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

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**FORM 10-Q**

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

For the quarterly period ended March 31, 2014

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

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**EQUINIX, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State of incorporation)

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

**One Lagoon Drive, Fourth Floor, Redwood City, California 94065**  
(Address of principal executive offices, including ZIP code)

**(650) 598-6000**  
(Registrant's telephone number, including area code)

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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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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 March 31, 2014 was 49,822,889.

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[Table of Contents](#)

EQUINIX, INC.

INDEX

	Page No.
<b><u>Part I – Financial Information</u></b>	
Item 1.	
<a href="#">Condensed Consolidated Financial Statements (unaudited):</a>	
<a href="#">Condensed Consolidated Balance Sheets as of March 31, 2014 and December 31, 2013</a>	3
<a href="#">Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2014 and 2013</a>	4
<a href="#">Condensed Consolidated Statements of Comprehensive Income (Loss) for the Three Months Ended March 31, 2014 and 2013</a>	5
<a href="#">Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2014 and 2013</a>	6
<a href="#">Notes to Condensed Consolidated Financial Statements</a>	7
Item 2.	
<a href="#">Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	28
Item 3.	
<a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	45
Item 4.	
<a href="#">Controls and Procedures</a>	46
<b><u>Part II – Other Information</u></b>	
Item 1.	
<a href="#">Legal Proceedings</a>	46
Item 1A.	
<a href="#">Risk Factors</a>	46
Item 2.	
<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	66
Item 3.	
<a href="#">Defaults Upon Senior Securities</a>	66
Item 4.	
<a href="#">Mine Safety Disclosure</a>	66
Item 5.	
<a href="#">Other Information</a>	66
Item 6.	
<a href="#">Exhibits</a>	66
<a href="#">Signatures</a>	74
<a href="#">Index to Exhibits</a>	75

[Table of Contents](#)

**PART I – FINANCIAL INFORMATION**

**Item 1. Condensed Consolidated Financial Statements**

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

	<b>March 31, 2014</b>	<b>December 31, 2013</b>
<b>(Unaudited)</b>		
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 495,174	\$ 261,894
Short-term investments	322,374	369,808
Accounts receivable, net	213,560	184,840
Other current assets	54,910	72,118
Total current assets	1,086,018	888,660
Long-term investments	224,176	398,390
Property, plant and equipment, net	4,766,297	4,591,650
Goodwill	1,047,578	1,042,153
Intangible assets, net	176,914	184,182
Other assets	429,615	387,324
Total assets	<u>\$ 7,730,598</u>	<u>\$ 7,492,359</u>
<b>Liabilities, Redeemable Non-Controlling Interests and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 293,295	\$ 263,223
Accrued property, plant and equipment	80,516	64,601
Current portion of capital lease and other financing obligations	17,880	17,214
Current portion of mortgage and loans payable	54,122	53,508
Other current liabilities	149,343	147,958
Total current liabilities	595,156	546,504
Capital lease and other financing obligations, less current portion	1,037,247	914,032
Mortgage and loans payable, less current portion	191,761	199,700
Convertible debt	728,361	724,202
Senior notes	2,250,000	2,250,000
Other liabilities	284,108	274,955
Total liabilities	<u>5,086,633</u>	<u>4,909,393</u>
Redeemable non-controlling interests (Note 9)	<u>126,959</u>	<u>123,902</u>
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock	51	50
Additional paid-in capital	2,743,244	2,693,887
Treasury stock	(131,408)	(84,663)
Accumulated other comprehensive loss	(99,825)	(113,767)
Retained earnings (accumulated deficit)	4,944	(36,443)
Total stockholders' equity	<u>2,517,006</u>	<u>2,459,064</u>
Total liabilities, redeemable non-controlling interests and stockholders' equity	<u>\$ 7,730,598</u>	<u>\$ 7,492,359</u>

See accompanying notes to condensed consolidated financial statements

[Table of Contents](#)

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

	Three months ended	
	March 31,	
	2014	2013
	(Unaudited)	
Revenues	\$580,053	\$516,134
Costs and operating expenses:		
Cost of revenues	287,525	258,591
Sales and marketing	67,428	58,276
General and administrative	103,303	90,818
Acquisition costs	185	3,662
Total costs and operating expenses	458,441	411,347
Income from operations	121,612	104,787
Interest income	1,434	747
Interest expense	(68,820)	(60,331)
Other income (expense)	678	(459)
Income from operations before income taxes	54,904	44,744
Income tax expense	(13,567)	(11,460)
Net income	41,337	33,284
Net (income) loss attributable to redeemable non-controlling interests	50	(441)
Net income attributable to Equinix	\$ 41,387	\$ 32,843
Earnings per share ("EPS") attributable to Equinix (Note 2):		
Basic EPS	\$ 0.83	\$ 0.67
Weighted-average shares	49,598	49,029
Diluted EPS	\$ 0.81	\$ 0.65
Weighted-average shares	53,386	53,480

See accompanying notes to condensed consolidated financial statements

[Table of Contents](#)

**EQUINIX, INC.**  
**Condensed Consolidated Statements of Comprehensive Income (Loss)**  
**(in thousands)**

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	
Net income	<u>\$ 41,337</u>	<u>\$ 33,284</u>
Other comprehensive income (loss), net of tax:		
Foreign currency translation gain (loss)	14,970	(72,554)
Unrealized gain on available for sale securities	839	98
Unrealized gain on cash flow hedges	200	—
Total other comprehensive income (loss), net of tax	<u>16,009</u>	<u>(72,456)</u>
Comprehensive income (loss), net of tax	<u>57,346</u>	<u>(39,172)</u>
Net (income) loss attributable to redeemable non-controlling interests	50	(441)
Other comprehensive income attributable to redeemable non-controlling interests	<u>(2,067)</u>	<u>(769)</u>
Comprehensive income (loss) attributable to Equinix	<u>\$ 55,329</u>	<u>\$ (40,382)</u>

See accompanying notes to condensed consolidated financial statements

[Table of Contents](#)

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

	Three months ended	
	March 31,	
	2014	2013
	(Unaudited)	
<b>Cash flows from operating activities:</b>		
Net income	\$ 41,337	\$ 33,284
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	107,023	100,381
Stock-based compensation	24,981	23,836
Excess tax benefits from stock-based compensation	(10,018)	(18,990)
Amortization of debt issuance costs and debt discounts	6,409	5,753
Amortization of intangible assets	6,905	6,759
Provision for allowance for doubtful accounts	1,055	813
Other items	3,919	3,735
Changes in operating assets and liabilities:		
Accounts receivable	(28,995)	(24,663)
Income taxes, net	(15,749)	(2,347)
Other assets	18,292	(20,222)
Accounts payable and accrued expenses	8,830	(27,996)
Other liabilities	7,729	3,838
Net cash provided by operating activities	<u>171,718</u>	<u>84,181</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(93,423)	(296,513)
Sales of investments	212,299	37,163
Maturities of investments	102,778	26,385
Purchases of property, plant and equipment	(105,907)	(75,667)
Purchase of real estate	(16,791)	—
Change in restricted cash	(71)	(833,801)
Other investing activities, net	—	(107)
Net cash provided by (used in) investing activities	<u>98,885</u>	<u>(1,142,540)</u>
<b>Cash flows from financing activities:</b>		
Purchases of treasury stock	(47,120)	—
Proceeds from employee equity awards	14,387	14,368
Excess tax benefits from stock-based compensation	10,018	18,990
Proceeds from senior notes	—	1,500,000
Repayment of capital lease and other financing obligations	(4,250)	(3,516)
Repayment of mortgage and loans payable	(10,317)	(14,052)
Debt issuance costs	—	(19,030)
Net cash provided by (used in) financing activities	<u>(37,282)</u>	<u>1,496,760</u>
Effect of foreign currency exchange rates on cash and cash equivalents	(41)	(5,595)
Net increase in cash and cash equivalents	233,280	432,806
Cash and cash equivalents at beginning of period	261,894	252,213
Cash and cash equivalents at end of period	<u>\$ 495,174</u>	<u>\$ 685,019</u>
Supplemental cash flow information:		
Cash paid for taxes	<u>\$ 29,913</u>	<u>\$ 14,036</u>
Cash paid for interest	<u>\$ 42,385</u>	<u>\$ 67,975</u>

See accompanying notes to condensed consolidated financial statements

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

**1. Basis of Presentation and Significant Accounting Policies**

***Basis of Presentation***

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 condensed consolidated balance sheet data as of December 31, 2013 has been derived from audited consolidated financial statements as of that date. The consolidated 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 in the United States of America (“GAAP”). 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, 2014. Results for the interim periods are not necessarily indicative of results for the entire fiscal year.

***Consolidation***

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

***Income Taxes***

The Company’s effective tax rates were 24.7% and 25.6% for the three months ended March 31, 2014 and 2013, respectively.

The Company is entitled to a deduction for federal and state tax purposes with respect to employee equity award activity. The reduction in income tax payable related to windfall tax benefits for stock based compensation awards has been reflected as an adjustment to additional paid-in capital. For the three months ended March 31, 2014, the benefits arising from employee equity award activity that resulted in an adjustment to additional paid in capital were \$9,477,000.

***Recent Accounting Pronouncements***

In July 2013, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (“ASU 2013-11”). This ASU requires companies to present an unrecognized tax benefit, or a portion thereof, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. To the extent a net operating loss carryforward, a similar tax loss or a tax credit carryforward, is not available at the reporting date under the applicable tax law or an entity does not intend to use its deferred tax asset for such purpose, the unrecognized tax benefit should be presented as a liability and not a reduction to deferred tax assets. This ASU is effective for fiscal years and interim periods beginning after December 15, 2013 with early adoption permitted. During the three months ended March 31, 2014, the Company adopted ASU 2013-11 and the adoption did not have a significant impact on its consolidated financial statements.

## EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

## 2. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (“EPS”) for the periods presented (in thousands, except per share amounts):

	Three months ended	
	March 31,	
	2014	2013
Net income	\$41,337	\$33,284
Net (income) loss attributable to redeemable non-controlling interests	50	(441)
Net income attributable to Equinix, basic	41,387	32,843
Effect of assumed conversion of convertible debt:		
Interest expense, net of tax	1,984	1,851
Net income attributable to Equinix, diluted	\$43,371	\$34,694
Weighted-average shares used to compute basic EPS	49,598	49,029
Effect of dilutive securities:		
Convertible debt	3,371	3,613
Employee equity awards	417	838
Weighted-average shares used to compute diluted EPS	53,386	53,480
EPS attributable to Equinix:		
Basic EPS	\$ 0.83	\$ 0.67
Diluted EPS	\$ 0.81	\$ 0.65

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

	Three months ended	
	March 31,	
	2014	2013
Shares reserved for conversion of 4.75% convertible subordinated notes	4,432	4,432
Common stock related to employee equity awards	337	113
	4,769	4,545



## EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

## 3. Balance Sheet Components

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

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

	March 31, 2014	December 31, 2013
Cash and cash equivalents:		
Cash (1)	\$ 232,835	\$ 186,007
Cash equivalents:		
Money market funds	256,740	74,787
Commercial paper	5,599	1,100
Total cash and cash equivalents	<u>495,174</u>	<u>261,894</u>
Marketable securities:		
U.S. government securities	288,625	305,021
U.S. government agency securities	85,946	125,917
Corporate bonds	73,267	190,177
Certificates of deposit	63,175	76,152
Asset-backed securities	31,046	68,938
Commercial paper	4,491	1,993
Total marketable securities	<u>546,550</u>	<u>768,198</u>
Total cash, cash equivalents and short-term and long-term investments	<u>\$ 1,041,724</u>	<u>\$ 1,030,092</u>

(1) Excludes restricted cash.

As of March 31, 2014 and December 31, 2013, cash equivalents included investments which were readily convertible to cash and had original maturity dates of 90 days or less. The maturities of securities classified as short-term investments were one year or less as of March 31, 2014 and December 31, 2013. The maturities of securities classified as long-term investments were greater than one year and less than three years as of March 31, 2014 and December 31, 2013.

The following table summarizes the cost and estimated fair value of marketable securities based on stated effective maturities as of (in thousands):

	March 31, 2014		December 31, 2013	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	\$ 322,207	\$ 322,374	\$ 369,698	\$ 369,808
Due after one year through three years	<u>224,019</u>	<u>224,176</u>	<u>398,200</u>	<u>398,390</u>
Total	<u>\$ 546,226</u>	<u>\$ 546,550</u>	<u>\$ 767,898</u>	<u>\$ 768,198</u>

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

The following table summarizes the fair value and gross unrealized gains and losses related to the Company's short-term and long-term investments in marketable securities designated as available-for-sale securities as of (in thousands):

	March 31, 2014			Fair value
	Amortized cost	Gross unrealized gains	Gross unrealized losses	
U.S. government securities	\$288,433	\$ 192	\$ —	\$288,625
U.S. government agency securities	85,905	55	(14)	85,946
Corporate bonds	73,210	68	(11)	73,267
Certificates of deposit	63,175	—	—	63,175
Asset-backed securities	31,012	35	(1)	31,046
Commercial paper	4,491	—	—	4,491
<b>Total</b>	<b>\$546,226</b>	<b>\$ 350</b>	<b>\$ (26)</b>	<b>\$546,550</b>

	December 31, 2013			Fair value
	Amortized cost	Gross unrealized gains	Gross unrealized losses	
U.S. government securities	\$304,897	\$ 131	\$ (7)	\$305,021
U.S. government agency securities	125,904	35	(22)	125,917
Corporate bonds	190,068	149	(40)	190,177
Certificates of deposit	76,126	27	(1)	76,152
Asset-backed securities	68,914	33	(9)	68,938
Commercial paper	1,989	4	—	1,993
<b>Total</b>	<b>\$767,898</b>	<b>\$ 379</b>	<b>\$ (79)</b>	<b>\$768,198</b>

The following table summarizes the fair value and gross unrealized losses related to 27 available-for-sale securities with an aggregate cost basis of \$49,473,000 aggregated by type of investment and length of time that individual securities have been in a continuous unrealized loss position as of March 31, 2014 (in thousands):

	Securities in a loss position for less than 12 months	
	Fair value	Gross unrealized losses
U.S. government agency securities	\$ 18,247	\$ (14)
U.S. government securities	15,028	—
Corporate bonds	9,453	(11)
Asset-backed securities	5,519	(1)
	<b>\$ 48,247</b>	<b>\$ (26)</b>

As of March 31, 2014, the Company did not have any securities in a loss position for 12 months or more. While the Company does not believe that as of March 31, 2014, it holds investments that are other-than-temporarily impaired and believes that the Company's investments will mature at par, the Company's investments are subject to changes in market conditions. If market conditions were to deteriorate, the Company could sustain other-than-temporary impairments to its investment portfolio which could result in additional realized losses being recorded in interest income, net, or securities markets could become inactive which could affect the liquidity of the Company's investments.

## EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)**Accounts Receivable**

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

	March 31, 2014	December 31, 2013
Accounts receivable	\$ 356,162	\$ 323,822
Unearned revenue	(135,269)	(132,342)
Allowance for doubtful accounts	(7,333)	(6,640)
	<u>\$ 213,560</u>	<u>\$ 184,840</u>

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

**Other Current Assets**

Other current assets consisted of the following as of (in thousands):

	March 31, 2014	December 31, 2013
Prepaid expenses	\$ 23,300	\$ 26,578
Taxes receivable	10,301	21,584
Deferred tax assets, net	7,442	7,442
Other receivables	2,142	4,181
Derivative instruments	7,132	4,457
Restricted cash, current	3,287	3,210
Other current assets	1,306	4,666
	<u>\$ 54,910</u>	<u>\$ 72,118</u>

**Property, Plant and Equipment**

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

	March 31, 2014	December 31, 2013
IBX plant and machinery	\$ 2,707,353	\$ 2,640,907
Leasehold improvements	1,069,414	1,039,847
Buildings (1)	1,968,182	1,862,562
IBX equipment	530,232	490,677
Computer equipment and software	205,615	189,714
Land	122,079	122,035
Furniture and fixtures	24,658	24,134
Construction in progress	269,584	244,254
	6,897,117	6,614,130
Less accumulated depreciation	(2,130,820)	(2,022,480)
	<u>\$ 4,766,297</u>	<u>\$ 4,591,650</u>

(1) Includes site improvements.

## EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

International Business Exchange® (“IBX”) plant and machinery, leasehold improvements, buildings, computer equipment and software and construction in progress recorded under capital leases aggregated \$508,434,000 and \$428,974,000 as of March 31, 2014 and December 31, 2013, respectively. Depreciation on the assets recorded under capital leases is included in depreciation expense and accumulated depreciation on such assets totaled \$60,130,000 and \$56,041,000 as of March 31, 2014 and December 31, 2013, respectively.

**Goodwill and Intangible Assets**

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

	March 31, 2014	December 31, 2013
Goodwill:		
Americas	\$ 474,914	\$ 471,845
EMEA	437,386	435,041
Asia-Pacific	135,278	135,267
	<u>\$ 1,047,578</u>	<u>\$ 1,042,153</u>
Intangible assets:		
Intangible asset – customer contracts	\$ 233,353	\$ 233,038
Intangible asset – favorable leases	24,683	25,147
Intangible asset – licenses	9,697	9,697
Intangible asset – others	8,920	8,859
	276,653	276,741
Accumulated amortization	(99,739)	(92,559)
	<u>\$ 176,914</u>	<u>\$ 184,182</u>

The Company’s goodwill and intangible assets in EMEA (Europe, Middle East and Africa), denominated in the United Arab Emirates dirham, British pounds and Euros, goodwill and intangible assets in Asia-Pacific, denominated in Chinese yuan, Hong Kong dollars and Singapore dollars and certain goodwill and intangible assets in Americas, denominated in Canadian dollars and Brazilian reais, are subject to foreign currency fluctuations. The Company’s foreign currency translation gains and losses, including goodwill and intangible assets, are a component of other comprehensive income and loss.

For the three months ended March 31, 2014 and 2013, the Company recorded amortization expense of \$6,905,000 and \$6,759,000, respectively, associated with its intangible assets. The Company’s estimated future amortization expense related to its intangible assets is as follows (in thousands):

Year ending:	
2014 (nine months remaining)	\$ 22,135
2015	29,108
2016	28,638
2017	27,095
2018	24,008
Thereafter	45,930
Total	<u>\$176,914</u>

## EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)*Other Assets*

Other assets consisted of the following (in thousands):

	March 31, 2014	December 31, 2013
Deferred tax assets, net	\$ 277,026	\$ 229,975
Prepaid expenses, non-current	60,233	61,039
Debt issuance costs, net	39,634	41,847
Deposits	25,597	25,543
Restricted cash, non-current	16,203	16,178
Derivative instruments	3,678	4,118
Other assets, non-current	7,244	8,624
	<u>\$ 429,615</u>	<u>\$ 387,324</u>

The increase in deferred tax assets, net was primarily due to the depreciation and amortization recapture as a result of changing the Company's methods of depreciating and amortizing various data center assets for tax purposes in connection with the Company's plan to convert to a real estate investment trust ("REIT").

*Accounts Payable and Accrued Expenses*

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

	March 31, 2014	December 31, 2013
Accounts payable	\$ 34,363	\$ 30,291
Accrued compensation and benefits	72,391	92,106
Accrued interest	64,382	48,310
Accrued taxes	57,725	32,047
Accrued utilities and security	30,226	31,314
Accrued professional fees	11,951	9,753
Accrued repairs and maintenance	4,798	3,557
Accrued other	17,459	15,845
	<u>\$ 293,295</u>	<u>\$ 263,223</u>

*Other Current Liabilities*

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

	March 31, 2014	December 31, 2013
Deferred tax liabilities, net	\$ 72,004	\$ 72,004
Deferred installation revenue	45,661	43,145
Customer deposits	15,428	15,174
Derivative instruments	5,865	6,515
Deferred recurring revenue	5,559	5,007
Deferred rent	2,645	3,865
Asset retirement obligations	1,306	1,290
Other current liabilities	875	958
	<u>\$ 149,343</u>	<u>\$ 147,958</u>

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

*Other Liabilities*

Other liabilities consisted of the following (in thousands):

	March 31, 2014	December 31, 2013
Asset retirement obligations, non-current	\$ 58,892	\$ 58,258
Deferred tax liabilities, net	69,835	69,812
Deferred installation revenue, non-current	64,315	60,947
Deferred rent, non-current	41,399	37,955
Accrued taxes, non-current	28,344	27,052
Customer deposits, non-current	4,945	5,005
Deferred recurring revenue, non-current	2,048	2,082
Other liabilities	14,330	13,844
	<u>\$ 284,108</u>	<u>\$ 274,955</u>

The Company currently leases the majority of its IBX data centers and certain equipment under non-cancelable operating lease agreements expiring through 2043. The IBX data center 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 some rent expense abatement periods for certain leases to better match the phased build-out of its IBX data centers. The Company accounts for such abatements and increasing base rentals using the straight-line method over the life of the lease. The difference between the straight-line expense and the cash payment is recorded as deferred rent.

**4. Derivatives and Hedging Activities**

*Derivatives Designated as Hedging Instruments*

*Cash Flow Hedges.* The Company hedges its exposure to foreign currency exchange rate fluctuations for forecasted revenues and expenses in its EMEA region in order to help manage the Company's exposure to foreign currency exchange rate fluctuations between the U.S. dollar and the British pound, Euro and Swiss franc. As of March 31, 2014, the Company had a total of 102 cash flow hedge instruments with maturity dates ranging from April 2014 to January 2015 as follows (in thousands):

	Notional amount	Fair value (1)	Accumulated other comprehensive income (loss) (2)
Derivative assets	\$139,544	\$ 1,981	\$ 1,979
Derivative liabilities	213,175	(3,532)	(3,529)
Total	<u>\$352,719</u>	<u>\$(1,551)</u>	<u>\$ (1,550)</u>

- (1) A total of \$1,981 of derivative assets related to cash flow hedges are included in the condensed consolidated balance sheets within other current assets. A total of \$3,532 of derivative liabilities related to cash flow hedges are included in the condensed consolidated balance sheets within other current liabilities.
- (2) Included in the condensed consolidated balance sheets within accumulated other comprehensive income (loss).

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

As of December 31, 2013, the Company had a total of 69 cash flow hedge instruments with maturity dates ranging from January 2014 to January 2015 as follows (in thousands):

	Notional amount	Fair value (1)	Accumulated other comprehensive income (loss) (2)
Derivative assets	\$127,968	\$ 2,102	\$ 2,107
Derivative liabilities	200,686	(3,855)	(3,857)
Total	<u>\$328,654</u>	<u>\$(1,753)</u>	<u>\$ (1,750)</u>

(1) A total of \$2,099 and \$3 of derivative assets related to cash flow hedges are included in the condensed consolidated balance sheets within other current assets and other assets, respectively. A total of \$3,818 and \$37 of derivative liabilities related to cash flow hedges are included in the condensed consolidated balance sheets within other current liabilities and other liabilities, respectively.

(2) Included in the condensed consolidated balance sheets within accumulated other comprehensive income (loss).

During the three months ended March 31, 2014, there were no ineffective cash flow hedges. During the three months ended March 31, 2014, the amount of gains (losses) reclassified from accumulated other comprehensive income (loss) to revenue and operating expenses were not significant. The Company did not enter into any cash flow hedges during the three months ended March 31, 2013.

**Derivatives Not Designated as Hedging Instruments**

*Embedded Derivatives.* The Company is deemed to have foreign currency forward contracts embedded in certain of the Company's customer agreements that are priced in currencies different from the functional or local currencies of the parties involved. These embedded derivatives are separated from their host contracts and carried on the Company's balance sheet at their fair value. The majority of these embedded derivatives arise as a result of the Company's foreign subsidiaries pricing their customer contracts in the U.S. dollar. Gains and losses on these embedded derivatives are included within revenues in the Company's condensed consolidated statements of operations. During the three months ended March 31, 2014, gains (losses) from these embedded derivatives were not significant. During the three months ended March 31, 2013, the Company recognized a net gain of \$2,453,000 associated with these embedded derivatives.

*Economic Hedges of Embedded Derivatives.* The Company uses foreign currency forward contracts to manage the foreign exchange risk associated with the Company's embedded derivatives ("economic hedges of embedded derivatives"). Gains and losses on these contracts are included in revenues along with gains and losses of the related embedded derivatives. The Company entered into various economic hedges of embedded derivatives during the three months ended March 31, 2014 and gains (losses) from these contracts were not significant. The Company did not enter into any economic hedges of embedded derivatives during the three months ended March 31, 2013.

*Foreign Currency Forward and Options Contracts.* The Company also uses foreign currency forward and options contracts to manage the foreign exchange risk associated with certain foreign currency-denominated assets and liabilities. As a result of foreign currency fluctuations, the U.S. dollar equivalent values of the foreign currency-denominated assets and liabilities change. Gains and losses on these contracts are included in other income (expense), net, along with those foreign currency gains and losses of the related foreign currency-denominated assets and liabilities associated with the foreign currency forward and options contracts. The Company entered into various foreign currency forward and options contracts during the three months ended March 31, 2014 and 2013 and gains (losses) from these foreign currency forward and options contracts were not significant during these periods.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

*Offsetting Derivative Assets and Liabilities*

The following table presents the fair value of derivative instruments recognized in the Company's condensed consolidated balance sheets as of March 31, 2014 (in thousands):

	Gross amounts	Gross amounts offset in the balance sheet	Net amounts (1)	Gross amounts not offset in the balance sheet (2)	Net
<b>Assets:</b>					
<i>Designated as hedging instruments:</i>					
Foreign currency forward contracts	\$ 1,981	\$ —	\$ 1,981	\$ (1,955)	\$ 26
<i>Not designated as hedging instruments:</i>					
Embedded derivatives	5,251	—	5,251	—	5,251
Economic hedges of embedded derivatives	518	—	518	—	518
Foreign currency forward and options contracts	3,060	—	3,060	(1,648)	1,412
	8,829	—	8,829	(1,648)	7,181
Additional netting benefit	—	—	—	(900)	(900)
	<u>\$ 10,810</u>	<u>\$ —</u>	<u>\$ 10,810</u>	<u>\$ (4,503)</u>	<u>\$ 6,307</u>
<b>Liabilities:</b>					
<i>Designated as hedging instruments:</i>					
Foreign currency forward contracts	\$ 3,532	\$ —	\$ 3,532	\$ (1,955)	\$ 1,577
<i>Not designated as hedging instruments:</i>					
Embedded derivatives	213	—	213	—	213
Economic hedges of embedded derivatives	170	—	170	—	170
Foreign currency forward and options contracts	1,994	—	1,994	(1,648)	346
	2,377	—	2,377	(1,648)	729
Additional netting benefit	—	—	—	(900)	(900)
	<u>\$ 5,909</u>	<u>\$ —</u>	<u>\$ 5,909</u>	<u>\$ (4,503)</u>	<u>\$ 1,406</u>

(1) As presented in the Company's condensed consolidated balance sheets within other current assets, other assets, other current liabilities and other liabilities.

(2) The Company enters into master netting agreements with its counterparties for transactions other than embedded derivatives to mitigate credit risk exposure to any single counterparty. Master netting agreements allow for individual derivative contracts with a single counterparty to offset in the event of default.



EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

The following table presents the fair value of derivative instruments recognized in the Company's condensed consolidated balance sheets as of December 31, 2013 (in thousands):

	Gross amounts	Gross amounts offset in the balance sheet	Net amounts (1)	Gross amounts not offset in the balance sheet (2)	Net
<b>Assets:</b>					
<i>Designated as hedging instruments:</i>					
Foreign currency forward contracts	\$ 2,102	\$ —	\$ 2,102	\$ (2,102)	\$ —
<i>Not designated as hedging instruments:</i>					
Embedded derivatives	6,296	—	6,296	—	6,296
Foreign currency forward and options contracts	177	—	177	(177)	—
	<u>6,473</u>	<u>—</u>	<u>6,473</u>	<u>(177)</u>	<u>6,296</u>
	<u>\$ 8,575</u>	<u>\$ —</u>	<u>\$ 8,575</u>	<u>\$ (2,279)</u>	<u>\$ 6,296</u>
<b>Liabilities:</b>					
<i>Designated as hedging instruments:</i>					
Foreign currency forward contracts	\$ 3,855	\$ —	\$ 3,855	\$ (2,102)	\$ 1,753
<i>Not designated as hedging instruments:</i>					
Embedded derivatives	115	—	115	—	115
Economic hedges of embedded derivatives	1,315	—	1,315	—	1,315
Foreign currency forward and options contracts	1,289	—	1,289	(177)	1,112
	<u>2,719</u>	<u>—</u>	<u>2,719</u>	<u>(177)</u>	<u>2,542</u>
	<u>\$ 6,574</u>	<u>\$ —</u>	<u>\$ 6,574</u>	<u>\$ (2,279)</u>	<u>\$ 4,295</u>

- (1) As presented in the Company's condensed consolidated balance sheets within other current assets, other assets, other current liabilities and other liabilities.  
(2) The Company enters into master netting agreements with its counterparties for transactions other than embedded derivatives to mitigate credit risk exposure to any single counterparty. Master netting agreements allow for individual derivative contracts with a single counterparty to offset in the event of default.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

5. Fair Value Measurements

The Company's financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2014 were as follows (in thousands):

	Fair value at March 31, 2014	Fair value measurement using	
		Level 1	Level 2
<b>Assets:</b>			
Cash	\$ 232,835	\$232,835	\$ —
Money market and deposit accounts	256,740	256,740	—
U.S. government securities	288,625	288,625	—
U.S. government agency securities	85,946	—	85,946
Corporate bonds	73,267	—	73,267
Certificates of deposit	63,175	—	63,175
Asset-backed securities	31,046	—	31,046
Commercial paper	10,090	—	10,090
Derivative instruments (1)	10,810	—	10,810
	<u>\$1,052,534</u>	<u>\$778,200</u>	<u>\$274,334</u>
<b>Liabilities:</b>			
Derivative instruments (1)	\$ 5,909	\$ —	\$ 5,909

(1) Includes embedded derivatives, economic hedges of embedded derivatives and foreign currency forward and options contracts. Amounts are included within other current assets, other assets, other current liabilities and other liabilities in the Company's accompanying condensed consolidated balance sheet.

The Company did not have any Level 3 financial assets or financial liabilities as of March 31, 2014.

*Valuation Methods*

Fair value estimates are made as of a specific point in time based on methods using present value or other valuation techniques. These techniques involve uncertainties and are affected by the assumptions used and the judgments made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors.

*Cash, Cash Equivalents and Investments.* The fair value of the Company's investments in money market funds approximates their face value. Such instruments are included in cash equivalents. The Company's U.S. government securities and money market funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted prices for identical instruments in active markets. The fair value of the Company's other investments approximate their face value, including certificates of deposit and available-for-sale debt investments related to the Company's investments in the securities of other public companies, governmental units and other agencies. The fair value of these investments is priced based on the quoted market price for similar instruments or nonbinding market prices that are corroborated by observable market data. Such instruments are classified within Level 2 of the fair value hierarchy. The Company determines the fair values of its Level 2 investments by using inputs such as actual trade data, benchmark yields, broker/dealer quotes, and other similar data, which are obtained from quoted market prices, custody bank, third-party pricing vendors or other sources. The Company uses such pricing data as the primary input to make its assessments and determinations as to the ultimate valuation of its investment portfolio and has not made, during the periods presented, any material adjustments to such inputs. The Company is responsible for its consolidated financial statements and underlying estimates.

## EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

The Company determined that the major security types held as of March 31, 2014 were primarily cash and money market funds, U.S. government and agency securities, corporate bonds, certificate of deposits, commercial paper and asset-backed securities. The Company uses the specific identification method in computing realized gains and losses. Short-term and long-term investments are classified as available-for-sale and are carried at fair value with unrealized gains and losses reported in stockholders' equity as a component of other comprehensive income or loss, net of any related tax effect. The Company reviews its investment portfolio quarterly to determine if any securities may be other-than-temporarily impaired due to increased credit risk, changes in industry or sector of a certain instrument or ratings downgrades over an extended period of time.

*Derivative Assets and Liabilities.* For derivatives, including cash flow hedges, embedded derivatives and economic hedges of embedded derivatives, the Company uses forward contract models employing market observable inputs, such as spot currency rates and forward points with adjustments made to these values utilizing published credit default swap rates of its foreign exchange trading counterparties. The Company has determined that the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, therefore the derivatives are categorized as Level 2.

During the three months ended March 31, 2014, the Company did not have any nonfinancial assets or liabilities measured at fair value on a recurring basis.

**6. Related Party Transactions**

The Company has several significant stockholders and other related parties that are also customers and/or vendors. The Company's activity of related party transactions was as follows (in thousands):

	Three months ended March 31,	
	2014	2013
Revenues	\$ 2,121	\$ 8,476
Costs and services	161	2,465

  

	As of March 31,	
	2014	2013
Accounts receivable	\$ 1,690	\$ 5,089
Accounts payable	—	443

In connection with the acquisition of ALOG Data Centers do Brasil S.A. and its subsidiaries ("ALOG") (the "ALOG Acquisition"), the Company acquired a lease for one of the Brazilian IBX data centers in which the lessor is a member of ALOG management. This lease contains an option to purchase the underlying property for fair market value on the date of purchase. The Company accounts for this lease as a financing obligation as a result of structural building work pursuant to the accounting standard for lessee's involvement in asset construction. As of March 31, 2014, the Company had a financing obligation liability totaling approximately \$3,807,000 related to this lease on its condensed consolidated balance sheet. This amount is considered a related party liability, which is not reflected in the related party data presented above.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

7. Leases

*Capital Lease and Other Financing Obligations*

*Silicon Valley 2 Capital Lease*

In March 2014, the Company entered into a lease amendment to extend the lease term of the Company’s Silicon Valley 2 IBX data center (the “Silicon Valley 2 Lease”). The lease was originally accounted for as an operating lease. Pursuant to the accounting standard for leases, the Company reassessed the lease classification of the Silicon Valley 2 Lease as a result of the lease amendment and determined that upon the amendment the lease should be accounted for as a capital lease (the “Silicon Valley 2 Capital Lease”). The Company recorded a capital lease asset totaling approximately \$81,542,000 and a capital lease liability totaling approximately \$82,000,000 during the three months ended March 31, 2014. Monthly payments under the Silicon Valley 2 Capital Lease commenced in March 2014 and will be made through September 2029. The Company has certain renewal options available after September 2029, which have not been included in the lease term.

*Dallas IBX Financing*

In January 2014, the Company took possession of additional space under the terms of an existing lease agreement in a property in Dallas where the Company operates its Dallas 1, Dallas 2, Dallas 3 and Dallas 6 IBX data centers. Pursuant to the accounting standard for lessee’s involvement in asset construction, the Company is considered the accounting owner of the assets during the construction phase due to the building work that the Company undertook. As a result, the Company recorded an incremental financed asset and a corresponding financing obligation liability totaling approximately \$13,908,000 during the three months ended March 31, 2014 (the “Dallas IBX Financing”). Monthly payments under the Dallas IBX Financing will be made through December 2029.

*Maturities of Capital Lease and Other Financing Obligations*

The Company’s capital lease and other financing obligations are summarized as follows (in thousands):

	<b>Capital lease obligations</b>	<b>Other financing obligations</b>	<b>Total</b>
2014 (nine months remaining)	\$ 34,702	\$ 35,388	\$ 70,090
2015	52,139	55,148	107,287
2016	52,817	59,627	112,444
2017	54,025	59,576	113,601
2018	55,722	62,377	118,099
Thereafter	776,516	571,984	1,348,500
Total minimum lease payments	1,025,921	844,100	1,870,021
Plus amount representing residual property value	—	404,357	404,357
Less estimated building costs	—	(32,566)	(32,566)
Less amount representing interest	(542,895)	(643,790)	(1,186,685)
Present value of net minimum lease payments	483,026	572,101	1,055,127
Less current portion	(9,108)	(8,772)	(17,880)
	<u>\$ 473,918</u>	<u>\$ 563,329</u>	<u>\$ 1,037,247</u>

## EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

## 8. Debt Facilities

*Mortgage and Loans Payable*

The Company's mortgage and loans payable consisted of the following (in thousands):

	March 31, 2014	December 31, 2013
U.S. term loan	\$ 130,000	\$ 140,000
ALOG financings	70,799	67,882
Mortgage payable	43,202	43,497
Other loans payable	1,882	1,829
	<u>245,883</u>	<u>253,208</u>
Less current portion	<u>(54,122)</u>	<u>(53,508)</u>
	<u>\$ 191,761</u>	<u>\$ 199,700</u>

*Convertible Debt*

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

	March 31, 2014	December 31, 2013
3.00% Convertible Subordinated Notes	\$ 395,986	\$ 395,986
4.75% Convertible Subordinated Notes	373,723	373,724
	<u>769,709</u>	<u>769,710</u>
Less amount representing debt discount	<u>(41,348)</u>	<u>(45,508)</u>
	<u>\$ 728,361</u>	<u>\$ 724,202</u>

*3.00% Convertible Subordinated Notes*

In September 2007, the Company issued \$395,986,000 aggregate principal amount of 3.00% Convertible Subordinated Notes due October 15, 2014 (the "3.00% Convertible Subordinated Notes"). Holders of the 3.00% Convertible Subordinated Notes may convert their notes at their option on any day up to and including the business day immediately preceding the maturity date into shares of the Company's common stock. The base conversion rate is 7.436 shares of common stock per \$1,000 principal amount of 3.00% Convertible Subordinated Notes, subject to adjustment. This represents a base conversion price of approximately \$134.48 per share of common stock. If, at the time of conversion, the applicable stock price of the Company's common stock exceeds the base conversion price, the conversion rate will be determined pursuant to a formula resulting in the receipt of up to 4.4616 additional shares of common stock per \$1,000 principal amount of the 3.00% Convertible Subordinated Notes, subject to adjustment. However, in no event would the total number of shares issuable upon conversion of the 3.00% Convertible Subordinated Notes exceed 11.8976 per \$1,000 principal amount of 3.00% Convertible Subordinated Notes, subject to anti-dilution adjustments, or the equivalent of \$84.05 per share of the Company's common stock or a total of 4,711,283 shares of the Company's common stock. As of March 31, 2014, had the holders of the 3.00% Convertible Subordinated Notes converted their notes, the 3.00% Convertible Subordinated Notes would have been convertible into 3,375,463 shares of the Company's common stock.

## EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)*4.75% Convertible Subordinated Notes*

In June 2009, the Company issued \$373,750,000 aggregate principal amount of 4.75% Convertible Subordinated Notes due June 15, 2016 (the “4.75% Convertible Subordinated Notes”). 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 4.75% Convertible Subordinated Notes to satisfy its obligation in cash up to 100% of the principal amount of the 4.75% 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. Upon conversion, if the Company elects to pay a sufficiently large portion of the conversion obligation in cash, additional consideration beyond the \$373,750,000 of gross proceeds received will be required.

The initial conversion rate is 11.8599 shares of common stock per \$1,000 principal amount of 4.75% Convertible Subordinated Notes, subject to adjustment. This represents an initial conversion price of approximately \$84.32 per share of common stock. Holders of the 4.75% 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 December 31, 2009, 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, which was \$109.62 per share (the “Stock Price Condition Conversion Clause”);
- subject to certain exceptions, during the five business day period following any 10 consecutive trading day period in which the trading price of the 4.75% 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;
- upon the occurrence of specified corporate transactions described in the 4.75% Convertible Subordinated Notes 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; or
- at any time on or after March 15, 2016.

Holders of the 4.75% Convertible Subordinated Notes were eligible to convert their notes during the three months ended March 31, 2014 and are eligible to convert their notes during the three months ended June 30, 2014, since the Stock Price Condition Conversion Clause was met during the applicable periods. As of March 31, 2014, had the holders of the 4.75% Convertible Subordinated Notes converted their notes, the 4.75% Convertible Subordinated Notes would have been convertible into a maximum of 4,432,328 shares of the Company’s common stock.

*Senior Notes*

The Company’s senior notes consisted of the following as of (in thousands):

	March 31, 2014	December 31, 2013
5.375% senior notes due 2023	\$ 1,000,000	\$ 1,000,000
7.00% senior notes due 2021	750,000	750,000
4.875% senior notes due 2020	500,000	500,000
	<u>\$ 2,250,000</u>	<u>\$ 2,250,000</u>

[Table of Contents](#)

## EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)**Maturities of Debt Facilities**

The following table sets forth maturities of the Company's debt, including mortgage and loans payable, convertible debt and senior notes, as of March 31, 2014 (in thousands):

Year ending:	
2014 (nine months remaining)	\$ 439,692
2015	58,030
2016(1)	435,662
2017	35,695
2018	9,447
Thereafter	2,287,066
	<u>\$3,265,592</u>

(1) Gross of \$41,348 debt discount from the 4.75% Convertible Subordinated Notes.

**Fair Value of Debt Facilities**

The following table sets forth the estimated fair values of the Company's mortgage and loans payable, senior notes and convertible debt, including current maturities, as of (in thousands):

	March 31, 2014	December 31, 2013
Mortgage and loans payable	\$ 252,050	\$ 254,607
Convertible debt	1,044,273	1,009,744
Senior notes	2,375,625	2,302,290

The Company has determined that the inputs used to value its debt facilities fall within Level 2 of the fair value hierarchy.

**Interest Charges**

The following table sets forth total interest costs incurred and total interest costs capitalized for the periods presented (in thousands):

	Three months ended March 31,	
	2014	2013
Interest expense	\$68,820	\$60,331
Interest capitalized	3,406	2,892
Interest charges incurred	<u>\$72,226</u>	<u>\$63,223</u>

**9. Redeemable Non-Controlling Interests**

The following table provides a summary of the activities of the Company's redeemable non-controlling interests (in thousands):

Balance as of December 31, 2013	\$123,902
Net loss attributable to redeemable non-controlling interests	(50)
Other comprehensive income attributable to redeemable non-controlling interests	2,067
Impact of foreign currency exchange	1,040
Balance as of March 31, 2014	<u>\$126,959</u>

## EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)**10. Commitments and Contingencies***Purchase Commitments*

Primarily as a result of the Company's various IBX expansion projects, as of March 31, 2014, the Company was contractually committed for \$240,091,000 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 data centers and make them available to customers for installation. In addition, the Company had numerous other, non-capital purchase commitments in place as of March 31, 2014, such as commitments to purchase power in select locations through the remainder of 2014 and thereafter, and other open purchase orders for goods or services to be delivered or provided during the remainder of 2014 and thereafter. Such other miscellaneous purchase commitments totaled \$209,075,000 as of March 31, 2014.

**11. Stockholders' Equity***Accumulated Other Comprehensive Loss*

The components of accumulated other comprehensive loss, net of tax, are as follows (in thousands):

	Balance as of December 31, 2013	Net change	Balance as of March 31, 2014
Foreign currency translation gain (loss)	\$ (132,881)	\$14,970	\$ (117,911)
Unrealized gain (loss) on cash flow hedges	(1,750)	200	(1,550)
Unrealized gain (loss) on available for sale securities	(257)	839	582
Other comprehensive loss (income) attributable to redeemable non-controlling interests	21,121	(2,067)	19,054
	<u>\$ (113,767)</u>	<u>\$13,942</u>	<u>\$ (99,825)</u>

Changes in foreign currencies can have a significant impact to the Company's consolidated balance sheets (as evidenced above in the Company's foreign currency translation gain or loss), as well as its consolidated results of operations, as amounts in foreign currencies are generally translating into more U.S. dollars when the U.S. dollar weakens or less U.S. dollars when the U.S. dollar strengthens. As of March 31, 2014, the U.S. dollar was generally weaker relative to certain of the currencies of the foreign countries in which the Company operates. This overall weakness of the U.S. dollar had an overall positive impact on the Company's consolidated financial position because the foreign denominations translated into more U.S. dollars as evidenced by a decrease in foreign currency translation loss for the three months ended March 31, 2014 as reflected in the above table. In future periods, the volatility of the U.S. dollar as compared to the other currencies in which the Company operates could have a significant impact on its consolidated financial position and results of operations including the amount of revenue that the Company reports in future periods.

*Treasury Stock*

During the three months ended March 31, 2014, the Company repurchased a total of 266,585 shares of its common stock in the open market at an average price of \$176.75 per share for total consideration of \$47,120,000 under a share repurchase program that was approved by the Company's Board of Directors in December 2013 (the "2013 Share Repurchase Program"). As of March 31, 2014, the Company may purchase up to an additional \$404,081,000 in value of the Company's common stock through December 31, 2014 under this share repurchase program.



## EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)*Stock-Based Compensation*

In March 2014, the Compensation Committee and the Stock Award Committee of the Company's Board of Directors approved the issuance of an aggregate of 613,560 shares of restricted stock units to certain employees, including executive officers, pursuant to the 2000 Equity Incentive Plan, as part of the Company's annual refresh program. These equity awards are subject to vesting provisions and have a weighted-average grant date fair value of \$179.18 and a weighted-average requisite service period of 3.34 years. The valuation of restricted stock units with only a service condition or a service and performance condition requires no significant assumptions as the fair value for these types of equity awards is based solely on the fair value of the Company's stock price on the date of grant. The Company uses a Monte Carlo simulation option-pricing model to determine the fair value of restricted stock units with a service and market condition. There were no significant changes in the assumptions used to determine the fair value of restricted stock units with a service and market condition that were granted during the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

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

	Three months ended March 31,	
	2014	2013
Cost of revenues	\$ 1,870	\$ 1,602
Sales and marketing	7,000	5,721
General and administrative	16,111	16,513
	<u>\$24,981</u>	<u>\$23,836</u>

**12. Segment Information**

While the Company has a single line of business, which is the design, build-out and operation of IBX data centers, it has determined that it has three reportable segments comprised of its Americas, EMEA and Asia-Pacific geographic regions. The Company's chief operating decision-maker evaluates performance, makes operating decisions and allocates resources based on the Company's revenue and adjusted EBITDA performance both on a consolidated basis and based on these three reportable segments. The Company defines adjusted EBITDA as income from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges and acquisition costs as presented below (in thousands):

	Three months ended March 31,	
	2014	2013
Adjusted EBITDA:		
Americas	\$ 149,563	\$ 144,517
EMEA	63,205	48,729
Asia-Pacific	47,620	47,642
Total adjusted EBITDA	260,388	240,888
Depreciation, amortization and accretion expense	(113,610)	(108,603)
Stock-based compensation expense	(24,981)	(23,836)
Acquisitions costs	(185)	(3,662)
Income from operations	<u>\$ 121,612</u>	<u>\$ 104,787</u>

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

The Company also provides the following additional segment disclosures (in thousands):

	Three months ended March 31,	
	2014	2013
Total revenues:		
Americas	\$330,033	\$305,792
EMEA	151,430	119,969
Asia-Pacific	98,590	90,373
	<u>\$580,053</u>	<u>\$516,134</u>
Total depreciation and amortization:		
Americas	\$ 60,027	\$ 62,597
EMEA	29,712	22,875
Asia-Pacific	24,254	21,733
	<u>\$113,993</u>	<u>\$107,205</u>
Capital expenditures:		
Americas	\$ 67,515	\$ 44,841
EMEA	15,564	16,569
Asia-Pacific	39,619	14,257
	<u>\$122,698</u>	<u>\$ 75,667</u>

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

	March 31, 2014	December 31, 2013
Americas	\$ 2,679,496	\$ 2,549,863
EMEA	1,174,049	1,188,559
Asia-Pacific	912,752	853,228
	<u>\$ 4,766,297</u>	<u>\$ 4,591,650</u>

Revenue information by category is as follows (in thousands):

	Three months ended March 31,	
	2014	2013
Colocation	\$434,623	\$394,831
Interconnection	87,026	75,991
Managed infrastructure	25,384	23,120
Rental	2,670	580
Recurring revenues	549,703	494,522
Non-recurring revenues	30,350	21,612
	<u>\$580,053</u>	<u>\$516,134</u>

No single customer accounted for 10% or greater of the Company's revenues for the three months ended March 31, 2014 and 2013. No single customer accounted for 10% or greater of the Company's gross accounts receivable as of March 31, 2014 and December 31, 2013.

**EQUINIX, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)**

**13. Subsequent Events**

From April 1, 2014 through May 1, 2014, the Company repurchased a total of 186,503 shares of its common stock in the open market at an average price of \$175.95 per share for a total consideration of \$32,815,000 under the 2013 Share Repurchase Program.

In April and May 2014, the Company entered into agreements with certain note holders to exchange an aggregate of \$170,137,000 of the principal amount of the 4.75% Convertible Subordinated Notes for 2,017,806 shares of the Company's common stock and cash payments totaling approximately \$17,636,000. As a result, the Company will recognize a loss on debt extinguishment of approximately \$38,000,000 in the second quarter of 2014 upon the exchange of the 4.75% Convertible Subordinated Notes.

In April 2014, the Company, Riverwood Capital L.P. ("Riverwood"), and the other parties thereto, amended the shareholders agreement governing their investment in ALOG to extend the time period granted to the Company in 2014 to exercise its right to purchase Riverwood's interest in ALOG, along with the approximate 10% of ALOG owned by ALOG management, to May 31, 2014. Such purchase by the Company would result in the Company owning 100% of the outstanding shares of ALOG upon completion of the transaction. Should the Company not exercise its right by May 31, 2014, subsequent exercise periods begin on April 1 and end on April 30 of each of 2015 and 2016.

Item 2.

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

*The words "Equinix", "we", "our", "ours", "us" and the "Company" refer to Equinix, Inc. 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.*

Our management's discussion and analysis of financial condition and results of operations is intended to assist readers in understanding our financial information from our management's perspective and is presented as follows:

- Overview
- Results of Operations
- Non-GAAP Financial Measures
- Liquidity and Capital Resources
- Contractual Obligations and Off-Balance-Sheet Arrangements
- Critical Accounting Policies and Estimates
- Recent Accounting Pronouncements

**Overview**

In April and May 2014, as more fully described in Note 13 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, we entered into agreements with certain note holders to exchange an aggregate of \$170.1 million of the principal amount of the 4.75% convertible subordinated notes for 2,017,806 shares of our common stock and cash payments totaling approximately \$17.6 million. As a result, we will recognize a loss on debt extinguishment of approximately \$38.0 million in the second quarter of 2014 upon the exchange of the 4.75% convertible subordinated notes.

Equinix provides global data center offerings that protect and connect the world's most valued information assets. Global enterprises, financial services companies and content and network service providers rely upon Equinix's leading insight and data centers in 32 markets around the world for the safehousing of their critical IT equipment and the ability to directly connect to the networks that enable today's information-driven economy. Equinix offers the following solutions: (i) premium data center colocation, (ii) interconnection and (iii) exchange and outsourced IT infrastructure services. As of March 31, 2014, we operated or had partner International Business Exchange® ("IBX") data centers in the Atlanta, Boston, Chicago, Dallas, Denver, Los Angeles, Miami, New York, Philadelphia, Rio De Janeiro, Sao Paulo, Seattle, Silicon Valley, Toronto and Washington, D.C. metro areas in the Americas region; France, Germany, Italy, the Netherlands, Switzerland, the United Arab Emirates and the United Kingdom in the Europe, Middle East and Africa ("EMEA") region; and Australia, China, Hong Kong, Indonesia, Japan and Singapore in the Asia-Pacific region.

We leverage our global data centers in 32 markets around the world as a global platform which allows our customers to increase information and application delivery performance while significantly reducing costs. Based on our global platform and the quality of our IBX data centers, we believe we have established a critical mass of customers. As more customers locate in our IBX data centers, it benefits their suppliers and business partners to colocate as well in order to gain the full economic and performance benefits of our offerings. These partners, in turn, pull in their business partners, creating a "marketplace" for their services. Our global platform enables scalable, reliable and cost-effective colocation, 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 "marketplace" effect. This global platform, combined with our strong financial position, continues to drive new customer growth and bookings as we drive scale into our global business.

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## Table of Contents

Historically, our market has been served by large telecommunications carriers who have bundled their telecommunications products and services with their colocation offerings. The data center market landscape has evolved to include cloud computing/utility providers, application hosting providers and systems integrators, managed infrastructure hosting providers and colocation providers with over 350 companies providing data center solutions in the U.S. alone. Each of these data center solutions providers can bundle various colocation, interconnection and network offerings, and outsourced IT infrastructure services. We are able to offer our customers a global platform that supports global reach to 15 countries, proven operational reliability, improved application performance and network choice, and a highly scalable set of offerings.

Our customer count increased to approximately 6,047 as of March 31, 2014 versus approximately 5,550 as of March 31, 2013, an increase of 9%. This increase was due to organic growth in our business. Our utilization rate represents the percentage of our cabinet space billing versus net sellable cabinet space available, taking into account power limitations. Our utilization rate was approximately 75% as of March 31, 2014 and March 31, 2013; however, excluding the impact of our IBX data center expansion projects that have opened during the last 12 months, our utilization rate would have increased to approximately 80% as of March 31, 2014. Our utilization rate varies from market to market among our IBX data centers across the Americas, EMEA and Asia-Pacific regions. 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. We perform demand studies on an ongoing basis to determine if future expansion is warranted in a market. In addition, power and cooling requirements for most 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 power our customers draw 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 data centers to support power and cooling needs twice that of previous IBX data centers. We could face power limitations in our IBX data centers even though we may have additional physical cabinet capacity available within a specific IBX data center. This could have a negative impact on the available utilization capacity of a given IBX data center, which could have a negative impact on our ability to grow revenues, affecting our financial performance, operating results and cash flows.

Strategically, we will continue to look at attractive opportunities to grow our market share and selectively improve our footprint and offerings. As was the case with our recent expansions and acquisitions, our expansion criteria will be dependent on a number of factors such as demand from new and existing customers, quality of the design, power capacity, access to networks, capacity availability in the current market location, amount of incremental investment required by us in the targeted property, lead-time to break-even on a free cash flow basis and in-place customers. Like our recent expansions and acquisitions, the right combination of these factors may be attractive to us. Depending on the circumstances, these transactions may require additional capital expenditures funded by upfront cash payments or through long-term financing arrangements in order to bring these properties up to Equinix standards. Property expansion may be in the form of purchases 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 and related interconnection and managed infrastructure offerings. We consider these offerings recurring because our customers are generally 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 have comprised more than 90% of our total revenues during the past three years. In addition, during the past three years, in any given quarter, greater than half of our monthly recurring revenue bookings came from existing customers, contributing to our revenue growth.

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## Table of Contents

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 because they are billed typically once 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. However, revenues from installation services are deferred and recognized ratably over the expected life of the customer installation. Additionally, revenue from contract settlements, when a customer wishes to terminate their contract early, is recognized when no remaining performance obligations exist and collectability is reasonably assured, to the extent that the revenue has not previously been recognized. As a percentage of total revenues, we expect non-recurring revenues to represent less than 10% of total revenues for the foreseeable future.

Our Americas revenues are derived primarily from colocation and related interconnection offerings, and our EMEA and Asia-Pacific revenues are derived primarily from colocation and managed infrastructure offerings.

The largest components of our cost of revenues are depreciation, rental payments related to our leased IBX data centers, utility costs, including electricity and bandwidth, IBX data center employees' salaries and benefits, including stock-based compensation, repairs and maintenance, 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, unless we expand our existing IBX data centers or open or acquire new IBX data centers. However, there are certain costs which are considered more variable in nature, including utilities and supplies, that are directly related to growth in our existing and new customer base. We expect the cost of our utilities, specifically electricity, will generally increase in the future on a per-unit or fixed basis in addition to the variable increase related to the growth in consumption by our customers. In addition, the cost of electricity is generally higher in the summer months as compared to other times of the year. To the extent we incur increased utility costs, such increased costs could materially impact our financial condition, results of operations and cash flows. Furthermore, to the extent we incur increased electricity costs as a result of either climate change policies or the physical effects of climate change, such increased costs could materially impact our financial condition, results of operations and cash flows.

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, as well as bad debt expense and amortization of customer contract intangible assets.

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

Due to our recurring revenue model, and a cost structure which has a large base that is fixed in nature and generally does not grow in proportion to revenue growth, we expect our cost of revenues, sales and marketing expenses and general and administrative expenses to decline as a percentage of revenues over time, although we expect each of them to grow in absolute dollars in connection with our growth. This is evident in the trends noted below in our discussion about our results of operations. However, for cost of revenues, this trend may periodically be impacted when a large expansion project opens or is acquired and before it starts generating any meaningful revenue. Furthermore, in relation to cost of revenues, we note that the Americas region has a lower cost of revenues as a percentage of revenue than either EMEA or Asia-Pacific. This is due to both the increased scale and maturity of the Americas region compared to either the EMEA or Asia-Pacific region, as well as a higher cost structure outside of the Americas, particularly in EMEA. While we expect all three regions to continue to see lower cost of revenues as a percentage of revenues in future periods, we expect the trend of the Americas having the lowest cost of revenues as a percentage of revenues to continue. As a result, to the extent that revenue growth outside the Americas grows in greater proportion than revenue growth in the Americas, our overall cost of revenues as a percentage of revenues may increase in future periods. Sales and marketing expenses and general and administrative expenses may also periodically increase as a percentage of revenues as we continue to scale our operations to support our growth.

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## [Table of Contents](#)

### *Potential REIT Conversion*

In September 2012, we announced that our Board of Directors approved a plan for Equinix to pursue conversion to a real estate investment trust (“REIT”). We have begun implementation of the REIT conversion, and we plan to make a tax election for REIT status for the taxable year beginning January 1, 2015. Any REIT election made by us must be effective as of the beginning of a taxable year; therefore, as a calendar year taxpayer, if we are unable to convert to a REIT by January 1, 2015, the next possible conversion date would be January 1, 2016.

If we are able to convert to and qualify as a REIT, we will generally be permitted to deduct from federal income taxes the dividends we pay to our stockholders. The income represented by such dividends would not be subject to federal taxation at the entity level but would be taxed, if at all, at the stockholder level. Nevertheless, the income of our domestic taxable REIT subsidiaries, or TRS, which will hold our U.S. operations that may not be REIT-compliant, will be subject, as applicable, to federal and state corporate income tax. Likewise, our foreign subsidiaries will continue to be subject to foreign income taxes in jurisdictions in which they hold assets or conduct operations, regardless of whether held or conducted through TRS or through qualified REIT subsidiaries, or QRS. We will also be subject to a separate corporate income tax on any gains recognized during a specified period (generally 10 years) following the REIT conversion that are attributable to “built-in” gains with respect to the assets that we own on the date we convert to a REIT. Our ability to qualify as a REIT will depend upon our continuing compliance following our REIT conversion with various requirements, including requirements related to the nature of our assets, the sources of our income and the distributions to our stockholders. If we fail to qualify as a REIT, we will be subject to federal income tax at regular corporate rates. Even if we qualify for taxation as a REIT, we may be subject to some federal, state, local and foreign taxes on our income and property in addition to taxes owed with respect to our TRS operations. In particular, while state income tax regimes often parallel the federal income tax regime for REITs described above, many states do not completely follow federal rules and some may not follow them at all.

The REIT conversion implementation currently includes seeking a private letter ruling, or PLR, from the U.S. Internal Revenue Service, or IRS. Our PLR request has multiple components, and our timely conversion to a REIT will require favorable rulings from the IRS on certain technical tax issues. We submitted the PLR request to the IRS in the fourth quarter of 2012. In June 2013, we disclosed that we had been informed that the IRS had convened an internal working group to study what constitutes “real estate” for purposes of the REIT provisions of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) and that, pending the completion of the study, the IRS was unlikely to respond definitively to our pending PLR request. In November 2013, the IRS informed us that it was actively resuming work on our PLR request and would respond in due course. We do not expect that this delay will affect the timing of our plan to elect REIT status for the taxable year beginning January 1, 2015. We currently expect to receive a favorable PLR from the IRS in 2014 and combined with Board of Directors approval and completion of other necessary conversion actions, we thereafter would commit to a final REIT conversion plan. Once we reach this commitment, the financial statements for 2014 will reflect the necessary accounting adjustments including an adjustment to eliminate the U.S. deferred tax assets and liabilities balances discussed below as well as any tax consequences for the shareholder distributions also discussed below.

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## Table of Contents

We currently estimate that we will incur approximately \$75.0 to \$85.0 million in costs to support the REIT conversion, of which \$47.8 million has been incurred to date, in addition to related tax liabilities associated with a change in our methods of depreciating and amortizing various data center assets for tax purposes from our prior methods to current methods that are more consistent with the characterization of such assets as real property for REIT purposes. The total recapture of depreciation and amortization expenses across all relevant assets is expected to result in federal and state tax liability of approximately \$360.0 to \$380.0 million, which amount became and is generally payable over a four-year period starting in 2012 even if we abandon the REIT conversion for any reason, including failure to obtain a favorable PLR response. To date, we have settled \$192.9 million of the estimated federal and state tax liability related to the recapture of depreciation and amortization expenses. Prior to the decision to convert to a REIT, our balance sheet reflected our income tax liability as a non-current deferred tax liability. As a result of the decision to convert to a REIT, our non-current tax liability has been and will continue to be gradually and proportionally reclassified from non-current to current over the four-year period, which started in the third quarter of 2012. The current liability reflects the tax liability that relates to additional taxable income expected to be recognized within the twelve-month period from the date of the balance sheet. If the REIT conversion is successful, we also expect to incur an additional \$5.0 to \$10.0 million in annual compliance costs in future years. We expect to pay between \$145.0 to \$200.0 million in cash taxes during 2014 which includes taxes on our operations and any tax impacts required by our plan to convert to a REIT.

In accordance with tax rules applicable to REIT conversions, we expect to issue special distributions to our stockholders of undistributed accumulated earnings and profits (“E&P”) of approximately \$700.0 million to \$1.1 billion (the “E&P distribution”), which we expect to pay out in a combination of up to 20% in cash and at least 80% in the form of our common stock. The estimated E&P distribution may change due to potential changes in certain factors impacting the calculations, such as finalization of the 2013 E&P amounts, the actual financial year 2014 performance of the entities to be included in the REIT structure and the impact of any other transactions we may undertake during the fiscal year. We expect to make the E&P distribution only after receiving a favorable PLR from the IRS, obtaining Board of Directors approval and completion of other necessary REIT conversion actions. The Company anticipates making an E&P distribution before 2015 with the balance distributed in 2015. In addition, following the completion of the REIT conversion, we intend to declare regular distributions to our stockholders.

In connection with our contemplated REIT conversion, we expect to reassess the deferred tax assets and liabilities of our U.S. operations to be included in the REIT structure during 2014 at the point in time when it is determined that all significant actions to effect the REIT conversion have occurred and we are committed to that course of action. The reevaluation will result in de-recognizing the deferred tax assets and liabilities of our REIT’s U.S. operations excluding the deferred tax liabilities associated with the depreciation and amortization recapture. The depreciation and amortization recapture is necessary as part of our REIT conversion efforts. The de-recognition of the deferred tax assets and liabilities of our REIT’s U.S. operations will occur because the expected recovery or settlement of the related assets and liabilities will not result in deductible or taxable amounts in any post-REIT conversion periods. As a result of the de-recognition of the aforementioned deferred tax assets and liabilities of our REIT’s U.S. operations and the continuing recognition of deferred tax liabilities associated with the depreciation and amortization recapture to be taxed in 2014 and 2015, we expect to record a significant tax provision expense in 2014.



[Table of Contents](#)

**Results of Operations**

**Three Months Ended March 31, 2014 and 2013**

**Revenues.** Our revenues for the three months ended March 31, 2014 and 2013 were generated from the following revenue classifications and geographic regions (dollars in thousands):

	Three months ended March 31,				% change	
	2014	%	2013	%	Actual	Constant currency
<b>Americas:</b>						
Recurring revenues	\$314,980	54%	\$295,098	57%	7%	9%
Non-recurring revenues	15,053	3%	10,694	2%	41%	42%
	<u>330,033</u>	<u>57%</u>	<u>305,792</u>	<u>59%</u>	8%	10%
<b>EMEA:</b>						
Recurring revenues	142,125	25%	113,282	22%	25%	17%
Non-recurring revenues	9,305	1%	6,687	1%	39%	23%
	<u>151,430</u>	<u>26%</u>	<u>119,969</u>	<u>23%</u>	26%	17%
<b>Asia-Pacific:</b>						
Recurring revenues	92,598	16%	86,142	17%	7%	14%
Non-recurring revenues	5,992	1%	4,231	1%	42%	44%
	<u>98,590</u>	<u>17%</u>	<u>90,373</u>	<u>18%</u>	9%	15%
<b>Total:</b>						
Recurring revenues	549,703	95%	494,522	96%	11%	12%
Non-recurring revenues	30,350	5%	21,612	4%	40%	36%
	<u>\$580,053</u>	<u>100%</u>	<u>\$516,134</u>	<u>100%</u>	12%	13%

**Americas Revenues.** Growth in Americas revenues was primarily due to (i) \$ 6.9 million of revenue generated from our recently-opened IBX data centers or IBX data center expansions in the Chicago, Dallas, New York, Rio de Janeiro, São Paulo, Seattle, Silicon Valley and Washington, D.C. metro areas and (ii) an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our customer count and utilization rate, as discussed above. During the three months ended March 31, 2014, the U.S. dollar was generally stronger relative to the Canadian dollar and Brazilian real than during the three months ended March 31, 2013, resulting in approximately \$7.8 million of unfavorable foreign currency impact to our Americas revenues during the three months ended March 31, 2014 when compared to average exchange rates of the three months ended March 31, 2013. We expect that our Americas revenues will continue to grow in future periods as a result of continued growth in the recently-opened IBX data centers or IBX data center expansions and additional expansions currently taking place in the New York, Philadelphia, Toronto and São Paulo metro areas, which are expected to open during the remainder of 2014 and 2015. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts.

**EMEA Revenues.** Our revenues from the U.K., the largest revenue contributor in the EMEA region for the period, represented approximately 37% and 36%, respectively, of the regional revenues during the three months ended March 31, 2014 and 2013. Our EMEA revenue growth was primarily due to (i) approximately \$14.9 million of revenue from our recently-opened IBX data centers or IBX data center expansions in the Frankfurt, London and Zurich metro areas and (ii) an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our customer count and utilization rate, as discussed above. During the three months ended March 31, 2014, the impact of foreign currency fluctuations resulted in approximately \$10.8 million of favorable foreign currency impact to our EMEA revenues primarily due to a generally weaker U.S. dollar relative to the British pound and Euro during the three months ended March 31, 2014 compared to the three months ended March 31, 2013. We expect that our EMEA revenues will continue to grow in future periods as a result of continued growth in recently-opened IBX data centers or IBX data center expansions and additional expansions currently taking place in the Amsterdam and London metro areas, which are expected to open during the remainder of 2014 and 2015. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts.

## Table of Contents

*Asia-Pacific Revenues.* Our revenues from Singapore, the largest revenue contributor in the Asia-Pacific region, represented approximately 37% of the regional revenues for the three months ended March 31, 2014 and 2013. Our Asia-Pacific revenue growth was primarily due to (i) approximately \$5.2 million of revenue generated from our recently-opened IBX data center expansions in the Osaka, Singapore, Sydney and Tokyo metro areas and (ii) an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our customer count and utilization rate, as discussed above. During the three months ended March 31, 2014, the U.S. dollar was generally stronger relative to the Australian dollar, Japanese yen and Singapore dollar, than during the three months ended March 31, 2013, resulting in approximately \$5.6 million of unfavorable foreign currency impact to our Asia-Pacific revenues during the three months ended March 31, 2014 when compared to average exchange rates of the three months ended March 31, 2013. We expect that our Asia-Pacific revenues will continue to grow in future periods as a result of continued growth in these recently-opened IBX data center expansions and additional expansions currently taking place in the Hong Kong, Melbourne, Osaka, Shanghai and Singapore metro areas, which are expected to open during the remainder of 2014 and 2015. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, or changes or amendments to customers' contracts.

*Cost of Revenues.* Our cost of revenues for the three months ended March 31, 2014 and 2013 were split among the following geographic regions (dollars in thousands):

	Three months ended March 31,				% change	
	2014	%	2013	%	Actual	Constant currency
Americas	\$141,765	49%	\$142,875	55%	(1%)	3%
EMEA	86,531	30%	63,701	25%	36%	32%
Asia-Pacific	59,229	21%	52,015	20%	14%	20%
Total	<u>\$287,525</u>	<u>100%</u>	<u>\$258,591</u>	<u>100%</u>	11%	14%

	Three months ended March 31,	
	2014	2013
<i>Cost of revenues as a percentage of revenues:</i>		
Americas	43%	47%
EMEA	57%	53%
Asia-Pacific	60%	58%
Total	50%	50%

*Americas Cost of Revenues.* Our Americas cost of revenues for the three months ended March 31, 2014 and 2013 included \$50.4 million and \$53.0 million, respectively, of depreciation expense. The decrease in depreciation expense was primarily due to \$5.8 million of lower depreciation expense resulting from the increase in the useful lives of certain fixed assets when we entered into lease amendments to extend the lease term for certain IBX data centers, partially offset by an increase in depreciation expense due to our IBX data center expansion activity. Excluding depreciation expense, the increase in our Americas cost of revenues was primarily due to \$3.8 million of higher utility costs and \$2.8 million of higher costs associated with certain custom services provided to our customers, partially offset by \$4.4 million of lower rent and facility costs primarily as a result of either certain leases no longer being subject to operating lease treatment or the purchase of previously-leased sites. During the three months ended March 31, 2014, the impact of foreign currency fluctuations to our Americas cost of revenues resulted in approximately \$5.3 million of favorable foreign currency impact to our Americas cost of revenues primarily due to generally stronger U.S. dollar relative to the Canadian dollar and Brazilian real during the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

## Table of Contents

**EMEA Cost of Revenues.** Our EMEA cost of revenues for the three months ended March 31, 2014 and 2013 included \$25.8 million and \$19.4 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to our IBX data center expansion activity and acquisitions. Excluding depreciation expense, the increase in our EMEA cost of revenues was primarily due to (i) the impact of an acquisition of a carrier hotel in Frankfurt, Germany, also referred to as the Frankfurt Kleyer 90 Carrier Hotel acquisition, which resulted in \$2.6 million of incremental cost of revenues for the three months ended March 31, 2014, (ii) \$9.8 million of higher utility, rent and facilities costs and (iii) \$4.6 million of higher costs associated with certain custom services provided to our customers, compensation expense and professional fees to support our growth. During the three months ended March 31, 2014, the impact of foreign currency fluctuations to our EMEA cost of revenues resulted in approximately \$2.5 million of net unfavorable foreign currency impact to our EMEA cost of revenues primarily due to a generally weaker U.S. dollar relative to the British pound and Euro during the three months ended March 31, 2014 compared to the three months ended March 31, 2013. We expect EMEA cost of revenues to increase as we continue to grow our business.

**Asia-Pacific Cost of Revenues.** Our Asia-Pacific cost of revenues for the three months ended March 31, 2014 and 2013 included \$23.3 million and \$20.5 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to our IBX data center expansion activity. Excluding depreciation expense, the increase in Asia-Pacific cost of revenues was primarily due to \$2.5 million of higher costs associated with certain custom services provided to our customers and higher utility costs. During the three months ended March 31, 2014, the impact of foreign currency fluctuations to our Asia-Pacific cost of revenues resulted in approximately \$3.4 million of net favorable foreign currency impact to our Asia-Pacific cost of revenues primarily due to a generally stronger U.S. dollar relative to Australian dollar, Japanese yen and Singapore dollar during the three months ended March 31, 2014 compared to the three months ended March 31, 2013. We expect Asia-Pacific cost of revenues to increase as we continue to grow our business.

**Sales and Marketing Expenses.** Our sales and marketing expenses for the three months ended March 31, 2014 and 2013 were split among the following geographic regions (dollars in thousands):

	Three months ended March 31,				% change	
	2014	%	2013	%	Actual	Constant currency
Americas	\$41,074	61%	\$35,576	61%	15%	18%
EMEA	17,084	25%	15,904	27%	7%	3%
Asia-Pacific	9,270	14%	6,796	12%	36%	43%
Total	\$67,428	100%	\$58,276	100%	16%	17%

	Three months ended March 31,	
	2014	2013
<i>Sales and marketing expenses as a percentage of revenues:</i>		
Americas	12%	12%
EMEA	11%	13%
Asia-Pacific	9%	8%
Total	12%	11%

## Table of Contents

*Americas Sales and Marketing Expenses.* The increase in our Americas sales and marketing expenses was primarily due to \$3.8 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (413 Americas sales and marketing employees as of March 31, 2014 versus 347 as of March 31, 2013). During the three months ended March 31, 2014, the impact of foreign currency fluctuations to our Americas sales and marketing expenses was not significant when compared to average exchange rates of the three months ended March 31, 2013. Over the past several years, we have been investing in our Americas sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts and, as a result, our Americas sales and marketing expenses as a percentage of revenues have increased. Although we anticipate that we will continue to invest in Americas sales and marketing initiatives, we believe our Americas sales and marketing expenses as a percentage of revenues will remain at approximately current levels over the next year but should ultimately decrease as we continue to grow our business.

*EMEA Sales and Marketing Expenses.* Our EMEA sales and marketing expenses did not materially change and the impact of foreign currency fluctuations to our EMEA sales and marketing expenses for the three months ended March 31, 2014 was not significant when compared to average exchange rates of the three months ended March 31, 2013. Over the past several years, we have been investing in our EMEA sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts and, as a result, our EMEA sales and marketing expenses as a percentage of revenues have increased. Although we anticipate that we will continue to invest in EMEA sales and marketing initiatives, we believe our EMEA sales and marketing expenses as a percentage of revenues will remain at approximately current levels over the next year or two but should ultimately decrease as we continue to grow our business.

*Asia-Pacific Sales and Marketing Expenses.* The increase in our Asia-Pacific sales and marketing expenses was primarily due to \$2.1 million of higher professional fees to support our growth and higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation expense and headcount growth (125 Asia-Pacific sales and marketing employees as of March 31, 2014 versus 108 as of March 31, 2013). For the three months ended March 31, 2014, the impact of foreign currency fluctuations to our Asia-Pacific sales and marketing expenses was not significant when compared to average exchange rates of the three months ended March 31, 2013. Over the past several years, we have been investing in our Asia-Pacific sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts and, as a result, our Asia-Pacific sales and marketing expenses have increased. Although we anticipate that we will continue to invest in Asia-Pacific sales and marketing initiatives, we believe our Asia-Pacific sales and marketing expenses as a percentage of revenues will remain at approximately current levels over the next year or two but should ultimately decrease as we continue to grow our business.

*General and Administrative Expenses.* Our general and administrative expenses for the three months ended March 31, 2014 and 2013 were split among the following geographic regions (dollars in thousands):

	Three months ended March 31,				% change	
	2014	%	2013	%	Actual	Constant currency
Americas	\$ 75,357	73%	\$64,564	71%	17%	18%
EMEA	17,829	17%	17,744	20%	0%	(4%)
Asia-Pacific	10,117	10%	8,510	9%	19%	23%
Total	<u>\$103,303</u>	<u>100%</u>	<u>\$90,818</u>	<u>100%</u>	14%	14%

## Table of Contents

	Three months ended	
	March 31,	
	2014	2013
<i>General and administrative expenses as a percentage of revenues:</i>		
Americas	23%	21%
EMEA	12%	15%
Asia-Pacific	10%	9%
Total	18%	18%

*Americas General and Administrative Expenses.* The increase in our Americas general and administrative expenses was primarily due to \$6.7 million of higher professional fees to support our growth and our REIT conversion process and \$2.4 million of higher compensation costs, including general salaries, bonuses and headcount growth (699 Americas general and administrative employees as of March 31, 2014 versus 688 as of March 31, 2013). During the three months ended March 31, 2014, the impact of foreign currency fluctuations to our Americas general and administrative expenses was not significant when compared to average exchange rates for the three months ended March 31, 2013. Over the course of the past year, we have been investing in our Americas general and administrative functions to scale this region effectively for growth, which has included additional investments into improving our back office systems. We expect our current efforts to improve our back office systems will continue over the next several years. We are also incurring costs to support our REIT conversion process. Collectively, these investments in our back office systems and our REIT conversion process have resulted in increased professional fees. Going forward, although we are carefully monitoring our spending, we expect Americas general and administrative expenses to increase as we continue to further scale our operations to support our growth, including these investments in our back office systems and the REIT conversion process.

*EMEA General and Administrative Expenses.* Our EMEA general and administrative expenses did not materially change and the impact of foreign currency fluctuations to our EMEA general and administrative expenses for the three months ended March 31, 2014 was not significant when compared to average exchange rates of the three months ended March 31, 2013. Over the course of the past year, we have been investing in our EMEA general and administrative functions as a result of our ongoing efforts to scale this region effectively for growth. Going forward, although we are carefully monitoring our spending given the current economic environment, we expect our EMEA general and administrative expenses to increase in future periods as we continue to scale our operations to support our growth; however, as a percentage of revenues, we generally expect them to decrease.

*Asia-Pacific General and Administrative Expenses.* The increase in our Asia-Pacific general and administrative expenses was primarily due to higher compensation costs, including general salaries, bonuses, stock-based compensation and headcount growth (211 Asia-Pacific general and administrative employees as of March 31, 2014 versus 186 as of March 31, 2013). For the three months ended March 31, 2014, the impact of foreign currency fluctuations to our Asia-Pacific general and administrative expenses was not significant when compared to average exchange rates of the three months ended March 31, 2013. Going forward, although we are carefully monitoring our spending given the current economic environment, we expect Asia-Pacific general and administrative expenses to increase as we continue to scale our operations to support our growth; however, as a percentage of revenues, we generally expect them to decrease.

*Acquisition Costs.* During the three months ended March 31, 2014 and 2013, we recorded acquisition costs totaling \$185,000 and \$3.7 million, respectively, primarily attributed to Americas region.

*Interest Income.* Interest income increased to \$1.4 million for the three months ended March 31, 2014 from \$747,000 for the three months ended March 31, 2013. Interest income increased primarily due to higher invested balances and higher yields on foreign invested balances. The average annualized yield for the three months ended March 31, 2014 was 0.44% versus 0.27% for the three months ended March 31, 2013.

## Table of Contents

**Interest Expense.** Interest expense increased to \$68.8 million for the three months ended March 31, 2014 from \$60.3 million for the three months ended March 31, 2013. This increase in interest expense was primarily due to the impact of our \$1.5 billion senior notes offering in March 2013 and additional financings such as various capital lease and other financing obligations to support our expansion projects. During the three months ended March 31, 2014 and 2013, we capitalized \$3.4 million and \$2.9 million, respectively, of interest expense to construction in progress. Going forward, we expect to incur higher interest expense as we recognize the full impact of our \$1.5 billion senior notes offering, partially offset by the redemption of our 8.125% senior notes in April 2013, which will contribute approximately \$17.7 million in incremental interest expense annually. However, we may incur additional indebtedness to support our growth, resulting in higher interest expense.

**Other Income (Expense).** We recorded \$678,000 of other income and \$459,000 of other expense, respectively, for the three months ended March 31, 2014 and 2013, primarily due to foreign currency exchange gains and losses during the periods.

**Income Taxes.** For the three months ended March 31, 2014 and 2013, we recorded \$13.6 million and \$11.5 million of income tax expenses, respectively. Our effective tax rates were 24.7% and 25.6% for the three months ended March 31, 2014 and 2013, respectively. We expect to recognize a higher income tax provision in 2014 due to certain jurisdictions becoming profitable in 2014, which incurred losses in prior years. In addition, we expect cash income taxes during the remainder of 2014 to increase primarily related to the impact of recognizing the depreciation and amortization recapture as a result of the change of our method of depreciating and amortizing various data center assets for tax purposes in connection with our REIT conversion plan. The cash taxes for 2014 and 2013 are primarily for U.S. federal and state income taxes and foreign income taxes in certain foreign jurisdictions.

**Adjusted EBITDA.** Adjusted EBITDA is a key factor in how we assess the performance of each segment, measure the operational cash generating abilities of each segment and develop regional growth strategies such as IBX data center expansion decisions. We define adjusted EBITDA as income or loss from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges and acquisition costs. Our adjusted EBITDA for the three months ended March 31, 2014 and 2013 were split among the following geographic regions (dollars in thousands):

	Three months ended March 31,				% change	
	2014	%	2013	%	Actual	Constant currency
Americas	\$149,563	57%	\$144,517	60%	3%	5%
EMEA	63,205	25%	48,729	20%	30%	13%
Asia-Pacific	47,620	18%	47,642	20%	0%	6%
Total	<u>\$260,388</u>	<u>100%</u>	<u>\$240,888</u>	<u>100%</u>	8%	7%

**Americas Adjusted EBITDA.** The increase in our Americas adjusted EBITDA was due to higher revenues as result of our IBX data center expansion activity and organic growth as described above. During the three months ended March 31, 2014, currency fluctuations resulted in approximately \$2.7 million of unfavorable foreign currency impact on our Americas adjusted EBITDA primarily due to the generally stronger U.S. dollar relative to the Brazilian real and Canadian dollar during the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

**EMEA Adjusted EBITDA.** The increase in our EMEA adjusted EBITDA was primarily due to higher revenues as result of our IBX data center expansion activity and organic growth as described above, partially offset by higher adjusted operating expenses as a percentage of revenues primarily attributable to higher cost of revenues, utilities costs and compensation costs, including general salaries, bonuses and headcount growth to support our growth. During the three months ended March 31, 2014, currency fluctuations resulted in approximately \$8.2 million of net favorable foreign currency impact to our EMEA adjusted EBITDA primarily due to generally weaker U.S. dollar relative to the Euro and British pound during the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

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## **Table of Contents**

*Asia-Pacific Adjusted EBITDA.* Our Asia-Pacific adjusted EBITDA did not materially change during the three months ended March 31, 2014 compared to the three months ended March 31, 2013. The U.S. dollar was generally stronger relative to the Australian dollar, Japanese yen and Singapore dollar compared to the three months ended March 31, 2013, resulting in approximately \$2.9 million of net unfavorable foreign currency impact to our Asia-Pacific adjusted EBITDA during the three months ended March 31, 2014 when compared to average exchange rates of the three months ended March 31, 2013.

### **Non-GAAP Financial Measures**

We provide all information required in accordance with generally accepted accounting principles (“GAAP”), but we believe that evaluating our ongoing operating results may be difficult if limited to reviewing only GAAP financial measures. Accordingly, we use non-GAAP financial measures to evaluate our operations. Legislative and regulatory requirements encourage the use of and emphasis on GAAP financial metrics and require companies to explain why non-GAAP financial metrics are relevant to management and investors.

#### *Adjusted EBITDA*

We use adjusted EBITDA to evaluate our operations and as a metric in the determination of employees’ annual bonuses and vesting of restricted stock units that have both a service and performance condition. In presenting adjusted EBITDA, we exclude certain items that we believe are not good indicators of our current or future operating performance. These items are depreciation, amortization, accretion of asset retirement obligations and accrued restructuring charges, stock-based compensation, restructuring charges, impairment charges and acquisition costs. We exclude these items in order for our lenders, investors, and industry analysts, who review and report on us, to better evaluate our operating performance and cash spending levels relative to our industry sector and competitors.

For example, we exclude depreciation expense as these charges primarily relate to the initial construction costs of our IBX data centers and do not reflect our current or future cash spending levels to support our business. Our IBX data centers are long-lived assets and have an economic life greater than 10 years. The construction costs of our IBX data centers do not recur and future capital expenditures remain minor relative to our initial investment. This is a trend we expect to continue. In addition, depreciation is also based on the estimated useful lives of our IBX data centers. These estimates could vary from actual performance of the asset, are based on historical costs incurred to build out our IBX data centers and are not indicative of current or expected future capital expenditures. Therefore, we exclude depreciation from our operating results when evaluating our operations.

In addition, in presenting the non-GAAP financial measures, we exclude amortization expense related to certain intangible assets, as it represents a cost that may not recur and is not a good indicator of our current or future operating performance. We exclude accretion expense, both as it relates to asset retirement obligations as well as accrued restructuring charge liabilities, as these expenses represent costs which we believe are not meaningful in evaluating our current operations. We exclude stock-based compensation expense as it primarily represents expense attributed to equity awards that have no current or future cash obligations. As such, we, and many investors and analysts, exclude this stock-based compensation expense when assessing the cash generating performance of our operations. We also exclude restructuring charges from our non-GAAP financial measures. The restructuring charges relate to our decisions to exit leases for excess space adjacent to several of our IBX data centers, which we did not intend to build out, or our decision to reverse such restructuring charges. We also exclude impairment charges related to certain long-lived assets. The impairment charges are related to expense recognized whenever events or changes in circumstances indicate that the carrying amount of long-lived assets are not recoverable. Finally, we exclude acquisition costs from our non-GAAP financial measures. The acquisition costs relate to costs we incur in connection with business combinations. Management believes such items as restructuring charges, impairment charges and acquisition costs are non-core transactions; however, these types of costs will or may occur in future periods.

## Table of Contents

Our management does not itself, nor does it suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. However, we have presented such non-GAAP financial measures to provide investors with an additional tool to evaluate our operating results in a manner that focuses on what management believes to be our core, ongoing business operations. We believe that the inclusion of this non-GAAP financial measure provides consistency and comparability with past reports and provides a better understanding of the overall performance of the business and its ability to perform in subsequent periods. We believe that if we did not provide such non-GAAP financial information, investors would not have all the necessary data to analyze Equinix effectively.

Investors should note, however, that the non-GAAP financial measures used by us may not be the same non-GAAP financial measures, and may not be calculated in the same manner, as those of other companies. In addition, whenever we use non-GAAP financial measures, we provide a reconciliation of the non-GAAP financial measure to the most closely applicable GAAP financial measure. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measure.

We define adjusted EBITDA as income or loss from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges and acquisition costs as presented below (in thousands):

	Three months ended	
	March 31,	
	2014	2013
Income from operations	\$121,612	\$104,787
Depreciation, amortization and accretion expense	113,610	108,603
Stock-based compensation expense	24,981	23,836
Acquisitions costs	185	3,662
Adjusted EBITDA	<u>\$260,388</u>	<u>\$240,888</u>

Our adjusted EBITDA results have improved each year and in each region in total dollars due to the improved operating results discussed earlier in “Results of Operations,” as well as due to the nature of our business model which consists of a recurring revenue stream and a cost structure which has a large base that is fixed in nature as discussed earlier in “Overview.” Although we have also been investing in our future growth as described above (e.g. through additional IBX data center expansions, acquisitions and increased investments in sales and marketing expenses), we believe that our adjusted EBITDA results will continue to improve in future periods as we continue to grow our business.

### *Constant Currency Presentation*

Our revenues and certain operating expenses (cost of revenues, sales and marketing and general and administrative expenses) from our international operations have represented and will continue to represent a significant portion of our total revenues and certain operating expenses. As a result, our revenues and certain operating expenses have been and will continue to be affected by changes in the U.S. dollar against major international currencies such as the Brazilian real, British pound, Canadian dollar, Euro, Swiss franc, Australian dollar, Hong Kong dollar, Japanese yen, Singapore dollar and United Arab Emirates dirham. In order to provide a framework for assessing how each of our business segments performed excluding the impact of foreign currency fluctuations, we present period-over-period percentage changes in our revenues and certain operating expenses on a constant currency basis in addition to the historical amounts as reported. Presenting constant currency results of operations is a non-GAAP financial measure and is not meant to be considered in isolation or as an alternative to GAAP results of operations. However, we have presented this non-GAAP financial measure to provide investors with an additional tool to evaluate our operating results. To present this information, our current and comparative prior period revenues and certain operating expenses from entities with functional currencies other than the U.S. dollar are converted into U.S. dollars at the exchange rates in effect for the comparable prior period rather than the actual exchange rates in effect during the respective periods (i.e. average rates in effect for the three months ended March 31, 2013 are used as exchange rates for the three months ended March 31, 2014 when comparing the three months ended March 31, 2014 with the three months ended March 31, 2013).



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## Table of Contents

### **Liquidity and Capital Resources**

As of March 31, 2014, our total indebtedness was comprised of (i) convertible debt principal totaling \$769.7 million from our 3.00% convertible subordinated notes and our 4.75% convertible subordinated notes (gross of discount) and (ii) non-convertible debt and financing obligations totaling \$3.6 billion consisting of (a) \$2.3 billion of principal from our 7.00%, 5.375% and 4.875% senior notes, (b) \$245.9 million of principal from our mortgage and loans payable and (c) \$1.1 billion from our capital lease and other financing obligations.

We believe we have sufficient cash, coupled with anticipated cash generated from operating activities, to meet our operating requirements, including repayment of the current portion of our debt as it becomes due, payment of tax liabilities related to the decision to convert to a REIT (see below) and completion of our publicly-announced expansion projects. As of March 31, 2014, we had \$1.0 billion of cash, cash equivalents and short-term and long-term investments, of which approximately \$796.0 million was held in the U.S. We believe that our current expansion activities in the U.S. can be funded with our U.S.-based cash and cash equivalents and investments. Besides our investment portfolio, additional liquidity available to us from the \$550.0 million revolving credit facility that forms part of our \$750.0 million credit facility, referred to as the U.S. financing, any further financing activities we may pursue, and customer collections are our primary source of cash. While we believe we have a strong customer base and have continued to experience relatively strong collections, if the current market conditions were to deteriorate, some of our customers may have difficulty paying us and we may experience increased churn in our customer base, including reductions in their commitments to us, all of which could have a material adverse effect on our liquidity.

As of March 31, 2014, we had 21 irrevocable letters of credit totaling \$34.6 million issued and outstanding under the U.S. revolving credit line; as a result, we had a total of approximately \$515.4 million of additional liquidity available to us under the U.S. revolving credit line. While we believe we have sufficient liquidity and capital resources to meet our current operating requirements and to complete our publicly-announced IBX data center expansion plans, we may pursue additional expansion opportunities, primarily the build out of new IBX data centers, in certain of our existing markets which are at or near capacity within the next year, as well as potential acquisitions, and have also announced our planned conversion to a REIT (see below). While we expect to fund these plans with our existing resources, additional financing, either debt or equity, may be required to pursue certain new or unannounced additional plans, including acquisitions. However, if current market conditions were to deteriorate, we may be unable to secure additional financing or any such additional financing may only be available to us on unfavorable terms. An inability to pursue additional expansion opportunities will have a material adverse effect on our ability to maintain our desired level of revenue growth in future periods.

#### *Impact of REIT Conversion*

We currently estimate that we will incur approximately \$75.0 to \$85.0 million in costs to support the REIT conversion, of which \$47.8 million has been incurred to date, in addition to related tax liabilities associated with a change in our methods of depreciating and amortizing various data center assets for tax purposes from our prior methods to current methods that are more consistent with the characterization of such assets as real property for REIT purposes. The total recapture of depreciation and amortization expenses across all relevant assets is expected to result in federal and state tax liability of approximately \$360.0 to \$380.0 million, which amount became and is generally payable over a four-year period starting in 2012 even if we abandon the REIT conversion for any reason, including failure to obtain a favorable PLR response. To date, we have settled \$192.9 million of the estimated federal and state tax liability related to the recapture of depreciation and amortization expenses. Prior to the decision to convert to a REIT, our balance sheet reflected our income tax liability as a non-current deferred tax liability. As a result of the decision to convert to a REIT, our non-current tax liability has been and will continue to be gradually and proportionally reclassified from non-current to current over the four-year period, which started in the third quarter of 2012. The current liability reflects the tax liability that relates to additional taxable income expected to be recognized within the twelve-month period from the date of the balance sheet. If the REIT conversion is successful, we also expect to incur an additional \$5.0 to \$10.0 million in annual compliance costs in future years. We expect to pay between \$145.0 to \$200.0 million in cash taxes during 2014 which includes taxes on our operations and any tax impacts required by our plan to convert to a REIT.

