2007

/s/ Keith D. Taylor
Keith D. Taylor
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Equinix, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen M. Smith, President and 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/ Stephen M. Smith

Stephen M. Smith
President and Chief Executive Officer

August 1, 2007

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Equinix, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2007, 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

August 1, 2007