## Table of Contents

In accordance with tax rules applicable to REIT conversions, we expect to issue special distributions to our stockholders of undistributed accumulated E&P of approximately \$700.0 million to \$1.1 billion, which we expect to pay out in a combination of up to 20% in cash and at least 80% in the form of our common stock. The estimated E&P distribution may change due to potential changes in certain factors impacting the calculations, such as finalization of the 2013 E&P amounts, the actual financial year 2014 performance of the entities to be included in the REIT structure and the impact of any other transactions we may undertake during the fiscal year. We expect to make the E&P distribution only after receiving a favorable PLR from the IRS, obtaining Board of Directors approval and completion of other necessary REIT conversion actions. The Company anticipates making an E&P distribution before 2015 with the balance distributed in 2015. In addition, following the completion of the REIT conversion, we intend to declare regular distributions to our stockholders.

### Sources and Uses of Cash

	Three Months Ended March 31,	
	2014	2013
Net cash provided by operating activities	\$ 171,718	\$ 84,181
Net cash provided by (used in) investing activities	98,885	(1,142,540)
Net cash provided by (used in) financing activities	(37,282)	1,496,760

*Operating Activities.* The increase in net cash provided by operating activities was primarily due to improved operating results, favorable working capital activities such as decreased payments of certain accounts payable, accrued expenses and interest and a reduction in excess tax benefits from stock-based compensation, partially offset by an increase in income tax payments. Although our collections remain strong, it is possible for some large customer receivables that were anticipated to be collected in one quarter to slip to the next quarter. For example, some large customer receivables that were anticipated to be collected in March 2014 were instead collected in April 2014, which negatively impacted cash flows from operating activities for the three months ended March 31, 2014. We expect that we will continue to generate cash from our operating activities during the remainder of 2014 and beyond.

*Investing Activities.* The net cash provided by investing activities for the three months ended March 31, 2014 was primarily due to \$315.1 million of sales and maturities of investments, partially offset by \$93.4 million of purchases of investments, \$105.9 million of capital expenditures primarily as a result of expansion activity and \$16.8 million for the purchase of a plot of land in Melbourne, Australia. The net cash used in investing activities for the three months ended March 31, 2013 was primarily due to the deposit of \$836.4 million of proceeds from the senior notes offering in March 2013 into a restricted cash account for the redemption of the 8.125% senior notes, \$296.5 million of purchases of investments and \$75.7 million of capital expenditures primarily as a result of expansion activity. During 2014, we expect that our IBX expansion construction activity will be similar to our 2013 levels. However, if the opportunity to expand is greater than planned and we have sufficient funding to increase the expansion opportunities available to us, we may increase the level of capital expenditures to support this growth as well as pursue additional acquisitions or joint ventures.

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## [Table of Contents](#)

In April 2014, we, along with Riverwood Capital L.P. (“Riverwood”), and the other parties thereto, amended the shareholders agreement governing our investment in ALOG to extend the time period granted to us in 2014 to exercise our right to purchase Riverwood’s interest in ALOG, along with the approximate 10% of ALOG owned by ALOG management, to May 31, 2014. Such purchase by us would result in us owning 100% of the outstanding shares of ALOG upon completion of the transaction. Should we not exercise our right by May 31, 2014, subsequent exercise periods begin on April 1 and end on April 30 of each of 2015 and 2016. As a result, we may complete the purchase some time in 2014.

*Financing Activities.* The net cash used in financing activities for the three months ended March 31, 2014 was primarily due to \$47.1 million of purchases of treasury stock under our share repurchase program that was approved by our Board of Directors in December 2013 and \$14.6 million of repayments of various long-term debt and capital lease and other financing obligations, partially offset by \$14.4 million of proceeds from employee equity awards and \$10.0 million of excess tax benefits from stock-based compensation. The net cash provided by financing activities for the three months ended March 31, 2013 was primarily due to \$1.5 billion of proceeds from the senior notes offering in March 2013, \$14.4 million of proceeds from employee equity awards and \$19.0 million of excess tax benefits from stock-based compensation, partially offset by \$19.0 million of debt issuance costs and \$17.6 million of repayments of various long-term debt and capital lease and other financing obligations. Going forward, we expect that our financing activities will consist primarily of repayment of our debt and additional financings needed to support expansion opportunities, additional acquisitions or joint ventures, or our conversion to a REIT.

## Table of Contents

### Contractual Obligations and Off-Balance-Sheet Arrangements

We lease a majority of our IBX data centers and certain equipment under non-cancelable lease agreements expiring through 2053. The following represents our debt maturities, financings, leases and other contractual commitments as of March 31, 2014 (in thousands):

	2014 (9 months)	2015	2016	2017	2018	Thereafter	Total
Convertible debt (1)	\$ 395,986	\$ —	\$373,723	\$ —	\$ —	\$ —	\$ 769,709
Senior notes (2)	—	—	—	—	—	2,250,000	2,250,000
U.S. term loan (2)	30,000	40,000	40,000	20,000	—	—	130,000
ALOG financings (2)	12,615	16,399	20,182	13,879	7,724	—	70,799
ALOG loans payable (2)	—	357	428	428	428	72	1,713
Mortgage payable (2)	921	1,274	1,330	1,387	1,447	36,843	43,202
Other loans payable (2)	169	—	—	—	—	—	169
Interest (3)	168,089	157,577	145,998	134,323	132,836	441,351	1,180,174
Capital lease and other financing obligations (4)	70,090	107,287	112,444	113,601	118,099	1,348,500	1,870,021
Operating leases (5)	69,114	89,713	86,607	82,446	79,144	607,030	1,014,054
Other contractual commitments (6)	352,630	70,183	2,841	2,724	2,157	18,632	449,167
Asset retirement obligations (7)	1,525	2,026	554	7,900	3,278	44,915	60,198
ALOG acquisition contingent consideration (8)	1,998	2,021	3,583	—	—	—	7,602
Redeemable non-controlling interests	126,959	—	—	—	—	—	126,959
	<u>\$1,230,096</u>	<u>\$486,837</u>	<u>\$787,690</u>	<u>\$376,688</u>	<u>\$345,113</u>	<u>\$4,747,343</u>	<u>\$7,973,767</u>

- (1) Represents principal only. As of March 31, 2014, had the holders of the 3.00% convertible subordinated notes due 2014 converted their notes, the 3.00% convertible subordinated notes would have been convertible into approximately 3.4 million shares of our common stock, which would have a total value of \$623.9 million based on the closing price of our common stock on March 31, 2014. As of March 31, 2014, had the holders of the 4.75% convertible subordinated notes due 2016 converted their notes, the 4.75% convertible subordinated notes would have been convertible into approximately 4.4 million shares of our common stock, which would have a total value of \$819.3 million based on the closing price of our common stock on March 31, 2014.
- (2) Represents principal only.
- (3) Represents interest on convertible debt, senior notes, U.S. term loan, ALOG financings, ALOG loans payable, mortgage payable and other loans payable based on their approximate interest rates as of March 31, 2014.
- (4) Excludes any subrental income.
- (5) Represents minimum operating lease payments, excluding potential lease renewals.
- (6) Represents off-balance sheet arrangements. Other contractual commitments are described below.
- (7) Represents liability, net of future accretion expense.
- (8) Represents unaccrued ALOG acquisition contingent consideration, subject to reduction for any post-closing balance sheet adjustments and any claims for indemnification, and includes the portion of the contingent consideration that will be funded by Riverwood Capital L.P., who has an indirect, non-controlling equity interest in ALOG. As of March 31, 2014, we accrued approximately \$611 of ALOG acquisition contingent consideration.

In connection with certain of our leases and other contracts requiring deposits, we entered into 21 irrevocable letters of credit totaling \$34.6 million under the senior revolving credit line. These letters of credit were provided in lieu of cash deposits under the senior revolving credit line. If the landlords for these IBX leases decide to draw down on these letters of credit triggered by an event of default under the lease, we will be required to fund these letters of credit either through cash collateral or borrowing under the senior revolving credit line. These contingent commitments are not reflected in the table above.

We had accrued liabilities related to uncertain tax positions totaling approximately \$28.3 million as of March 31, 2014. These liabilities, which are reflected on our balance sheet, are not reflected in the table above since it is unclear when these liabilities will be paid.

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## **Table of Contents**

Primarily as a result of our various IBX data center expansion projects, as of March 31, 2014, we were contractually committed for \$240.1 million of unaccrued capital expenditures, primarily for IBX equipment not yet delivered and labor not yet provided in connection with the work necessary to complete construction and open these IBX data centers prior to making them available to customers for installation. This amount, which is expected to be paid during the remainder of 2014 and thereafter, is reflected in the table above as “other contractual commitments.”

We had other non-capital purchase commitments in place as of March 31, 2014, such as commitments to purchase power in select locations and other open purchase orders, which contractually bind us for goods or services to be delivered or provided during 2013 and beyond. Such other purchase commitments as of March 31, 2014, which total \$209.1 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 of approximately \$200.0 million to \$240.0 million, in addition to the \$240.1 million in contractual commitments discussed above as of March 31, 2014, in our various IBX data center expansion projects during 2014 and thereafter in order to complete the work needed to open these IBX data centers. These non-contractual capital expenditures are not reflected in the table above. If we so choose, whether due to economic factors or other considerations, we could delay these non-contractual capital expenditure commitments to preserve liquidity.

### **Critical Accounting Policies and Estimates**

Equinix’s financial statements and accompanying notes are prepared in accordance with GAAP. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are affected by management’s application of accounting policies. On an ongoing basis, management evaluates its estimates and judgments. Critical accounting policies for Equinix that affect our more significant judgment and estimates used in the preparation of our condensed consolidated financial statements include accounting for income taxes, accounting for business combinations, accounting for impairment of goodwill and accounting for property, plant and equipment, which are discussed in more detail under the caption “Critical Accounting Policies and Estimates” in Management’s Discussion and Analysis of Financial Condition and Results of Operations, set forth in Part II Item 7, of our Annual Report on Form 10-K for the year ended December 31, 2013.

### **Recent Accounting Pronouncements**

See Note 1 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

While there have been no significant changes in our market risk, investment portfolio risk, interest rate risk, foreign currency risk and commodity price risk exposures and procedures during the three months ended March 31, 2014 as compared to the respective risk exposures and procedures disclosed in Quantitative and Qualitative Disclosures About Market Risk, set forth in Part II Item 7A, of our Annual Report on Form 10-K for the year ended December 31, 2013, the U.S. dollar strengthened relative to certain of the currencies of the foreign countries in which we operate during the three months ended March 31, 2014. This has significantly impacted our consolidated financial position and results of operations during this period, including the amount of revenue that we reported. Continued strengthening or weakening of the U.S. dollar will continue to have a significant impact to us in future periods.

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## Table of Contents

### **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 (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

(c) **Limitations on the Effectiveness of Controls.** Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed and operated to be effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

## **PART II – OTHER INFORMATION**

### **Item 1. Legal Proceedings**

None

### **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 REIT Conversion**

**Although we have chosen to pursue conversion to a REIT, we may not be successful in converting to a REIT effective January 1, 2015, or at all.**

In September 2012, our Board of Directors approved a plan for us to convert to a REIT. There are significant implementation and operational complexities to address before we can timely convert to a REIT, including obtaining a favorable PLR from the IRS, completing internal reorganizations, modifying accounting, information technology and real estate systems, receiving stockholder approvals and making required stockholder payouts. Even if we are able to satisfy the existing REIT requirements or any future REIT requirements, the tax laws, regulations and interpretations governing REITs may change at any time in ways that could be disadvantageous to us.

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## **Table of Contents**

Additionally, several conditions must be met in order to complete the conversion to a REIT, and the timing and outcome of many of these conditions are beyond our control. For example, we cannot provide assurance that the IRS will ultimately provide us with a favorable PLR or that any favorable PLR will be received in a timely manner for us to convert successfully to a REIT as of January 1, 2015. Even if the transactions necessary to implement REIT conversion are effected, our Board of Directors may decide not to elect REIT status, or to delay such election, if it determines in its sole discretion that it is not in the best interests of us or our stockholders. We can provide no assurance if or when conversion to a REIT will be successful. Furthermore, the effective date of the REIT conversion could be delayed beyond January 1, 2015, in which event we could not elect REIT status until the taxable year beginning January 1, 2016, at the earliest. Failure to timely convert to a REIT or maintain REIT status could result in dissatisfaction in our stockholder base.

### **We may not realize the anticipated benefits to stockholders, including the achievement of significant tax savings for us and regular distributions to our stockholders.**

Even if we convert to a REIT and elect REIT status, we cannot provide assurance that our stockholders will experience benefits attributable to our qualification and taxation as a REIT, including our ability to reduce our corporate level U.S. federal income tax through distributions to stockholders and to make regular distributions to stockholders. The realization of the anticipated benefits to stockholders will depend on numerous factors, many of which are outside our control. In addition, future cash distributions to stockholders will depend on our cash flows, as well as the impact of alternative, more attractive investments as compared to dividends.

### **We may not qualify or remain qualified as a REIT.**

Although we plan to operate in a manner consistent with the REIT qualification rules if we convert to a REIT, we cannot provide assurance that we will, in fact, qualify as a REIT or remain so qualified. REIT qualification involves the application of highly technical and complex provisions of the Code to our operations as well as various factual determinations concerning matters and circumstances not entirely within our control. There are limited judicial or administrative interpretations of these provisions.

If we fail to qualify as a REIT, we still will have incurred substantial costs to support our REIT conversion and may still be subject to federal and state tax liability of approximately \$360.0 to \$380.0 million resulting from the recapture of depreciation and amortization expenses. If we fail to qualify as a REIT in any taxable year after the REIT conversion, we will be subject to U.S. federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates with respect to each such taxable year for which the statute of limitations remains open. In addition, we will be subject to monetary penalties for the failure. This treatment would significantly reduce our net earnings and cash flow because of our additional tax liability and the penalties for the years involved, which could significantly impact our financial condition.

### **Legislative, administrative, regulatory or other actions affecting REITs, including positions taken by the IRS, could have a negative effect on us.**

The rules dealing with U.S. federal income taxation are continually under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury (the "Treasury"). New legislation, Treasury regulations, administrative interpretations or court decisions could, with retroactive effect, significantly and negatively affect our ability to qualify to be taxed as a REIT. Further, such actions could, with retroactive effect, also significantly and negatively affect the U.S. federal income tax consequences to our stockholders and us.

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## Table of Contents

### **Complying with REIT qualification requirements may limit our flexibility or cause us to forego otherwise attractive opportunities.**

To qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our common stock. For example, under the Code, no more than 25% of the value of the assets of a REIT may be represented by securities of our TRS, and other nonqualifying assets. This limitation may affect our ability to make large investments in other non-REIT qualifying operations or assets. In addition, in order to maintain qualification as a REIT, annually we will be required to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains. Even if we maintain our qualification as a REIT, we will be subject to U.S. federal income tax at regular corporate rates for our undistributed REIT taxable income, determined without regard to the dividends paid deduction and including any net capital gains, as well as U.S. federal income tax at regular corporate rates for income recognized by our TRS. Because of these distribution requirements, we will likely not be able to fund future capital needs and investments from operating cash flow. As such, compliance with REIT tests may hinder our ability to make certain attractive investments, including the purchase of significant nonqualifying assets and the material expansion of non-real estate activities.

### **There are uncertainties relating to our estimate of our undistributed accumulated earnings and profits (“E&P”) distribution, as well as the timing of such E&P distribution and the percentage of common stock and cash we may distribute.**

We have provided an estimated range of the E&P distribution. We are in the process of conducting a study of our pre-REIT accumulated earnings and profits as of the close of our 2012 taxable year using our historic tax returns and other available information. This is a very involved and complex study, which is not yet complete, and the actual results of the study relating to our pre-REIT accumulated earnings and profits as of the close of our 2012 taxable year may be materially different from our current estimates. In addition, the estimated range of our E&P distribution is based on our estimated and projected taxable income for our 2013 and 2014 taxable years and our current business plans and performance, but our actual earnings and profits (and the actual E&P distribution) will vary depending on, among other items, the timing of certain transactions, our actual taxable income and performance for 2013 and 2014 and possible changes in legislation or tax rules and IRS revenue procedures relating to distributions of earnings and profits. For these reasons and others, our actual E&P distribution may be materially different from our estimated range.

We anticipate distributing a significant portion of the E&P distribution in 2014, with the balance distributed in 2015, but the timing of the planned E&P distribution, which may or may not occur, may be affected by potential tax law changes, the completion of various phases of the REIT conversion process and other factors beyond our control.

We also anticipate paying up to 20% of the E&P distribution in the form of cash and at least 80% in the form of common stock. We may in fact decide, based on our cash flows and strategic plans, IRS revenue procedures relating to distributions of earnings and profits, leverage and other factors, to pay these amounts in a different mix of cash and common stock.

### **We may restructure or issue debt or raise equity to satisfy our E&P distribution and other conversion costs.**

Depending on the ultimate size and timing of the E&P distribution and the cash outlays associated with our conversion to a REIT, we may restructure or issue debt and/or issue equity to fund these disbursements, even if the then-prevailing market conditions are not favorable for these transactions. Whether we issue debt or equity, at what price and amount and other terms of any such issuances will depend on many factors, including alternative sources of capital, our then existing leverage, our need for additional capital, market conditions and other factors beyond our control. If we raise additional funds through the issuance of equity securities or debt convertible into equity securities, the percentage of stock ownership by our existing stockholders may be reduced. In addition, new equity securities or convertible debt securities could have rights, preferences, and privileges senior to those of our current stockholders, which could substantially decrease the value of our securities owned by them. Depending on the share price we are able to obtain, we may have to sell a significant number of shares in order to raise the capital we deem necessary to execute our long-term strategy, and our stockholders may experience dilution in the value of their shares as a result. Furthermore, satisfying our E&P distribution and other conversion costs may increase the financing we need to fund capital expenditures, future growth and expansion initiatives. As a result, our indebtedness could increase. See “Other Risks” for further information regarding our substantial indebtedness.



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## [Table of Contents](#)

### **There are uncertainties relating to the costs associated with implementing the REIT conversion.**

We have provided an estimated range of our tax and other costs to convert to a REIT, including estimated tax liabilities associated with a change in our methods of depreciating and amortizing various assets and annual compliance costs. Our estimate of these taxes and other costs, however, may not be accurate, and such costs may actually be higher than our estimates due to unanticipated outcomes in the process of obtaining a PLR, changes in our business support functions and support costs, the unsuccessful execution of internal planning, including restructurings and cost reduction initiatives, or other factors.

### **Restrictive loan covenants could prevent us from satisfying REIT distribution requirements.**

If we are successful in converting to a REIT, restrictions in our credit facility and our indentures may prevent us from satisfying our REIT distribution requirements, and we could fail to qualify for taxation as a REIT. If these limits do not jeopardize our qualification for taxation as a REIT but nevertheless prevent us from distributing 100% of our REIT taxable income, we would be subject to federal corporate income tax, and potentially a nondeductible excise tax, on the retained amounts. See “Other Risks” for further information on our restrictive loan covenants.

### **We have no experience operating as a REIT, which may adversely affect our business, financial condition or results of operations if we successfully convert to a REIT.**

We have no experience operating as a REIT, and our senior management has no experience operating a REIT. Our pre-REIT operating experience may not be sufficient to prepare us to operate successfully as a REIT. Our inability to operate successfully as a REIT, including the failure to maintain REIT status, could adversely affect our business, financial condition or results of operations.

## **Other Risks**

### **Acquisitions present many risks, and we may not realize the financial or strategic goals that were contemplated at the time of any transaction.**

Over the last several years, we have completed several acquisitions, including that of Switch & Data Facilities Company, Inc. (“Switch and Data”) in 2010, ALOG in 2011, Asia Tone Limited and ancotel GmbH in 2012, an acquisition of a Dubai IBX data center in 2012 and the Frankfurt Kleyer 90 Carrier Hotel acquisition in 2013. We may make additional acquisitions in the future, which may include (i) acquisitions of businesses, products, services or technologies that we believe to be complementary, (ii) acquisitions of new IBX data centers or real estate for development of new IBX data centers or (iii) acquisitions through investments in local data center operators. We may pay for future acquisitions by using our existing cash resources (which may limit other potential uses of our cash), incurring additional debt (which may increase our interest expense, leverage and debt service requirements) and/or issuing shares (which may dilute our existing stockholders and have a negative effect on our earnings per share). Acquisitions expose us to potential risks, including:

- the possible disruption of our ongoing business and diversion of management’s attention by acquisition, transition and integration activities;

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## Table of Contents

- our potential inability to successfully pursue or realize some or all of the anticipated revenue opportunities associated with an acquisition or investment;
- the possibility that we may not be able to successfully integrate acquired businesses, or businesses in which we invest, or achieve anticipated operating efficiencies or cost savings;
- the possibility that announced acquisitions may not be completed, due to failure to satisfy the conditions to closing or for other reasons;
- the dilution of our existing stockholders as a result of our issuing stock in transactions, such as our acquisition of Switch and Data, where 80% of the consideration payable to Switch and Data's stockholders consisted of shares of our common stock;
- the possibility of customer dissatisfaction if we are unable to achieve levels of quality and stability on par with past practices;
- the possibility that our customers may not accept either the existing equipment infrastructure or the "look-and-feel" of a new or different IBX data center;
- the possibility that additional capital expenditures may be required or that transaction expenses associated with acquisitions may be higher than anticipated;
- the possibility that required financing to fund an acquisition may not be available on acceptable terms or at all;
- the possibility that we may be unable to obtain required approvals from governmental authorities under antitrust and competition laws on a timely basis or at all, which could, among other things, delay or prevent us from completing an acquisition, limit our ability to realize the expected financial or strategic benefits of an acquisition or have other adverse effects on our current business and operations;
- the possible loss or reduction in value of acquired businesses;
- the possibility that future acquisitions may present new complexities in deal structure, related complex accounting and coordination with new partners;
- the possibility that future acquisitions may be in geographies and regulatory environments, to which we are unaccustomed;
- the possibility that carriers may find it cost-prohibitive or impractical to bring fiber and networks into a new IBX data center;
- the possibility of litigation or other claims in connection with, or as a result of, an acquisition, including claims from terminated employees, customers, former stockholders or other third parties; and
- the possibility of pre-existing undisclosed liabilities, including, but not limited to, lease or landlord related liability, environmental liability or asbestos liability, for which insurance coverage may be insufficient or unavailable.

The occurrence of any of these risks could have a material adverse effect on our business, results of operations, financial condition or cash flows.

We cannot assure you that the price of any future acquisitions of IBX data centers will be similar to prior IBX data center acquisitions. In fact, we expect costs required to build or render new IBX data 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.

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## [Table of Contents](#)

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

We have a significant amount of debt and may need to incur additional debt to support our growth. Additional debt may also be incurred to fund future acquisitions, the E&P distribution or the other cash outlays associated with conversion to a REIT. As of March 31, 2014, our total indebtedness was approximately \$4.3 billion, our stockholders' equity was \$2.5 billion and our cash and investments totaled \$1.0 billion. In addition, as of March 31, 2014, we had approximately \$515.4 million of additional liquidity available to us from our \$550.0 million revolving credit facility as part of a \$750.0 million credit facility agreement entered into with a group of lenders in the U.S. Some of our debt contains covenants which may limit our operating flexibility. In addition to our substantial debt, we lease a majority of our IBX data centers and certain equipment under non-cancellable lease agreements, the majority of which are accounted for as operating leases. As of March 31, 2014, our total minimum operating lease commitments under those lease agreements, excluding potential lease renewals, was approximately \$1,014.1 million, which represents off-balance sheet commitments.

Our substantial amount of debt and related covenants, and our off-balance sheet commitments, could have important consequences. For example, they could:

- require us to dedicate a substantial portion of our cash flow from operations to make interest and principal payments on our debt and in respect of other off-balance sheet arrangements, 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 operating flexibility through covenants with which we must comply, such as limiting our ability to repurchase shares of our common stock;
- limit our ability to borrow additional funds, even when necessary to maintain adequate liquidity, which would also limit our ability to further expand our business; and
- make us more vulnerable to increases in interest rates because of the variable interest rates on some of our borrowings to the extent we have not entirely hedged such variable rate debt.

The occurrence of any of the foregoing factors could have a material adverse effect on our business, results of operations and financial condition. In addition, the performance of our stock price may trigger events that would require the write-off of a significant portion of our debt issuance costs related to our convertible debt, which may have a material adverse effect on our results of operations.

We may also need to refinance a portion of our outstanding debt as it matures. There is a risk that we may not be able to refinance existing debt or that the terms of any refinancing may not be as favorable as the terms of our existing debt. Furthermore, if prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase. These risks could materially adversely affect our financial condition, cash flows and results of operations.

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## Table of Contents

### **Global economic uncertainty and debt issues could adversely impact our business and financial condition.**

The varying pace of global economic recovery continues to create uncertainty and unpredictability and add risk to our future outlook. An uncertain global economy could also result in churn in our customer base, reductions in revenues from our offerings, longer sales cycles, slower adoption of new technologies and increased price competition, adversely affecting our liquidity. The uncertain economic environment could also have an impact on our foreign exchange forward contracts if our counterparties' credit deteriorates or they are otherwise unable to perform their obligations. Finally, our ability to access the capital markets may be severely restricted at a time when we would like, or need, to do so which could have an impact on our flexibility to pursue additional expansion opportunities and maintain our desired level of revenue growth in the future.

### **The market price of our stock may continue to be highly volatile, and the value of an investment in our common stock may decline.**

Since January 1, 2013, the closing sale price of our common stock on the NASDAQ Global Select Market has ranged from \$155.18 to \$229.67 per share. The market price of the shares of our common stock has been and may continue to be highly volatile. General economic and market conditions, and market conditions for telecommunications stocks in general, may affect the market price of our common stock.

Announcements by us or others, or speculations about our future plans, may also have a significant impact on the market price of our common stock. These may relate to:

- our operating results or forecasts;
- new issuances of equity, debt or convertible debt by us;
- changes to our capital allocation, tax planning or business strategy;
- our planned conversion to a REIT;
- a stock repurchase program;
- 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 debt or stock by rating agencies or securities analysts;
- our purchase or development of real estate and/or additional IBX data centers;
- our acquisitions of complementary businesses; or
- the operational performance of our IBX data centers.

The stock market has from time to time experienced extreme price and volume fluctuations, which have particularly affected the market prices for 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. In addition, if we are unsuccessful in our planned conversion to a REIT, the market price of our common stock may decrease, and the decrease may be material. Furthermore, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and/or damages, and divert management's attention from other business concerns, which could seriously harm our business.

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## [Table of Contents](#)

### **If we are not able to generate sufficient operating cash flows or obtain external financing, our ability to fund incremental expansion plans may be limited.**

Our capital expenditures, together with ongoing operating expenses, obligations to service our debt and the cash outlays associated with our REIT conversion, will be a substantial drain on our cash flow and may decrease our cash balances. 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 additional debt and/or equity financing or to generate sufficient cash from operations may require us to prioritize projects or curtail capital expenditures which could adversely affect our results of operations.

### **Fluctuations in foreign currency exchange rates in the markets in which we operate internationally could harm our results of operations.**

We may experience gains and losses resulting from fluctuations in foreign currency exchange rates. To date, the majority of our revenues and costs are denominated in U.S. dollars; however, the majority of revenues and costs in our international operations are denominated in foreign currencies. Where our prices are denominated in U.S. dollars, our sales and revenues could be adversely affected by declines in foreign currencies relative to the U.S. dollar, thereby making our offerings more expensive in local currencies. 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 as a result of declines in the U.S. dollar relative to foreign currencies. In addition, fluctuating foreign currency exchange rates have a direct impact on how our international results of operations translate into U.S. dollars.

Although we currently undertake, and may decide in the future to further undertake, foreign exchange hedging transactions to reduce foreign currency transaction exposure, we do not currently intend to eliminate all foreign currency transaction exposure. Therefore, any weakness of the U.S. dollar may have a positive impact on our consolidated results of operations because the currencies in the foreign countries in which we operate may translate into more U.S. dollars. However, if the U.S. dollar strengthens relative to the currencies of the foreign countries in which we operate, our consolidated financial position and results of operations may be negatively impacted as amounts in foreign currencies will generally translate into fewer U.S. dollars. For additional information on foreign currency risk, refer to our discussion of foreign currency risk in “Quantitative and Qualitative Disclosures About Market Risk” included in Item 3 of this Quarterly Report on Form 10-Q.

### **Changes in U.S. or foreign tax laws, regulations, or interpretations thereof, including changes to tax rates, may adversely affect our financial statements and cash taxes.**

We are a U.S. company with global subsidiaries and are subject to income taxes in the U.S. and many foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. Although we believe that we have adequately assessed and accounted for our potential tax liabilities, and that our tax estimates are reasonable, there can be no certainty that additional taxes will not be due upon audit of our tax returns or as a result of changes to the tax laws and interpretations thereof. The U.S. Congress as well as the governments of many of the countries in which we operate are actively discussing changes to the corporate recognition and taxation of worldwide income. The nature and timing of any changes to each jurisdiction’s tax laws and the impact on our future tax liabilities cannot be predicted with any accuracy but could materially and adversely impact our results of operations and financial position including cash flows.

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## [Table of Contents](#)

### **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 and the construction of new IBX data centers beyond those expansion projects already announced. We will be required to commit substantial operational and financial resources to these IBX data centers, generally 12 to 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 data centers. Either of these contingencies, if they were to occur, could make it difficult for us to realize expected or reasonable returns on these investments.

### **Our offerings have a long sales cycle that may harm our revenues and operating results.**

A customer's decision to purchase our service offerings typically involves a significant commitment of resources. In addition, some customers will be reluctant to commit to locating in our IBX data centers until they are confident that the IBX data center has adequate carrier connections. As a result, we have a long sales cycle. Furthermore, we may devote significant time and resources in pursuing a particular sale or customer that does not result in revenue. We have also significantly expanded our sales force in the past year, and it will take time for these new hires to become fully productive.

Delays due to the length of our sales cycle may materially and adversely affect our revenues and operating results, which could harm our ability to meet our forecasts and cause volatility in our stock price.

### **Any failure of our physical infrastructure or offerings 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 solutions. We must safehouse our customers' infrastructure and equipment located in our IBX data centers. We own certain of our IBX data centers, but others are leased by us, and we rely on the landlord for basic maintenance of our leased IBX data centers. If such landlord has not maintained a leased property sufficiently, we may be forced into an early exit from the center which could be disruptive to our business. Furthermore, we continue to acquire IBX data centers not built by us. If we discover that these IBX data centers and their infrastructure assets are not in the condition we expected when they were acquired, we may be required to incur substantial additional costs to repair or upgrade the centers.

The offerings we provide in each of our IBX data centers are subject to failure resulting from numerous factors, including:

- human error;
- equipment failure;
- physical, electronic and cybersecurity breaches;
- fire, earthquake, hurricane, flood, tornado 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.

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## **Table of Contents**

Problems at one or more of our IBX data centers, whether or not within our control, could result in service interruptions or significant equipment damage. We have service level commitment obligations to certain of our customers, including our significant customers. As a result, service interruptions or significant equipment damage in our IBX data centers could result in difficulty maintaining service level commitments to these customers and potential claims related to such failures. Because our IBX data centers are critical to many of our customers' businesses, service interruptions or significant equipment damage in our IBX data centers could also result in lost profits or other indirect or consequential damages to our customers. We cannot guarantee that a court would enforce any contractual limitations on our liability in the event that one of our customers brings a lawsuit against us as a result of a problem at one of our IBX data centers. In addition, any loss of service, 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 Americas, Asia-Pacific and EMEA regions and elsewhere, some of which have experienced significant system failures and electrical outages in the past. Our customers may in the future experience difficulties due to system failures unrelated to our systems and offerings. If, for any reason, these providers fail to provide the required services, our business, financial condition and results of operations could be materially and adversely impacted.

**We are currently making significant investments in our back office information technology systems, including those surrounding the customer experience from initial quote to customer billing, and upgrading our worldwide financial application suite. Difficulties, distractions or disruptions to these efforts may interrupt our normal operations and adversely affect our business and operating results.**

Commencing in 2012, we began a significant project to overhaul our back office systems that support the customer experience from initial quote to customer billing. Additionally, commencing in 2013, we began to devote significant resources to the upgrade of our worldwide financial application suite from Oracle's version 11i to R12. Both projects have continued into 2014. Oracle has already begun to discontinue its support for our current business application suite. As a result of that discontinued support and our continued work on these projects, we may experience difficulties with our systems, management distraction and significant business disruptions. Difficulties with our systems may interrupt our ability to accept and deliver customer orders and impact our overall financial operations, including our accounts payable, accounts receivables, general ledger, close processes, internal financial controls and our ability to otherwise run and track our business. We may need to expend significant attention, time and resources to correct problems or find alternative sources for performing these functions. Such significant investments in our back office systems may take longer to complete and cost more than originally planned. In addition, we may not realize the full benefits we hoped to achieve and there is a risk of an impairment charge if we decide that portions of these projects will not ultimately benefit the company or are de-scoped. Any such difficulty or disruption may adversely affect our business and operating results.

**The insurance coverage that we purchase may prove to be inadequate.**

We carry liability, property, business interruption and other insurance policies to cover insurable risks to our company. We select the types of insurance, the limits and the deductibles based on our specific risk profile, the cost of the insurance coverage versus its perceived benefit and general industry standards. Our insurance policies contain industry standard exclusions for events such as war and nuclear reaction. We purchase minimal levels of earthquake insurance for certain of our IBX data centers, but for most of our data centers, including many in California, we have elected to self-insure. The earthquake and flood insurance that we do purchase would be subject to high deductibles and any of the limits of insurance that we purchase could prove to be inadequate, which could materially and adversely impact our business, financial condition and results of operations.

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## [Table of Contents](#)

### **Our construction of additional new IBX data centers or IBX data center expansions, could involve significant risks to our business.**

In order to sustain our growth in certain of our existing and new markets, we must expand an existing data center, lease a new facility or acquire suitable land, with or without structures, to build new IBX data centers from the ground up. Expansions or new builds are currently underway, or being contemplated, in many of our markets. Any related construction requires us to carefully select and rely on the experience of one or more designers, general contractors, and associated subcontractors during the design and construction process. Should a designer, general contractor, or significant subcontractor experience financial or other problems during the design or construction process, we could experience significant delays, increased costs to complete the project and/or other negative impacts to our expected returns.

Site selection is also a critical factor in our expansion plans. There may not be suitable properties available in our markets with the necessary combination of high power capacity and fiber connectivity, or selection may be limited. Thus, while we may prefer to locate new IBX data centers adjacent to our existing locations it may not always be possible. In the event we decide to build new IBX data centers separate from our existing IBX data centers, we may provide interconnection solutions to connect these two centers. Should these solutions not provide the necessary reliability to sustain connection, this could result in lower interconnection revenue and lower margins and could have a negative impact on customer retention over time.

### **Environmental regulations may impose upon us new or unexpected costs.**

We are subject to various federal, state, local and international 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 earlier environmental cleanups that do not materially limit our use of the sites. 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, we are subject to environmental, health and safety laws regulating air emissions, storm water management and other issues arising in our business. While these obligations do not normally impose material costs upon our operations, unexpected events, equipment malfunctions and human error, among other factors, can lead to violations of environmental laws, regulations or permits. Furthermore, environmental laws and regulations change frequently and may require additional investment to maintain compliance. 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.

Fossil fuel combustion creates greenhouse gas (“GHG”) emissions that are linked to global climate change. Regulations to limit GHG emissions are in force in the European Union in an effort to prevent or reduce climate change. In the U.S., the U.S. Environmental Protection Agency (“EPA”) regulates GHG emissions from major stationary sources under the Clean Air Act. Current regulations apply to large sources of GHGs, such as, for example, fossil-fueled electricity generating facilities, the construction of new facilities that emit 100,000 tons per year or more of carbon dioxide equivalent (“CO<sub>2</sub>e”, a unit of measurement for GHGs) and the modification of any existing facility that results in an increase of GHG emissions by 75,000 tons per year of CO<sub>2</sub>e. Our facilities are currently not directly subject to the EPA regulations. The EPA may develop permitting requirements for smaller sources of GHGs after April 30, 2016, which could potentially affect our facilities. We will continue to monitor the developments of this regulatory program to evaluate its impact on our facilities and business.



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## **Table of Contents**

Several states within the U.S. have adopted laws intended to limit fossil fuel consumption and/or encourage renewable energy development for the same purpose. For example, California enacted AB-32, the Global Warming Solutions Act of 2006, prescribing a statewide cap on global warming pollution with a goal of reaching 1990 GHG emission levels by 2020, and established a mandatory emissions reporting program. Regulations adopted by the California Air Resources Board, require allowances to be surrendered for emissions of GHGs. This first phase of the cap-and-trade program commenced on January 1, 2013, and could increase our electricity costs. The effect on the price we pay for electricity cannot yet be determined, but the increase could exceed 5% of our costs of electricity at our California locations. In 2015, a second phase of the program will begin, imposing allowance obligations upon suppliers of most forms of fossil fuels, which will increase the costs of our petroleum fuels used for transportation and emergency generators.

We do not anticipate that the climate change-related laws and regulations will force us to modify our operations to limit the emissions of GHG. We could, however, be directly subject to taxes, fees or costs, or could indirectly be required to reimburse electricity providers for such costs representing the GHG attributable to our electricity or fossil fuel consumption. These cost increases could materially increase our costs of operation or limit the availability of electricity or emergency generator fuels. The physical impacts of climate change, including extreme weather conditions such as heat waves, could materially increase our costs of operation due to, for example, an increase in our energy use in order to maintain the temperature and internal environment of our data centers necessary for our operations. To the extent any environmental laws enacted or regulations impose new or unexpected costs, our business, results of operations or financial condition may be adversely affected.

### **If we are unable to recruit or retain qualified personnel, our business could be harmed**

We must continue to identify, hire, train and retain IT professionals, technical engineers, operations employees, and sales, marketing, finance and senior management personnel who maintain relationships with our customers and who can provide the technical, strategic and marketing skills required for our company to grow. There is a shortage of qualified personnel in these fields, and we compete with other companies for the limited pool of talent. The failure to recruit and retain necessary personnel, including, but not limited to, members of our executive team, could harm our business and our ability to grow our company.

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

We must be able to differentiate our IBX data centers and product offerings from those of our competitors. In addition to competing with other neutral colocation providers, we compete with traditional colocation providers, including telecommunications companies, carriers, internet service providers, managed services providers and large REITs who also operate in our market and may enjoy a cost advantage in providing offerings similar to those provided by our IBX data centers. We may experience competition from our landlords which could also reduce the amount of space available to us for expansion in the future. 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, blurring the line between retail and wholesale space. We may also face competition from existing competitors or new entrants to the market seeking to replicate our global IBX data center concept by building or acquiring data centers, offering colocation on neutral terms or by replicating our strategy and messaging. Finally, customers may also decide it is cost-effective for them to build out their own data centers. Once customers have an established data center footprint, either through a relationship with one of our competitors or through in-sourcing, it may be extremely difficult to convince them to relocate to our IBX data centers.

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## **Table of Contents**

Some of our competitors may adopt aggressive pricing policies, especially if they are not highly leveraged or have lower return thresholds than we do. As a result, we may suffer from pricing pressure that would adversely affect our ability to generate revenues. Some of these competitors may also provide our target customers with additional benefits, including bundled communication services or cloud services, and may do so in a manner that is more attractive to our potential customers than obtaining space in our IBX data centers. Similarly, with growing acceptance of cloud-based technologies, Equinix is at risk losing customers that may decide to fully leverage cloud infrastructure offerings instead of managing their own. Competitors could also operate more successfully or form alliances to acquire significant market share.

Failure to compete successfully may materially adversely affect our financial condition, cash flows and results of operations.

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

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

Power outages, such as those relating to the earthquake and tsunami in Japan in 2011 or Superstorm Sandy, which hit the U.S. East Coast in 2012, could harm our customers and our business. We attempt to limit our 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. Some of our IBXs are located in leased buildings where, depending upon the lease requirements and number of tenants involved, we may or may not control some or all of the infrastructure including generators and fuel tanks. As a result, in the event of a power outage, we may be dependent upon the landlord, as well as the utility company, to restore the power.

In addition, global fluctuations in the price of power can increase the cost of energy, and although contractual price increase clauses exist in the majority of our customer agreements, we may not always choose 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 power our customers draw from their installed circuits. This means that we could face power limitations in our IBX data 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 data center designs.

### **If our internal controls are found to be ineffective, our financial results or our stock price may be adversely affected.**

Our most recent evaluation of our controls resulted in our conclusion that, as of December 31, 2013, in compliance with Section 404 of the Sarbanes-Oxley Act of 2002, our internal controls over financial reporting were effective. Our ability to manage our operations and growth, and to successfully implement our proposed REIT conversion and other systems upgrades designed to support our growth, will require us to develop our controls and reporting systems and implement or amend new controls and reporting systems. If, in the future, our internal control over financial reporting is found to be ineffective, or if a material weakness is identified in our controls over financial reporting, our financial results may be adversely affected. Investors may also lose confidence in the reliability of our financial statements which could adversely affect our stock price.

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## **Table of Contents**

In addition, in May 2013, the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) issued a new version of its internal control framework, which will be deemed by COSO to supersede the 1992 version of the framework effective December 15, 2014. We have not developed our plan for transition to application of the 2013 edition of the framework to our assessment of our internal control over financial reporting. It is possible that during the course of the transition to the new framework and its application to our assessment of our internal controls, we may determine that deficiencies exist in our internal controls, possibly rising to the level of material weakness. Such an occurrence, or a failure to effectively remedy such a deficiency, could harm investor confidence in the accuracy and timeliness of our financial reports and negatively impact the market price of our common stock.

### **If we cannot effectively manage our international operations, and successfully implement 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, 2013, 2012 and 2011, we recognized approximately 46%, 44% and 41%, respectively, of our revenues outside the U.S. For the three months ended March 31, 2014, we recognized approximately 48% of our revenues outside the U.S. We currently operate outside of the U.S. in Canada, Brazil, EMEA and Asia-Pacific.

To date, the network neutrality of our IBX data centers and the variety of networks available to our customers has often been a competitive advantage for us. In certain of our acquired IBX data centers in the Asia-Pacific region the limited number of carriers available reduces that advantage. As a result, we may need to adapt our key revenue-generating offerings and pricing to be competitive in those markets. In addition, we are currently undergoing expansions or evaluating expansion opportunities outside of the U.S. Undertaking and managing expansions in foreign jurisdictions may present unanticipated challenges to us.

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

- the costs of customizing IBX data 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, including negotiating with foreign labor unions or workers’ councils;
- difficulties in managing across cultures and in foreign languages;
- political and economic instability;
- fluctuations in currency exchange rates;
- difficulties in repatriating funds from certain countries;
- our ability to obtain, transfer, or maintain licenses required by governmental entities with respect to our business;
- unexpected changes in regulatory, tax and political environments;
- our ability to secure and maintain the necessary physical and telecommunications infrastructure;
- compliance with the Foreign Corrupt Practices Act;
- compliance with economic and trade sanctions enforced by the Office of Foreign Assets Control of the U.S. Department of Treasury; and
- compliance with evolving governmental regulation with which we have little experience.

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## **Table of Contents**

In addition, compliance with international and U.S. laws and regulations that apply to our international operations increases our cost of doing business in foreign jurisdictions. These laws and regulations include data privacy requirements, labor relations laws, tax laws, anti-competition regulations, import and trade restrictions, export requirements, economic and trade sanctions, U.S. laws such as the Foreign Corrupt Practices Act and local laws which also prohibit corrupt payments to governmental officials. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our offerings in one or more countries, could delay or prevent potential acquisitions, and could also materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, our business and our operating results. Our success depends, in part, on our ability to anticipate and address these risks and manage these difficulties.

### **Economic uncertainty in developing markets could adversely affect our revenue and earnings.**

We conduct business, or are contemplating expansion, in developing markets with economies that tend to be more volatile than those in the U.S. and Western Europe. The risk of doing business in developing markets such as Brazil, China, India, Indonesia, Russia, the United Arab Emirates and other economically volatile areas could adversely affect our operations and earnings. Such risks include the financial instability among customers in these regions, political instability, fraud or corruption and other non-economic factors such as irregular trade flows that need to be managed successfully with the help of the local governments. In addition, commercial laws in some developing countries can be vague, inconsistently administered and retroactively applied. If we are deemed not to be in compliance with applicable laws in developing countries where we conduct business, our prospects and business in those countries could be harmed, which could then have a material adverse impact on our results of operations and financial position. Our failure to successfully manage economic, political and other risks relating to doing business in developing countries and economically and politically volatile areas could adversely affect our business.

### **The use of high power density equipment may limit our ability to fully utilize our older IBX data centers.**

Some customers have increased their use of high power density equipment, such as blade servers, in our IBX data centers which has increased the demand for power on a per cabinet basis. Because many of our IBX data centers were built a number of years ago, the current demand for power may exceed the designed electrical capacity in these centers. As power, not space, is a limiting factor in many of our IBX data centers, our ability to fully utilize those IBX data centers may be limited. The ability to increase the power capacity of an IBX data center, 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 data center to deliver additional power to customers. Although we are currently designing and building to a higher power specification than that of many of our older IBX data centers, there is a risk that demand will continue to increase and our IBX data centers could become underutilized sooner than expected.

### **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 be volatile. We may experience significant fluctuations in our operating results in the foreseeable future due to a variety of factors, including, but not limited to:

- fluctuations of foreign currencies in the markets in which we operate;

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## Table of Contents

- the timing and magnitude of depreciation and interest expense or other expenses related to the acquisition, purchase or construction of additional IBX data centers or the upgrade of existing IBX data centers;
- demand for space, power and services at our IBX data centers;
- changes in general economic conditions, such as an economic downturn, or specific market conditions in the telecommunications and Internet industries, both of which may have an impact on our customer base;
- charges to earnings resulting from past acquisitions due to, among other things, impairment of goodwill or intangible assets, reduction in the useful lives of intangible assets acquired, identification of additional assumed contingent liabilities or revised estimates to restructure an acquired company's operations;
- the duration of the sales cycle for our offerings and our ability to ramp our newly-hired sales persons to full productivity within the time period we have forecasted;
- restructuring charges or reversals of existing restructuring charges, which may be necessary due to revised sublease assumptions, changes in strategy or otherwise;
- acquisitions or dispositions we may make;
- the financial condition and credit risk of our customers;
- the provision of customer discounts and credits;
- the mix of current and proposed products and offerings and the gross margins associated with our products and offerings;
- the timing required for new and future IBX data 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 data centers;
- lack of available capacity in our existing IBX data centers to generate new revenue or delays in opening new or acquired IBX data centers that delay our ability to generate new revenue in markets which have otherwise reached capacity;
- changes in rent expense as we amend our IBX data center leases in connection with extending their lease terms when their initial lease term expiration dates approach or changes in shared operating costs in connection with our leases, which are commonly referred to as common area maintenance expenses;
- the timing and magnitude of other operating expenses, including taxes, expenses related to the expansion of sales, marketing, operations and acquisitions, if any, of complementary businesses and assets;
- the cost and availability of adequate public utilities, including power;
- changes in employee stock-based compensation;
- overall inflation;

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## Table of Contents

- increasing interest expense due to any increases in interest rates and/or potential additional debt financings;
- our proposed REIT conversion, including the timing of expenditures and other cash outlays associated with the REIT conversion;
- changes in our tax planning strategies or failure to realize anticipated benefits from such strategies;
- changes in income tax benefit or expense; and
- changes in or new generally accepted accounting principles (“GAAP”) in the U.S. as periodically released by the Financial Accounting Standards Board (“FASB”).

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. Prior to 2008, we had generated net losses every fiscal year since inception. It is possible that we may not be able to generate net income on a quarterly or 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.

### **We have incurred substantial losses in the past and may incur additional losses in the future.**

As of March 31, 2014, our retained earnings were \$4.9 million. Although we have generated net income for each fiscal year since 2008, which was our first full year of net income since our inception, we are also currently investing heavily in our future growth through the build out of multiple additional IBX data centers and IBX data center expansions as well as acquisitions of complementary businesses. As a result, we will incur higher depreciation and other operating expenses, as well as acquisition costs and interest expense, that may negatively impact our ability to sustain profitability in future periods unless and until these new IBX data centers generate enough revenue to exceed their operating costs and cover our additional overhead needed to scale our business for this anticipated growth. The current global financial uncertainty may also impact our ability to sustain profitability if we cannot generate sufficient revenue to offset the increased costs of our recently-opened IBX data centers or IBX data centers currently under construction. In addition, costs associated with the acquisition and integration of any acquired companies, as well as the additional interest expense associated with debt financing we have undertaken to fund our growth initiatives, may also negatively impact our ability to sustain profitability. Finally, 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.

### **The failure to obtain favorable terms when we renew our IBX data center leases, or the failure to renew such leases, could harm our business and results of operations.**

While we own certain of our IBX data centers, others are leased under long-term arrangements with lease terms expiring at various dates through 2053. 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 data centers. Most of our IBX data center leases have renewal options available to us. However, many of these renewal options provide for the rent to be 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, or we may decide against renewing the lease. In the event that an IBX data center lease does not have a renewal option, we may not be successful in negotiating a renewal of the lease with the landlord. A failure to renew a lease could force us to exit a building prematurely, which could be disruptive to our business, harm our customer relationships, expose us to liability under our customer contracts, cause us to take impairment charges and negatively affect our operating results.

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## [Table of Contents](#)

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

The presence of diverse telecommunications carriers' fiber networks in our IBX data 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 data centers. Carriers will likely evaluate the revenue opportunity of an IBX data center based on the assumption that the environment will be highly competitive. We cannot provide assurance that each and every carrier will elect to offer its services within our IBX data centers or that once a carrier has decided to provide Internet connectivity to our IBX data centers that it will continue to do so for any period of time.

Our new IBX data centers require construction and operation of a sophisticated redundant fiber network. The construction required to connect multiple carrier facilities to our IBX data centers is complex and involves factors outside of our control, including regulatory processes and the availability of construction resources. Any hardware or fiber failures on this network may result in significant loss of connectivity to our new IBX data center expansions. This could affect our ability to attract new customers to these IBX data centers or retain existing customers.

If the establishment of highly diverse Internet connectivity to our IBX data 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.

### **We may be vulnerable to security breaches which could disrupt our operations and have a material adverse effect on our financial performance and operating results.**

A party who is able to compromise the security measures on our networks or the security of our infrastructure could misappropriate either our proprietary information or the personal information of our customers, or cause interruptions or malfunctions in our operations or our customers' operations. As we provide assurances to our customers that we provide the highest level of security, such a compromise could be particularly harmful to our brand and reputation. We may be required to expend significant capital and resources to protect against such threats or to alleviate problems caused by breaches in security. As techniques used to breach security change frequently, and are generally not recognized until launched against a target, we may not be able to implement security measures in a timely manner or, if and when implemented, we may not be able to determine the extent to which these measures could be circumvented. Any breaches that may occur could expose us to increased risk of lawsuits, regulatory penalties, loss of existing or potential customers, harm to our reputation and increases in our security costs, which could have a material adverse effect on our financial performance and operating results.

### **We have government customers, which subjects us to risks including early termination, audits, investigations, sanctions and penalties.**

We derive some revenues from contracts with the U.S. government, state and local governments and foreign governments. Some of these customers may terminate all or part of their contracts at any time, without cause.

There is increased pressure for governments and their agencies, both domestically and internationally, to reduce spending. Some of our federal government contracts are subject to the approval of appropriations being made by the U.S. Congress to fund the expenditures under these contracts. Similarly, some of our contracts at the state and local levels are subject to government funding authorizations.

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## **Table of Contents**

Additionally, government contracts are generally subject to audits and investigations which could result in various civil and criminal penalties and administrative sanctions, including termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions or debarment from future government business.

### **Because we depend on the development and growth of a balanced customer base, including key magnet customers, failure to attract, grow 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 enterprises, cloud, digital content and financial companies, and network service providers. We consider certain of these customers to be key magnets in that they draw in other customers. The more balanced the customer base within each IBX data 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 data centers will depend on a variety of factors, including the presence of multiple carriers, the mix of our offerings, the overall mix of customers, the presence of key customers attracting business through vertical market ecosystems, the IBX data center's operating reliability and security and our ability to effectively market our offerings. However, some of our customers may face competitive pressures and may ultimately not be successful or may be consolidated through merger or acquisition. If these customers do not continue to use our IBX data centers it may be disruptive to our business. Finally, the uncertain economic climate may harm our ability to attract and retain customers if customers slow spending, or delay decision-making, on our offerings, or if customers begin to have difficulty paying us and we experience increased churn in our customer base. Any of these factors may hinder the development, growth and retention of a balanced customer base and adversely affect our business, financial condition and results of operations.

### **We may be subject to securities class action and other litigation, which may harm our business and results of operations.**

We may be subject to securities class action or other litigation. For example, securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities. Litigation can be lengthy, expensive, and divert management's attention and resources. Results cannot be predicted with certainty and an adverse outcome in litigation could result in monetary damages or injunctive relief that could seriously harm our business, results of operations, financial condition or cash flows.

### **We may not be able to protect our intellectual property rights.**

We cannot make assurances that the steps taken by us to protect our intellectual property rights will be adequate to deter misappropriation of proprietary information or that we will be able to detect unauthorized use and take appropriate steps to enforce our intellectual property rights. We also are subject to the risk of litigation alleging infringement of third-party intellectual property rights. Any such claims could require us to spend significant sums in litigation, pay damages, develop non-infringing intellectual property, or acquire licenses to the intellectual property that is the subject of the alleged infringement.

### **Government regulation may adversely affect our business.**

Various laws and governmental regulations, both in the U.S. and abroad, governing Internet related services, related communications services and information technologies remain largely unsettled, even in areas where there has been some legislative action. For example, the Federal Communications Commission is considering proposed Internet rules and regulation of broadband that may result in material changes in the regulations and contribution regime affecting us and our customers. Likewise, as part of a review of the current equity market structure, the Securities and Exchange Commission and the Commodity Futures Trading Commission ("CFTC") have both sought comments regarding the regulation of independent data centers, such as us, which provide colocation for financial markets and exchanges. The CFTC is also considering regulation of companies that use automated and high-frequency trading systems. Any such regulation may ultimately affect our provision of offerings.



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## **Table of Contents**

It also 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 offerings such as ours, 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 adoption, or modification of laws or regulations relating to the Internet and our business, or interpretations of existing laws, could have a material adverse effect on our business, financial condition and results of operations.

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

If customers combine businesses, they may require less colocation space, which could lead to churn in our customer base. Regional competitors may also consolidate to become a global competitor. Consolidation of our customers and/or our competitors may present a risk to our business model and have a negative impact on our revenues.

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

The continued threat of terrorist activity and other acts of war or hostility contribute to a climate of political and economic uncertainty. Due to existing or developing circumstances, we may need to incur additional costs in the future to provide enhanced security, including cybersecurity, 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 data centers.

### **We have various mechanisms in place that may discourage takeover attempts.**

Certain provisions of our certificate of incorporation and bylaws may discourage, delay or prevent a third party from acquiring control of us in a merger, acquisition or similar transaction that a stockholder may consider favorable. Such provisions include:

- authorization for the issuance of “blank check” preferred stock;
- the prohibition of cumulative voting in the election of directors;
- limits on the persons who may call special meetings of stockholders;
- limits on stockholder action by written consent; and
- advance notice requirements for nominations to the Board of Directors or for proposing matters that can be acted on by stockholders at stockholder meetings.

In addition, Section 203 of the Delaware General Corporation Law, which restricts certain business combinations with interested stockholders in certain situations, may also discourage, delay or prevent someone from acquiring or merging with us.

## Table of Contents

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

None.

### **Item 3. Defaults Upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosure**

Not applicable.

### **Item 5. Other Information**

None.

### **Item 6. Exhibits**

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			
		<u>Form</u>	<u>Filing Date/ Period End Date</u>	<u>Exhibit</u>	<u>Filed Herewith</u>
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 Amendment to the Amended and Restated Certificate of Incorporation of the Registrant	8-K	6/14/11	3.1	
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant	8-K	6/11/13	3.1	
3.4	Certificate of Designation of Series A and Series A-1 Convertible Preferred Stock.	10-K/A	12/31/02	3.3	
3.5	Amended and Restated Bylaws of the Registrant.	10-K	12/31/13	3.5	
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3, 3.4 and 3.5.				
4.2	Indenture dated September 26, 2007 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	9/26/07	4.4	
4.3	Form of 3.00% Convertible Subordinated Note Due 2014 (see Exhibit 4.2).				
4.4	Indenture dated June 12, 2009 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	6/12/09	4.1	
4.5	Form of 4.75% Convertible Subordinated Note Due 2016 (see Exhibit 4.4).				

## Table of Contents

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			
		<u>Form</u>	<u>Filing Date/ Period End Date</u>	<u>Exhibit</u>	<u>Filed Herewith</u>
4.6	Indenture dated July 13, 2011 by and between Equinix, Inc. and U.S. Bank National Association as trustee	8-K	7/13/11	4.1	
4.7	Form of 7.00% Senior Note due 2021 (see Exhibit 4.6)	8-K	7/13/11	4.2	
4.8	Indenture for the 2020 Notes dated March 5, 2013 by and between Equinix, Inc. and U.S. Bank National Association as trustee	8-K	3/5/13	4.1	
4.9	Form of 4.875% Senior Note due 2020 (see Exhibit 4.8)	8-K	3/5/13	4.2	
4.10	Indenture for the 2023 Notes dated March 5, 2013 by and between Equinix, Inc. and U.S. Bank National Association as trustee	8-K	3/5/13	4.3	
4.11	Form of 5.375% Senior Note due 2023 (see Exhibit 4.10)	8-K	3/5/13	4.4	
10.1	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	
10.2	2000 Equity Incentive Plan, as amended.	10-Q	3/31/12	10.2	
10.3	2000 Director Option Plan, as amended.	10-K	12/31/07	10.4	
10.4	2001 Supplemental Stock Plan, as amended.	10-K	12/31/07	10.5	
10.5	Equinix, Inc. 2004 Employee Stock Purchase Plan, as amended.	S-8 (File No. 333- 186873)	2/26/13	99.1	
10.6	Severance Agreement by and between Stephen Smith and Equinix, Inc. dated December 18, 2008.	10-K	12/31/08	10.31	
10.7	Severance Agreement by and between Peter Van Camp and Equinix, Inc. dated December 10, 2008.	10-K	12/31/08	10.32	
10.8	Severance Agreement by and between Keith Taylor and Equinix, Inc. dated December 19, 2008.	10-K	12/31/08	10.33	
10.9	Severance Agreement by and between Peter Ferris and Equinix, Inc. dated December 17, 2008.	10-K	12/31/08	10.34	

## Table of Contents

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			
		<u>Form</u>	<u>Filing Date/ Period End Date</u>	<u>Exhibit</u>	<u>Filed Herewith</u>
10.10	Change in Control Severance Agreement by and between Eric Schwartz and Equinix, Inc. dated December 19, 2008.	10-K	12/31/08	10.35	
10.11	Confirmation for Base Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Deutsche Bank AG, London Branch.	8-K	6/12/09	10.1	
10.12	Confirmation for Additional Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Deutsche Bank AG, London Branch.	8-K	6/12/09	10.2	
10.13	Master Terms and Conditions for Capped Call Transactions dated as of June 9, 2009 between Equinix, Inc. and Deutsche Bank AG, London Branch.	8-K	6/12/09	10.3	
10.14	Confirmation for Base Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch.	8-K	6/12/09	10.4	
10.15	Confirmation for Additional Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch.	8-K	6/12/09	10.5	
10.16	Master Terms and Conditions for Capped Call Transactions dated as of June 9, 2009 between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch.	8-K	6/12/09	10.6	
10.17	Confirmation for Base Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Goldman, Sachs & Co.	8-K	6/12/09	10.7	
10.18	Confirmation for Additional Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Goldman, Sachs & Co.	8-K	6/12/09	10.8	
10.19	Master Terms and Conditions for Capped Call Transactions dated as of June 9, 2009 between Equinix, Inc. and Goldman, Sachs & Co.	8-K	6/12/09	10.9	

## Table of Contents

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>		
		<u>Form</u>	<u>Filing Date/ Period End Date</u>	<u>Exhibit</u> <u>Filed Herewith</u>
10.20	Switch & Data 2007 Stock Incentive Plan.	S-1/A (File No. 333- 137607) filed by Switch & Data Facilities Company, Inc.	2/5/07	10.9
10.21	Change in Control Severance Agreement by and between Charles Meyers and Equinix, Inc. dated September 30, 2010.	10-Q	9/30/10	10.42
10.22	Form of amendment to existing severance agreement between the Registrant and each of Messrs. Ferris, Meyers, Smith, Taylor and Van Camp.	10-K	12/31/10	10.33
10.23	Letter amendment, dated December 14, 2010, to Change in Control Severance Agreement, dated December 18, 2008, and letter agreement relating to expatriate benefits, dated April 22, 2008, as amended, by and between the Registrant and Eric Schwartz.	10-K	12/31/10	10.34
10.24	Form of Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/11	10.34
10.25	Form of Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/11	10.35
10.26	Form of 2012 Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/12	10.38
10.27	Form of 2012 Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/12	10.39
10.28	Form of 2012 TSR Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/12	10.40
10.29	Form of 2012 TSR Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/12	10.41

## Table of Contents

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			
		<u>Form</u>	<u>Filing Date/ Period End Date</u>	<u>Exhibit</u>	<u>Filed Herewith</u>
10.30	Credit Agreement, by and among Equinix, Inc., as borrower, Equinix Operating Co., Inc., Equinix Pacific, Inc., Switch & Data Facilities Company, Inc., Switch & Data Holdings, Inc. and Equinix Services, Inc., as guarantors, the Lenders (defined therein), Bank of America, N.A., as administrative agent, a Lender and L/C issuer, Wells Fargo Bank, National Association, as syndication agent, the Co-Documentation Agents (defined therein) and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as sole lead arranger and sole book manager, dated June 28, 2012.	10-Q	6/30/12	10.39	
10.31	English Translation of Shareholders' Agreement, dated as of October 31, 2012, among Equinix South America Holdings, LLC, RW Brasil Fundo de Investimento em Participações, Sidney Victor da Costa Breyer and Antonio Eduardo Zago de Carvalho, and as intervening party, Alog Soluções de Tecnologia em Informática s.a., and, for the limited purposes set forth herein, Equinix, Inc., Riverwood Capital L.P., Riverwood Capital Partners L.P., Riverwood Capital Partners (Parallel – A) L.P. and Riverwood Capital Partners (Parallel – B) L.P.	10-K	12/31/12	10.39	
10.32	Lease Agreement, by and between 271 Front Inc. and Equinix Canada Ltd., dated November 30, 2012.	10-K	12/31/12	10.40	
10.33	Indemnity Agreement, by Equinix, Inc. in favor of 271 Front Inc., dated November 30, 2012.	10-K	12/31/12	10.41	
10.34	Third Amendment to Credit Agreement by and among Equinix, Inc., the lenders party thereto, and Bank of America, N.A., as Administrative Agent and L/C Issuer thereunder, dated as of February 27, 2013.	8-K	3/5/13	10.1	

## Table of Contents

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>		
		<u>Form</u>	<u>Filing Date/ Period End Date</u>	<u>Exhibit Filed Herewith</u>
10.35	Offer Letter from Equinix, Inc. to Sara Baack dated July 31, 2012.	10-Q	3/31/13	10.42
10.36	Restricted Stock Unit Agreement for Sara Baack under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	3/31/13	10.43
10.37	Change in Control Severance Agreement by and between Sara Baack and Equinix, Inc. dated July 31, 2012.	10-Q	3/31/13	10.44
10.38	Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/13	10.46
10.39	Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/13	10.47
10.40	Form of TSR Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/13	10.48
10.41	Form of TSR Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/13	10.49
10.42	Agreement to Develop and Lease, by and between Equinix Singapore Pte Ltd and Mapletree Industrial Trust, dated March 27, 2013.	10-Q	3/31/13	10.50
10.43	International Long-Term Assignment Letter by and between Equinix, Inc. and Eric Schwartz, dated May 21, 2013.	10-Q	6/30/13	10.51
10.44	Fourth Amendment, Consent, Limited Release and Substitution Agreement to Credit Agreement by and among Equinix, Inc., the lenders party thereto, and Bank of America, N.A., as Administrative Agent and L/C Issuer thereunder, dated as of May 31, 2013.	10-Q	6/30/13	10.52
10.45	Fifth Amendment to Credit Agreement by and among Equinix, Inc., the lenders party thereto, and Bank of America, N.A., as Administrative Agent and L/C Issuer thereunder, dated as of September 26, 2013.	10-Q	9/30/13	10.53

## Table of Contents

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			<u>Filed Herewith</u>
		<u>Form</u>	<u>Filing Date/ Period End Date</u>	<u>Exhibit</u>	
10.46	Employment Agreement by and between Equinix (EMEA) B.V. and Eric Schwartz, dated as of August 7, 2013.	10-Q	9/30/13	10.54	
10.47	Restricted Stock Unit Agreement dated August 14, 2013 for Charles Meyers under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	9/30/13	10.55	
10.48	Equinix, Inc. 2014 Incentive Plan.				X
10.49	Offer Letter from Equinix, Inc. to Karl Strohmeyer dated October 28, 2013.				X
10.50	Restricted Stock Unit Agreement for Karl Strohmeyer under the Equinix, Inc. 2000 Equity Incentive Plan.				X
10.51	Change in Control Severance Agreement by and between Karl Strohmeyer and Equinix, Inc. dated December 2, 2013.				X
10.52	2014 Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for CEO and CFO.				X
10.53	2014 Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for all other Section 16 officers.				X
10.54	2014 Form of TSR Restricted Stock Unit Agreement for CEO and CFO.				X
10.55	2014 Form of TSR Restricted Stock Unit Agreement for all other Section 16 officers.				X
10.56	Lease between Digital 1350 Duane, LLC and Equinix LLC, dated March 27, 2014.				X
18.2	Preferable Accounting Principles Letter from Pricewaterhouse Coopers LLP, Independent Registered Public Accounting Firm, dated April 24, 2013.	10-Q	3/31/13	18.2	
21.1	Subsidiaries of Equinix, Inc.				X
31.1	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X



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**Table of Contents**

<b><u>Exhibit Number</u></b>	<b><u>Exhibit Description</u></b>	<b><u>Incorporated by Reference</u></b>			
		<b><u>Form</u></b>	<b><u>Filing Date/ Period End Date</u></b>	<b><u>Exhibit</u></b>	<b><u>Filed Herewith</u></b>
31.2	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
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
101.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Document.				X
101.DEF	XBRL Taxonomy Extension Definition Document.				X
101.LAB	XBRL Taxonomy Extension Labels Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Document.				X

**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.

Date: May 2, 2014

EQUINIX, INC.

By: \_\_\_\_\_  
/s/ KEITH D. TAYLOR  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

**INDEX TO EXHIBITS**

<b><u>Exhibit Number</u></b>	<b><u>Description of Document</u></b>
10.48	Equinix, Inc. 2014 Incentive Plan.
10.49	Offer Letter from Equinix, Inc. to Karl Strohmeyer dated October 28, 2013.
10.50	Restricted Stock Unit Agreement for Karl Strohmeyer under the Equinix, Inc. 2000 Equity Incentive Plan.
10.51	Change in Control Severance Agreement by and between Karl Strohmeyer and Equinix, Inc. dated December 2, 2013.
10.52	2014 Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for CEO and CFO.
10.53	2014 Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for all other Section 16 officers.
10.54	2014 Form of TSR Restricted Stock Unit Agreement for CEO and CFO.
10.55	2014 Form of TSR Restricted Stock Unit Agreement for all other Section 16 officers.
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101.DEF	XBRL Taxonomy Extension Definition Document.
101.LAB	XBRL Taxonomy Extension Labels Document.
101. PRE	XBRL Taxonomy Extension Presentation Document.

**EQUINIX 2014 ANNUAL INCENTIVE PLAN  
JANUARY 1, 2014**

**PLAN OBJECTIVES**

Equinix, Inc. (the “Company”) offers the 2014 Annual Incentive Plan (“2014 AIP”) to eligible employees of the Company and its subsidiaries to provide them with the opportunity to participate in Company performance. It is designed to motivate employees to achieve certain Company objectives while providing competitive total rewards for key positions and retaining top talent.

**PLAN FEATURES**

**ELIGIBILITY/PARTICIPATION**

All full-time and part-time employees of the Company and employees of the Company’s subsidiaries have the possibility of receiving a target bonus under the 2014 AIP, provided the conditions set out below are met. Commissioned sales employees and those on Management by Objectives Plans are not eligible to participate. Full-time and part-time new hires become eligible to participate in the 2014 AIP as of their hire date. The maximum target bonus that an employee not employed by the Company or a participating subsidiary at the beginning of the year may receive, however, will be a percentage of a target bonus equal to that percentage of the year he/she was employed by the Company or a participating subsidiary and is subject to the conditions set out below being met. An employee with a start date on or after October 1, 2014 will not be eligible to participate in the 2014 AIP.

To be eligible to receive a target bonus, the employee must be employed by the Company or a participating subsidiary at the date when the bonus amount is paid pursuant to the paragraph entitled “Payment of Awards” below, and for avoidance of doubt, an employee is not eligible to receive a bonus under the 2014 AIP if on the date a target bonus is to be paid:

- he/she is on a Performance Improvement Plan (PIP);
- he/she is on notice (whether given or received) of termination of employment;
- he/she is on garden or similar non-paid leave; and/or
- he/she is suspended from his/her duties for any reason and/or is subject to ongoing disciplinary proceedings.

Payouts will be pro-rated over the period based on the position the employee held during the performance period. For example, if an employee is promoted from Senior Manager to Director, his/her bonus will be calculated based upon the number of days in each position. As another example, if an employee is promoted from a non-commissioned position to a commissioned sales position, his/her bonus will be pro-rated based on the number of days worked in a non-commissioned position. Subject to applicable laws, an employee on an approved leave of absence (not considered as effective work time) from the Company or a participating subsidiary will be eligible for the pro-rated bonus amount based on the number of days worked as an active employee during the 2014 calendar year.

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Any bonus payment made under the 2014 AIP will not form part of an employee's pensionable salary.

The plan year is effective January 1, 2014 and will end on December 31, 2014. Where bonuses are awarded under the 2014 AIP, they will be paid after plan year-end.

#### **TARGET BONUSES**

Target bonuses are based on a percentage of the employee's annual base salary. An employee's target bonus percentage may be modified from time to time, for example, due to changes in the Company's financials or salary changes, until the end of the plan year.

The 2014 AIP includes an individual performance component. Bonus awards are linked to employee performance and are intended to reward achievement of key results at both the Company and individual level. Employee performance will be measured by an annual performance review, and top performers may earn up to 150% of target bonus awards. Employees may receive less than their targeted bonus based upon Company and individual performance. The degree to which the employee achieves his/her targeted bonus amount (e.g., less than, equal to, or greater than the target percentage) is the degree to which both the employee and the Company achieve key performance goals throughout the year.

In addition, at its discretion the Compensation Committee of the Board of Directors (the "Compensation Committee") may reduce or eliminate the actual award that otherwise would be payable should economic conditions warrant it.

#### **PAYMENT OF AWARDS**

Individual awards are determined once the plan year has ended and the Compensation Committee has decided any amounts to be awarded. Where individual awards are to be paid, they will be paid as soon after the close of the calendar year as practical. It is intended that payment will be made no later than required to ensure that no amount paid or to be paid hereunder shall be subject to the provisions of Section 409A(a)(1)(B) of the Internal Revenue Code and that all payments shall be eligible for the short-term deferral exception to Section 409A of the Internal Revenue Code.

#### **FORM OF PAYMENT**

Each award to recipients shall be paid in cash in a single lump sum. The Company shall withhold all required taxes and charges from an award, including any federal, state, local or other taxes and social insurance contributions. Amounts will be determined by the Company in U.S. dollars, but may be paid to employees outside the United States in local currency.

#### **PLAN ADMINISTRATION**

The Plan is discretionary in nature, and the Compensation Committee may suspend, modify or terminate the 2014 AIP at any time without advance notice. The CEO of the Company, or the Compensation Committee with respect to the Company's executive officer participants in the Plan, will have the final decision over any interpretations or disputes regarding the 2014 AIP. All determinations and decisions made by the Compensation Committee, the Board of Directors, or the CEO pursuant to the provisions of the 2014 AIP shall be final, conclusive and binding on all persons and shall be given the maximum deference permitted by law.

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## COMPANY PERFORMANCE AND FUNDING OF INCENTIVE POOL

The funding level of the Incentive Pool will be based on Company performance against revenue and adjusted EBITDA goals, as set forth in the Board of Directors-approved operating plan, adjusted from time to time throughout the plan year. The revenue goal (weighted at 50%) and the adjusted EBITDA goal (weighted at 50%) will exclude the impact of one-time events affecting the operating plan, such as expansion projects or acquisitions not contemplated in the operating plan, and will exclude the impact of fluctuations in foreign currencies against the foreign currency rates applied in the FY2014 budget. The specific revenue and adjusted EBITDA goals for FY14 shall be as set forth on a "Design Criteria" established prior to the end of the first quarter.

The Design Criteria shall be as follows:

One hundred percent (100%) of the Incentive Pool shall be funded if the Company hits its operating plan for revenue and adjusted EBITDA for FY14, subject to the discretion retained by the Compensation Committee to reduce or eliminate the actual award that otherwise would be payable based upon achieving this goal. **For every 1% below operating plan for revenue, the revenue portion of the Incentive Pool shall be reduced by 20% and for every 1% below operating plan for adjusted EBITDA, the adjusted EBITDA portion of the Incentive Pool shall be reduced by 20%.** For instance, if the Company is 2% below operating plan for adjusted EBITDA, only 60% of the adjusted EBITDA portion of the Incentive Pool shall be funded. There shall be no Incentive Pool if revenue and adjusted EBITDA are 95% or less of the approved operating plan.

## MISCELLANEOUS

Nothing in the 2014 AIP shall interfere with or limit in any way the right of the Company or its subsidiary or affiliate, as applicable, to terminate any employee's employment or service at any time, with or without cause. Except to the extent provided by applicable law or pursuant to a written agreement between the employee and the Company or its subsidiary or affiliate, employment with the Company or its subsidiary or affiliates is on an at-will basis only. Nothing in this 2014 AIP shall constitute an employment agreement between an employee and the Company.

Each award that may become payable under the 2014 AIP shall be paid solely from the general assets of the Company. No amounts awarded or accrued under the Plan shall be funded, set aside, subject to interest payment or otherwise segregated prior to payment. The obligation to pay awards under the 2014 AIP shall at all times be an unfunded and unsecured obligation of the Company. Employees shall have the status of general creditors of the Company. Any bonus or award payable under the 2014 AIP is voluntary and occasional and does not create any contractual or other right to receive grants in future years or benefits in lieu of such awards.

The 2014 AIP and all awards shall be construed in accordance with and governed by the laws of the State of California, without regard to their conflict-of-law provisions.

October 28, 2013

Karl Strohmeyer

Dear Karl:

Equinix Operating Company, Inc. ("Equinix") is pleased to offer you employment on the following terms, contingent upon completion of a background investigation, satisfactory reference checks, and approval of the Compensation Committee of the Board of Directors of Equinix, Inc.

**1. Position.** You will serve in a full-time capacity as President, Americas, with a primary work location at Equinix's offices in Denver, Colorado, and will report to Steve Smith, CEO & President. By signing this letter agreement, you represent and warrant to Equinix that you are under no contractual commitments inconsistent with your future obligations to Equinix.

**2. Salary.** You will be paid a salary at the annual rate of \$400,000, which will be paid on a bi-weekly basis in accordance with Equinix's standard payroll practices for salaried employees. This salary will be subject to adjustment from time to time pursuant to Equinix's employee compensation policies then in effect.

**3. Restricted Stock Unit Award.** Upon commencement of employment, you will be granted 12,000 restricted stock units (RSUs) of common stock of Equinix, Inc. under the terms and conditions of the applicable equity award plan and your award agreement. Subject to your continued service through each vesting date, the award will vest over three years, with 16.667% of the RSUs vesting on March 1, 2014 and an additional 16.667% of the RSUs vesting on each September 1<sup>st</sup> and March 1<sup>st</sup> thereafter until fully vested. The award shall provide for acceleration of 50% of the unvested RSUs in the event you are subject to a qualifying termination within 12 months after a change in control (as such terms are defined in the award agreement). Each RSU represents an unfunded right to receive one share of Equinix, Inc. common stock upon vesting, provided you remain in active service through the vesting date.

**4. Company-wide Bonus.** You will be eligible to participate in Equinix's 2014 Annual Incentive Plan. Under the plan, you will be eligible to receive a bonus of up to 65% of your base salary, based upon Equinix's financial performance and your individual performance. Detailed information on this plan will be provided to you in 2014.

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5. **401(k) Savings Plan and Company Match.** You will be automatically enrolled in and begin contributing to the 401(k) plan at the rate of 5% of your compensation approximately 30 days following your start date. You may elect to increase or decrease this rate of contribution at any time or opt out entirely. Information about the 401(k) plan will be mailed to your home address from our 401(k) provider, Fidelity Investments, following your start date. Each payroll, Equinix will contribute 50 cents on every dollar up to the first 6% of your compensation that you defer into your 401(k) account. You will vest in 25% of the company match after your first year as an Equinix employee, and 25% each year thereafter.

6. **Health Benefits.** You and your dependents will be entitled to participate in the Company's medical and dental benefit plans in accordance with their terms.

7. **Paid Time Off.** You will be entitled to Paid Time Off (PTO) that accrues on a bi-weekly basis. Full-time employees working 40 hours per week will accrue 4.616 hours per pay period. PTO will be pro-rated for Part-time employees who work a minimum of 20 hours per week. See the U.S. Equinix Employee handbook for more information.

8. **Proprietary Information and Inventions Agreement.** Like all Equinix employees, you will be required, as a condition to your employment with Equinix, to sign Equinix's standard Proprietary Information and Inventions Agreement, a copy of which is attached hereto as Exhibit A.

9. **Change In Control Severance Agreement.** You will be entitled to certain severance benefits upon a change in control of Equinix as detailed in the attached Change in Control Severance Agreement, a copy of which is attached hereto as Exhibit B.

10. **Period of Employment.** Your employment with Equinix will be "at will," meaning that either you or Equinix will be entitled to terminate your employment at any time and for any reason, with or without cause. Any contrary representations which may have been made to you are superseded by this offer. This is the full and complete agreement between you and Equinix on this term. Although your job duties, title, compensation and benefits, as well as Equinix's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an expressed written agreement signed by you and a duly authorized officer of Equinix.

11. **Outside Activities.** While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company. While you render services to Equinix, you also will not assist any person or organization in competing with Equinix, in preparing to compete with Equinix or in hiring any employees of Equinix.

12. **Withholding Taxes.** All forms of compensation referred to in this letter are subject to reduction to reflect applicable withholding and payroll taxes.

13. **Other Terms.** As required by law, your employment with the Company is also contingent upon your providing legal proof of your identity and authorization to work in the United States.



14. **Entire Agreement.** This letter and the Exhibit attached hereto contain all of the terms of your employment with Equinix and supersede any prior understandings or agreements, whether oral or written, between you and Equinix.

15. **Amendment and Governing Law.** This letter agreement may not be amended or modified except by an express written agreement signed by you and a duly authorized officer of Equinix. The terms of this letter agreement and the resolution of any disputes will be governed by California law.

We look forward to you joining Equinix. You may indicate your agreement with these terms and accept this offer by signing and dating the enclosed duplicate original of this letter, and the duplicate original of the Proprietary Information and Inventions Agreement (PIIA) and Change in Control Severance Agreement (CICSA). Please return one signed original offer letter, both PIIAs and both CICSAs. One signed original PIIA and CICSA will be returned to you after receiving a company representative's signature.

This offer, if not accepted, will expire at the close of business on Wednesday, October 30, 2013.

Sincerely,

/s/ Steve Smith  
Steve Smith  
CEO & President

I have read and accept this employment offer:

Karl Strohmeyer

/s/ Karl Strohmeyer

Signature

Dated: \_\_\_\_\_, 2013

My Start Date will be \_\_\_\_\_

Attachments

Exhibit A: Proprietary Information and Inventions Agreement

Exhibit B: Change in Control Severance Agreement

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

You have been granted the number of restricted stock units ("Restricted Stock Units") indicated below by Equinix, Inc. (the "Company") on the following terms:

Name: Karl Strohmeyer  
Employee Id #: 07466

**Restricted Stock Unit Award Details:**

Date of Grant: December 2, 2013  
Award Number: RU5741  
Number of Restricted Stock Units: 12,000

Each Restricted Stock Unit represents the right to receive one share of the Common Stock of the Company subject to the terms and conditions contained in the Restricted Stock Unit Agreement (the "Agreement"). Capitalized terms not otherwise defined shall have the same definition as in the Agreement or the 2000 Equity Incentive Plan (the "Plan").

**Vesting Schedule:**

Vesting is dependent upon continuous active service as an employee, consultant or director of the Company or a subsidiary of the Company ("Service") throughout the vesting period. The Restricted Stock Units shall vest as follows: 16.667% of the RSUs vesting on March 1, 2014 and an additional 16.667% of the RSUs vesting on each September 1st and March 1st thereafter until fully vested.

By your signature and the signature of the Company's representative below, you and the Company agree that the Restricted Stock Units are granted under and governed by the terms and conditions of the Plan and the Agreement that is attached to and made a part of this document.

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

By your signature below, you agree to cover all Tax-Related Items as defined in the Agreement.

**RECIPIENT:**

Signature: /s/ Karl Strohmeyer  
Print Name: Karl Strohmeyer  
Date: \_\_\_\_\_

**EQUINIX, INC.**

By: /s/ Steve Smith  
Print Name: Steve Smith  
Title: CEO & President

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**EQUINIX, INC. 2000 EQUITY INCENTIVE PLAN:  
RESTRICTED STOCK UNIT AGREEMENT**

**Payment for Shares**

No payment is required for the Restricted Stock Units you receive.

**Vesting**

The Restricted Stock Units that you are receiving will vest in installments, as shown in the Notice of Restricted Stock Unit Award.

No additional Restricted Stock Units vest after your active service as an employee, consultant or director of the Company or a subsidiary of the Company ("Service") has terminated for any reason. It is intended that vesting in the Restricted Stock Units is commensurate with a full-time work schedule. For possible adjustments that may be made by the Company, see the Section below entitled "Leaves of Absence and Part-Time Work."

**Settlement of Units**

Each Restricted Stock Unit will be settled on the first Trading Day that occurs on or after the day when the Restricted Stock Unit vests. However, each Restricted Stock Unit must be settled not later than the March 15 of the calendar year after the calendar year in which the Restricted Stock Unit vests.

At the time of settlement, you will receive one share of the Company's Common Stock for each vested Restricted Stock Unit.

**Trading Day**

Trading Day means a day that satisfies each of the following requirements:

- The Nasdaq Global Market is open for trading on that day,
- You are permitted to sell shares of the Company's Common Stock on that day without incurring liability under Section 16(b) of the Securities Exchange Act of 1934, as amended,
- Either (a) you are not in possession of material non-public information that would make it illegal for you to sell shares of the Company's Common Stock on that day under Rule 10b5 of the Securities and Exchange Commission or (b) Rule 10b5-1 of the Securities and Exchange Commission is applicable,
- Under the Company's written Insider Trading Policy, you are permitted to sell shares of the Company's Common Stock on that day, and
- You are not prohibited from selling shares of the Company's Common Stock on that day by a written agreement between you and the Company or a third party.

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**Change in Control**

Except to the extent set forth in the Notice of Restricted Stock Unit Award, in the event of any Change in Control (as defined in the Plan), vesting of these Restricted Stock Units will automatically accelerate in full as described in Article X of the Plan. However, vesting of these Restricted Stock Units will not automatically accelerate if and to the extent these Restricted Stock Units are, in connection with the Change in Control, either to be assumed by the successor corporation (or its parent) or to be replaced with a comparable award for shares of the capital stock of the successor corporation (or its parent). The determination of award comparability will be made by the Plan Administrator, and its determination will be final, binding and conclusive.

In addition, you will vest as to 50% of the unvested Restricted Stock Units if the Company is subject to a Change in Control before your Service terminates, and you are subject to a Qualifying Termination (as defined below) within 12 months after the Change in Control. Change in Control is defined in the Plan.

Notwithstanding the foregoing, any action taken in connection with a Change in Control must either (a) preserve the exemption of the Restricted Stock Units from Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") or (b) comply with Section 409A of the Code.

**Qualifying Termination**

A Qualifying Termination means a Separation (as defined below) resulting from: (a) involuntary discharge for any reason other than Cause (as defined below) within 12 months after a Change in Control; or (b) your voluntary resignation for Good Reason (as defined below), between the date that is four months following a Change in Control and the date that is 12 months following a Change in Control (provided however, that the grounds for Good Reason may arise at anytime within the 12 months following the Change in Control).

Cause means your unauthorized use or disclosure of trade secrets which causes material harm to the Company, your conviction of, or a plea of "guilty" or "no contest" to, a felony, or your gross misconduct.

Good Reason means (i) a material diminution in your authority, duties or responsibilities, provided, however, if by virtue of the Company being acquired and made a division or business unit of a larger entity following a Change in Control, you retain substantially similar authority, duties or responsibilities for such division or business unit of the acquiring corporation but not for the entire acquiring corporation, such reduction in authority, duties or responsibilities shall not constitute Good Reason for purposes of this subclause (i); (ii) a 10% or greater reduction in your level of compensation, which will be determined based on an average of your annual Total Direct Compensation for the prior three calendar years or, if less, the number of years you have been employed by the Company (referred to below as the “look-back years”); or (iii) a relocation of your place of employment by more than 30 miles, provided and only if such change, reduction or relocation is effected by the Company without your consent. For purposes of the foregoing, Total Direct Compensation means total target cash compensation (annual base salary plus target annual cash incentives) plus the grant value of equity awards, determined at the time of grant, based on the total stock compensation (FAS 123R) expense associated with that award; provided, however, that if you commenced employment with the Company during the look-back years, only one-third of the grant value of the equity grant attributable to commencement of employment shall be counted.

For vesting to accelerate as a result of a voluntary resignation for Good Reason, all of the following requirements must be satisfied: (1) you must provide notice to the Company of your intent to assert Good Reason within 120 days of the initial existence of one or more of the conditions set forth in subclauses (i) through (iii); and (2) the Company will have 30 days from the date of such notice to remedy the condition and, if it does so, you may withdraw your resignation or may resign with no acceleration benefit. Should the Company remedy the condition as set forth above and then one or more of the conditions arises again within twelve (12) months following the occurrence of a Change in Control, you may assert Good Reason again subject to all of the conditions set forth herein.

Separation means a “separation from service,” as defined in the regulations under Section 409A of the Code.

**Forfeiture**

If your Service terminates for any reason, then your Restricted Stock Units will be forfeited to the extent that they have not vested before the termination date and do not vest as a result of the termination (including as a result of a Qualifying Termination as set forth above). This means that the Restricted Stock Units will immediately revert to the Company. You receive no payment for Restricted Stock Units that are forfeited. The Company determines when your Service terminates for this purpose.

**Leaves of Absence and Part-Time Work**

For purposes of this award, your Service does not terminate when you go on a military leave, a sick leave or another *bona fide* leave of absence, if the leave was approved by the Company in writing. But your Service terminates when the approved leave ends, unless you immediately return to active work.

If you go on a leave of absence that lasts or is expected to last seven days or longer, then vesting will be suspended during the leave to the extent provided for in the Company's leave policy. Upon your return to active work (as determined by the Company), vesting will resume; however, unless otherwise provided in the Company's leave policy, you will not receive credit for any vesting until you work an amount of time equal to the period of your leave.

If you, and the Company, agree to a reduction in your scheduled work hours, then the Company reserves the right to modify the rate at which the Restricted Stock Units vest, so that the rate of vesting is commensurate with your reduced work schedule. Any such adjustment shall be consistent with the Company's policies for part-time or reduced work schedules or shall be pursuant to the terms of an agreement between you and the Company pertaining to your reduced work schedule.

The Company shall not be required to adjust any vesting schedule pursuant to this subsection.

**Settlement / Stock Certificates**

No shares of Common Stock shall be issued to you prior to the date on which the Restricted Stock Units vest. After any Restricted Stock Units vest pursuant to this Agreement, the Company shall promptly cause to be issued in book-entry form, registered in your name or in the name of your legal representatives or heirs, as the case may be, the number of shares of Common Stock representing your vested Restricted Stock Units. No fractional shares shall be issued.

**Section 409A**

This paragraph applies only if the Company determines that you are a "specified employee," as defined in the regulations under Section 409A of the Code, at the time of your "separation from service," as defined in those regulations. If this paragraph applies, then any Restricted Stock Units that otherwise would have been settled during the first six months following your separation from service will instead be settled on the first business day following the six-month anniversary of your separation from service, unless the settlement of those units is exempt from Section 409A of the Code.

**Stockholder Rights**

The Restricted Stock Units do not entitle you to any of the rights of a stockholder of the Company. Your rights shall remain forfeitable at all times prior to the date on which you vest in the Restricted Stock Units awarded to you. Upon settlement of the Restricted Stock Units into shares of Common Stock, you will obtain full voting and other rights as a stockholder of the Company.

**Units Restricted**

You may not sell, transfer, pledge or otherwise dispose of any Restricted Stock Units or rights under this Agreement other than by will or by the laws of descent and distribution.

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**Withholding Taxes**

Regardless of any action the Company and/or your employer (the "Employer") take with respect to any or all income tax (including U.S. federal, state and local tax and/or non-U.S. tax), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the award of the Restricted Stock Units, the vesting of the Restricted Stock Units, the issuance of shares of Common Stock in settlement of the Restricted Stock Units, the subsequent sale of shares acquired at vesting and the receipt of any dividends; and (b) do not commit to structure the terms of the award or any aspect of the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items. Prior to the relevant taxable event, you shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding obligations for Tax Related Items of the Company and/or the Employer. With the Company's consent, these arrangements may include (a) withholding shares of Company stock that otherwise would be issued to you when they vest, (b) surrendering shares that you previously acquired, or (c) deducting the withholding taxes from any cash compensation payable to you. The fair market value of the shares you surrender, determined as of the date taxes otherwise would have been withheld in cash, will be applied as a credit against the withholding taxes.

The Company may refuse to deliver the shares of Common Stock to you if you fail to comply with your obligations in connection with the Tax-Related Items as described in this subsection.

**Restrictions on Resale**

You agree not to sell any shares of Common Stock you receive under this Agreement at a time when applicable laws, regulations, Company trading policies (including the Company's Insider Trading Policy, a copy of which can be found on the Company's intranet) or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.

**No Retention Rights**

Except to the extent provided specifically in an agreement between you and the Company, your award or this Agreement does not give you the right to be employed or retained by the Company or a subsidiary of the Company in any capacity; the Company and its subsidiaries reserve the right to terminate your Service at any time, with or without cause.

In accepting the award, you acknowledge that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement; (b) the award is voluntary and occasional and does not create any contractual or other right to receive future awards of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted repeatedly in the past; (c) all decisions with respect to future awards, if any, will be at the sole discretion of the Company; (d) your participation in the Plan is voluntary; (e) your participation in the Plan shall not create a right to further employment with your Employer and shall not interfere with the ability of your Employer to terminate your Service at any time with or without cause; (f) the award is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or any subsidiary of the Company, and which is outside the scope of your employment or service contract, if any; (g) the award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any subsidiary of the Company; (h) in the event that you are not an employee of the Company, the award and your participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company; and, furthermore, the award and your participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Employer or any other subsidiary of the Company; (i) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty; (j) in consideration of the award, no claim or entitlement to compensation or damages shall arise from termination of the award or from any diminution in value of the award or shares of Common Stock acquired upon vesting of the award resulting from termination of Service (for any reason whatsoever and whether or not in breach of local labor laws) and you irrevocably release the Company and any subsidiary of the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, you shall be deemed irrevocably to have waived your entitlement to pursue such claim; (k) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan or your acquisition or sale of the underlying shares of Common Stock; and (l) you are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.



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<b>Adjustments</b>	In the event of a stock split, a stock dividend or a similar change in Company stock, the number of Restricted Stock Units that will vest in any future installments will be adjusted accordingly.
<b>Severability</b>	The provisions of this Agreement are severable and if any one or more provisions are determined to be invalid or otherwise enforceable, in whole or in part, the remaining provisions shall continue in effect.
<b>Applicable Law</b>	<p>This Agreement will be interpreted and enforced with respect to issues of contract law under the laws of the State of Delaware (except their choice of law provisions).</p> <p>For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Mateo County, California, U.S.A. or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.</p>
<b>The Plan and Other Agreements</b>	<p>The text of the Plan is incorporated in this Agreement by reference. A copy of the Plan is available on the Company's intranet or by request to the Stock Services Department.</p> <p>This Agreement and the Plan constitute the entire understanding between you and the Company regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement between the parties.</p>

**BY SIGNING THE NOTICE OF RESTRICTED STOCK UNIT AWARD, YOU AGREE TO  
ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.**

**CHANGE IN CONTROL SEVERANCE AGREEMENT**

THIS AGREEMENT is entered into as of December 2, 2013 (the "Effective Date") by and between Karl Strohmeyer (the "Executive") and EQUINIX, INC., a Delaware corporation (the "Company").

**1. Term of Agreement.**

Except to the extent renewed as set forth in this Section 1, this Agreement shall terminate the earlier of December 31, 2016 (the "Expiration Date") or the date the Executive's employment with the Company terminates for a reason other than a Qualifying Termination as described in Section 4(d); however, if a definitive agreement relating to a Change in Control has been signed by the Company on or before December 31, 2016, then this Agreement shall remain in effect through the earlier of:

(a) The date the Executive's employment with the Company terminates for a reason other than a Qualifying Termination as described in Section 4(d) or

(b) The date the Company has met all of its obligations under this Agreement following a termination of the Executive's employment with the Company for a reason described in Section 4(d).

This Agreement shall renew automatically and continue in effect for three year periods measured from the initial Expiration Date, unless the Company provides Executive notice of non-renewal at least six months prior to the date on which this Agreement would otherwise expire.

**2. Severance Payment.**

(a) **Severance Benefit.** If the Executive is subject to a Qualifying Termination, then the Company shall pay the Executive 100% of his or her annual base salary and target bonus (at the annual rate in effect immediately prior to the actions that resulted in the Qualifying Termination). Such severance benefit shall be paid in accordance with the Company's standard payroll procedures. The Executive will receive his or her severance payment in a cash lump-sum which will be made within ten (10) business days of the latest of the following dates:

- (i) the date of Executive's Qualifying Termination;
- (ii) the date of the Company's receipt of the Executive's executed General Release; and
- (iii) the expiration of any rescission period applicable to the Executive's executed General Release.

(b) **Health Care Benefit.** If the Executive is subject to a Qualifying Termination, and if the Executive elects to continue his or her health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") following the termination of his or her employment, then the Company shall pay the Executive's monthly premium under COBRA until the earliest of (i) the close of the twelve-month period following cessation of his or her employment or (ii) the expiration of the Executive's continuation coverage under COBRA.

(c) **General Release.** Any other provision of this Agreement notwithstanding, Subsections (a) and (b) above shall not apply unless the Executive (i) has executed a general release (in a form prescribed by the Company) of all known and unknown claims that he or she may then have against the Company or persons affiliated with the Company and (ii) has agreed not to prosecute any legal action or other proceeding based upon any of such claims. The release must be in the form prescribed by the Company, without alterations. The Company will deliver the form to the Executive within 30 days after the Executive's Separation. The Executive must execute and return the release within 21 days from receipt of the form.

(d) **Section 409A.** For purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), if the Company determines that Executive is a "specified employee" under Section 409A(a)(2)(B)(i) of the Code at the time of a Separation, then (i) the severance benefits under Section 2(a), to the extent that they are subject to Section 409A of the Code, will commence during the seventh month after the Executive's Separation and (ii) any amounts that otherwise would have been paid during the first six months after a Separation will be paid in a lump sum on the earliest practicable date permitted by Section 409A(a)(2) of the Code.

### 3. Covenants.

(a) **Non-Solicitation.** During the Executive's employment with the Company and during the twelve-month period following his or her cessation of employment, the Executive shall not directly or indirectly, personally or through others, solicit or attempt to solicit the employment of any employee or consultant of the Company or any of the Company's affiliates, whether on the Executive's own behalf or on behalf of any other person or entity. The Executive and the Company agree that this provision is reasonably enforced as to any geographic area in which the Company conducts its business.

(b) **Non-Competition.** The Executive agrees that, during his or her employment with the Company, he or she shall not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company.

(c) **Cooperation and Non-Disparagement.** The Executive agrees that, during the twelve-month period following his or her cessation of employment, he or she shall cooperate with the Company in every reasonable respect and shall use his or her best efforts to assist the Company with the transition of Executive's duties to his or her successor. The Executive further agrees that, during this twelve-month period, he or she shall not in any way or by any means disparage the Company, the members of the Company's Board of Directors or the Company's officers and employees.

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#### 4. Definitions.

(a) **Definition of “Cause.”** For all purposes under this Agreement, “Cause” shall mean the Executive’s unauthorized use or disclosure of trade secrets which causes material harm to the Company, the Executive’s conviction of, or a plea of “guilty” or “no contest” to, a felony, or the Executive’s gross misconduct.

(b) **Definition of “Change in Control.”** For all purposes under this Agreement, “Change in Control” shall have the meaning ascribed to such term in Section 19.4 of the Company’s 2000 Equity Incentive Plan.

(c) **Definition of “Good Reason.”** For all purposes under this Agreement, “Good Reason” shall mean (i) a material diminution in the Executive’s authority, duties or responsibilities, provided, however, if by virtue of the Company being acquired and made a division or business unit of a larger entity following a Change in Control, Executive retains substantially similar authority, duties or responsibilities for such division or business unit of the acquiring corporation but not for the entire acquiring corporation, such reduction in authority, duties or responsibilities shall not constitute Good Reason for purposes of this sub clause (c)(i); (ii) a 10% or greater reduction in his or her level of compensation, which will be determined based on an average of the Executive’s annual Total Direct Compensation for the prior three calendar years or, if less, the number of years the Executive has been employed by the Company (referred to below as the “look-back years”); or (iii) a relocation of Executive’s place of employment by more than 30 miles, provided and only if such change, reduction or relocation is effected by the Company without Executive’s consent. For purposes of the foregoing, Total Direct Compensation means total target cash compensation (annual base salary plus target annual cash incentives) plus the grant value of equity awards, determined at the time of grant, based on the total stock compensation (FAS 123R) expense associated with that award; provided, however, that if the Executive commenced employment with the Company during the look-back years, only one-third of the grant value of the equity grant attributable to commencement of employment shall be counted. For the Executive to receive the benefits under this Agreement as a result of a voluntary resignation under this subsection (c), all of the following requirements must be satisfied: (1) the Executive must provide notice to the Company of his or her intent to assert Good Reason within 120 days of the initial existence of one or more of the conditions set forth in subclauses (i) through (iii); (2) the Company will have 30 days from the date of such notice to remedy the condition and, if it does so, the Executive may withdraw his or her resignation or may resign with no benefits; and (3) any termination of employment under this provision must occur within 18 months of the initial existence of one or more of the conditions set forth in subclauses (i) through (iii). Should the Company remedy the condition as set forth above and then one or more of the conditions arises again within twelve (12) months following the occurrence of a Change in Control, the Executive may assert Good Reason again subject to all of the conditions set forth herein.

(d) **Definition of “Qualifying Termination.”** For all purposes under this Agreement, “Qualifying Termination” shall mean a Separation resulting from (i) the Company terminates the Executive’s employment for any reason other than Cause within twelve (12) months after a Change in Control or (ii) the Executive voluntarily resigns his or her employment for Good Reason between the date that is four (4) months following a Change in Control and the date that is twelve (12) months following a Change in Control, provided however, that the grounds for Good Reason may arise at anytime within the twelve (12) months following the Change in Control.

(e) **Definition of Separation.** For all purposes under this Agreement, "Separation" shall mean a "separation from service," as defined in the regulations under Section 409A of the Code.

#### 5. Successors.

(a) **Company's Successors.** The Company shall require any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets, by an agreement in substance and form satisfactory to the Executive, to assume this Agreement and to agree expressly to perform this Agreement in the same manner and to the same extent as the Company would be required to perform it in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets or which becomes bound by this Agreement by operation of law.

(b) **Executive's Successors.** This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

#### 6. Golden Parachute Taxes

(a) **Best After-Tax Result.** In the event that any payment or benefit received or to be received by Executive pursuant to this Agreement or otherwise ("Payments") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code and (ii) but for this subsection (a), be subject to the excise tax imposed by Section 4999 of the Code, any successor provisions, or any comparable federal, state, local or foreign excise tax ("Excise Tax"), then, subject to the provisions of Section 6(b) hereof, such Payments shall be either (A) provided in full pursuant to the terms of this Agreement or any other applicable agreement, or (B) provided as to such lesser extent which would result in no portion of such Payments being subject to the Excise Tax ("Reduced Amount"), whichever of the foregoing amounts, taking into account the applicable federal, state, local and foreign income, employment and other taxes and the Excise Tax (including, without limitation, any interest or penalties on such taxes), results in the receipt by Executive, on an after-tax basis, of the greatest amount of payments and benefits provided for hereunder or otherwise, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. Unless the Company and Executive otherwise agree in writing, any determination required under this Section shall be made by independent tax counsel designated by the Company and reasonably acceptable to Executive ("Independent Tax Counsel"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required under this Section, Independent Tax Counsel may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code; provided that Independent Tax Counsel shall assume that Executive pays all taxes at the highest marginal rate. The Company and Executive shall furnish to Independent Tax Counsel such information and documents as Independent Tax Counsel may reasonably request in order to make a determination under this Section. The Company shall bear all costs that Independent Tax Counsel may reasonably incur in connection with any calculations contemplated by this Section. In the event that Section 6(a)(ii)(B) above applies, then based on the information provided to Executive and the Company by Independent Tax Counsel, Executive may, in Executive's sole discretion and within 30 days of the date on which Executive is provided with the information prepared by Independent Tax Counsel, determine which and how much of the Payments (including the accelerated vesting of equity compensation awards) to be otherwise received by Executive shall be eliminated or reduced (as long as after such determination the value (as calculated by Independent Tax Counsel in accordance with the provisions of Sections 280G and 4999 of the Code) of the amounts payable or distributable to Executive equals the Reduced Amount). If the Internal Revenue Service (the "IRS") determines that any Payment is subject to the Excise Tax, then Section 6(b) hereof shall apply, and the enforcement of Section 6(b) shall be the exclusive remedy to the Company.

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(b) **Adjustments.** If, notwithstanding any reduction described in Section 6(a) hereof (or in the absence of any such reduction), the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of one or more Payments, then Executive shall be obligated to surrender or pay back to the Company, within 120 days after a final IRS determination, an amount of such payments or benefits equal to the "Repayment Amount." The Repayment Amount with respect to such Payments shall be the smallest such amount, if any, as shall be required to be surrendered or paid to the Company so that Executive's net proceeds with respect to such Payments (after taking into account the payment of the Excise Tax imposed on such Payments) shall be maximized. Notwithstanding the foregoing, the Repayment Amount with respect to such Payments shall be zero if a Repayment Amount of more than zero would not eliminate the Excise Tax imposed on such Payments or if a Repayment Amount of more than zero would not maximize the net amount received by Executive from the Payments. If the Excise Tax is not eliminated pursuant to this Section 6(b), Executive shall pay the Excise Tax.

**7. Miscellaneous Provisions.**

(a) **Other Severance Arrangements.** This Agreement supersedes any and all cash severance arrangements on change in control under any prior separation, severance and salary continuation arrangements, programs and plans which were previously offered by the Company to the Executive, including change in control severance arrangements pursuant to an employment agreement or offer letter. In no event shall any individual receive cash severance benefits under both this Agreement and any other severance pay or salary continuation program, plan or other arrangement with the Company.

(b) **Notice.** Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid or deposited with Federal Express Corporation, with shipping charges prepaid. In the case of the Executive, mailed notices shall be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

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(c) **Waiver.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(d) **Withholding Taxes.** All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.

(e) **Severability.** The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(f) **No Retention Rights.** Nothing in this Agreement shall confer upon the Executive any right to continue in service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company or any subsidiary of the Company or of the Executive, which rights are hereby expressly reserved by each, to terminate his or her service at any time and for any reason, with or without Cause.

(g) **Choice of Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California (other than their choice-of-law provisions).

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

/s/ Karl Strohmeyer

Karl Strohmeyer

EQUINIX, INC.

/s/ Steve Smith

By: Steve Smith

Title: CEO & President



**EQUINIX, INC. 2000 EQUITY INCENTIVE PLAN**  
**NOTICE OF RESTRICTED STOCK UNIT AWARD**  
**FOR CEO & CFO**

You have been granted the number of restricted stock units (“Restricted Stock Units”) indicated below by Equinix, Inc. (the “Company”) on the following terms:

Name:  
Employee Id #:

**Restricted Stock Unit Award Details:**

Date of Grant:  
Award Number:  
Minimum Restricted Stock Units (0%):  
Target Restricted Stock Units (\_\_\_%):  
Max Restricted Stock Units (100%):

Each Restricted Stock Unit represents the right to receive one share of the Common Stock of the Company, and any Dividend Equivalents thereon prior to settlement, subject to the terms and conditions contained in this Notice of Restricted Stock Unit Award for Executives and the Restricted Stock Unit Agreement (together, the “Agreement”). Capitalized terms not otherwise defined in this Agreement shall have the meaning set forth in the 2000 Equity Incentive Plan (the “Plan”).

**Vesting Schedule:**

Vesting is dependent upon continuous active service as an employee, consultant or director of the Company or a subsidiary of the Company (“Service”) throughout the vesting period. The Restricted Stock Units shall vest on the first Trading Day that coincides with or follows a determination that the Company achieves revenue and/or adjusted EBITDA goals for 2014 of greater than \$\_\_\_\_\_ million and \$\_\_\_\_\_ million, respectively, as set forth on the attached Exhibit A, and if achieved, then the Restricted Stock Units, and any Dividend Equivalents thereon, shall vest in a number of shares determined based on the degree of achievement of the revenue and adjusted EBITDA targets as set forth on the matrix attached as Exhibit A, and at the following times:

- with respect to 50% of those units on the first Trading Day that coincides with or follows the date upon which the Board, or a committee thereof, certifies that the Company has achieved revenue and/or adjusted EBITDA goals of greater than \$\_\_\_\_\_ million and \$\_\_\_\_\_ million, respectively, for 2014;
- with respect to 25% of those units on February 15, 2016; and
- with respect to the remaining 25% of those units on February 15, 2017.

The revenue and adjusted EBITDA goals set forth above will exclude the impact of fluctuations in foreign currencies against the foreign currency rates used in the Company’s 2014 operating plan.

The Board, or a committee thereof, may adjust the revenue and adjusted EBITDA goals set forth above from time to time prior to the 2014 fiscal year end to take into account the financial impacts of discontinued operations, the cumulative effect of accounting changes, acquisitions or divestitures, sales of assets and/or IBX expansions not currently contemplated by the Company.

Any Restricted Stock Units, and Dividend Equivalents thereon, that fail to vest based on the Company’s achievement of revenue and adjusted EBITDA goals based on the matrix set forth on Exhibit A hereto shall be forfeited to the Company immediately following the certification by the Board, or a committee thereof, of the Company’s achievement of the revenue and adjusted EBITDA goals for 2014.

In the event of a Change in Control before the end of the 2014 fiscal year, vesting of these Restricted Stock Units, and any Dividend Equivalent thereon, shall no longer be dependent on achievement of the revenue and adjusted EBITDA goals described above. Instead, subject to your continued Service through the applicable vesting date, 50% of the Target Restricted Stock Units, and any Dividend Equivalent thereon, will vest on February 15, 2015, 25% of the Target Restricted Stock Units, and any Dividend Equivalent thereon, will vest on February 15, 2016 and the remaining 25% of the Target Restricted Stock Units, and any Dividend Equivalent thereon, will vest on February 15, 2017. The remaining Restricted Stock Units, and any Dividend Equivalents thereon, shall be forfeited to the Company (and such forfeited Restricted Stock Units, and any Dividend Equivalents thereon, will not accelerate in the event this Award is not assumed or substituted with a new award).

By your signature and the signature of the Company's representative below, you and the Company agree that the Restricted Stock Units, and any Dividend Equivalents thereon, are granted under and governed by the terms and conditions of the Plan and the Agreement that is attached to and made a part of this document.

You further agree that the Company may deliver by email all documents relating to the Plan or this Award (including, without limitation, prospectuses required by the U.S. Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a web site maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a web site, it will notify you by email.

By your signature below, you agree to cover all Tax-Related Items as defined in the Agreement.

**RECIPIENT:**

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EQUINIX, INC.**

By: /s/ Stephen M. Smith

Title: CEO & President

**EQUINIX, INC. 2000 EQUITY INCENTIVE PLAN  
RESTRICTED STOCK UNIT AGREEMENT**

**Payment for Shares**

No payment is required for the Restricted Stock Units, and any Dividend Equivalents thereon, you receive.

**Vesting**

The Restricted Stock Units, and any Dividend Equivalents thereon, that you are receiving will vest in accordance with the Vesting Schedule stated in the Notice of Restricted Stock Unit Award for Executives; provided, however, that if your Service terminates due to your death then, if and to the extent Restricted Stock Units, and any Dividend Equivalent thereon, have been earned based on the actual performance results as certified by the Board, or a committee thereof, based on the matrix set forth on Exhibit A hereto, the portion of the Restricted Stock Units, and any Dividend Equivalents thereon, that would have become vested on the next scheduled vesting date will become vested and the underlying shares (and cash equal to the Dividend Equivalents thereon) will be released to your estate not more than 3 1/2 months following such termination of Service but in any event not later than March 15 of the calendar year following your death.

No additional Restricted Stock Units, or any Dividend Equivalents thereon, vest after your Service has terminated for any reason. It is intended that vesting in the Restricted Stock Units, and any Dividend Equivalents thereon, is commensurate with a full-time work schedule. For possible adjustments that may be made by the Company, see the provision below entitled "Leaves of Absence and Part-Time Work."

**Dividend Equivalents**

You will be credited with Dividend Equivalents equal to the dividends you would have received if you had been the record owner of the Common Stock underlying the Restricted Stock Units on each dividend record date on or after the Date of Grant and through the date you receive a settlement pursuant to the provision below entitled "Settlement of Units" (the "Dividend Equivalent"). Dividend Equivalents shall be subject to the same terms and conditions as the Restricted Stock Units originally awarded pursuant to this Agreement, and they shall vest (or, if applicable, be forfeited) as if they had been granted at the same time as the original Restricted Stock Unit award. If a dividend on the Common Stock is payable wholly or partially in Common Stock, the Dividend Equivalent representing that portion shall be in the form of additional Restricted Stock Units, credited on a one-for-one basis. If a dividend on our Common Stock is payable wholly or partially in cash, the Dividend Equivalent representing that portion shall be in the form of cash, which will be paid to you, without interest, as described below in the provision "Settlement of Units;" provided, however, that the Committee may, in its discretion, provide that the cash portion of any extraordinary distribution on the Common Stock shall be in the form of additional Restricted Stock Units. If a dividend on our Common Stock is payable wholly or partially in other than cash or Common Stock, the Committee may, in its discretion, provide for such Dividend Equivalents with respect to that portion as it deems appropriate under the circumstances.

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**Settlement of Units**

Each Restricted Stock Unit, and any Dividend Equivalents thereon, will be settled on the first Trading Day that occurs on or after the day when the Restricted Stock Unit vests. However, each Restricted Stock Unit, and any Dividend Equivalents thereon, must be settled not later than the March 15 of the calendar year after the calendar year in which the Restricted Stock Unit vests.

At the time of settlement, you will receive one share of the Company's Common Stock for each vested Restricted Stock Unit (no fractional shares will be issued) and an amount of cash, without additional earnings and rounded to the nearest whole cent, equal to the cash portion of the accumulated Dividend Equivalents applicable to the vested Restricted Stock Units, less any Tax-Related Items withholding. Any cash may be distributed to you directly or may be used to offset the amount of any Tax-Related Items pursuant to the vesting/settlement of the Restricted Stock Units and any Dividend Equivalents thereon.

**Trading Day**

"Trading Day" means a day that satisfies each of the following requirements:

- The Nasdaq Global Market is open for trading on that day;
- You are permitted to sell shares of Common Stock on that day without incurring liability under Section 16(b) of the Securities Exchange Act;
- Either (a) you are not in possession of material non-public information that would make it illegal for you to sell shares of the Company's Common Stock on that day under Rule 10b-5 of the U.S. Securities and Exchange Commission or (b) you have a trading plan that complies with the requirements of Rule 10b5-1(c)(1) of the Securities Exchange Act that covers the shares underlying the vesting Restricted Stock Units;
- Under the Company's Insider Trading Policy, you are permitted to sell shares of Common Stock on that day, and
- You are not prohibited from selling shares of Common Stock on that day by a written agreement between you and the Company or a third party.

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**Change in Control**

Except to the extent set forth in the Notice of Restricted Stock Unit Award, in the event of any Change in Control, vesting of these Restricted Stock Units, and any Dividend Equivalents thereon, will automatically accelerate in full as described in Article X of the Plan. However, vesting of these Restricted Stock Units, and any Dividend Equivalents thereon, will not automatically accelerate if and to the extent these Restricted Stock Units are, in connection with the Change in Control, either to be assumed by the successor corporation (or its parent) or to be replaced with a comparable award for shares of the capital stock of the successor corporation (or its parent). The determination of award comparability will be made by the Committee, and its determination will be final, binding and conclusive.

In addition, you will vest as to 50% of the unvested Restricted Stock Units, and any Dividend Equivalents thereon, if the Company is subject to a Change in Control before your Service terminates, and you are subject to a Qualifying Termination (as defined below) within 12 months after the Change in Control.

Notwithstanding the foregoing, any action taken in connection with a Change in Control must either (a) preserve the exemption of the Restricted Stock Units, and any Dividend Equivalents thereon, from Section 409A of the Code or (b) comply with Section 409A of the Code.

**Qualifying Termination**

A Qualifying Termination means a Separation (as defined below) resulting from: (a) involuntary discharge for any reason other than Cause (as defined below) within 12 months after a Change in Control; or (b) your voluntary resignation for Good Reason (as defined below), between the date that is four months following a Change in Control and the date that is 12 months following a Change in Control; provided, however, that the grounds for Good Reason may arise at any time within the 12 months following the Change in Control.

Cause means your unauthorized use or disclosure of trade secrets that causes material harm to the Company, your conviction of, or a plea of “guilty” or “no contest” to, a felony or your gross misconduct.

Good Reason means: (i) a material diminution in your authority, duties or responsibilities; (ii) a material reduction in your level of compensation (including base salary and target bonus) other than pursuant to a Company-wide reduction of compensation where the reduction affects the other executive officers and your reduction is substantially equal, on a percentage basis, to the reduction of the other executive officers; or (iii) a relocation of your place of employment by more than 30 miles, provided and only if such change, reduction or relocation is effected by the Company without your consent.

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For vesting to accelerate as a result of a voluntary resignation for Good Reason, all of the following requirements must be satisfied: (1) you must provide notice to the Company of your intent to assert Good Reason within 120 days of the initial existence of one or more of the conditions set forth in (i) through (iii) of the preceding paragraph; and (2) the Company will have 30 days from the date of such notice to remedy the condition and, if it does so, you may withdraw your resignation or may resign with no acceleration benefit. Should the Company remedy the condition as set forth above and then one or more of the conditions arises again within 12 months following the occurrence of a Change in Control, you may assert Good Reason again subject to all of the conditions set forth herein.

Separation means a "separation from service," as defined in the regulations under Section 409A of the Code.

**Forfeiture** If your Service terminates for any reason, then your Restricted Stock Units, and any Dividend Equivalents thereon, will be forfeited to the extent that they have not vested before the termination date and do not vest as a result of the termination (including as a result of a Qualifying Termination). This means that the Restricted Stock Units, and any Dividend Equivalents thereon, will immediately revert to the Company. You receive no payment for Restricted Stock Units, and any Dividend Equivalents thereon, that are forfeited. The Company determines when your Service terminates for this purpose.

**Leaves of Absence and Part-Time Work** For purposes of this Award, your Service does not terminate when you go on a military leave, a sick leave or another *bona fide* leave of absence, if the leave was approved by the Company in writing. But your Service terminates when the approved leave ends, unless you immediately return to active work.

If you go on a leave of absence that lasts or is expected to last seven days or longer, then vesting will be suspended during the leave to the extent provided for in the Company's leave policy. Upon your return to active work (as determined by the Company), vesting will resume; however, unless otherwise provided in the Company's leave policy, you will not receive credit for any vesting until you work an amount of time equal to the period of your leave.

If you and the Company agree to a reduction in your scheduled work hours, then the Company reserves the right to modify the rate at which the Restricted Stock Units, and any Dividend Equivalents thereon, vest, so that the rate of vesting is commensurate with your reduced work schedule. Any such adjustment shall be consistent with the Company's policies for part-time or reduced work schedules or shall be pursuant to the terms of an agreement between you and the Company pertaining to your reduced work schedule.

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	The Company shall not be required to adjust any vesting schedule pursuant to this provision.
<b>Settlement / Stock Certificates</b>	No shares of Common Stock shall be issued to you prior to the date on which the Restricted Stock Units vest. After any Restricted Stock Units vest pursuant to this Agreement, the Company shall promptly cause to be issued in book-entry form, registered in your name or in the name of your legal representatives or heirs, as the case may be, the number of shares of Common Stock representing your vested Restricted Stock Units. No fractional shares shall be issued.
<b>Section 409A</b>	This provision applies only if the Company determines that you are a “specified employee,” as defined in the regulations under Section 409A of the Code, at the time of your “separation from service,” as defined in those regulations. If this paragraph applies, then any Restricted Stock Units, and any Dividend Equivalents thereon, that otherwise would have been settled or paid during the first six months following your separation from service will instead be settled or paid on the first business day following the six-month anniversary of your separation from service, unless the settlement of those units is exempt from Section 409A of the Code.
<b>Stockholder Rights</b>	The Restricted Stock Units do not entitle you to any of the rights of a stockholder of the Company. Your rights, including rights to any Dividend Equivalents, shall remain forfeitable at all times prior to the date on which you vest in your Award. Upon settlement of the Restricted Stock Units into shares of Common Stock, you will obtain full voting and other rights as a stockholder of the Company.
<b>Units Restricted</b>	You may not sell, transfer, pledge or otherwise dispose of any Restricted Stock Units or rights under this Agreement other than by will or by the laws of descent and distribution.

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**Withholding Taxes**

Regardless of any action the Company and/or, if different, your employer (the “Employer”) take with respect to any or all income tax (including U.S. federal, state and local tax and/or non-U.S. tax), social insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and/or the Employer: (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the award of the Restricted Stock Units, the vesting of the Restricted Stock Units, the issuance of shares of Common Stock in settlement of the Restricted Stock Units, the subsequent sale of shares acquired at vesting and the receipt of any Dividend Equivalents and dividends; and (b) do not commit to structure the terms of this Award or any aspect of the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items. Prior to the relevant taxable event, you shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding obligations for Tax-Related Items of the Company and/or the Employer. With the Company’s consent, these arrangements may include (c) withholding from any cash Dividend Equivalents or shares of Company stock that otherwise would be issued to you when they vest, (d) surrendering shares that you previously acquired or (e) deducting the withholding taxes from any cash compensation payable to you. The fair market value of the shares you surrender, determined as of the date taxes otherwise would have been withheld in cash, will be applied as a credit against the withholding taxes.

The Company may refuse to deliver the shares of Common Stock to you if you fail to comply with your obligations in connection with the Tax-Related Items as described in this provision.

**Restrictions on Resale**

You agree not to sell any shares of Common Stock you receive under this Agreement at a time when applicable laws, regulations, Company trading policies (including the Company’s Insider Trading Policy, a copy of which can be found on the Company’s intranet) or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.

**No Retention Rights**

Except to the extent provided specifically in an agreement between you and the Company, neither this Award nor this Agreement gives you the right to be employed or retained by the Company or a subsidiary of the Company in any capacity; the Company and its subsidiaries reserve the right to terminate your Service at any time, with or without cause.



In accepting this Award, you acknowledge that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement; (b) the Award is voluntary and occasional and does not create any contractual or other right to receive future awards of Restricted Stock Units, and any Dividend Equivalents thereon, or benefits in lieu of Restricted Stock Units, and any Dividend Equivalents thereon, even if Restricted Stock Units have been granted repeatedly in the past; (c) all decisions with respect to future awards, if any, will be at the sole discretion of the Company; (d) your participation in the Plan is voluntary; (e) your participation in the Plan shall not create a right to further employment with your Employer and shall not interfere with the ability of your Employer to terminate your Service at any time with or without cause; (f) the Award is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or any subsidiary of the Company, and that is outside the scope of your employment or service contract, if any; (g) the Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any subsidiary of the Company; (h) in the event that you are not an employee of the Company, the Award and your participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company and, furthermore, the Award and your participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Employer or any other subsidiary of the Company; (i) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty; (j) in consideration of the Award, no claim or entitlement to compensation or damages shall arise from termination of the Award or from any diminution in value of the Award or shares of Common Stock acquired upon vesting of the Award resulting from termination of Service (for any reason whatsoever and whether or not in breach of local labor laws) and you irrevocably release the Company and any subsidiary of the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, you shall be deemed irrevocably to have waived your entitlement to pursue such claim; (k) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan or your acquisition or sale of the underlying shares of Common Stock; and (l) you are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

#### **Adjustments**

In the event of a stock split, a stock dividend or a similar change in Company stock, the number of Restricted Stock Units that will vest in any future installments will be adjusted accordingly, as provided for in the Plan.

**Insider Trading  
Restrictions /  
Market Abuse Laws**

You acknowledge that, depending on your country of residence, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell shares of Common Stock or rights to shares of Common Stock under the Plan during such times as you are considered to have “inside information” regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions and that you are advised to speak to your personal legal advisor on this matter.

**Severability**

The provisions of this Agreement are severable and if any one or more provisions are determined to be invalid or otherwise enforceable, in whole or in part, the remaining provisions shall continue in effect.

**Applicable Law**

This Agreement will be interpreted and enforced with respect to issues of contract law under the laws of the State of Delaware (except their choice of law provisions).

For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Mateo County, California, U.S.A. or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

**The Plan and Other  
Agreements**

The text of the Plan is incorporated in this Agreement by reference. A copy of the Plan is available on the Company’s intranet or by request to the Stock Services Department.

This Agreement and the Plan constitute the entire understanding between you and the Company regarding this Award. Any prior agreements, commitments or negotiations concerning this Award are superseded. This Agreement may be amended only by another written agreement between the parties.

**BY SIGNING THE NOTICE OF RESTRICTED STOCK UNIT AWARD, YOU AGREE TO  
ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.**



**EQUINIX, INC. 2000 EQUITY INCENTIVE PLAN**  
**NOTICE OF RESTRICTED STOCK UNIT AWARD**  
**FOR EXECUTIVE OFFICERS OTHER THAN THE CEO & CFO**

You have been granted the number of restricted stock units ("Restricted Stock Units") indicated below by Equinix, Inc. (the "Company") on the following terms:

Name:  
Employee Id #:

**Restricted Stock Unit Award Details:**

Date of Grant:  
Award Number:  
Minimum Restricted Stock Units (0%):  
Target Restricted Stock Units (\_\_\_%):  
Max Restricted Stock Units (100%):

Each Restricted Stock Unit represents the right to receive one share of the Common Stock of the Company, and any Dividend Equivalents thereon prior to settlement, subject to the terms and conditions contained in this Notice of Restricted Stock Unit Award for Executives and the Restricted Stock Unit Agreement (together, the "Agreement"). Capitalized terms not otherwise defined in this Agreement shall have the meaning set forth in the 2000 Equity Incentive Plan (the "Plan").

**Vesting Schedule:**

Vesting is dependent upon continuous active service as an employee, consultant or director of the Company or a subsidiary of the Company ("Service") throughout the vesting period. The Restricted Stock Units shall vest on the first Trading Day that coincides with or follows a determination that the Company achieves revenue and/or adjusted EBITDA goals for 2014 of greater than \$\_\_\_\_\_ million and \$\_\_\_\_\_ million, respectively, as set forth on the attached Exhibit A, and if achieved, then the Restricted Stock Units, and any Dividend Equivalents thereon, shall vest in a number of shares determined based on the degree of achievement of the revenue and adjusted EBITDA targets as set forth on the matrix attached as Exhibit A, and at the following times:

- with respect to 50% of those units on the first Trading Day that coincides with or follows the date upon which the Board, or a committee thereof, certifies that the Company has achieved revenue and/or adjusted EBITDA goals of greater than \$\_\_\_\_\_ million and \$\_\_\_\_\_ million, respectively, for 2014;
- with respect to 25% of those units on February 15, 2016; and
- with respect to the remaining 25% of those units on February 15, 2017.

The revenue and adjusted EBITDA goals set forth above will exclude the impact of fluctuations in foreign currencies against the foreign currency rates used in the Company's 2014 operating plan.

The Board, or a committee thereof, may adjust the revenue and adjusted EBITDA goals set forth above from time to time prior to the 2014 fiscal year end to take into account the financial impacts of discontinued operations, the cumulative effect of accounting changes, acquisitions or divestitures, sales of assets and/or IBX expansions not currently contemplated by the Company.

Any Restricted Stock Units, and Dividend Equivalents thereon, that fail to vest based on the Company's achievement of revenue and adjusted EBITDA goals based on the matrix set forth on Exhibit A hereto shall be forfeited to the Company immediately following the certification by the Board, or a committee thereof, of the Company's achievement of the revenue and adjusted EBITDA goals for 2014.

In the event of a Change in Control before the end of the 2014 fiscal year, vesting of these Restricted Stock Units, and any Dividend Equivalent thereon, shall no longer be dependent on achievement of the revenue and adjusted EBITDA goals described above. Instead, subject to your continued Service through the applicable vesting date, 50% of the Target Restricted Stock Units, and any Dividend Equivalent thereon, will vest on February 15, 2015, 25% of the Target Restricted Stock Units, and any Dividend Equivalent thereon, will vest on February 15, 2016 and the remaining 25% of the Target Restricted Stock Units, and any Dividend Equivalent thereon, will vest on February 15, 2017. The remaining Restricted Stock Units, and any Dividend Equivalents thereon, shall be forfeited to the Company (and such forfeited Restricted Stock Units, and any Dividend Equivalents thereon, will not accelerate in the event this Award is not assumed or substituted with a new award).

By your signature and the signature of the Company's representative below, you and the Company agree that the Restricted Stock Units, and any Dividend Equivalents thereon, are granted under and governed by the terms and conditions of the Plan and the Agreement that is attached to and made a part of this document.

You further agree that the Company may deliver by email all documents relating to the Plan or this Award (including, without limitation, prospectuses required by the U.S. Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a web site maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a web site, it will notify you by email.

By your signature below, you agree to cover all Tax-Related Items as defined in the Agreement.

**RECIPIENT:**

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EQUINIX, INC.**

By: /s/ Stephen M. Smith \_\_\_\_\_

Title: CEO & President

**EQUINIX, INC. 2000 EQUITY INCENTIVE PLAN  
RESTRICTED STOCK UNIT AGREEMENT**

**Payment for Shares**

No payment is required for the Restricted Stock Units, and any Dividend Equivalents thereon, you receive.

**Vesting**

The Restricted Stock Units, and any Dividend Equivalents thereon, that you are receiving will vest in accordance with the Vesting Schedule stated in the Notice of Restricted Stock Unit Award for Executives; provided, however, that if your Service terminates due to your death then, if and to the extent Restricted Stock Units, and any Dividend Equivalent thereon, have been earned based on the actual performance results as certified by the Board, or a committee thereof, based on the matrix set forth on Exhibit A hereto, the portion of the Restricted Stock Units, and any Dividend Equivalents thereon, that would have become vested on the next scheduled vesting date will become vested and the underlying shares (and cash equal to the Dividend Equivalents thereon) will be released to your estate not more than 3 1/2 months following such termination of Service but in any event not later than March 15 of the calendar year following your death.

No additional Restricted Stock Units, or any Dividend Equivalents thereon, vest after your Service has terminated for any reason. It is intended that vesting in the Restricted Stock Units, and any Dividend Equivalents thereon, is commensurate with a full-time work schedule. For possible adjustments that may be made by the Company, see the provision below entitled "Leaves of Absence and Part-Time Work."

**Dividend Equivalents**

You will be credited with Dividend Equivalents equal to the dividends you would have received if you had been the record owner of the Common Stock underlying the Restricted Stock Units on each dividend record date on or after the Date of Grant and through the date you receive a settlement pursuant to the provision below entitled "Settlement of Units" (the "Dividend Equivalent"). Dividend Equivalents shall be subject to the same terms and conditions as the Restricted Stock Units originally awarded pursuant to this Agreement, and they shall vest (or, if applicable, be forfeited) as if they had been granted at the same time as the original Restricted Stock Unit award. If a dividend on the Common Stock is payable wholly or partially in Common Stock, the Dividend Equivalent representing that portion shall be in the form of additional Restricted Stock Units, credited on a one-for-one basis. If a dividend on our Common Stock is payable wholly or partially in cash, the Dividend Equivalent representing that portion shall be in the form of cash, which will be paid to you, without interest, as described below in the provision "Settlement of Units;" provided, however, that the Committee may, in its discretion, provide that the cash portion of any extraordinary distribution on the Common Stock shall be in the form of additional Restricted Stock Units. If a dividend on our Common Stock is payable wholly or partially in other than cash or Common Stock, the Committee may, in its discretion, provide for such Dividend Equivalents with respect to that portion as it deems appropriate under the circumstances.

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**Settlement of Units**

Each Restricted Stock Unit, and any Dividend Equivalents thereon, will be settled on the first Trading Day that occurs on or after the day when the Restricted Stock Unit vests. However, each Restricted Stock Unit, and any Dividend Equivalents thereon, must be settled not later than the March 15 of the calendar year after the calendar year in which the Restricted Stock Unit vests.

At the time of settlement, you will receive one share of the Company's Common Stock for each vested Restricted Stock Unit (no fractional shares will be issued) and an amount of cash, without additional earnings and rounded to the nearest whole cent, equal to the cash portion of the accumulated Dividend Equivalents applicable to the vested Restricted Stock Units, less any Tax-Related Items withholding. Any cash may be distributed to you directly or may be used to offset the amount of any Tax-Related Items pursuant to the vesting/settlement of the Restricted Stock Units and any Dividend Equivalents thereon.

**Trading Day**

"Trading Day" means a day that satisfies each of the following requirements:

- The Nasdaq Global Market is open for trading on that day;
- You are permitted to sell shares of Common Stock on that day without incurring liability under Section 16(b) of the Securities Exchange Act;
- Either (a) you are not in possession of material non-public information that would make it illegal for you to sell shares of the Company's Common Stock on that day under Rule 10b-5 of the U.S. Securities and Exchange Commission or (b) you have a trading plan that complies with the requirements of Rule 10b5-1(c)(1) of the Securities Exchange Act that covers the shares underlying the vesting Restricted Stock Units;
- Under the Company's Insider Trading Policy, you are permitted to sell shares of Common Stock on that day, and
- You are not prohibited from selling shares of Common Stock on that day by a written agreement between you and the Company or a third party.

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**Change in Control**

Except to the extent set forth in the Notice of Restricted Stock Unit Award, in the event of any Change in Control, vesting of these Restricted Stock Units, and any Dividend Equivalents thereon, will automatically accelerate in full as described in Article X of the Plan. However, vesting of these Restricted Stock Units, and any Dividend Equivalents thereon, will not automatically accelerate if and to the extent these Restricted Stock Units are, in connection with the Change in Control, either to be assumed by the successor corporation (or its parent) or to be replaced with a comparable award for shares of the capital stock of the successor corporation (or its parent). The determination of award comparability will be made by the Committee, and its determination will be final, binding and conclusive.

In addition, you will vest as to 50% of the unvested Restricted Stock Units, and any Dividend Equivalents thereon, if the Company is subject to a Change in Control before your Service terminates, and you are subject to a Qualifying Termination (as defined below) within 12 months after the Change in Control.

Notwithstanding the foregoing, any action taken in connection with a Change in Control must either (a) preserve the exemption of the Restricted Stock Units, and any Dividend Equivalents thereon, from Section 409A of the Code or (b) comply with Section 409A of the Code.

**Qualifying Termination**

A Qualifying Termination means a Separation (as defined below) resulting from: (a) involuntary discharge for any reason other than Cause (as defined below) within 12 months after a Change in Control; or (b) your voluntary resignation for Good Reason (as defined below), between the date that is four months following a Change in Control and the date that is 12 months following a Change in Control; provided, however, that the grounds for Good Reason may arise at any time within the 12 months following the Change in Control.

Cause means your unauthorized use or disclosure of trade secrets that causes material harm to the Company, your conviction of, or a plea of “guilty” or “no contest” to, a felony or your gross misconduct.



Good Reason means: (i) a material diminution in your authority, duties or responsibilities, provided, however, if by virtue of the Company being acquired and made a division or business unit of a larger entity following a Change in Control, you retain substantially similar authority, duties or responsibilities for such division or business unit of the acquiring corporation but not for the entire acquiring corporation, such reduction in authority, duties or responsibilities shall not constitute Good Reason for purposes of this subclause (i); (ii) a 10% or greater reduction in your level of compensation, which will be determined based on an average of your annual Total Direct Compensation for the prior three calendar years or, if less, the number of years you have been employed by the Company (referred to below as the “look-back years”); or (iii) a relocation of your place of employment by more than 30 miles, provided and only if such change, reduction or relocation is effected by the Company without your consent. For purposes of the foregoing, Total Direct Compensation means total target cash compensation (annual base salary plus target annual cash incentives) plus the grant value of equity awards, determined at the time of grant, based on the total stock compensation (FAS 123R) expense associated with that award; provided, however, that if you commenced employment with the Company during the look-back years, only one-third of the grant value of the equity grant attributable to commencement of employment shall be counted.

For vesting to accelerate as a result of a voluntary resignation for Good Reason, all of the following requirements must be satisfied: (1) you must provide notice to the Company of your intent to assert Good Reason within 120 days of the initial existence of one or more of the conditions set forth in (i) through (iii) of the preceding paragraph; and (2) the Company will have 30 days from the date of such notice to remedy the condition and, if it does so, you may withdraw your resignation or may resign with no acceleration benefit. Should the Company remedy the condition as set forth above and then one or more of the conditions arises again within 12 months following the occurrence of a Change in Control, you may assert Good Reason again subject to all of the conditions set forth herein.

Separation means a “separation from service,” as defined in the regulations under Section 409A of the Code.

**Forfeiture**

If your Service terminates for any reason, then your Restricted Stock Units, and any Dividend Equivalents thereon, will be forfeited to the extent that they have not vested before the termination date and do not vest as a result of the termination (including as a result of a Qualifying Termination). This means that the Restricted Stock Units, and any Dividend Equivalents thereon, will immediately revert to the Company. You receive no payment for Restricted Stock Units, and any Dividend Equivalents thereon, that are forfeited. The Company determines when your Service terminates for this purpose.

**Leaves of Absence and Part-Time Work**

For purposes of this Award, your Service does not terminate when you go on a military leave, a sick leave or another *bona fide* leave of absence, if the leave was approved by the Company in writing. But your Service terminates when the approved leave ends, unless you immediately return to active work.

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If you go on a leave of absence that lasts or is expected to last seven days or longer, then vesting will be suspended during the leave to the extent provided for in the Company's leave policy. Upon your return to active work (as determined by the Company), vesting will resume; however, unless otherwise provided in the Company's leave policy, you will not receive credit for any vesting until you work an amount of time equal to the period of your leave.

If you and the Company agree to a reduction in your scheduled work hours, then the Company reserves the right to modify the rate at which the Restricted Stock Units, and any Dividend Equivalents thereon, vest, so that the rate of vesting is commensurate with your reduced work schedule. Any such adjustment shall be consistent with the Company's policies for part-time or reduced work schedules or shall be pursuant to the terms of an agreement between you and the Company pertaining to your reduced work schedule.

The Company shall not be required to adjust any vesting schedule pursuant to this provision.

**Settlement / Stock  
Certificates**

No shares of Common Stock shall be issued to you prior to the date on which the Restricted Stock Units vest. After any Restricted Stock Units vest pursuant to this Agreement, the Company shall promptly cause to be issued in book-entry form, registered in your name or in the name of your legal representatives or heirs, as the case may be, the number of shares of Common Stock representing your vested Restricted Stock Units. No fractional shares shall be issued.

**Section 409A**

This provision applies only if the Company determines that you are a "specified employee," as defined in the regulations under Section 409A of the Code, at the time of your "separation from service," as defined in those regulations. If this paragraph applies, then any Restricted Stock Units, and any Dividend Equivalents thereon, that otherwise would have been settled or paid during the first six months following your separation from service will instead be settled or paid on the first business day following the six-month anniversary of your separation from service, unless the settlement of those units is exempt from Section 409A of the Code.

**Stockholder Rights**

The Restricted Stock Units do not entitle you to any of the rights of a stockholder of the Company. Your rights, including rights to any Dividend Equivalents, shall remain forfeitable at all times prior to the date on which you vest in your Award. Upon settlement of the Restricted Stock Units into shares of Common Stock, you will obtain full voting and other rights as a stockholder of the Company.

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**Units Restricted**

You may not sell, transfer, pledge or otherwise dispose of any Restricted Stock Units or rights under this Agreement other than by will or by the laws of descent and distribution.

**Withholding Taxes**

Regardless of any action the Company and/or, if different, your employer (the "Employer") take with respect to any or all income tax (including U.S. federal, state and local tax and/or non-U.S. tax), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and/or the Employer: (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the award of the Restricted Stock Units, the vesting of the Restricted Stock Units, the issuance of shares of Common Stock in settlement of the Restricted Stock Units, the subsequent sale of shares acquired at vesting and the receipt of any Dividend Equivalents and dividends; and (b) do not commit to structure the terms of this Award or any aspect of the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items. Prior to the relevant taxable event, you shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding obligations for Tax-Related Items of the Company and/or the Employer. With the Company's consent, these arrangements may include (c) withholding from any cash Dividend Equivalents or shares of Company stock that otherwise would be issued to you when they vest, (d) surrendering shares that you previously acquired or (e) deducting the withholding taxes from any cash compensation payable to you. The fair market value of the shares you surrender, determined as of the date taxes otherwise would have been withheld in cash, will be applied as a credit against the withholding taxes.

The Company may refuse to deliver the shares of Common Stock to you if you fail to comply with your obligations in connection with the Tax-Related Items as described in this provision.

**Restrictions on Resale**

You agree not to sell any shares of Common Stock you receive under this Agreement at a time when applicable laws, regulations, Company trading policies (including the Company's Insider Trading Policy, a copy of which can be found on the Company's intranet) or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.

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**No Retention Rights**

Except to the extent provided specifically in an agreement between you and the Company, neither this Award nor this Agreement gives you the right to be employed or retained by the Company or a subsidiary of the Company in any capacity; the Company and its subsidiaries reserve the right to terminate your Service at any time, with or without cause.

In accepting this Award, you acknowledge that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement; (b) the Award is voluntary and occasional and does not create any contractual or other right to receive future awards of Restricted Stock Units, and any Dividend Equivalents thereon, or benefits in lieu of Restricted Stock Units, and any Dividend Equivalents thereon, even if Restricted Stock Units have been granted repeatedly in the past; (c) all decisions with respect to future awards, if any, will be at the sole discretion of the Company; (d) your participation in the Plan is voluntary; (e) your participation in the Plan shall not create a right to further employment with your Employer and shall not interfere with the ability of your Employer to terminate your Service at any time with or without cause; (f) the Award is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or any subsidiary of the Company, and that is outside the scope of your employment or service contract, if any; (g) the Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any subsidiary of the Company; (h) in the event that you are not an employee of the Company, the Award and your participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company and, furthermore, the Award and your participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Employer or any other subsidiary of the Company; (i) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty; (j) in consideration of the Award, no claim or entitlement to compensation or damages shall arise from termination of the Award or from any diminution in value of the Award or shares of Common Stock acquired upon vesting of the Award resulting from termination of Service (for any reason whatsoever and whether or not in breach of local labor laws) and you irrevocably release the Company and any subsidiary of the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, you shall be deemed irrevocably to have waived your entitlement to pursue such claim; (k) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan or your acquisition or sale of the underlying shares of Common Stock; and (l) you are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

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<b>Adjustments</b>	In the event of a stock split, a stock dividend or a similar change in Company stock, the number of Restricted Stock Units that will vest in any future installments will be adjusted accordingly, as provided for in the Plan.
<b>Insider Trading Restrictions / Market Abuse Laws</b>	You acknowledge that, depending on your country of residence, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell shares of Common Stock or rights to shares of Common Stock under the Plan during such times as you are considered to have “inside information” regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions and that you are advised to speak to your personal legal advisor on this matter.
<b>Severability</b>	The provisions of this Agreement are severable and if any one or more provisions are determined to be invalid or otherwise enforceable, in whole or in part, the remaining provisions shall continue in effect.
<b>Applicable Law</b>	<p>This Agreement will be interpreted and enforced with respect to issues of contract law under the laws of the State of Delaware (except their choice of law provisions).</p> <p>For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Mateo County, California, U.S.A. or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.</p>

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**The Plan and Other  
Agreements**

The text of the Plan is incorporated in this Agreement by reference. A copy of the Plan is available on the Company's intranet or by request to the Stock Services Department.

This Agreement and the Plan constitute the entire understanding between you and the Company regarding this Award. Any prior agreements, commitments or negotiations concerning this Award are superseded. This Agreement may be amended only by another written agreement between the parties.

**BY SIGNING THE NOTICE OF RESTRICTED STOCK UNIT AWARD, YOU AGREE TO  
ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.**



**EQUINIX, INC. 2000 EQUITY INCENTIVE PLAN**  
**NOTICE OF RESTRICTED STOCK UNIT AWARD**  
**FOR CEO & CFO**

You have been granted the number of restricted stock units ("Restricted Stock Units") indicated below by Equinix, Inc. (the "Company") on the following terms:

Name:  
Employee Id #:

**Restricted Stock Unit Award Details:**

Date of Grant:  
Award Number:  
Minimum Restricted Stock Units (0%):  
Target Restricted Stock Units (100%):  
Max Restricted Stock Units (200%):  
Performance Period: **January 1, 2014 through December 31, 2015**

Each Restricted Stock Unit represents the right to receive one share of the Common Stock of the Company, and any Dividend Equivalents thereon prior to settlement, subject to the terms and conditions contained in this Notice of Restricted Stock Unit Award for Executives and the Restricted Stock Unit Agreement (together, the "Agreement"). Capitalized terms not otherwise defined in this Agreement shall have the meaning set forth in the 2000 Equity Incentive Plan (the "Plan").

**Vesting Schedule:**

Vesting is dependent upon continuous active service as an employee, consultant or director of the Company or a subsidiary of the Company ("Service") throughout the vesting period.

The Restricted Stock Units, and any Dividend Equivalents thereon, shall vest in a number of shares determined based on the total shareholder return ("TSR") of the Company's Common Stock ("EQIX") against the IWB Russell 1000 Index Fund (the "Index"), calculated using the 30-day trading averages for both EQIX and the Index prior to the start (January 1, 2014) and end (December 31, 2015) of the Performance Period, and including the reinvestment of regular dividends paid by the Company and by the Index after January 1, 2015; provided both the Company and the Index are paying regular dividends. EQIX performance above and below that of the Index results in the scaling set forth on Exhibit A hereto. The number of Restricted Stock Units, and any Dividend Equivalents thereon, vesting under the award may range from 0% to 200% of the Target Restricted Stock Units as further illustrated on the attached Exhibit A.

Vesting shall occur on the first Trading Day that coincides with or follows the date upon which the Board, or a committee thereof, certifies the TSR over the Performance Period. Any Restricted Stock Units, and Dividend Equivalents thereon, that fail to vest based on the Company's TSR achievement shall be forfeited to the Company.

In the event of a Change in Control before the end of the 2015 fiscal year, the Performance Period shall be deemed terminated as of the effective date of the Change in Control (the "Shortened Performance Period"), such that TSR shall be calculated against the Index using the 30-day trading averages for both EQIX and the Index at the start and end of the Shortened Performance Period, including reinvested dividends to the extent the Shortened Performance Period extends beyond January 1, 2015 (provided both the Company and the Index are paying regular dividends), to determine the number of the Restricted Stock Units, and any Dividend Equivalents thereon, that are deemed earned in an amount ranging from 0% to 200% as further illustrated on the attached Exhibit A, but that will remain unvested until December 31, 2015, except as otherwise provided in the Plan and the Agreement. The remaining unearned Restricted Stock Units, and Dividend Equivalents thereon, shall be forfeited to the Company upon such Change in Control (and such forfeited Restricted Stock Units, and any Dividend Equivalents thereon, will not accelerate in the event this Award is not assumed or substituted with a new award).



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By your signature and the signature of the Company's representative below, you and the Company agree that the Restricted Stock Units, and any Dividend Equivalents thereon, are granted under and governed by the terms and conditions of the Plan and the Agreement that is attached to and made a part of this document.

You further agree that the Company may deliver by email all documents relating to the Plan or this Award (including, without limitation, prospectuses required by the U.S. Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a web site maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a web site, it will notify you by email.

By your signature below, you agree to cover all Tax-Related Items as defined in the Agreement.

**RECIPIENT:**

**EQUINIX, INC.**

Signature: \_\_\_\_\_

By: /s/ Stephen M. Smith

Print Name: \_\_\_\_\_

Title: CEO & President

Date: \_\_\_\_\_

**EQUINIX, INC. 2000 EQUITY INCENTIVE PLAN  
RESTRICTED STOCK UNIT AGREEMENT**

**Payment for Shares**

No payment is required for the Restricted Stock Units, and any Dividend Equivalents thereon, you receive.

**Vesting**

The Restricted Stock Units, and any Dividend Equivalents thereon, that you are receiving will vest in accordance with the Vesting Schedule stated in the Notice of Restricted Stock Unit Award for Executives.

No additional Restricted Stock Units, or any Dividend Equivalents thereon, vest after your Service has terminated for any reason. It is intended that vesting in the Restricted Stock Units, and any Dividend Equivalents thereon, is commensurate with a full-time work schedule. For possible adjustments that may be made by the Company, see the provision below entitled "Leaves of Absence and Part-Time Work."

**Dividend Equivalents**

You will be credited with Dividend Equivalents equal to the dividends you would have received if you had been the record owner of the Common Stock underlying the Restricted Stock Units on each dividend record date on or after the Date of Grant and through the date you receive a settlement pursuant to the provision below entitled "Settlement of Units" (the "Dividend Equivalent"). Dividend Equivalents shall be subject to the same terms and conditions as the Restricted Stock Units originally awarded pursuant to this Agreement, and they shall vest (or, if applicable, be forfeited) as if they had been granted at the same time as the original Restricted Stock Unit award. If a dividend on the Common Stock is payable wholly or partially in Common Stock, the Dividend Equivalent representing that portion shall be in the form of additional Restricted Stock Units, credited on a one-for-one basis. If a dividend on our Common Stock is payable wholly or partially in cash, the Dividend Equivalent representing that portion shall be in the form of cash, which will be paid to you, without interest, as described below in the provision "Settlement of Units;" provided, however, that the Committee may, in its discretion, provide that the cash portion of any extraordinary distribution on the Common Stock shall be in the form of additional Restricted Stock Units. If a dividend on our Common Stock is payable wholly or partially in other than cash or Common Stock, the Committee may, in its discretion, provide for such Dividend Equivalents with respect to that portion as it deems appropriate under the circumstances.

**Settlement of Units**

Each Restricted Stock Unit, and any Dividend Equivalents thereon, will be settled on the first Trading Day that occurs on or after the day when the Restricted Stock Unit vests. However, each Restricted Stock Unit, and any Dividend Equivalents thereon, must be settled not later than the March 15 of the calendar year after the calendar year in which the Restricted Stock Unit vests.

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At the time of settlement, you will receive one share of the Company's Common Stock for each vested Restricted Stock Unit (no fractional shares will be issued) and an amount of cash, without additional earnings and rounded to the nearest whole cent, equal to the cash portion of the accumulated Dividend Equivalents applicable to the vested Restricted Stock Units, less any Tax-Related Items withholding. Any cash may be distributed to you directly or may be used to offset the amount of any Tax-Related Items pursuant to the vesting/settlement of the Restricted Stock Units and any Dividend Equivalents thereon.

**Trading Day**

"Trading Day" means a day that satisfies each of the following requirements:

- The Nasdaq Global Market is open for trading on that day;
- You are permitted to sell shares of Common Stock on that day without incurring liability under Section 16(b) of the Securities Exchange Act;
- Either (a) you are not in possession of material non-public information that would make it illegal for you to sell shares of the Company's Common Stock on that day under Rule 10b-5 of the U.S. Securities and Exchange Commission or (b) you have a trading plan that complies with the requirements of Rule 10b5-1(c)(1) of the Securities Exchange Act that covers the shares underlying the vesting Restricted Stock Units;
- Under the Company's Insider Trading Policy, you are permitted to sell shares of Common Stock on that day, and
- You are not prohibited from selling shares of Common Stock on that day by a written agreement between you and the Company or a third party.

**Change in Control**

Except to the extent set forth in the Notice of Restricted Stock Unit Award, in the event of any Change in Control, vesting of these Restricted Stock Units, and any Dividend Equivalents thereon, will automatically accelerate in full as described in Article X of the Plan. However, vesting of these Restricted Stock Units, and any Dividend Equivalents thereon, will not automatically accelerate if and to the extent these Restricted Stock Units are, in connection with the Change in Control, either to be assumed by the successor corporation (or its parent) or to be replaced with a comparable award for shares of the capital stock of the successor corporation (or its parent). The determination of award comparability will be made by the Committee, and its determination will be final, binding and conclusive.

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In addition, you will vest as to 50% of the unvested Restricted Stock Units, and any Dividend Equivalents thereon, if the Company is subject to a Change in Control before your Service terminates, and you are subject to a Qualifying Termination (as defined below) within 12 months after the Change in Control.

Notwithstanding the foregoing, any action taken in connection with a Change in Control must either (a) preserve the exemption of the Restricted Stock Units, and any Dividend Equivalents thereon, from Section 409A of the Code or (b) comply with Section 409A of the Code.

#### **Qualifying Termination**

A Qualifying Termination means a Separation (as defined below) resulting from: (a) involuntary discharge for any reason other than Cause (as defined below) within 12 months after a Change in Control; or (b) your voluntary resignation for Good Reason (as defined below), between the date that is four months following a Change in Control and the date that is 12 months following a Change in Control; provided, however, that the grounds for Good Reason may arise at any time within the 12 months following the Change in Control.

Cause means your unauthorized use or disclosure of trade secrets that causes material harm to the Company, your conviction of, or a plea of “guilty” or “no contest” to, a felony or your gross misconduct.

Good Reason means: (i) a material diminution in your authority, duties or responsibilities; (ii) a material reduction in your level of compensation (including base salary and target bonus) other than pursuant to a Company-wide reduction of compensation where the reduction affects the other executive officers and your reduction is substantially equal, on a percentage basis, to the reduction of the other executive officers; or (iii) a relocation of your place of employment by more than 30 miles, provided and only if such change, reduction or relocation is effected by the Company without your consent.

For vesting to accelerate as a result of a voluntary resignation for Good Reason, all of the following requirements must be satisfied: (1) you must provide notice to the Company of your intent to assert Good Reason within 120 days of the initial existence of one or more of the conditions set forth in (i) through (iii) of the preceding paragraph; and (2) the Company will have 30 days from the date of such notice to remedy the condition and, if it does so, you may withdraw your resignation or may resign with no acceleration benefit. Should the Company remedy the condition as set forth above and then one or more of the conditions arises again within 12 months following the occurrence of a Change in Control, you may assert Good Reason again subject to all of the conditions set forth herein.

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Separation means a “separation from service,” as defined in the regulations under Section 409A of the Code.

**Forfeiture** If your Service terminates for any reason, then your Restricted Stock Units, and any Dividend Equivalents thereon, will be forfeited to the extent that they have not vested before the termination date and do not vest as a result of the termination (including as a result of a Qualifying Termination). This means that the Restricted Stock Units, and any Dividend Equivalents thereon, will immediately revert to the Company. You receive no payment for Restricted Stock Units, and any Dividend Equivalents thereon, that are forfeited. The Company determines when your Service terminates for this purpose.

**Leaves of Absence and Part-Time Work** For purposes of this Award, your Service does not terminate when you go on a military leave, a sick leave or another *bona fide* leave of absence, if the leave was approved by the Company in writing. But your Service terminates when the approved leave ends, unless you immediately return to active work.

If you go on a leave of absence that lasts or is expected to last seven days or longer, then vesting will be suspended during the leave to the extent provided for in the Company’s leave policy. Upon your return to active work (as determined by the Company), vesting will resume; however, unless otherwise provided in the Company’s leave policy, you will not receive credit for any vesting until you work an amount of time equal to the period of your leave.

If you and the Company agree to a reduction in your scheduled work hours, then the Company reserves the right to modify the rate at which the Restricted Stock Units, and any Dividend Equivalents thereon, vest, so that the rate of vesting is commensurate with your reduced work schedule. Any such adjustment shall be consistent with the Company’s policies for part-time or reduced work schedules or shall be pursuant to the terms of an agreement between you and the Company pertaining to your reduced work schedule.

The Company shall not be required to adjust any vesting schedule pursuant to this provision.

**Settlement / Stock Certificates** No shares of Common Stock shall be issued to you prior to the date on which the Restricted Stock Units vest. After any Restricted Stock Units vest pursuant to this Agreement, the Company shall promptly cause to be issued in book-entry form, registered in your name or in the name of your legal representatives or heirs, as the case may be, the number of shares of Common Stock representing your vested Restricted Stock Units. No fractional shares shall be issued.

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<b>Section 409A</b>	This provision applies only if the Company determines that you are a “specified employee,” as defined in the regulations under Section 409A of the Code, at the time of your “separation from service,” as defined in those regulations. If this paragraph applies, then any Restricted Stock Units, and any Dividend Equivalents thereon, that otherwise would have been settled or paid during the first six months following your separation from service will instead be settled or paid on the first business day following the six-month anniversary of your separation from service, unless the settlement of those units is exempt from Section 409A of the Code.
<b>Stockholder Rights</b>	The Restricted Stock Units do not entitle you to any of the rights of a stockholder of the Company. Your rights, including rights to any Dividend Equivalents, shall remain forfeitable at all times prior to the date on which you vest in your Award. Upon settlement of the Restricted Stock Units into shares of Common Stock, you will obtain full voting and other rights as a stockholder of the Company.
<b>Units Restricted</b>	You may not sell, transfer, pledge or otherwise dispose of any Restricted Stock Units or rights under this Agreement other than by will or by the laws of descent and distribution.
<b>Withholding Taxes</b>	Regardless of any action the Company and/or, if different, your employer (the “Employer”) take with respect to any or all income tax (including U.S. federal, state and local tax and/or non-U.S. tax), social insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and/or the Employer: (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the award of the Restricted Stock Units, the vesting of the Restricted Stock Units, the issuance of shares of Common Stock in settlement of the Restricted Stock Units, the subsequent sale of shares acquired at vesting and the receipt of any Dividend Equivalents and dividends; and (b) do not commit to structure the terms of this Award or any aspect of the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items. Prior to the relevant taxable event, you shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding obligations for Tax-Related Items of the Company and/or the Employer. With the Company’s consent, these arrangements may include (c) withholding from any cash Dividend Equivalents or shares of Company stock that otherwise would be issued to you when they vest, (d) surrendering shares that you previously acquired or (e) deducting the withholding taxes from any cash compensation payable to you. The fair market value of the shares you surrender, determined as of the date taxes otherwise would have been withheld in cash, will be applied as a credit against the withholding taxes.

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The Company may refuse to deliver the shares of Common Stock to you if you fail to comply with your obligations in connection with the Tax-Related Items as described in this provision.

**Restrictions on Resale**

You agree not to sell any shares of Common Stock you receive under this Agreement at a time when applicable laws, regulations, Company trading policies (including the Company's Insider Trading Policy, a copy of which can be found on the Company's intranet) or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.

**No Retention Rights**

Except to the extent provided specifically in an agreement between you and the Company, neither this Award nor this Agreement gives you the right to be employed or retained by the Company or a subsidiary of the Company in any capacity; the Company and its subsidiaries reserve the right to terminate your Service at any time, with or without cause.

In accepting this Award, you acknowledge that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement; (b) the Award is voluntary and occasional and does not create any contractual or other right to receive future awards of Restricted Stock Units, and any Dividend Equivalents thereon, or benefits in lieu of Restricted Stock Units, and any Dividend Equivalents thereon, even if Restricted Stock Units have been granted repeatedly in the past; (c) all decisions with respect to future awards, if any, will be at the sole discretion of the Company; (d) your participation in the Plan is voluntary; (e) your participation in the Plan shall not create a right to further employment with your Employer and shall not interfere with the ability of your Employer to terminate your Service at any time with or without cause; (f) the Award is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or any subsidiary of the Company, and that is outside the scope of your employment or service contract, if any; (g) the Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any subsidiary of the Company; (h) in the event that you are not an employee of the Company, the Award and your participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company and, furthermore, the Award and your participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Employer or any other subsidiary of the Company; (i) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty; (j) in consideration of the Award, no claim or entitlement to compensation or damages shall arise from termination of the Award or from any diminution in value of the Award or shares of Common Stock acquired upon vesting of the Award resulting from termination of Service (for any reason whatsoever and whether or not in breach of local labor laws) and you irrevocably release the Company and any subsidiary of the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, you shall be deemed irrevocably to have waived your entitlement to pursue such claim; (k) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan or your acquisition or sale of the underlying shares of Common Stock; and (l) you are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

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<b>Adjustments</b>	In the event of a stock split, a stock dividend or a similar change in Company stock, the number of Restricted Stock Units that will vest in any future installments will be adjusted accordingly, as provided for in the Plan.
<b>Insider Trading Restrictions / Market Abuse Laws</b>	You acknowledge that, depending on your country of residence, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell shares of Common Stock or rights to shares of Common Stock under the Plan during such times as you are considered to have “inside information” regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions and that you are advised to speak to your personal legal advisor on this matter.
<b>Severability</b>	The provisions of this Agreement are severable and if any one or more provisions are determined to be invalid or otherwise enforceable, in whole or in part, the remaining provisions shall continue in effect.
<b>Applicable Law</b>	This Agreement will be interpreted and enforced with respect to issues of contract law under the laws of the State of Delaware (except their choice of law provisions).



**The Plan and Other  
Agreements**

For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Mateo County, California, U.S.A. or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

The text of the Plan is incorporated in this Agreement by reference. A copy of the Plan is available on the Company's intranet or by request to the Stock Services Department.

This Agreement and the Plan constitute the entire understanding between you and the Company regarding this Award. Any prior agreements, commitments or negotiations concerning this Award are superseded. This Agreement may be amended only by another written agreement between the parties.

**BY SIGNING THE NOTICE OF RESTRICTED STOCK UNIT AWARD, YOU AGREE TO  
ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.**



**EQUINIX, INC. 2000 EQUITY INCENTIVE PLAN**  
**NOTICE OF RESTRICTED STOCK UNIT AWARD**  
**FOR EXECUTIVE OFFICERS OTHER THAN THE CEO & CFO**

You have been granted the number of restricted stock units (“Restricted Stock Units”) indicated below by Equinix, Inc. (the “Company”) on the following terms:

Name:  
Employee Id #:

**Restricted Stock Unit Award Details:**

Date of Grant:  
Award Number:  
Minimum Restricted Stock Units (0%):  
Target Restricted Stock Units (100%):  
Max Restricted Stock Units (200%):  
Performance Period: **January 1, 2014 through December 31, 2015**

Each Restricted Stock Unit represents the right to receive one share of the Common Stock of the Company, and any Dividend Equivalents thereon prior to settlement, subject to the terms and conditions contained in this Notice of Restricted Stock Unit Award for Executives and the Restricted Stock Unit Agreement (together, the “Agreement”). Capitalized terms not otherwise defined in this Agreement shall have the meaning set forth in the 2000 Equity Incentive Plan (the “Plan”).

**Vesting Schedule:**

Vesting is dependent upon continuous active service as an employee, consultant or director of the Company or a subsidiary of the Company (“Service”) throughout the vesting period.

The Restricted Stock Units, and any Dividend Equivalents thereon, shall vest in a number of shares determined based on the total shareholder return (“TSR”) of the Company’s Common Stock (“EQIX”) against the IWB Russell 1000 Index Fund (the “Index”), calculated using the 30-day trading averages for both EQIX and the Index prior to the start (January 1, 2014) and end (December 31, 2015) of the Performance Period, and including the reinvestment of regular dividends paid by the Company and by the Index after January 1, 2015; provided both the Company and the Index are paying regular dividends. EQIX performance above and below that of the Index results in the scaling set forth on Exhibit A hereto. The number of Restricted Stock Units, and any Dividend Equivalents thereon, vesting under the award may range from 0% to 200% of the Target Restricted Stock Units as further illustrated on the attached Exhibit A.

Vesting shall occur on the first Trading Day that coincides with or follows the date upon which the Board, or a committee thereof, certifies the TSR over the Performance Period. Any Restricted Stock Units, and Dividend Equivalents thereon, that fail to vest based on the Company’s TSR achievement shall be forfeited to the Company.

In the event of a Change in Control before the end of the 2015 fiscal year, the Performance Period shall be deemed terminated as of the effective date of the Change in Control (the “Shortened Performance Period”), such that TSR shall be calculated against the Index using the 30-day trading averages for both EQIX and the Index at the start and end of the Shortened Performance Period, including reinvested dividends to the extent the Shortened Performance Period extends beyond January 1, 2015 (provided both the Company and the Index are paying regular dividends), to determine the number of the Restricted Stock Units, and any Dividend Equivalents thereon, that are deemed earned in an amount ranging from 0% to 200% as further illustrated on the attached Exhibit A, but that will remain unvested until December 31, 2015, except as otherwise provided in the Plan and the Agreement. The remaining unearned Restricted Stock Units, and Dividend Equivalents thereon, shall be forfeited to the Company upon such Change in Control (and such forfeited Restricted Stock Units, and any Dividend Equivalents thereon, will not accelerate in the event this Award is not assumed or substituted with a new award).

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By your signature and the signature of the Company's representative below, you and the Company agree that the Restricted Stock Units, and any Dividend Equivalents thereon, are granted under and governed by the terms and conditions of the Plan and the Agreement that is attached to and made a part of this document.

You further agree that the Company may deliver by email all documents relating to the Plan or this Award (including, without limitation, prospectuses required by the U.S. Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a web site maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a web site, it will notify you by email.

By your signature below, you agree to cover all Tax-Related Items as defined in the Agreement.

**RECIPIENT:**

**EQUINIX, INC.**

Signature: \_\_\_\_\_

By: /s/ Stephen M. Smith

Print Name: \_\_\_\_\_

Title: CEO & President

Date: \_\_\_\_\_

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**EQUINIX, INC. 2000 EQUITY INCENTIVE PLAN  
RESTRICTED STOCK UNIT AGREEMENT**

**Payment for Shares**

No payment is required for the Restricted Stock Units, and any Dividend Equivalents thereon, you receive.

**Vesting**

The Restricted Stock Units, and any Dividend Equivalents thereon, that you are receiving will vest in accordance with the Vesting Schedule stated in the Notice of Restricted Stock Unit Award for Executives.

No additional Restricted Stock Units, or any Dividend Equivalents thereon, vest after your Service has terminated for any reason. It is intended that vesting in the Restricted Stock Units, and any Dividend Equivalents thereon, is commensurate with a full-time work schedule. For possible adjustments that may be made by the Company, see the provision below entitled "Leaves of Absence and Part-Time Work."

**Dividend Equivalents**

You will be credited with Dividend Equivalents equal to the dividends you would have received if you had been the record owner of the Common Stock underlying the Restricted Stock Units on each dividend record date on or after the Date of Grant and through the date you receive a settlement pursuant to the provision below entitled "Settlement of Units" (the "Dividend Equivalent"). Dividend Equivalents shall be subject to the same terms and conditions as the Restricted Stock Units originally awarded pursuant to this Agreement, and they shall vest (or, if applicable, be forfeited) as if they had been granted at the same time as the original Restricted Stock Unit award. If a dividend on the Common Stock is payable wholly or partially in Common Stock, the Dividend Equivalent representing that portion shall be in the form of additional Restricted Stock Units, credited on a one-for-one basis. If a dividend on our Common Stock is payable wholly or partially in cash, the Dividend Equivalent representing that portion shall be in the form of cash, which will be paid to you, without interest, as described below in the provision "Settlement of Units;" provided, however, that the Committee may, in its discretion, provide that the cash portion of any extraordinary distribution on the Common Stock shall be in the form of additional Restricted Stock Units. If a dividend on our Common Stock is payable wholly or partially in other than cash or Common Stock, the Committee may, in its discretion, provide for such Dividend Equivalents with respect to that portion as it deems appropriate under the circumstances.

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**Settlement of Units**

Each Restricted Stock Unit, and any Dividend Equivalents thereon, will be settled on the first Trading Day that occurs on or after the day when the Restricted Stock Unit vests. However, each Restricted Stock Unit, and any Dividend Equivalents thereon, must be settled not later than the March 15 of the calendar year after the calendar year in which the Restricted Stock Unit vests.

At the time of settlement, you will receive one share of the Company's Common Stock for each vested Restricted Stock Unit (no fractional shares will be issued) and an amount of cash, without additional earnings and rounded to the nearest whole cent, equal to the cash portion of the accumulated Dividend Equivalents applicable to the vested Restricted Stock Units, less any Tax-Related Items withholding. Any cash may be distributed to you directly or may be used to offset the amount of any Tax-Related Items pursuant to the vesting/settlement of the Restricted Stock Units and any Dividend Equivalents thereon.

**Trading Day**

"Trading Day" means a day that satisfies each of the following requirements:

- The Nasdaq Global Market is open for trading on that day;
- You are permitted to sell shares of Common Stock on that day without incurring liability under Section 16(b) of the Securities Exchange Act;
- Either (a) you are not in possession of material non-public information that would make it illegal for you to sell shares of the Company's Common Stock on that day under Rule 10b-5 of the U.S. Securities and Exchange Commission or (b) you have a trading plan that complies with the requirements of Rule 10b5-1(c)(1) of the Securities Exchange Act that covers the shares underlying the vesting Restricted Stock Units;
- Under the Company's Insider Trading Policy, you are permitted to sell shares of Common Stock on that day, and
- You are not prohibited from selling shares of Common Stock on that day by a written agreement between you and the Company or a third party.

**Change in Control**

Except to the extent set forth in the Notice of Restricted Stock Unit Award, in the event of any Change in Control, vesting of these Restricted Stock Units, and any Dividend Equivalents thereon, will automatically accelerate in full as described in Article X of the Plan. However, vesting of these Restricted Stock Units, and any Dividend Equivalents thereon, will not automatically accelerate if and to the extent these Restricted Stock Units are, in connection with the Change in Control, either to be assumed by the successor corporation (or its parent) or to be replaced with a comparable award for shares of the capital stock of the successor corporation (or its parent). The determination of award comparability will be made by the Committee, and its determination will be final, binding and conclusive.

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In addition, you will vest as to 50% of the unvested Restricted Stock Units, and any Dividend Equivalents thereon, if the Company is subject to a Change in Control before your Service terminates, and you are subject to a Qualifying Termination (as defined below) within 12 months after the Change in Control.

Notwithstanding the foregoing, any action taken in connection with a Change in Control must either (a) preserve the exemption of the Restricted Stock Units, and any Dividend Equivalents thereon, from Section 409A of the Code or (b) comply with Section 409A of the Code.

### **Qualifying Termination**

A Qualifying Termination means a Separation (as defined below) resulting from: (a) involuntary discharge for any reason other than Cause (as defined below) within 12 months after a Change in Control; or (b) your voluntary resignation for Good Reason (as defined below), between the date that is four months following a Change in Control and the date that is 12 months following a Change in Control; provided, however, that the grounds for Good Reason may arise at any time within the 12 months following the Change in Control.

Cause means your unauthorized use or disclosure of trade secrets that causes material harm to the Company, your conviction of, or a plea of “guilty” or “no contest” to, a felony or your gross misconduct.

Good Reason means: (i) a material diminution in your authority, duties or responsibilities, provided, however, if by virtue of the Company being acquired and made a division or business unit of a larger entity following a Change in Control, you retain substantially similar authority, duties or responsibilities for such division or business unit of the acquiring corporation but not for the entire acquiring corporation, such reduction in authority, duties or responsibilities shall not constitute Good Reason for purposes of this subclause (i); (ii) a 10% or greater reduction in your level of compensation, which will be determined based on an average of your annual Total Direct Compensation for the prior three calendar years or, if less, the number of years you have been employed by the Company (referred to below as the “look-back years”); or (iii) a relocation of your place of employment by more than 30 miles, provided and only if such change, reduction or relocation is effected by the Company without your consent. For purposes of the foregoing, Total Direct Compensation means total target cash compensation (annual base salary plus target annual cash incentives) plus the grant value of equity awards, determined at the time of grant, based on the total stock compensation (FAS 123R) expense associated with that award; provided, however, that if you commenced employment with the Company during the look-back years, only one-third of the grant value of the equity grant attributable to commencement of employment shall be counted.

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For vesting to accelerate as a result of a voluntary resignation for Good Reason, all of the following requirements must be satisfied: (1) you must provide notice to the Company of your intent to assert Good Reason within 120 days of the initial existence of one or more of the conditions set forth in (i) through (iii) of the preceding paragraph; and (2) the Company will have 30 days from the date of such notice to remedy the condition and, if it does so, you may withdraw your resignation or may resign with no acceleration benefit. Should the Company remedy the condition as set forth above and then one or more of the conditions arises again within 12 months following the occurrence of a Change in Control, you may assert Good Reason again subject to all of the conditions set forth herein.

Separation means a "separation from service," as defined in the regulations under Section 409A of the Code.

**Forfeiture**

If your Service terminates for any reason, then your Restricted Stock Units, and any Dividend Equivalents thereon, will be forfeited to the extent that they have not vested before the termination date and do not vest as a result of the termination (including as a result of a Qualifying Termination). This means that the Restricted Stock Units, and any Dividend Equivalents thereon, will immediately revert to the Company. You receive no payment for Restricted Stock Units, and any Dividend Equivalents thereon, that are forfeited. The Company determines when your Service terminates for this purpose.

**Leaves of Absence and Part-Time Work**

For purposes of this Award, your Service does not terminate when you go on a military leave, a sick leave or another *bona fide* leave of absence, if the leave was approved by the Company in writing. But your Service terminates when the approved leave ends, unless you immediately return to active work.

If you go on a leave of absence that lasts or is expected to last seven days or longer, then vesting will be suspended during the leave to the extent provided for in the Company's leave policy. Upon your return to active work (as determined by the Company), vesting will resume; however, unless otherwise provided in the Company's leave policy, you will not receive credit for any vesting until you work an amount of time equal to the period of your leave.

If you and the Company agree to a reduction in your scheduled work hours, then the Company reserves the right to modify the rate at which the Restricted Stock Units, and any Dividend Equivalents thereon, vest, so that the rate of vesting is commensurate with your reduced work schedule. Any such adjustment shall be consistent with the Company's policies for part-time or reduced work schedules or shall be pursuant to the terms of an agreement between you and the Company pertaining to your reduced work schedule.



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The Company shall not be required to adjust any vesting schedule pursuant to this provision.

**Settlement / Stock Certificates**

No shares of Common Stock shall be issued to you prior to the date on which the Restricted Stock Units vest. After any Restricted Stock Units vest pursuant to this Agreement, the Company shall promptly cause to be issued in book-entry form, registered in your name or in the name of your legal representatives or heirs, as the case may be, the number of shares of Common Stock representing your vested Restricted Stock Units. No fractional shares shall be issued.

**Section 409A**

This provision applies only if the Company determines that you are a “specified employee,” as defined in the regulations under Section 409A of the Code, at the time of your “separation from service,” as defined in those regulations. If this paragraph applies, then any Restricted Stock Units, and any Dividend Equivalents thereon, that otherwise would have been settled or paid during the first six months following your separation from service will instead be settled or paid on the first business day following the six-month anniversary of your separation from service, unless the settlement of those units is exempt from Section 409A of the Code.

**Stockholder Rights**

The Restricted Stock Units do not entitle you to any of the rights of a stockholder of the Company. Your rights, including rights to any Dividend Equivalents, shall remain forfeitable at all times prior to the date on which you vest in your Award. Upon settlement of the Restricted Stock Units into shares of Common Stock, you will obtain full voting and other rights as a stockholder of the Company.

**Units Restricted**

You may not sell, transfer, pledge or otherwise dispose of any Restricted Stock Units or rights under this Agreement other than by will or by the laws of descent and distribution.

**Withholding Taxes**

Regardless of any action the Company and/or, if different, your employer (the “Employer”) take with respect to any or all income tax (including U.S. federal, state and local tax and/or non-U.S. tax), social insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and/or the Employer: (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including the award of the Restricted Stock Units, the vesting of the Restricted Stock Units, the issuance of shares of Common Stock in settlement of the Restricted Stock Units, the subsequent sale of shares acquired at vesting and the receipt of any Dividend Equivalents and dividends; and (b) do not commit to structure the terms of this Award or any aspect of the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items. Prior to the relevant taxable event, you shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding obligations for Tax-Related Items of the Company and/or the Employer. With the Company’s consent, these arrangements may include (c) withholding from any cash Dividend Equivalents or shares of Company stock that otherwise would be issued to you when they vest, (d) surrendering shares that you previously acquired or (e) deducting the withholding taxes from any cash compensation payable to you. The fair market value of the shares you surrender, determined as of the date taxes otherwise would have been withheld in cash, will be applied as a credit against the withholding taxes.

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The Company may refuse to deliver the shares of Common Stock to you if you fail to comply with your obligations in connection with the Tax-Related Items as described in this provision.

**Restrictions on Resale**

You agree not to sell any shares of Common Stock you receive under this Agreement at a time when applicable laws, regulations, Company trading policies (including the Company's Insider Trading Policy, a copy of which can be found on the Company's intranet) or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.

**No Retention Rights**

Except to the extent provided specifically in an agreement between you and the Company, neither this Award nor this Agreement gives you the right to be employed or retained by the Company or a subsidiary of the Company in any capacity; the Company and its subsidiaries reserve the right to terminate your Service at any time, with or without cause.

In accepting this Award, you acknowledge that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement; (b) the Award is voluntary and occasional and does not create any contractual or other right to receive future awards of Restricted Stock Units, and any Dividend Equivalents thereon, or benefits in lieu of Restricted Stock Units, and any Dividend Equivalents thereon, even if Restricted Stock Units have been granted repeatedly in the past; (c) all decisions with respect to future awards, if any, will be at the sole discretion of the Company; (d) your participation in the Plan is voluntary; (e) your participation in the Plan shall not create a right to further employment with your Employer and shall not interfere with the ability of your Employer to terminate your Service at any time with or without cause; (f) the Award is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or any subsidiary of the Company, and that is outside the scope of your employment or service contract, if any; (g) the Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any subsidiary of the Company; (h) in the event that you are not an employee of the Company, the Award and your participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company and, furthermore, the Award and your participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Employer or any other subsidiary of the Company; (i) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty; (j) in consideration of the Award, no claim or entitlement to compensation or damages shall arise from termination of the Award or from any diminution in value of the Award or shares of Common Stock acquired upon vesting of the Award resulting from termination of Service (for any reason whatsoever and whether or not in breach of local labor laws) and you irrevocably release the Company and any subsidiary of the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, you shall be deemed irrevocably to have waived your entitlement to pursue such claim; (k) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan or your acquisition or sale of the underlying shares of Common Stock; and (l) you are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

#### **Adjustments**

In the event of a stock split, a stock dividend or a similar change in Company stock, the number of Restricted Stock Units that will vest in any future installments will be adjusted accordingly, as provided for in the Plan.

**Insider Trading Restrictions /  
Market Abuse Laws**

You acknowledge that, depending on your country of residence, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell shares of Common Stock or rights to shares of Common Stock under the Plan during such times as you are considered to have “inside information” regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions and that you are advised to speak to your personal legal advisor on this matter.

**Severability**

The provisions of this Agreement are severable and if any one or more provisions are determined to be invalid or otherwise enforceable, in whole or in part, the remaining provisions shall continue in effect.

**Applicable Law**

This Agreement will be interpreted and enforced with respect to issues of contract law under the laws of the State of Delaware (except their choice of law provisions).

For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Mateo County, California, U.S.A. or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

**The Plan and Other Agreements**

The text of the Plan is incorporated in this Agreement by reference. A copy of the Plan is available on the Company’s intranet or by request to the Stock Services Department.

This Agreement and the Plan constitute the entire understanding between you and the Company regarding this Award. Any prior agreements, commitments or negotiations concerning this Award are superseded. This Agreement may be amended only by another written agreement between the parties.

**BY SIGNING THE NOTICE OF RESTRICTED STOCK UNIT AWARD, YOU AGREE TO  
ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.**



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1350 DUANE AVENUE

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LEASE

Between

**DIGITAL 1350 DUANE, LLC**  
as Landlord

and

**EQUINIX, LLC**  
as Tenant

Dated

March 27, 2014

**TABLE OF CONTENTS**

	<b>Page</b>
1. LEASE OF TENANT SPACE	1
1.1 Tenant Space	1
1.2 Condition of Tenant Space	1
1.3 Intentionally Deleted	1
1.4 No Rights to Relocate	1
1.5 Quiet Enjoyment; Access	1
1.6 Intentionally Deleted	1
2. TERM	1
2.1 Term	1
2.2 Delivery of Tenant Space	1
2.3 Extension Options	2
3. BASE RENT AND OTHER CHARGES	3
3.1 Base Rent	3
3.2 Common Operating Expenses	3
3.3 Real Property Taxes	3
3.4 Payments Generally	4
3.5 Late Payments	4
3.6 Utilities	4
4. TAXES – EQUIPMENT; TAXES – OTHER	5
4.1 Taxes - Equipment	5
4.2 Taxes - Other	5
5. INTENTIONALLY DELETED	5
6. PERMITTED USE; COMPLIANCE WITH APPLICABLE LAWS; HAZARDOUS MATERIALS	5
6.1 Permitted Use	5
6.2 Further Assurances	6
6.3 Compliance with Laws; Hazardous Materials	6
7. UTILITY INTERRUPTIONS	8
8. MAINTENANCE; ALTERATIONS; REMOVAL OF TENANT’S PROPERTY	8
8.1 Landlord’s Maintenance	8
8.2 Tenant’s Maintenance	8
8.3 Alterations	10
8.4 Removal of Tenant’s Property	10
9. CASUALTY; TAKINGS; INSURANCE	12
9.1 Casualty; Takings	12
9.2 Tenant’s Insurance	14
9.3 Landlord’s Insurance	14
9.4 Waiver of Subrogation	14

**TABLE OF CONTENTS**  
**(continued)**

	<b>Page</b>
10. TRANSFERS	14
10.1 Restrictions on Transfers; Landlord's Consent	14
10.2 Notice to Landlord	15
10.3 Intentionally Deleted	15
10.4 No Release; Subsequent Transfers	15
10.5 Colocation	16
10.6 Permitted Subleases	16
11. ESTOPPEL CERTIFICATES	17
12. SUBORDINATION AND ATTORNMENT; HOLDER RIGHTS	17
12.1 Subordination and Attornment	17
12.2 Mortgagee and Ground Lessor Protection	18
12.3 SNDA	18
13. SURRENDER OF TENANT SPACE; HOLDING OVER	18
13.1 Tenant's Method of Surrender	18
13.2 Disposal of Tenant's Property	18
13.3 Holding Over	18
13.4 Survival	19
14. WAIVERS; INDEMNIFICATION; CONSEQUENTIAL DAMAGES; LIENS	19
14.1 Waiver	19
14.2 Indemnifications	19
14.3 Consequential Damages	20
14.4 Liens	21
15. TENANT DEFAULT	21
15.1 Events of Default By Tenant	21
15.2 Remedies	21
16. LANDLORD'S LIABILITY	22
16.1 Landlord Default	22
16.2 Landlord's Liability	23
16.3 Transfer of Landlord's Interest	23
17. TENANT'S RIGHT OF FIRST OFFER TO LEASE/RIGHT OF FIRST REFUSAL TO PURCHASE	24



**TABLE OF CONTENTS**  
**(continued)**

	<b>Page</b>
18. MISCELLANEOUS	26
18.1 Severability	26
18.2 No Waiver	26
18.3 Attorneys' Fees and Costs	27
18.4 Waiver of Right to Jury Trial	27
18.5 Headings; Time; Survival	27
18.6 Notices	27
18.7 Governing Law; Jurisdiction	27
18.8 Incorporation; Amendment; Merger	28
18.9 Brokers	28
18.10 Examination of Lease	28
18.11 Recordation	28
18.12 Authority	28
18.13 Successors and Assigns	28
18.14 Force Majeure	28
18.15 No Partnership or Joint Venture; No Third Party Beneficiaries	28
18.16 Access By Landlord	29
18.17 Rights Reserved by Landlord	29
18.18 Counterparts; Delivery by Facsimile or E-mail	29
18.19 Confidentiality	29
18.20 Incorporation of Schedules and Exhibits	29
18.21 Financial Statements	30
18.22 Exterior Area	30
18.23 Parking	30
18.24 Control of Common Areas	31
18.25 Exterior Areas	31
18.26 FCPA	31

**SCHEDULE "1"**  
**CERTAIN DEFINED TERMS**

**"Common Area"** shall mean all areas and facilities within the Project (excluding the Tenant Space) that are not designated by Landlord for the exclusive use of Tenant or any other lessee or other occupant of the Project, including the parking areas, access and perimeter roads, pedestrian sidewalks, landscaped areas, trash enclosures, recreation areas and the like.

**"Common Operating Expenses"** shall mean the following:

(1) All reasonable costs and expenses actually paid or incurred by Landlord in doing the following (including payments to independent contractors providing services related to the performance of the following): (i) maintaining, cleaning and repairing the exterior surfaces (including painting) of all buildings located at the Project; (ii) maintenance of the liability, fire and property damage insurance covering the Common Areas of the Project and the row of parking in front of the Building within the Exclusive Parking Area (the **"Front Row Parking Area"**), as set forth on **Exhibit "A"** (carried by Landlord, but only to the extent customarily carried by landlords of comparable buildings and available at commercially reasonable rate (including the prepayment of premiums for coverage of up to one year, but only to the extent within the Term of this Lease); (iii) maintaining, repairing, operating and replacing when necessary utility facilities and other building service equipment providing service to the Common Area; (iv) providing utilities to the Common Area (including lighting, trash removal and water for landscaping irrigation); (v) complying with all Applicable Laws; (vi) operating, maintaining, repairing, cleaning, painting, restriping and resurfacing the Common Area and the Front Row Parking Area; (vii) replacement or installation of lighting fixtures, directional or other signs and signals, irrigation systems, trees, shrubs, ground cover and other plant materials, and all landscaping in the Common Area; and (viii) providing security to the Common Area. Notwithstanding the foregoing, if Landlord makes an expenditure for any of the above items of Common Operating Expenses which would be considered a capital expenditure under generally accepted accounting principles, consistently applied ("GAAP"), and such item has a cost greater than five percent (5%) of the current monthly Base Rent, then the cost thereof shall be amortized over a period equal to the useful life of such item and the amortized cost allocated to each calendar year during the term shall be included in Common Operating Expenses and prorated in equal monthly installments during each such calendar year.

(2) The reasonable costs actually paid or incurred by Landlord for the following: (i) Real Property Taxes (as defined below); (ii) the amount of any commercially reasonable "deductible" paid by Landlord with respect to damage caused by any Insured Peril (as defined below), not to exceed that portion of the deductible determined by multiplying the deductible by a fraction, the numerator of which is the number of full calendar months remaining in the then current Term and the denominator of which is the total number of full calendar months in the then current Term (in each such case, without regard to any Extension Term unless the same was exercised prior to the reimbursement obligation becoming due hereunder) (and if such deductible is greater than five percent (5%) of the current monthly Base Rent, then the cost thereof shall be amortized over the remaining current Term); (iii) that portion of all compensation (including benefits and premiums for workers' compensation and other insurance) paid to or on behalf of employees of Landlord but only to the extent they are involved in the performance of the work described in (1) above, that is fairly allocable to the Project;

(3) Fees for management services rendered by either Landlord or a third party manager engaged by Landlord (which may be a party affiliated with Landlord), except that the total amount charged for management services, administrative fees or similar charges and included in Tenant's Share of Common Operating Expenses shall not exceed nine tenths of one percent (0.9%) of the net monthly Base Rent payable by Tenant; and

(4) Notwithstanding anything to the contrary in the foregoing, Common Operating Expenses shall not include any of the following: (i) payments on any loans or under any ground leases affecting the Project and any financing or refinancing costs associated with such loans; (ii) depreciation of any buildings or any major systems of building service equipment within the Project, amortization and other non-cash charges; (iii) expenses incurred in leasing or procuring new tenants (for lease commissions, advertising expenses and expenses of renovating space for new tenants); (iv) the cost of tenant improvements installed for the exclusive use of other tenants of the Project; (v) any cost incurred in complying with Environmental Laws, which subject is governed exclusively by Section 6.3 of this Lease; (vi) expenses for repairs or other work covered, or required to be covered, by insurance; (vii) legal expenses incurred in enforcing the terms of any lease or arising out of any mortgage or ground lease affecting the Building or the Project; (viii) interest or amortization payments on any mortgage or loans or rental payments under any ground lease; (ix) the cost of any work or service performed for any tenant (including Tenant) at such tenant's cost; (x) the cost of any work or services performed for any facility other than the Project; (xi) the cost of any items for which Landlord is actually reimbursed by insurance, any tenant or otherwise; (xii) net income taxes (including individual or business entity level), capital gains taxes, capital levies, inheritance taxes, gift taxes, transfer taxes, payroll taxes, franchise taxes and taxes personally owed by Landlord; (xiii) any charge for depreciation of the Building or any other part of the Project or equipment; (xiv) damage and repairs necessitated by the act of negligence or willful misconduct of any of the Landlord Parties; (xv) the cost of any alteration, additions, changes or decorations which are made in order to prepare space (including the Tenant Space) for tenant's occupancy or any cash allowance in lieu thereof; (xvi) the cost of performing work or furnishing services to or for any tenant, other than Tenant, at Landlord's expense, to the extent that such work or service exceeds or is more favorable than comparable work or service provided to Tenant at Landlord's expense; (xvii) the general overhead of Landlord and labor costs and all other compensation of all administrative personnel, officers, executives and staff members of Landlord or any Landlord Party above the grade of building manager; (xviii) brokerage commissions, legal costs, space planning or architectural or engineering fees, closing costs and similar costs incurred in connection with procuring tenants for the Project or entering into or extending or modifying any lease, including this Lease; (xix) advertising or promotional expenditures; (xx) the cost of any artwork including the acquisition or leasing of any artwork, as well as the costs of maintaining, insuring and securing the same; (xxi) legal or auditing fees, other than those reasonably incurred in connection with the maintenance and operation of the Project or in connection with the preparation of statements required pursuant to Additional Rent or lease escalation provisions; (xxii) any costs incurred to remove, remedy, contain or treat any Hazardous Materials in existence in or upon the Project prior to the Commencement Date (other than those that are placed by any of the Tenant Parties in or upon the Project), or which are placed by any of the Landlord Parties in or upon the Project; (xxiii) any material increase in insurance premiums to the extent the same is caused by or attributable to the use or occupancy of another tenant in the Building for purposes other than normal office use or telecommunications use; (xxiv) the cost of maintaining and repairing the roof structure, load bearing walls and foundation of the Building; (xxv) interest or fees, penalties or other costs due solely by reason of the late payment of real estate taxes (unless such late payment is caused by Tenant); (xxvi) except as otherwise expressly provided for herein, any other costs or expenses that under generally acceptable accounting principles, consistently applied, would not be considered normal maintenance, repair, management or operational expenses; (xxvii) any costs associated with maintenance that Tenant performs pursuant to Section 8.2 of this Lease; (xxviii) any insurance costs associated with the Building or any other building in the Project; (xxix) costs incurred by Landlord due to the violation by Landlord of Applicable Laws; and (xxx) amounts paid to Landlord or to Landlord's subsidiaries or affiliates for services in or to the Project to the extent they exceed the charges for comparable services rendered by an unaffiliated third party of comparable skill, competence, stature and reputation.

“**Digital**” shall mean and refer to Digital Realty Trust, L.P., a Maryland limited partnership.

“**Exterior Area**” shall mean the areas outside the Building designated as “Exterior Area” as set forth on **Exhibit “A”**, attached hereto.

“**Insured Peril**” shall mean a peril actually insured against for which the insurance proceeds are sufficient (except for any “deductible” amount specified by such insurance and whether or not the insurance proceeds are received by Landlord) to restore the Project under then existing building codes, to the condition existing immediately prior to the damage or a peril required to be insured against hereunder.

“**Landlord Group**” shall mean and refer to Landlord and its directors, officers, shareholders, members, employees, constituent partners, affiliates, beneficiaries and trustees.

“**Landlord’s Actual Knowledge**” or similar phrase shall mean and refer to the actual current knowledge, as of the Effective Date, of **Richard J. Berk, Vice President** of Digital Realty Trust, L.P. (the foregoing individual, being an employee of Digital Realty Trust, L.P., who would have direct and specific knowledge regarding the Project, but who shall not have the duty of additional investigation in connection with this Lease).

“**Property**” shall mean and refer to the Land, the Building, the area outside the Building designated as the “Exterior Area”, and the area outside of the Building designated as the “Exclusive Parking Area”, in each case, as shown on **Exhibit “A”**.

“**Real Property Taxes**” shall mean all taxes, assessments, levies and other governmental charges of any kind or nature whatsoever, general and special, foreseen and unforeseen (including all existing or future general or special assessments for public improvements, services or benefits and any increases resulting from reassessments, in each case resulting from a change in ownership, new construction for benefit of Tenant or the common benefit of all tenants, or any other similar cause), now or hereafter imposed by any governmental or quasi-governmental authority having the direct or indirect power to tax or levy assessments, which are levied or assessed against, or with respect to the value, occupancy or use of all or any portion of the Project (as now constructed or as may at any time hereafter be constructed, altered or otherwise changed) or Landlord’s interest therein, the fixtures, equipment and other property of Landlord, real or personal, that are an integral part of and located on the Project, or the use of the parking areas, public utilities, or energy within the Project. In addition, to the extent levied in lieu of or as a substitution for Real Property Taxes, Real Property Taxes shall include taxes on the gross receipts, income or rentals from the Project or Landlord’s business of leasing the Project.

The term “Real Property Taxes” shall **not** include: (i) death, estate and inheritance taxes; (ii) gift taxes; (iii) transfer taxes; (iv) franchise taxes; (v) income taxes; (vi) capital levies; (vii) late payment charges and penalties; (viii) special assessments levied against other than the Project (assessments payable hereunder may be payable by Tenant in installments if the Landlord is permitted to do so); and (ix) real estate tax increases arising from a reappraisal of the Project or any portion thereof due solely to the sale or transfer of the same in connection with any transaction that is not at arm’s length. In addition, if the Project or any portion thereof is reassessed due to any transfer or conveyance of the same or any direct or indirect interest therein more than once during any ten (10) year period, and as a result thereof, the Real Property Taxes owed by Tenant hereunder are increased, Landlord shall pay to the appropriate taxing authority prior to delinquency the amount of such increase for the fiscal year in which the increase first becomes applicable and for each fiscal year thereafter (collectively, the “**Excluded Increased Taxes**”), and Tenant shall not be responsible therefor. By way of example only, if there is one transfer in year 3 and a second transfer in year 8, Real Property Taxes for which Tenant is responsible shall take into account the reassessment due to the first transfer, but Tenant shall not be responsible for any increases resulting from the reassessment due to the second transfer until from and after the date that is 10 years after the first transfer.

“**Tenant Group**” shall mean and refer to Tenant and its directors, officers, shareholders, members, employees, constituent partners, affiliates, beneficiaries and trustees.

“**Tenant Space**” shall mean and refer to the Property.

**1350 DUANE AVENUE  
LEASE**

This Lease (this "**Lease**") is entered into as of the Effective Date (as set forth in Item 4 of the Basic Lease Information, below), by and between Landlord (as set forth in Item 1 of the Basic Lease Information, below) and Tenant (as set forth in Item 2 of the Basic Lease Information, below):

**RECITALS**

A. Landlord is the owner of the Land (as set forth in Item 14 of the Basic Lease Information, below). The Land is improved with, among other things, the Building.

B. Tenant desires to lease the Property from Landlord, and Landlord desires to lease the Property to Tenant during the Term (as set forth in Item 5 of the Basic Lease Information, below).

C. Unless otherwise specifically indicated to the contrary, all initially capitalized terms contained in this Lease shall have the meanings set forth on **Schedule "1"**, attached to this Lease.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, Landlord and Tenant agree as follows:

**BASIC LEASE INFORMATION**

1. Landlord: ***Digital 1350 Duane, LLC, a Delaware limited liability company*** ("**Landlord**").  
Landlord represents that it has been validly formed or incorporated under the laws of the State of Delaware.
2. Tenant: ***Equinix, LLC, a Delaware limited liability company*** ("**Tenant**").  
Tenant represents that it has been validly formed or incorporated under the laws of the State of Delaware.
3. Tenant Addresses:  
Tenant Address for Notices:  
Equinix, LLC  
c/o Equinix, Inc.  
21731 Filigree Court  
Ashburn, VA 20147  
Attention: Real Estate  
Facsimile No. (703) 840-5344  
  
With a copy to:  
  
Equinix, LLC  
c/o Equinix, Inc.  
One Lagoon Drive, 4<sup>th</sup> Floor  
Redwood City, CA 94065  
Attention: General Counsel (Real Estate)  
Facsimile No. (650) 598-6913  
  
Tenant Address for Invoice of Rent:  
Equinix, LLC  
c/o Equinix, Inc.  
One Lagoon Drive, 4<sup>th</sup> Floor  
Redwood City, CA 94065  
Attention: Accounts Payable  
Facsimile No: (650) 598-6913

4. Effective Date/ Commencement Date:
- (a) Effective Date: \_\_\_\_\_, 2014 (being the latest of the parties' respective dates of execution, as set forth on the signature page of the Lease)  
(b) Commencement Date: (the "**Effective Date**")  
October 1, 2014 (the "**Commencement Date**").
5. Term: **One hundred eighty (180) months** (commencing on the Commencement Date and expiring on the last day of the one hundred eightieth (180th) full calendar month thereafter) (the "**Term**").
6. Extension Options/Extension Term: **Two (2)** Extension Options (defined in Section 2.3.1 of the Standard Lease Provisions, below), each to extend the Term for an Extension Term (defined in Section 2.3.1 of the Standard Lease Provisions, below) of **one hundred fourteen (114)** months pursuant to Section 2.3, below.
7. Tenant Space: Tenant Space means the Property.
8. Base Rent:
- \$823,333.33 NNN per month for months 1-12 of the Term.  
\$845,975.00 NNN per month for months 13-24 of the Term.  
\$869,239.31 NNN per month for months 25-36 of the Term.  
\$893,143.39 NNN per month for months 37-48 of the Term.  
\$917,704.84 NNN per month for months 49-60 of the Term.  
\$942,941.72 NNN per month for months 61-72 of the Term.  
\$968,872.62 NNN per month for months 73-84 of the Term.  
\$995,516.61 NNN per month for months 85-96 of the Term.  
\$1,022,893.32 NNN per month for months 97-108 of the Term.  
\$1,051,022.89 NNN per month for months 109-120 of the Term.  
\$1,079,926.02 NNN per month for months 121-132 of the Term.  
\$1,109,623.98 NNN per month for months 133-144 of the Term.  
\$1,140,138.64 NNN per month for months 145-156 of the Term.  
\$1,171,492.45 NNN per month for months 157-168 of the Term.  
\$1,203,708.50 NNN per month for months 169-180 of the Term.
9. Intentionally Deleted. Intentionally Deleted.
10. Intentionally Deleted. Intentionally Deleted.

11. Landlord's Address for Notices:

Digital 1350 Duane, LLC  
c/o Digital Realty Trust, L.P.  
1100 Space Park Drive, Suite 104  
Santa Clara, CA 95054-3417  
Attn: Asset Manager  
Facsimile No. (408) 387-8558  
E-mail: leaseadministration@digitalrealtytrust.com

With copies to:  
Digital Realty Trust, L.P.  
1100 Space Park Drive, Suite 104  
Santa Clara, CA 95054-3417  
Attn: Asset Manager  
Facsimile No. (408) 387-8558

And:

Stutzman, Bromberg, Esserman & Plifka, A Professional Corporation  
2323 Bryan Street, Suite 2200  
Dallas, TX 75201  
Attention: Noah K. Hansford  
Facsimile No. (214) 969-4999  
E-mail: hansford@sbeb-law.com

12. Landlord's Address for Payment of Rent:

**Automated Clearing House (ACH):**

Bank:

Bank of America NT&SA  
1850 Gateway Blvd.  
Concord, CA 94520-3282

Routing Number:  
Account Number:  
Account Name:  
Regarding/Reference:

121000358  
1459364392  
Digital 1350 Duane, LLC  
Tenant Account No., Invoice No.

**Wire Transfer:**

Bank:

Bank of America NT&SA  
100 West 33rd Street  
New York, NY 10001

Routing Number:  
SWIFT:  
Account Number:  
Account Name:  
Regarding/Reference:

026009593  
BOFAUS3N  
1459364392  
Digital 1350 Duane, LLC  
Tenant Account No., Invoice No.

**Check Payments:**

Payee:

Digital 1350 Duane, LLC

**Mailing Address:**

Digital 1350 Duane, LLC  
P.O. Box 742251  
Los Angeles, CA 90074-2251

**Overnight Address:**

Bank of America Lockbox Services  
#5195  
P.O. Box 742251  
CA9-705-01-03  
1000 W. Temple St.  
Los Angeles, CA 90012

**Contact Information:**

Director of Cash Management  
Digital Realty Trust  
Four Embarcadero Center, Suite 3200  
San Francisco, CA 94111  
P: (415) 738-6509  
F: (415) 848-9363

13. **Brokers:**
- (a) **Landlord's Broker:** None.
- (b) **Tenant's Broker:** None.
14. **Land:** The land located at 1350 Duane Avenue, Santa Clara, California (the "**Land**").
15. **Building:** That certain two (2)-story building located on the Land containing approximately 160,000 square feet of rentable area in the Building.
16. **Project:** The land and improvements consisting of two (2) building(s), the aggregate rentable area of which is 185,000 square feet, as depicted on **Exhibit "A"**, attached hereto, and as more particularly described on **Exhibit "A-1"**, attached hereto.
17. **Tenant's Proportionate Share:** 86.49%
- (a) **Tenant's Share:**
- (b) **Tenant's Building Share:** 100.00%
18. **Tenant's Allocated Parking Stalls:** Approximately seventy-five (75) non-exclusive parking stalls in the Project, subject to Section 18.23 of this Lease.

This Lease shall consist of the foregoing Basic Lease Information, the provisions of the Standard Lease Provisions, below, **Schedule "1"**, above, and **Exhibits "A"** through **"D"**, inclusive, all of which are incorporated herein by this reference as of the Effective Date. In the event of any conflict between the provisions of the Basic Lease Information and the provisions of the Standard Lease Provisions, the Basic Lease Information shall control.

[no further text on this page]



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**STANDARD LEASE PROVISIONS**

**1. LEASE OF TENANT SPACE.**

1.1 **Tenant Space.** In consideration of the covenants and agreements to be performed by Tenant, and upon and subject to the terms and conditions of this Lease, Landlord hereby leases the Tenant Space to Tenant for the Term of this Lease.

1.2 **Condition of Tenant Space.** Tenant has inspected the Building and the Tenant Space and accepts the Tenant Space in its then-current condition on an "AS-IS, WHERE IS" basis, except as otherwise expressly set forth in this Lease. Landlord shall have no obligation to construct or install any improvements in (or on), or to make any other alterations or modifications to, the Tenant Space, except as otherwise expressly set forth in this Lease. Tenant acknowledges and agrees that, except as specifically set forth in this Lease, no representation or warranty (express or implied) has been made by Landlord as to the condition of the Land for the conduct of the Permitted Use, Tenant's business or for any other purpose.

1.3 **Intentionally Deleted.**

1.4 **No Rights to Relocate.** Landlord shall have no right to relocate the Tenant Space.

1.5 **Quiet Enjoyment; Access.** Subject to all of the terms and conditions of this Lease, (a) Tenant shall quietly have, hold and enjoy the Tenant Space in conformity with the Permitted Use without hindrance from Landlord or any person or entity claiming by, through or under Landlord, and (b) Tenant shall have access to the Tenant Space twenty-four (24) hours per day, seven (7) days per week.

1.6 **Intentionally Deleted.**

**2. TERM.**

2.1 **Term.** The term of this Lease, and Tenant's obligation to pay Rent under this Lease, shall commence on the Commencement Date and shall continue in effect for the Term of the Lease, as the same may be extended, or earlier terminated, in accordance with the express terms of this Lease.

2.2 **Delivery of Tenant Space.** Tenant is in possession of the Tenant Space on the Effective Date. As a result, Landlord shall be deemed to have delivered the Tenant Space to Tenant on the Commencement Date, as more particularly described below.

**2.2.1 Prior Lease; Prior Sublease.**

A. The parties acknowledge that (i) on the Effective Date, the Tenant Space is being leased by a tenant named Sprint Communications Company, L.P. (or an affiliate of the same; in any event, "**Prior Tenant**"; and the lease for which is referred to as the "**Prior Lease**"), which is scheduled to expire on **September 30, 2014** (the "**Prior Lease Scheduled Expiration Date**"); and (ii) on the Effective Date, Tenant occupies the Tenant Space under and pursuant to a sublease agreement (the "**Prior Sublease**"), by and between Prior Tenant, as the sub-landlord, and Tenant (formerly known as Equinix Operating Co., Inc.), as the sub-tenant. Given that the Prior Lease is scheduled to expire on the Prior Lease Scheduled Expiration Date and there are no remaining extension rights under the Prior Lease, Landlord and Tenant have agreed to the Commencement Date of this Lease as the following day (i.e., October 1, 2014).

B. Section 2.2.1.A., above, notwithstanding, in the event that Prior Tenant has not completed its vacation and surrender of the Tenant Space by or before the Commencement Date, Landlord and Tenant hereby agree that (i) Landlord will provide Tenant written notice as soon as is practicable following the Commencement Date of such failure by Prior Tenant; (ii) the Commencement Date will be deemed to have been pushed out, as Tenant's sole and exclusive remedy, until such vacation and surrender has occurred; and (iii) Landlord will provide Tenant written notice of such completion promptly following the occurrence of same (in which case, the date set forth in such notice will be the actual Commencement Date for this Lease). The foregoing notwithstanding, Landlord and Tenant agree that during such period of delinquent surrender and vacation, Tenant will be permitted to remain in the Tenant Space prior to the Commencement Date on the basis of the Prior Sublease, until the actual occurrence of the Commencement Date.

C. For the avoidance of doubt, Tenant acknowledges that Landlord shall have no obligation to repair and restore the Tenant Space upon the Commencement Date. Accordingly, all improvements constructed in the Tenant Space by Prior Tenant under the Prior Lease or by Tenant pursuant to the Prior Sublease (the "**Tenant Improvements**"), shall be Tenant's Property.

D. If the Prior Lease terminates prior to the Prior Lease Scheduled Expiration Date, then Landlord agrees that Tenant may assume Prior Tenant's rights and obligations accruing thereafter under the Prior Lease, as if Tenant were the tenant under the Prior Lease applicable to the period occurring from and after the date of such assumption. Accordingly, Tenant's possession of the Tenant Space shall not be disturbed by Landlord unless Tenant defaults under the Prior Lease after applicable notice and cure periods and so long as Tenant agrees to attorn to Landlord and pay the base rent and additional rent due under the Prior Lease directly to Landlord. Accordingly, Tenant shall lease the Tenant Space pursuant to the Prior Lease until the Prior Lease Scheduled Expiration Date, at which point Tenant shall lease the Tenant Space pursuant to this Lease, without any lapse in possession of the Tenant Space. For the avoidance of doubt, all of Prior Tenant's furniture, fixtures, equipment and other personal property currently located within the Tenant Space and all improvements performed to the Tenant Space by or for Prior Tenant (in each case as of the Effective Date hereof) shall, at no charge to Tenant, be left at the Tenant Space by Prior Tenant and Landlord for the benefit of Tenant, and Tenant shall have the right to use all such personal property and improvements to the same extent as if Tenant had brought such personal property and/or improvements unto the Tenant Space, but in each case expressly excluding any Hazardous Materials used, stored or otherwise introduced to the Building or elsewhere in the Tenant Space prior to the Commencement Date (other than those used, stored or otherwise introduced to the Tenant Space by Tenant or Tenant's agents or employees).

### 2.3 Extension Options.

2.3.1 Subject to and in accordance with the terms and conditions of this Section 2.3, Tenant shall have the number of options (each, an "**Extension Option**") specified in Item 6 of the Basic Lease Information to extend the Term of this Lease with respect to the entire Tenant Space, each for an additional term of *one hundred fourteen (114) calendar months* (collectively the "**Extension Terms**", each an "**Extension Term**"), upon the same terms, conditions and provisions applicable to the then current Term of this Lease (except as provided otherwise herein). The monthly Base Rent payable with respect to the Tenant Space for each year of the Extension Term (the "**Option Rent**") shall continue to be increased hereunder as of each October 1 of each year to be equal to 102.75% of the Base Rent payable for the immediately preceding month of the Term of the Lease, as extended.

2.3.2 Tenant may exercise each Extension Option only by delivering to Landlord a written notice (an "**Option Exercise Notice**") at least *six (6) calendar months* (and not more than *twelve (12) calendar months*) prior to the then applicable expiration date of the Term, specifying that Tenant is irrevocably exercising its Extension Option so as to extend the Term of this Lease by an Extension Term on the terms set forth in this Section 2.3. In the event that Tenant shall duly exercise an Extension Option, the Term shall be extended to include the applicable Extension Term (and all references to the Term in this Lease shall be deemed to refer to the Term specified in Item 5 of the Basic Lease Information, plus all duly exercised Extension Terms). In the event that Tenant shall fail to deliver an Option Exercise Notice within the applicable time period specified herein for the delivery thereof, time being of the essence, at the election of Landlord, Tenant shall be deemed to have forever waived and relinquished such Extension Option, and any other options or rights to renew or extend the Term effective after the then applicable expiration date of the Term shall terminate and shall be of no further force or effect.

2.3.3 Tenant shall have the right to exercise any Extension Option only with respect to the entire Tenant Space leased by Tenant at the time that Tenant delivers an Option Exercise Notice. If Tenant duly exercises an Extension Option, Landlord and Tenant shall execute an amendment reflecting such exercise. Notwithstanding anything to the contrary herein, any attempted exercise by Tenant of an Extension Option shall, at the election of Landlord, be invalid, ineffective, and of no force or effect if, on the date on which Tenant delivers an Option Exercise Notice or on the date on which the Extension Term is scheduled to commence there shall be an uncured Event of Default by Tenant under this Lease.

### 3. BASE RENT AND OTHER CHARGES.

3.1 **Base Rent.** Commencing on the Commencement Date, Tenant shall pay to Landlord base rent (the "**Base Rent**") for the Tenant Space in accordance with Item 8 of the Basic Lease Information and the Commencement Date Notice. All such Base Rent shall be paid to Landlord in monthly installments in advance on the first day of each and every month throughout the Term of this Lease. Tenant shall not pay any installment of Rent (defined in Section 3.4, below) more than one (1) month in advance.

3.2 **Common Operating Expenses.** As Additional Rent (defined in Section 3.4, below), Tenant shall pay Tenant's Share (specified in Item 17 of the Basic Lease Information) of all Common Operating Expenses (defined in Schedule "1"); provided, however, Tenant shall pay Tenant's Building Share (specified in Item 17 of the Basic Lease Information) of all Common Operating Expenses fairly allocable to the Tenant Space and paid with respect to the maintenance, repair and replacement of the Tenant Space. Tenant shall pay such share of the actual Common Operating Expenses incurred or paid by Landlord but not theretofore billed to Tenant within forty-five (45) days after receipt of a detailed, itemized written statement therefor from Landlord, on such periodic basis as Landlord shall designate, but in no event more frequently than once a month. Alternatively, Landlord may from time to time require that Tenant pay Tenant's Share of Common Operating Expenses in advance in estimated monthly installments, in accordance with the following: (i) Landlord shall deliver to Tenant, Landlord's reasonable estimate of the Common Operating Expenses it anticipates will be paid or incurred for the Landlord's fiscal year in question (Landlord may adjust such estimate periodically if necessary but not more frequently than twice per calendar year); (ii) during such Landlord's fiscal year Tenant shall pay such share of the estimated Common Operating Expenses in advance in monthly installments as required by Landlord due with the installments of monthly Base Rent; and (iii) within 90 days after the end of each Landlord's fiscal year, Landlord shall furnish to Tenant a statement in reasonable detail of the actual Common Operating Expenses paid or incurred by Landlord during the just ended Landlord's fiscal year and thereupon there shall be an adjustment between Landlord and Tenant, with payment to Landlord or Tenant as the case may require, within forty-five (45) days after delivery by Landlord to Tenant of said statement, so that Landlord shall receive the entire amount of Tenant's Share of all Common Operating Expenses for such Landlord's fiscal year and no more. Tenant shall have the right at its expense, exercisable upon reasonable prior written notice to Landlord, to inspect and audit Landlord's books and records as they relate to Common Operating Expenses. Such inspection must be within one (1) year after Tenant's receipt of Landlord's annual statement for the same, and shall be limited to verification of the charges contained in such statement. Tenant may not withhold payment of such bill pending completion of such inspection. The Landlord's books and records will be kept in accordance with generally accepted accounting principles consistently applied. If Tenant's audit of the books and records shows that Tenant's share of the Common Operating Costs was five percent (5%) or more below the amount appearing on the statement, then Landlord will pay Tenant's reasonable costs of conducting the audit (either for internal or outside auditors), and will immediately refund the amount of any overpayment to Tenant.

3.3 **Real Property Taxes.** Tenant shall have the right at any time to contest on behalf of Landlord, or to cause Landlord to contest, the validity or amount, in whole or in part, of any Real Property Taxes levied and assessed against the Building and/or the Project by appropriate proceedings timely instituted, provided that in the first instance Tenant gives Landlord written notice of its intention to contest and diligently prosecutes such contest and at all times effectively stays or prevents any official or judicial sale of the Building and the land by reason of nonpayment of its proportionate share of any Real Property Taxes. Landlord shall fully cooperate with Tenant in all reasonable ways to contest any Real Property Taxes and provided further that, if any lien arises from such contest, Tenant shall immediately cause the lien to be discharged or shall provide Landlord with additional security which in form and substance is reasonably satisfactory to Landlord to discharge such lien if necessary. If successful, the cost of such contesting (not to exceed the amount of any savings actually received) shall be prorated among all tenants of the Building and/or the Project who shall pay their proportionate share of such cost through Common Operating Expenses.

**3.4 Payments Generally.** Base Rent, all forms of Additional Rent (defined in this Section 3.4, below) payable hereunder by Tenant and all other amounts, fees, payments or charges payable hereunder by Tenant shall (i) each constitute rent payable hereunder (and shall sometimes collectively be referred to herein as "**Rent**"), (ii) be payable to Landlord when due without any prior notice or demand therefor in lawful money of the United States without any abatement, offset or deduction whatsoever (except as specifically provided otherwise herein), and (iii) be payable to Landlord at the address of Landlord specified in Item 12 of the Basic Lease Information (or to such other person or to such other place as Landlord may from time to time designate in writing to Tenant). No receipt of money by Landlord from Tenant after the termination of this Lease, the service of any notice, the commencement of any suit, or a final judgment for possession shall reinstate, continue or extend the Term of this Lease or affect any such notice, demand, suit or judgment. No partial payment by Tenant shall be deemed to be other than on account of the full amount otherwise due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and Landlord shall be entitled to accept such payment without compromise or prejudice to any of the rights of Landlord hereunder or under any Applicable Laws (defined in Section 6.3.1, below). In the event that the Commencement Date or the expiration of the Term (or the date of any earlier termination of this Lease) falls on a date other than the first or last day of a calendar month, respectively, the Rent payable for such partial calendar month shall be prorated based on a per diem basis. For purposes of this Lease, all amounts (other than Base Rent) payable by Tenant to Landlord pursuant to this Lease, whether or not denominated as such, shall constitute "**Additional Rent**."

**3.5 Late Payments.** Tenant hereby acknowledges and agrees that the late payment by Tenant to Landlord of Base Rent or Additional Rent (or any other sums due hereunder) will cause Landlord to incur administrative costs not contemplated under this Lease and other damages, the exact amount of which would be extremely difficult or impractical to fix. Landlord and Tenant agree that if Landlord does not receive any such payment on or before the date that is five (5) days after the date on which such payment is due (a "**Late Charge Delinquency**"), Tenant shall pay to Landlord, as Additional Rent, (i) a late charge ("**Late Charge**") equal to five percent (5%) of the amount overdue to cover such additional administrative costs and damages, and (ii) interest on all such delinquent amounts at an interest rate (the "**Default Rate**") equal to the lesser of (a) one and one-half percent (1 1/2 %) per month or (b) the maximum lawful rate from the date of the Late Charge Delinquency until the date the same are paid. In no event, however, shall the charges permitted under this Article 3 or elsewhere in this Lease, to the extent the same are considered to be interest under Applicable Law, exceed the maximum lawful rate of interest. Landlord's acceptance of any Late Charge, or interest pursuant to this Section 3.5, shall not be deemed to constitute a waiver of Tenant's default with respect to the overdue amount, nor prevent Landlord from exercising any of the other rights and remedies available to Landlord hereunder or under any Applicable Laws. Notwithstanding anything herein to the contrary, Landlord agrees to waive the default interest and late charges for one (1) late payment hereunder during any consecutive twelve (12) calendar month period during the Term, provided such late payment is paid in full within five (5) business days after written notice to Tenant of such failure.

**3.6 Utilities.** Commencing on the Commencement Date, Tenant shall timely pay for all utilities (including, but not limited to, electricity, water and sewage service) provided to and/or used in the Tenant Space. Tenant shall be required to contract directly with all utility providers for the provisioning of utilities, including electrical power, to the Tenant Space, and shall make timely payments directly to each such utility provider. Tenant agrees (1) to provide Landlord with evidence of such payments, within thirty (30) days of delivery of a written request therefor from Landlord; and (2) at no time may Tenant reduce the amount of electrical power that is committed to the Property by any electrical utility provider without Landlord's prior approval, not to be unreasonably withheld, conditioned or delayed.

4. **TAXES – EQUIPMENT; TAXES – OTHER.**

4.1 **Taxes – Equipment.** Tenant shall be liable for and shall pay at least before delinquency all governmental fees, taxes, tariffs and other charges levied directly or indirectly against any personal property, fixtures, machinery, equipment, apparatus, systems, connections, interconnections and appurtenances located in, or used by Tenant in or in connection with, the Tenant Space (“**Taxes – Equipment**”; individually, a “**Tax – Equipment**”).

4.2 **Taxes – Other.** Tenant shall pay to Landlord, as Additional Rent and within thirty (30) days of Landlord’s demand therefor, and in such manner and at such times as Landlord shall direct from time to time by written notice to Tenant, all excise, sales, privilege or other tax, assessment or other charge (other than income taxes) imposed, assessed or levied by any governmental or quasi-governmental authority or agency upon Landlord on account of (i) the Rent (and other amounts) payable by Tenant hereunder (or any other benefit received by Landlord hereunder), including, without limitation, any gross receipts tax, license fee or excise tax levied by any governmental authority, (ii) this Lease, Landlord’s business as a lessor hereunder, and/or the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of any portion of the Tenant Space (including, without limitation, any applicable possessory interest taxes), (iii) this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Tenant Space, or (iv) otherwise in respect of or as a result of the agreement or relationship of Landlord and Tenant hereunder (collectively, the “**Taxes – Other**”; individually a “**Tax – Other**”); provided however that, if there is any tax, assessment or charge, which would otherwise be included within the foregoing definition of Taxes – Other that is, wholly or in part, imposed as a substitute tax, assessment or charge for Real Property Taxes, such Tax – Other will be considered a Real Property Tax to the extent that such tax, assessment or charge is imposed as a substitute for any Real Property Taxes.

4.2.1 Landlord hereby represents and warrants to Tenant, to the best of Landlord’s Actual Knowledge (defined in Section 6.3.2.1, below), that there are no Taxes – Other assessed against Landlord as of the Effective Date other than the City of Santa Clara Business Tax License Fee.

5. **INTENTIONALLY DELETED.**

6. **PERMITTED USE; COMPLIANCE WITH APPLICABLE LAWS; HAZARDOUS MATERIALS.**

6.1 **Permitted Use.** Tenant shall use the Tenant Space only in accordance with Applicable Laws for the installation, placement, operation and maintenance of computer, switch and/or communications equipment and connections, and in any case for all purposes necessary or appropriate for datacenter, colocation facility and/or telecommunications center purposes (including without limitation office uses, whether or not such office uses are associated with Tenant’s datacenter, colocation and/or telecommunications uses, and other reasonably associated uses, including storage) (collectively, the “**Permitted Use**”). Any other use of the Tenant Space is subject to Landlord’s prior written consent, such consent not to be unreasonably withheld, conditioned or delayed.

6.1.1. Landlord hereby grants to Tenant the exclusive right (i) to use all vaults, conduits, cables, wiring, telecommunications closets and building entrance links in the Building which serve only the Building; (ii) to install conduits and piping for communications wiring to interconnect with other carriers and interconnect Tenant’s telecommunications equipment throughout the Tenant Space and elsewhere in the Project; (iii) to connect Tenant’s emergency generators to the (a) fuel tanks, (b) Tenant Space and (c) Tenant’s telecommunications equipment throughout the Tenant Space and elsewhere in the Project; and (iv) to connect the Tenant’s HVAC units to the Tenant Space and Tenant’s telecommunications equipment throughout the Tenant Space and elsewhere in the Project. All such conduits and piping installed by Tenant shall be paid for by Tenant and shall at all times be the exclusive property of Tenant, subject to the right of Tenant to leave said items after the expiration or earlier termination of this Lease, pursuant to this Lease. Tenant also shall have the non-exclusive right to use the two vaults at the Project, which are existing as of the date hereof and are located outside of the Tenant Space, in common with other tenants of the Project. Tenant shall, subject to applicable reasonable security measures and access controls, have reasonable supervised access to such shared vaults 24-hours a day, 7-days a week, and, if requested by Tenant, Landlord shall reasonably cooperate with Tenant to implement reasonable security measures and access controls with respect to such shared vaults; provided that such access is requested at commercially reasonable times, and subject to Landlord obtaining all approvals from any interested parties and coordinating access and security measures with such interested parties.

6.2 **Further Assurances.** Landlord agrees to reasonably cooperate with Tenant with regard to Tenant's need for easements and/or other entitlements regarding the Tenant Space (whether as to construction, alteration and/or operation), including entering into reasonable easement and/or entitlement documentation for such purposes. Landlord and Tenant agree that Landlord shall not charge Tenant any additional Base Rent or other charges related to such documents, except that Landlord shall be entitled to be reimbursed by Tenant for its legal fees in accordance with (and subject to) the terms of Section 18.3, below, and Landlord shall be entitled to be reimbursed (within thirty (30) days after Tenant's receipt of an invoice from Landlord for same) for any other actual third party out of pocket costs necessarily incurred by Landlord (e.g., fees charged by the applicable governmental entity or utility company) in effectuating such documents.

### 6.3 Compliance with Laws; Hazardous Materials.

6.3.1 **Compliance with Laws.** Tenant, at Tenant's sole cost and expense, shall timely take all action required to cause the Tenant Space, all Alterations and Tenant's (and all other Tenant Parties') use of the Tenant Space to comply at all times during the Term of this Lease in all respects with all laws, ordinances, building codes, governmental regulations (including the Americans with Disabilities Act), orders and directives of any governmental authority having jurisdiction (including without limitation any post-Commencement Date certificate of occupancy), and all covenants, conditions and restrictions affecting the Property now or in the future applicable to the Tenant Space and with all rules, orders, regulations and requirements of any applicable fire rating bureau or other organization performing a similar function (collectively, "**Applicable Laws**"), but only to the extent such Applicable Laws apply to the Tenant Space and are required to be complied with at the Tenant Space (and, for example, not grandfathered). Additionally, Tenant shall not use the Tenant Space, or permit the Tenant Space to be used, in any manner, or do or suffer any act in or about the Tenant Space which: (i) violates or conflicts with any Applicable Law; (ii) causes or is reasonably likely to cause damage to the Property, the Building, the Tenant Space or the Building and/or Property systems and equipment, including, without limitation, all fire/life safety, electrical, HVAC, plumbing or sprinkler, mechanical, and telecommunications systems and equipment (collectively, the "**Building Systems**"); (iii) will invalidate or otherwise violates a requirement or condition of any fire, extended coverage or any other insurance policy covering the Property, the Building, and/or the Tenant Space, or the property located therein, or will increase the cost of any of the same (unless Tenant shall agree in writing to pay any such increase to Landlord immediately upon demand as Additional Rent) (provided that this sub-part (iii) shall not serve to prohibit the Permitted Use if certain insurance policies cease to be generally available at commercially reasonable rates due to a risk that is indigenous to datacenters, in general (e.g., if insurance providers generally determined to raise the premiums for property insurance for datacenter buildings up to a prohibitively expensive level due to a perceived increased threat of terrorism with regard to such properties, the inability to obtain such insurance at a commercially reasonable rate would not be deemed to create a prohibition against the operation of the Tenant Space for the Permitted Use); (iv) amounts to (or results in) the commission of waste in the Tenant Space, the Building or the Property; or (v) is other than the Permitted Use. Tenant shall be responsible for any losses, costs or damages in the event that unauthorized parties gain access to the Tenant Space or the Building through access cards, keys or other access devices provided to Tenant by Landlord. Tenant shall promptly upon demand reimburse Landlord as Additional Rent for any additional premium charged for any insurance policy by reason of Tenant's failure to comply with the provisions of this Section 6.3.1.

6.3.1.1 Landlord hereby represents and warrants that, to the best of Landlord's Actual Knowledge, as of the Effective Date, the Tenant Space is not in violation of any Applicable Law.

### 6.3.2 Hazardous Materials.

6.3.2.1 No Hazardous Materials (defined below) shall be Handled (defined below) upon, about, in, at, above or beneath the Tenant Space or any portion of the Building or the Project by or on behalf of Tenant, its Transferees (defined in Section 10.1, below) or partners, or their respective contractors, clients, officers, directors, partners, employees, servants, representatives, licensees, agents, or invitees (collectively, the "**Tenant Parties**"). Additionally, Tenant shall not use the Tenant Space, or permit the Tenant Space to be used, in any manner which may directly or indirectly lead to any non-compliance with any Environmental Law. Notwithstanding the foregoing, normal quantities of those Hazardous Materials customarily used in the conduct of the Permitted Use may be used at the Tenant Space without Landlord's prior written consent, but only in compliance with all applicable Environmental Laws (defined below). Notwithstanding the foregoing, Tenant shall not have any liability (and shall not be required to remediate any condition) relating to Hazardous Materials which existed in, upon or under the Tenant Space as of the Commencement Date, except for any of same that were placed (and/or resulted from conditions caused ) by Tenant or any other Tenant Party.

6.3.2.2 No Hazardous Materials (defined below) shall be Handled upon, about, in, at, above or beneath the Tenant Space or any portion of the Building or the Project by or on behalf of Landlord or Landlord's partners, or their respective contractors, clients, officers, directors, partners, employees, servants, representatives, licensees, agents, or invitees (collectively, the "**Landlord Parties**"). Additionally, Landlord shall not use the Building, or permit the Building or portions thereof to be used, in any manner which may directly or indirectly lead to any non-compliance with any Environmental Law.

6.3.2.3 Notwithstanding the foregoing, normal quantities of those Hazardous Materials customarily used in the operation of the Building and/or otherwise by occupants and/or owners of the Building, and/or that would otherwise be consistent with Institutional Owner Practices (defined below in Section 8.3,) may be used at the Building, but only in compliance with all applicable Environmental Laws. "**Environmental Laws**" shall mean and include all now and hereafter existing Applicable Laws regulating, relating to, or imposing liability or standards of conduct concerning public health and safety or the environment. "**Hazardous Materials**" shall mean and include: (1) any material or substance: (i) which is defined or becomes defined as a "hazardous substance," "hazardous waste," "infectious waste," "chemical mixture or substance," or "air pollutant" under Environmental Laws; (ii) containing petroleum, crude oil or any fraction thereof; (iii) containing polychlorinated biphenyls ("**PCBs**"); (iv) asbestos, asbestos-containing materials or presumed asbestos-containing materials (collectively, "**ACM**"); (v) which is radioactive; (vi) which is infectious; or (2) any other material or substance displaying toxic, reactive, ignitable, explosive or corrosive characteristics, and are defined, or become defined by any Environmental Law. "**Handle**," "**Handled**," or "**Handling**" shall mean any installation, handling, generation, storage, treatment, use, disposal, discharge, release, manufacture, refinement, presence, migration, emission, abatement, removal, transportation, or any other activity of any type in connection with or involving Hazardous Materials.

6.3.2.4 Landlord, to the best of its knowledge, hereby represents to Tenant that as of the Effective Date, the Tenant Space, the Building and the Project do not contain any Hazardous Materials, except for those disclosed in the Phase I Environmental Site Assessment of the Project, dated July 24, 2009, prepared by QORE, Inc. (a complete and true copy of which report was furnished to Tenant prior to the date hereof).

**7. UTILITY INTERRUPTIONS.** Except to the extent caused by the active gross negligence or willful misconduct of Landlord or any other member of the Landlord Group, Landlord shall not be liable or responsible to Tenant for any loss, damage or expense of any type which Tenant may sustain or incur if the quantity or character of the utility provided electric service is changed, is no longer available, or is no longer suitable for Tenant's requirements. Additionally, except as set forth in Section 14.2.2 below, no interruption or malfunction of any electrical or other utility service or equipment (including, without limitation, heating ventilation and air conditioning, collectively, "HVAC") at the Building or the Property shall, in any event, (i) constitute an eviction or disturbance of Tenant's use and possession of the Tenant Space, (ii) constitute a breach by Landlord of any of Landlord's obligations under this Lease, (iii) render Landlord liable for damages of any type or entitle Tenant to be relieved from any of Tenant's obligations under this Lease (including the obligation to pay Base Rent, Additional Rent, or other charges), (iv) grant Tenant any right of setoff or recoupment, (v) provide Tenant with any right to terminate this Lease, or (vi) make Landlord liable for any injury to or interference with Tenant's business or any punitive, incidental or consequential damages (of any type), whether foreseeable or not, whether arising from or relating to the making of or failure to make any repairs, alterations or improvements, or whether arising from or related to the provision of or failure to provide for or to restore any service in or to any portion of the Building or the Property.

**8. MAINTENANCE; ALTERATIONS; REMOVAL OF TENANT'S PERSONAL PROPERTY.**

**8.1 Landlord's Maintenance.** Landlord, at Landlord's sole cost and expense (subject to reimbursement by Tenant as provided elsewhere in this Lease), shall repair, maintain and operate the Common Area and repair and maintain the cosmetic features (*e.g.*, paint) of the exterior and surfaces of the buildings located on the Project and the paved surfaces of the parking lots (including, without limitation, the Front Row Parking Area, but excluding any other portion of the Exclusive Parking Area) so that the same are kept in good order and repair. If there is building service equipment and/or utility facilities serving portions of the Common Area and/or both the Tenant Space and other parts of the Project, Landlord shall maintain and operate (and replace when necessary) such equipment (subject to reimbursement by Tenant as provided elsewhere in this Lease). Landlord, at Landlord's sole cost and expense not subject to reimbursement by Tenant, shall repair and maintain the roof, structure, load bearing walls and foundation of the Building. Landlord shall not be responsible for repairs required by a fire or other casualty or for damage caused to any part of the Project by any act or omission of Tenant or any Tenant Party except as otherwise required by Article 9 hereof. Landlord may engage contractors of its choice to perform the obligations required of it by this Article, and the necessity of any expenditure to perform such obligations shall be at the sole discretion of Landlord. The areas of the Project for which Landlord is assigned the obligation to repair and maintain, pursuant to this Section 8.1, are referred to herein as "**Landlord's Repair Obligations**".

**8.2 Tenant's Maintenance.** Except as otherwise provided in Section 6.3, Section 8.1, Article 9, Section 14.2 and Article 16 hereof, Tenant, at Tenant's sole cost and expense, shall be responsible for the following during the Term of the Lease:

8.2.1 Tenant shall clean and maintain in good order, condition and repair and replace when necessary the Building and every part thereof, including, but not limited to: (i) all plumbing and sewage facilities (including all sinks, toilets, faucets and drains), and all compressors, chillers, ducts pipes, vents or other parts of the HVAC or plumbing system; (ii) all light fixtures and the surfaces and coverings of all interior walls, floors and ceilings; (iii) all windows, doors, entrances, plate glass, signs, and showcases; (iv) all electrical facilities and all equipment (including generators, panels, transformers, switchgear, lighting fixtures, lamps, bulbs, tubes, fans, vents, exhaust equipment and systems); (v) any automatic fire extinguisher equipment and sprinklers in the Building; (vi) the roof membrane of the Building; and (vii) the Exclusive Parking Area (but expressly excluding the Front Row Parking Area).

8.2.2 With respect to utility facilities serving the Building (including electrical wiring and conduits, gas lines, water pipes, and plumbing and sewage fixtures and pipes), Tenant shall be responsible for the maintenance and repair of any such facilities which serve only the Tenant Space, including all such facilities that are within the walls or floor, or on the roof of the Tenant Space, and any part of such facility that is not within the Tenant Space, if such facility serves only the Tenant Space and is not the responsibility of, or under the control of a third party. Tenant shall replace any damaged or broken glass in the Tenant Space (including all interior and exterior doors and windows) with glass of like kind, size and quality. Tenant shall repair any damage to the Building (excluding the exterior surfaces, but including exterior doors and windows) caused by vandalism or any unauthorized entry



8.2.3 Tenant shall maintain, repair and replace when necessary all HVAC equipment which services only the Building, and shall keep the same in good condition through regular inspection and servicing.

8.2.4 All repairs and replacements required of Tenant shall be promptly made with new, or like-new materials of like kind and quality. Notwithstanding anything herein to the contrary, the decision of whether any component should be repaired or replaced shall, except in connection with Landlord's self-help right, described below in this Section 8.2, be made by Tenant in Tenant's sole and absolute discretion. If the work affects the structural parts of the Building, then Tenant shall comply with the provisions of Section 8.3 below. The areas of the Property for which Tenant is assigned the obligation to repair and maintain, pursuant to this Section 8.2, are referred to herein as "**Tenant's Repair Obligations**". Notwithstanding anything herein to the contrary, (a) Tenant's Repair Obligations are limited to returning the Building and other areas for which Tenant is assigned the obligation to repair and maintain to substantially the same condition as when received at the commencement of the Prior Sublease, ordinary wear and tear, and damage due to Casualty and Taking (other than damages for which restoration would be required to be consistent with the Casualty Restoration Standard under Article 9 hereof), excepted (the result of which is that, if Tenant can meet the preceding standard merely by "maintenance and repair", Tenant shall not be deemed to have been required to "replace" any of such improvements); and (b) Tenant shall not be required to replace any equipment, systems or components of the Tenant's Property or Alterations; provided, however, that in connection with the Section 8.4 series, below, Tenant's abandonment (i.e., non-removal) of elements of Tenant's Property or Alterations that are materially damaged or inoperable shall, for the purposes of the Section 8.4 series analysis, be treated as Tenant's Personal Property-Required Removal.

8.2.5 Tenant may elect, at Tenant's sole cost and expense, to assume responsibility for (i) the landscaping of the Tenant Space, (ii) trash removal, and (iii) the maintenance, repair and replacement of exterior lighting as it relates to the Tenant Space (collectively, "**Tenant's Maintenance Option**"). Accordingly, if Tenant exercises Tenant's Maintenance Option, which exercise must be for all of the items that are included under "Tenant's Maintenance Option", then (i) Tenant shall not be obligated to pay Tenant's Proportionate Share of Common Operating Expenses as it relates to the foregoing maintenance obligations and (ii) Tenant shall obtain Landlord's prior written approval (not to be unreasonably withheld, conditioned or delayed) of any contractors that Tenant intends on hiring to perform the obligations required under Tenant's Maintenance Option. Tenant shall exercise Tenant's Maintenance Option by written notice to Landlord, which notice shall indicate that Tenant is exercising Tenant's Maintenance Option as it relates to all of the items that are listed under "Tenant's Maintenance Option." Accordingly, Landlord shall have no further responsibility for the maintenance items that are included under Tenant's Maintenance Option following Landlord's receipt of such notice from Tenant. As it relates to landscaping of the Tenant Space, Tenant shall obtain Landlord's prior written consent (not to be unreasonably withheld, conditioned or delayed) for (i) any material alterations of existing landscaping (e.g. removal of existing landscaping versus pruning of trees) and (ii) any material installation of landscaping (e.g. planting trees versus replacing flowers).

8.2.6. If Tenant fails to perform its covenants of maintenance and repair hereunder, and if such failure shall continue after thirty (30) days written notice to Tenant (or such additional time as may be reasonably required for Tenant to effectuate such cure), then Landlord may, but shall not be obligated to, perform all necessary or appropriate maintenance and repair, and any third party out-of-pocket amounts reasonably expended by Landlord in connection therewith, plus an administrative charge of five percent (5%) of such amounts, shall be reimbursed by Tenant to Landlord as Additional Rent within thirty (30) days after Landlord's demand therefor.

8.3 **Alterations.** Notwithstanding any provision in this Lease to the contrary, Tenant shall not make or cause to be made any alterations, additions, improvements or replacements to the Tenant Space or any other portion of the Building or Property (collectively, “Alterations”) without the prior written consent and approval of Landlord, which consent and approval may not be unreasonably withheld, conditioned or delayed; provided, however, that Landlord’s consent shall not be required for any usual and customary installations, repairs, maintenance, and removals of equipment and telecommunication cables within the Tenant Space if and to the extent that such installations, repairs, maintenance, and removals (i) are usual and customary within the industry, and (ii) will not materially adversely affect the Building’s structure. For example, Landlord’s consent would not be required for the configuration and placement of overhead ladder racks that are usual and customary in datacenters even if attached to the ceiling. For purposes hereof, “**Institutional Owner Practices**” shall mean practices that are consistent with the practices of the majority of the institutional owners of institutional grade, first-class datacenter or telecommunications projects in the United States of America. Landlord and Tenant acknowledge and agree that Tenant may elect, in Tenant’s sole and absolute discretion, to either (a) leave all Alterations as part of the Tenant Space upon the expiration or earlier termination of this Lease in good and operable condition, ordinary wear and tear, and damage due to Casualty and Taking (other than damages for which restoration would be required to be consistent with the Casualty Restoration Standard under Article 9 hereof), excepted, or (b) remove (and/or restore, as applicable) any Alteration at any time prior to the expiration or earlier termination of this Lease, provided that such Alteration is completely removed and the portion of the Building from which the Alteration is removed is fully restored back to substantially the same condition it was prior to the installation of same, ordinary wear and tear, and damage due to Casualty and Taking (other than damages for which restoration would be required to be consistent with the Casualty Restoration Standard under Article 9 hereof), excepted. Additionally, Landlord and Tenant agree that Landlord shall provide its consent (or objections) with regard to Tenant’s requests for Alterations consent within ten (10) business days after Landlord’s receipt of such request. In the event that Landlord has failed to provide its consent (or objections) within the prescribed ten (10) business day period, Landlord will be deemed to have consented with regard to such request for Alterations consent; provided that (i) such request for Alterations consent contains the phrase “DATED MATERIAL ENCLOSED. RESPONSE IS REQUIRED WITHIN TEN BUSINESS DAYS AFTER LANDLORD’S RECEIPT HEREOF”, in all capital letters (no smaller than sixteen (16) point font) in a conspicuous location inside the package in which such request for Alterations consent is provided to Landlord; (ii) such request for Alterations consent contains three (3) full sets of drawings (two full size hard copies, and one full set of drawings on CD); and (iii) in the event that Landlord has not responded within the applicable notice period, Tenant agrees to provide Landlord one (1) additional written notice and one (1) additional business day in which to respond, prior to such deemed approval taking effect. ***The foregoing notwithstanding, if the Alterations consent request is received by Landlord after month 12 of the Term, and if Landlord engages a third party engineer to review Tenant’s request for Alterations consent (and Landlord shall notify Tenant within five (5) business days of receiving Tenant’s request for Alterations whether such outside engineering review will be commissioned), Landlord shall provide its consent (or objections) with regard to Tenant’s requests for Alterations consent within fifteen (15) business days after Landlord’s receipt of such request.***

8.4 **Removal of Tenant’s Improvements and Personal Property.** Each of Tenant and Landlord agrees that (a) Tenant may elect, in Tenant’s sole and absolute discretion, to either leave any of Tenant’s Property – Permitted Removal (defined in Section 8.4.1, below) as part of the Tenant Space upon the expiration or earlier termination of this Lease, or remove (and restore any damage caused by such removal) any of Tenant’s Property – Permitted Removal at any time prior to the expiration or earlier termination of this Lease, and (b) Tenant shall be required to remove all of Tenant’s Personal Property – Required Removal (defined in Section 8.4.1, below) from the Tenant Space prior to the expiration or earlier termination of this Lease, and restore any damage caused by such removal, at any time prior to the expiration or earlier termination of this Lease. For the avoidance of doubt, Tenant acknowledges and agrees that, as it relates to any item of Tenant’s Property that is removed, the entire item must be removed and the area upon which such item was located must be properly and completely restored (e.g., if Tenant chooses to remove a generator that is part of Tenant’s Property – Permitted Removal, (a) the generator and the connecting lines must be properly de-commissioned and completely removed in their respective and total entirety by a licensed electrician, and (b) the fuel tank(s) must be completely removed (and the land upon which the fuel tank(s) was located remediated, as necessary) by a technician/contractor who is properly licensed to conduct such removal and remediation in accordance with all applicable Environmental Laws). For the further avoidance of doubt, Landlord and Tenant acknowledge and agree that an item of Tenant’s Property having the status of “Tenant’s Property – Permitted Removal” or that of “Tenant’s Personal Property – Required Removal” shall not be deemed, in and of itself, to modify Tenant’s obligations under this Lease, as it relates to such items of Tenant’s Property (i.e., if one of Tenant’s fuel tanks develops a leak, Tenant retains the obligation, under Section 6.3.2.1 and Section 8.2, to cause the fuel tank to be repaired and the land upon which the fuel tank(s) was located to be remediated, notwithstanding such item’s status as an item of “Tenant’s Property – Permitted Removal” and/or Tenant’s decision not to remove the same at the expiration of the Term of this Lease).

#### 8.4.1 Defined Terms (Tenant's Property)

8.4.1.1 For purposes hereof, the term "**Tenant's Property**" shall mean, collectively, all Alterations, fixtures, cable, wiring, connecting lines, and other installations, equipment or property (including, without limitation, cabinets, racks and cable trays) installed or placed by, for, through, under or on behalf of Tenant or any Tenant Party anywhere in the Building and/or the Tenant Space [other than equipment or property owned, leased or licensed by Landlord or any other member of the Landlord Group]. Additionally, for the purposes of clarity, the parties acknowledge that Tenant's Property includes all equipment or property [other than equipment or property owned, leased or licensed by Landlord or any other member of the Landlord Group] installed and/or placed anywhere in the Building and/or the Tenant Space by any party specifically and solely in order to provide any service to Tenant or any Tenant Party (e.g., data storage/archiving and data recovery type equipment that is utilized by or for Tenant or any Tenant Party in the Tenant Space, but which is actually owned by a third party, other than Landlord or any other member of the Landlord Group).

8.4.1.2 For the purposes hereof, the term "**Tenant's Personal Property-Required Removal**" shall mean and refer to the following items of Tenant's Property: all cable, wiring, connecting lines, cabinets, racks and cable trays.

8.4.1.3 For the purposes hereof, the term "**Tenant's Property-Permitted Removal**" shall mean and refer to all items of Tenant's Property that are not Tenant's Personal Property – Required Removal, including: generators, HVAC equipment, UPSs and PDUs.

**8.4.2 Standards and Timing of Removal.** As it relates to all items of Tenant's Property that are removed (whether such removal is required or chosen, pursuant to Section 8.4.1, above), Tenant shall, at Tenant's sole cost and expense, promptly cause such removal to occur, and shall cause those portions of the Building and/or the Tenant Space that are damaged by such removal (or by the initial installation) of such Tenant's Property to substantially the same condition that existed immediately prior to the installation or placement of such items, ordinary wear and tear, and damage due to Casualty and Taking (other than damages for which restoration would be required to be consistent with the Casualty Restoration Standard under Article 9 hereof), excepted. In that regard, if Tenant fails to promptly and completely: (a) remove any items of Tenant's Personal Property – Required Removal (e.g., upon the expiration of the Removal Period (as defined in Section 13.2, below), cable, wiring and/or connecting lines remain in the Tenant Space), and/or (b) remove any items of Tenant's Property – Permitted Removal that Tenant undertakes to remove in part (e.g., upon the expiration of the Removal Period, Tenant has removed a generator, but has not removed (and remediated, as necessary) the corresponding fuel tank(s)), and if such failure shall continue for thirty (30) days after written notice to Tenant (or such additional time as may be reasonably required for Tenant to effectuate such cure), Landlord shall, in each such case, have the right to remove such items of Tenant's Property and to restore those portions of the Building and/or the Tenant Space damaged by such removal (or the initial installation or operation thereof) to substantially the same condition that existed immediately prior to the installation or placement of such item(s) of Tenant's Property, in which case Tenant agrees to reimburse Landlord within thirty (30) days of Landlord's demand therefor, for all of Landlord's costs of removal and restoration plus an administrative fee equal to five percent (5%) of such cost.

**8.4.3 No Construction Management or Supervision Fee.** For the avoidance of doubt, Landlord shall not have the right to charge any construction management, supervision or similar oversight fee with respect to any Alterations or the installation of any other Tenant's Property.

**8.4.4 Ownership of Improvements.** Notwithstanding anything to the contrary in this Lease, Tenant's Property shall remain the property of Tenant until the expiration or sooner termination of the Lease, at which point, Tenant's Property will automatically become the property of Landlord to the extent it is not removed (or required to be removed) by Tenant pursuant to this Article 8.

## 9. CASUALTY; TAKINGS; INSURANCE.

### 9.1 Casualty; Takings.

9.1.1 **Casualty; Damage; Standards for Repair.** If at any time during the Term of this Lease, any portion of the Property shall be damaged or destroyed by fire or other casualty (a “**Casualty**”), then Tenant shall, subject to the terms of this Article 9, be obligated to promptly, diligently, using good faith, repair and reconstruct the Property and any of Landlord’s equipment located at the Property and used in connection with the Building to substantially the same or better condition in which they existed on the Commencement Date (such repair and reconstruction standard is referred to herein as the “**Casualty Restoration Standard**”). For the avoidance of doubt, Landlord and Tenant acknowledge that Landlord shall have no restoration obligation in connection with any Casualty, except for paving and striping of the parking lot (including, without limitation, the Front Row Parking Area, but excluding any other portion of the Exclusive Parking Area) and the two drive aisles in the Project to substantially the same or better condition existing on the date of this Lease. The foregoing notwithstanding, while Tenant shall be obligated to complete the Casualty Restoration Standard, it shall be Tenant’s option, in Tenant’s sole and absolute discretion, as to whether Tenant desires to repair, replace, rebuild or otherwise restore any of Tenant’s Property or Alterations. Tenant shall provide written notice (the “**Casualty Notice**”) to Landlord as soon as practicable after the occurrence of a Casualty.

9.1.1.1 **Tenant’s Termination Right.** For the avoidance of doubt, except as set forth in the next sentence, no Casualty occurrence shall entitle Tenant to (a) any abatement of Rent, nor (b) terminate this Lease. The foregoing notwithstanding, in the event that (a) a Casualty causes damage to the Building, or (b) a Casualty causes damage to the Tenant Space such that Tenant is prevented from accessing the Building, then, in each event, Tenant shall have the right to terminate this Lease by, and effective upon, written notice to Landlord if the period of time, which Landlord reasonably estimates will be required to effect the Casualty Restoration Standard (the “**Repair Period-Estimated**”) exceeds one hundred eighty (180) days (or ninety (90) days if the Casualty event occurs during the last twelve (12) months of the Term) (in which case Tenant must provide written notice to Landlord of such termination within thirty (30) days after the Casualty event. If Tenant terminates this Lease as herein provided, then within thirty (30) days after Tenant provides notice of such termination to Landlord, Tenant shall provide Landlord an amount equal to the reasonable costs to repair/reconstruct the Property and any of Landlord’s equipment located at the Property and/or used, or intended for use, in connection with the Building. Landlord shall have no right to terminate this Lease on account of a Casualty event.

### 9.1.2 Takings.

9.1.2.1 **Total Taking.** If all or substantially all of the Building shall be condemned by a governmental authority under its power of eminent domain (a “**Taking**”), this Lease shall terminate as of the date of the vesting of title in the condemning authority.

9.1.2.2 **Partial Taking.** If only a part of the Building shall be the subject of a Taking, this Lease shall continue in full force and effect, subject to the terms of Sections 9.1.2.3-9.1.2.7, below.

9.1.2.3 **Tenant’s Termination Right – Partial Taking.** If any portion of the Property is taken under the power of eminent domain or condemned by any competent authority for any public or quasi public use or purpose, or sold to prevent the exercise thereof (a “**Taking**”) and if the Taking represents the taking of any portion of the Building or the Property that is vital to the conduct of the Permitted Use, including, without limitation, if, by reason of such Taking, Tenant no longer has reasonable means of access to the Building or no longer has a reasonable location to place its generators, then Tenant may terminate this Lease by notice to Landlord given within sixty (60) days following the date upon which Tenant received notice of such Taking. If Tenant so notifies Landlord, this Lease shall terminate upon the date set forth in the notice, which date shall not be more than thirty (30) days following the giving of such notice. If Tenant does not terminate this Lease as set forth herein, Tenant shall be obligated to restore the Tenant Improvements to a condition (accounting for the condemned/taken portion of same) consistent with the Casualty Restoration Standard. Landlord shall have no right to terminate this Lease on account of a Taking.

9.1.2.4 **Intentionally Deleted.**

9.1.2.5 **Base Rent Abatement – Taking.** In the event that this Lease is terminated pursuant to Section 9.1.2.3, above, Landlord shall refund to Tenant any prepaid Base Rent, less any sum then owing to Landlord by Tenant. If, however, this Lease is not terminated pursuant to said Section, Base Rent shall be reduced proportionately and equitably, based on the amount of square feet of the Building that is taken in connection therewith.

9.1.2.6 **Taking Award Rights.** Landlord reserves the right to receive the entirety of the condemning authority's award related to a Taking of any portion of the Property (but, for the avoidance of doubt, not including any amounts that are specifically identified to the Tenant Work). The foregoing notwithstanding, in the event that this Lease is terminated in connection with any Taking, Landlord expressly permits Tenant to make a separate claim against the condemning authority, in any appropriate proceeding, for condemned/taken items of Tenant's Property, the value of Tenant's unamortized, but taken, leasehold improvements or other improvements to the Tenant Space made by Tenant (including, without limitation, any amounts Tenant has paid to make the Property an operational data center) (or at Tenant's expense; but not including, for the avoidance of doubt, any improvements made by Landlord or any Landlord Party) and for Tenant's moving expenses and loss of business related to such Taking, but only if such claim and/or recovery does not reduce the condemnation/taking award otherwise payable to Landlord in connection with such Taking. If any such award that is made, or compensation that is paid, to either party specifically includes an award or amount for the other, the party first receiving the same shall promptly make an accounting of same to the other. Additionally, and notwithstanding anything in this Section 9.1.2.6 to the contrary, Landlord and Tenant agree that, if Tenant does not exercise its termination right in accordance with Section 9.1.2.3, above, but chooses instead to restore the Tenant Improvements in accordance with its restoration obligations under such Section 9.1.2.3, then, subject to the rights of any then-current Holder (defined in Section 12.1, below), Landlord shall make any amounts to the extent actually received by Landlord from the condemning authority as the Taking award available to Tenant to reimburse Tenant for the actual, third-party, out-of-pocket costs incurred by Tenant in the restoration of the Tenant Improvements consistent with the Casualty Restoration Standard. With regard to the immediately preceding sentence, Landlord and Tenant hereby agree that, if (as a result of Holder rights, or otherwise) Landlord makes available to Tenant for such reimbursement anything less than the entirety of the Taking award proceeds, then Tenant's restoration obligations related to such condemnation/taking shall only be to restore the Tenant Improvements consistent with the Casualty Restoration Standard up until the point at which the total amount of actual third party out-of-pocket costs incurred by Tenant for such restorations reaches an amount equal to the amount of the Taking award proceeds that are made available to Tenant in connection therewith.

9.1.2.7 **Tenant's Remedy.** Tenant's termination right, right to Base Rent abatement and rights with regard to the Taking award proceeds, to the extent expressly provided above in the foregoing Sections 9.1.2.1 through 9.1.2.6, shall be Tenant's sole and exclusive remedies in the event of a Taking.

9.1.3 In the event of a Casualty or Taking, Tenant shall not be entitled to any compensation or damages for loss of, or interference with, Tenant's (a) business, or (b) use or access of all or any part of the Tenant Space, in either case, resulting from any such damage, repair, reconstruction or restoration, except as expressly stated herein.

9.1.4 **Waiver.** Landlord and Tenant agree that the provisions of this Article 9 and the remaining provisions of this Lease shall exclusively govern the rights and obligations of the parties with respect to any and all damage to, or destruction of, all or any portion of the Tenant Space, the Building or the Property, and/or any Taking thereof, and Landlord and Tenant hereby waive and release each and all of their respective common law and statutory rights inconsistent herewith, whether now or hereinafter in effect.

9.2 **Tenant's Insurance.** Tenant shall, at Tenant's expense, procure and maintain throughout the Term of this Lease a policy or policies of insurance in accordance with the terms and requirements set forth in **Exhibit "B"** to this Lease. Tenant hereby waives its rights against the Landlord Group with respect to any claims or damages or losses (including any claims for bodily injury to persons and/or damage to property) which are caused by or result from (i) risks insured against under any insurance policies which are required to be obtained and maintained by Tenant under this Lease and that were, in fact, carried by Tenant at the time of such claim, damage, loss or injury, or (ii) risks which would have been covered under any insurance required to be obtained and maintained by Tenant under this Lease had such insurance been obtained and maintained as required. The foregoing waivers shall be in addition to, and not a limitation of, any other waivers or releases contained in this Lease.

9.3 **Landlord's Insurance.** Landlord shall maintain commercial general liability insurance on the Project ("**Landlord's Insurance**").

9.4 **Waiver of Subrogation.** The waivers contained in the foregoing Section 9.2 are intended to waive fully, and for the benefit of Landlord, any rights and/or claims which might rise to a right of subrogation in favor of any insurance carrier that provides an insurance policy required under this Lease. Tenant shall cause each insurance policy required to be obtained by it per Section 9.2 of this Lease to provide that the insurer waives all rights of recovery by way of subrogation against Landlord in connection with any damage or injury covered by such policy. Landlord shall not be liable to Tenant for any damage caused by fire or any of the risks insured against under any insurance policy as required under Section 9.2 of this Lease or which would have been covered by insurance had Tenant maintained the insurance required to be maintained by Tenant under the terms of this Lease.

## 10. TRANSFERS.

10.1 **Restrictions on Transfers; Landlord's Consent** Except for Permitted Transfers (defined in Section 10.1.1), Permitted Agreements (defined in Section 10.5) and Permitted Subleases (defined in Section 10.6), Tenant shall not sublease all or any part of the Tenant Space, nor assign this Lease, nor enter into any other agreement (a) permitting a third party (other than Tenant's employees and occasional guests) to occupy or use any portion of the Tenant Space or (b) otherwise assigning, transferring, licensing, mortgaging, pledging, hypothecating, encumbering or permitting a lien to attach to its leasehold interest under this Lease (any such assignment, sublease, license or the like may sometimes be referred to herein as a "**Transfer**" and any person or entity to whom a Transfer is made or sought to be made is referred to herein as a "**Transferee**"), without Landlord's express prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. The term "Transfer" shall also include any sublease or sub-license of whatever tier. Except for Permitted Transfers and Permitted Agreements, no Transfer (whether voluntary, involuntary or by operation of law) shall be valid or effective without Landlord's prior written consent and, at Landlord's election, any Transfer or attempted Transfer shall constitute an Event of Default of this Lease.

10.1.1 **Permitted Transfer.** Notwithstanding anything to the contrary in this Lease, Tenant shall have the right, with no consent of Landlord being required or necessary (in either event, a "**Permitted Transfer**") (however, Landlord shall be given written notice within thirty (30) days of such Permitted Transfer), to assign or sublet this Lease by operation of law or otherwise to any of the following entities (each a "**Permitted Assignee**"): (i) an affiliate, subsidiary, or parent of Tenant, or a corporation, partnership or other legal entity wholly owned by Tenant (collectively, a "**Tenant Affiliate**"), provided, however, that the Tangible Net Worth (defined below) of such Tenant Affiliate is not less than the Tangible Net Worth of Tenant as of the Effective Date, or (ii) a successor to Tenant by acquisition or merger, or by a consolidation or reorganization pursuant to which Tenant ceases to exist as a legal entity (each such party a "**Successor Party**") and the Tangible Net Worth of the surviving or created entity is not less than the Tangible Net Worth of Tenant as of the Effective Date. As used herein, (A) "parent" shall mean a company which owns a majority of Tenant's voting equity; (B) "subsidiary" shall mean an entity wholly owned by Tenant or a controlling interest in whose voting equity is owned by Tenant; and (C) "affiliate" shall mean an entity controlled by, controlling or under common control with Tenant. The term "**Tangible Net Worth**" as used herein shall mean the excess of total assets over total liabilities (in each case, determined in accordance with GAAP). Excluded from the determination of total assets are all assets which would be classified as intangible assets under GAAP, including, without limitation, goodwill, licenses, patents, trademarks, trade names, copyrights, and franchises.

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**10.1.2 Certain Permitted Financing.** Notwithstanding anything to the contrary in this Lease, the mortgaging, pledging, hypothecating, encumbering or permitting a lien to attach to any of Tenant's Property (in each case, a "**Tenant's Property Financing**") is not a Transfer, and Tenant shall have the right, with no consent of Landlord being required or necessary, to mortgage, pledge, hypothecate, encumber or permit a lien to attach to any of Tenant's Property (other than to its leasehold interest under this Lease), including, without limitation, for equipment financing; provided, however, that Landlord shall not be obligated to permit the secured party in any Tenant's Property Financing to access the Building for the purposes of removing any of Tenant's Property unless and until such secured party has entered into a reasonably acceptable access agreement with Landlord and Tenant.

**10.2 Notice to Landlord.** If Tenant desires to make any Transfer (other than a Permitted Transfer, for which Tenant must notify Landlord within twenty (20) days after the occurrence of same, or a Permitted Agreement, for which no notice is necessary other than that which is expressly described in Section 10.5, below, but for which all materials described in this Section 10.2 must still be provided contemporaneously with such notice), then at least twenty (20) business days (but no more than one hundred eighty (180) days) prior to the proposed effective date of the proposed Transfer, Tenant shall submit to Landlord a written request (a "**Transfer Notice**") for Landlord's consent, which notice shall include: (i) a statement containing: (a) the name and address of the proposed Transferee; (b) current, certified financial statements of the proposed Transferee, and any other information and materials (including, without limitation, credit reports, business plans, operating history, bank and character references) reasonably required by Landlord to assist Landlord in reviewing the financial responsibility, character, and reputation of the proposed Transferee; (c) all of the principal terms of the proposed Transfer; and (d) such other information and materials as Landlord may reasonably request (and if Landlord requests such additional information or materials, the Transfer Notice shall not be deemed to have been received until Landlord receives such additional information or materials) and (ii) four (4) originals of the proposed assignment or other Transfer on a form approved by Landlord and such other Transfer documentation that is executed by Tenant and the proposed Transferee. If Tenant modifies any of the terms and conditions relevant to a proposed Transfer specified in the Transfer Notice, Tenant shall re-submit such Transfer Notice to Landlord for its consent pursuant to all of the terms and conditions of this Article 10.

**10.3 Intentionally Deleted.**

**10.4 No Release; Subsequent Transfers.** No Transfer (whether or not a Permitted Transfer) will release Equinix, LLC, and/or any successor of Equinix, LLC, from the Tenant's obligations under this Lease or alter the primary liability of Equinix, LLC, and/or any successor of Equinix, LLC, to pay the Rent and to perform all other obligations to be performed by Tenant hereunder. In no event shall the acceptance of any payment by Landlord from any other person be deemed to be a waiver by Landlord of any provision hereof. Consent by Landlord to one Transfer will not be deemed consent to any subsequent Transfer. In the event of breach by any Transferee of Tenant or any successor of Tenant in the performance of any of the terms hereof, Landlord may proceed directly against Equinix, LLC, and/or any successor of Equinix, LLC, without the necessity of exhausting remedies against such Transferee or successor. The voluntary or other surrender of this Lease by Tenant or a mutual termination thereof shall not work as a merger and shall, at the option of Landlord, either (i) terminate all and any existing agreements effecting a Transfer, or (ii) operate as an assignment to Landlord of Tenant's interest under any or all such agreements.

10.5 **Colocation.** Additionally, Tenant shall have the right, with no consent of Landlord being required or necessary, to enter into licenses or similar agreements (collectively a “**Permitted Agreement**”) with a customer (i.e., a person or entity that has entered into an agreement with Tenant, or an affiliate of Tenant, for the provision of telecommunication, colocation or any similar or successor services from the Building (“**Customers**”), consistent with the custom and practice of the telecommunications industry, to “co-locate” such Customers’ telecommunications equipment within the Building or to otherwise occupy a portion of the Building and to allow such Customers to avail themselves of the services provided by Tenant from the Building consistent with the Permitted Use. Any such Permitted Agreement shall be subject and subordinate in all respects to all of the terms of this Lease but shall not require any prior consent or notice to the Landlord; provided, however, that: (a) no Permitted Agreement shall in any way discharge or diminish any of the obligations of Tenant to Landlord under this Lease and Tenant shall remain directly and primarily liable under this Lease; (b) each Permitted Agreement shall be subject to and subordinate to this Lease and to the rights of Landlord hereunder; (c) each Permitted Agreement shall prohibit the Customer from engaging in any activities on the Tenant Space that are not consistent with the Permitted Use; (d) each Permitted Agreement shall have a term which expires on or prior to the expiration date of the term of this Lease (or the expiration of any extension option if Tenant has irrevocably exercised such extension option) and (e) the Customer’s license of a portion of the Building may not violate the terms of this Lease or any Applicable Laws. The Customer shall comply with all Applicable Laws. The Permitted Agreements and the Customers’ rights thereunder shall be subject and subordinate at all times to the Lease and all of its provisions, covenants and conditions. **Anything to the contrary contained herein notwithstanding, Landlord and Tenant acknowledge and agree that Permitted Agreements shall not constitute, or be deemed to be, the grant of a leasehold interest or otherwise constitute, or be deemed to be, a real property interest.**

10.6 **Permitted Subleases.** Additionally, Tenant shall have the right, with no consent of Landlord being required or necessary, to enter into subleases or similar agreements (collectively a “**Permitted Sublease**”) with a sublessee to provide to customers of such sublessee telecommunication, colocation or any similar or successor services from the Building, consistent with the custom and practice of the telecommunications industry and consistent with the Permitted Use. Any such Permitted Sublease shall not require any prior consent or notice to the Landlord; provided, however, that: (a) no Permitted Sublease shall in any way discharge or diminish any of the obligations of Tenant to Landlord under this Lease and Tenant shall remain directly and primarily liable under this Lease; (b) each Permitted Sublease shall be subject to and subordinate to this Lease and to the rights of Landlord hereunder; (c) each Permitted Sublease shall prohibit the sublessee from engaging in any activities on the Tenant Space that are not consistent with the Permitted Use; (d) each Permitted Sublease shall have a term which expires on or prior to the expiration date of the term of this Lease (or the expiration of any extension option if Tenant has irrevocably exercised such extension option); (e) each Permitted Sublease may not violate the terms of this Lease or any Applicable Laws; and (f) each Permitted Sublease shall be substantially on a form from time to time reasonably approved by Landlord. In the event that any customer of Tenant desires to become a sublessee under a Permitted Sublease, and desires that Landlord agree to execute a commercially reasonable recognition and non-disturbance agreement with such sublessee, then, in such event, such sublessee, the form of sublease, and the form of recognition and non-disturbance agreement shall all be subject to Landlord’s consent and approval, not to be unreasonably withheld, conditioned or delayed. In the event that Landlord does, in fact, consent to and approve such items, Landlord agrees that it will counter-execute and deliver the agreed upon form of recognition and non-disturbance agreement once the document, having been duly executed by Tenant and the proposed sublessee, is received by Landlord.

10.6.1 In connection with the foregoing request for approval of the recognition and non-disturbance agreement, Landlord and Tenant agree that Landlord shall provide its consent (or objections) with regard to Tenant’s (or the proposed sublessee’s) requests for modifications to the form of such agreement within ten (10) business days after Landlord’s receipt of such request (in which case the submission and review process shall start again). In the event that Landlord has failed to provide its consent (or objections) within the prescribed ten (10) business day period, Landlord will be deemed to have consented with regard to the inclusion of such modifications in the recognition and non-disturbance agreement; provided that (i) the e-mailed request for such modifications contains the phrase “RESPONSE IS REQUIRED WITHIN TEN BUSINESS DAYS AFTER LANDLORD’S RECEIPT HEREOF”, in all capital letters (no smaller than sixteen (16) point font) in a conspicuous location in the text of the relevant e-mail message to Landlord; and (ii) in the event that Landlord has not responded within the applicable notice period, Tenant agrees to provide Landlord one (1) additional e-mailed notice and one (1) additional business day in which to respond, prior to such deemed approval taking effect. The foregoing notwithstanding, the above-described time periods and deemed approval conditions shall not apply in the event that (a) there is any Holder at the time of the relevant request, and (b) Holder consent and/or approval is required with regard to such request for approval of the recognition and non-disturbance agreement; in which case, Landlord will promptly seek any required approvals from the relevant Holder(s) and will diligently continue to use commercially reasonable efforts to pursue the same.



## 11. ESTOPPEL CERTIFICATES.

11.1 **Estoppel Certificate by Tenant.** At any time and from time to time, within ten (10) days after written request by Landlord, Tenant shall execute, acknowledge and deliver to Landlord a statement in writing certifying all matters reasonably requested by Landlord or any current or prospective purchaser, Holder of any Security Document, ground lessor or master lessor. Tenant acknowledges and agrees that it understands that any statement delivered (or to be delivered) pursuant to this Article 11 may be relied upon by any prospective purchaser of the Building or the Property or by any prospective mortgagee, ground lessor or other like encumbrancer thereof or any assignee of any such encumbrance upon the Building or the Property.

11.2 **Estoppel Certificate by Landlord.** At any time and from time to time, within ten (10) days after written request by Tenant, Landlord shall execute, acknowledge and deliver to Tenant a statement in writing certifying all matters reasonably requested by Tenant or any current or prospective transferee, or purchaser of Tenant or any current or prospective lender to Tenant or transferee, including without limitation the nature of known defaults by Tenant under the Lease, if any. Landlord acknowledges and agrees that it understands that any statement delivered (or to be delivered) pursuant to this Article 11 may be relied upon by any current or prospective transferee, or purchaser of Tenant, or any current or prospective lender to Tenant or transferee.

## 12. SUBORDINATION AND ATTORNMENT; HOLDER RIGHTS.

12.1 **Subordination and Attornment.** Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, and at the election of Landlord or any mortgagee or beneficiary with a mortgage or deed of trust encumbering the Property or any portion thereof, or any lessor of a ground or underlying lease with respect to the Property or any portion thereof (any such mortgagee, beneficiary or lessor, a "**Holder**"), this Lease will be subject and subordinate at all times to: (i) all ground leases or underlying leases which may now exist or hereafter be executed affecting the Property; (ii) the lien of any mortgage, deed or deed of trust which may now exist or hereafter be executed affecting the Property or any portion thereof; (iii) all past and future advances made under any such mortgages, deeds or deeds of trust; and (iv) all renewals, modifications, replacements and extensions of any such ground leases, master leases, mortgages, deed and deeds of trust (collectively, "**Security Documents**") which may now exist or hereafter be executed which constitute a lien upon or affect the Property or any portion thereof, or Landlord's interest and estate in any of said items, subject to the terms of Section 12.3, below; provided, however, as a condition to Tenant's agreement hereunder to subordinate Tenant's interest in this Lease to any future Security Document not effective as of the Effective Date of this Agreement, Landlord shall obtain from the applicable Lender a subordination, non-disturbance and attornment agreement in recordable form that is reasonably acceptable to Tenant (any such agreement, an "**SNDA**"). Notwithstanding the foregoing, Landlord reserves the right to subordinate any such Security Documents to this Lease. In the event of any termination or transfer of Landlord's estate or interest in the Property, the Building or the Tenant Space by reason of any termination or foreclosure of any such Security Documents (and notwithstanding any subordination of such Security Document to this Lease that may or may not have occurred), at the election of Landlord's successor in interest, Tenant agrees to attorn to and become the tenant of such successor, in which event Tenant's right to possession of the Property will not be disturbed as long as Tenant is not in default under this Lease. Tenant hereby waives any right under any Applicable Law or otherwise to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event of any termination or transfer of Landlord's estate or interest in the Property, the Building or the Tenant Space by reason of any termination or foreclosure of any such Security Documents.

12.1.1 Landlord hereby represents and warrants that as of the Effective Date, the Property is not encumbered by a mortgage, deed of trust or other Security Document.

12.2 **Mortgagee and Ground Lessor Protection.** Tenant agrees to give each Holder, by registered or certified mail, or by overnight courier, a copy of any notice of default served upon the Landlord by Tenant, provided that prior to such notice Tenant has been notified in writing of the address of such Holder (hereafter, a "**Noticed Holder**"). Tenant further agrees that prior to Tenant pursuing any remedy for such default provided hereunder, at law or in equity, any Noticed Holder shall have the same time periods (i.e., within Landlord's time periods) set forth in this Lease, or as otherwise set forth in the SNDA, for which to cure or correct such default.

12.3 **SNDA.** At any time that the Building is made subject to any Security Document(s) (including, without limitation, prior to the date hereof), Landlord shall use commercially reasonable good faith efforts to cause the mortgagee and any lessor (whether under a ground or master lease) to deliver to Tenant an SNDA, providing in part that so long as Tenant is not in default under this Lease after the expiration of any applicable notice and cure periods, Tenant may remain in possession of the Tenant Space under the terms of this Lease, even if the mortgagee or its successor should acquire Landlord's title to the Building. The foregoing obligation shall apply if the Building is currently subject to any Security Document(s), and Landlord shall use commercially reasonable efforts to cause the mortgagee and any lessor (whether under a ground or master lease) to deliver to Tenant an SNDA prior to the Commencement Date. Notwithstanding anything herein to the contrary, the subordination of this Lease to any Security Document hereafter placed upon the Building and Tenant's agreement to attorn to the Holder as provided in this Section 12 shall be conditioned upon the Holder entering into an SNDA. Tenant covenants and agrees to execute and deliver, within ten (10) days of receipt thereof, an SNDA.

### 13. SURRENDER OF TENANT SPACE; HOLDING OVER.

13.1 **Tenant's Method of Surrender.** Upon the expiration of the Term of this Lease, or upon any earlier termination of this Lease or the termination of Tenant's right to possess the Tenant Space, Tenant shall, subject to the provisions of this Article 13 and Section 8.4, quit and surrender possession of the Tenant Space to Landlord in good working order and clean condition, reasonable ordinary wear and tear, and damage due to Casualty and Taking (other than damages for which restoration would be required to be consistent with the Casualty Restoration Standard under Article 9 hereof), excepted.

13.2 **Disposal of Tenant's Property.** If any property not belonging to Landlord remains in the Tenant Space after the expiration of or within fifteen (15) days after any earlier termination of the Term of this Lease or the termination of Tenant's right to possess the Tenant Space (such period of fifteen (15) days, the "**Removal Period**"), Tenant shall be deemed to have abandoned such property and to have authorized Landlord to make such disposition of such property as Landlord may desire without liability for compensation or damages to Tenant in the event that such property is the property of Tenant; and in the event that such property is the property of someone other than Tenant, Tenant shall indemnify and hold the Landlord Group harmless from all Claims arising out of, in connection with, or in any manner related to any removal, exercise or dominion over and/or disposition of such property by Landlord.

13.3 **Holding Over.** If Tenant should remain in possession of all or any portion of the Tenant Space after the expiration of the Term of this Lease (or any earlier termination of this Lease or the termination of Tenant's right to possess the Tenant Space), without the execution by Landlord and Tenant of a new lease or an extension of the Term of this Lease, then Tenant shall be deemed to be occupying the entire Tenant Space as a tenant-at-sufferance, upon all of the terms contained herein, except as to term and Base Rent and any other provision reasonably determined by Landlord to be inapplicable. During any such holdover period, Tenant shall pay to Landlord a monthly Base Rent in an amount equal to one hundred fifty percent (150%) of the Base Rent and Additional Rent payable by Tenant to Landlord during the last month of the Term of this Lease. The monthly rent payable for such holdover period shall in no event be construed as a penalty or as liquidated damages for such retention of possession, nor shall such monthly rent be considered to be any form of consequential or special damages related to such retention of possession. Neither any provision hereof nor any acceptance by Landlord of any rent after any such expiration or earlier termination shall be deemed a consent to any holdover hereunder or result in a renewal of this Lease or an extension of the Term, or any waiver of any of Landlord's rights or remedies with respect to such holdover. Notwithstanding any provision to the contrary contained herein, Landlord expressly reserves the right to require Tenant to surrender possession of the Tenant Space upon the expiration of the Term of this Lease or upon the earlier termination hereof or at any time during any holdover and the right to assert any remedy at law or in equity to evict Tenant and collect damages in connection with any such holdover.

13.4 **Survival.** The provisions of this Article 13 shall survive the expiration or early termination of this Lease.

#### 14. **WAIVERS; INDEMNIFICATION; CONSEQUENTIAL DAMAGES; LIENS.**

14.1 **Waiver.** To the fullest extent permitted by law, Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of, and waives all claims it may have against the Landlord Group (as defined in the Basic Lease Information) for damage to or loss of property (including, without limitation, consequential damages, loss of profits and intangible property) or personal injury or loss of life or other damages of any kind resulting from the Property, the Building or the Tenant Space or any part thereof becoming out of repair, by reason of any repair or alteration thereof, or resulting from any accident within the Property, the Building or the Tenant Space or on or about any space adjoining the same, or resulting directly or indirectly from any act or omission of any person, or due to any condition, design or defect of the Property, the Building or the Tenant Space, or any space adjoining the same, or the mechanical systems of the Building, which may exist or occur, whether such damage, loss or injury results from conditions arising upon the Tenant Space or upon other portions of the Building, or from other sources or places, and regardless of whether the cause of such damage, loss or injury or the means of repairing the same is accessible to Tenant; provided, however, that, subject to Section 9.2 and Section 14.3, such assumption and waiver shall not apply to the extent such claims are caused by the gross negligence or willful misconduct of Landlord or any other member of the Landlord Group. Except to the extent cause caused by the gross negligence or willful misconduct of Landlord or any other member of the Landlord Group, Tenant further waives any claim for damages for any injury to Tenant's business or inconvenience to, or interference with, Tenant's business, any loss of occupancy or quiet enjoyment of the Tenant Space or any other loss occasioned by Landlord's entry under the terms of Section 18.16, below. Tenant agrees that Landlord will not have any responsibility or liability for any damage to Tenant's equipment or interruption of Tenant's operations, which is caused by any other occupant of the Building or the Property or the employees, agents, contractors, technicians, representatives, customers, co-locators or invitees of any such occupant.

#### 14.2 **Indemnifications.**

14.2.1 Subject to the terms of Sections 9.2 and 9.4, above, and except to the extent caused by the active negligence (defined below), gross negligence or willful misconduct of Landlord or any other member of the Landlord Group, as determined by a court of competent jurisdiction, Tenant hereby agrees to indemnify, defend, and hold harmless Landlord and the Landlord Group from and against (and to reimburse Landlord and the Landlord Group for) any and all claims, actions, suits, proceedings, losses, damages, obligations, liabilities, penalties, fines, costs and expenses (including, without limitation, reasonable attorneys' fees, legal costs, and other reasonable costs and expenses of defending against any claims, actions, suits, or proceedings) (collectively, "**Claims**") arising from, in connection with, or in any manner relating to (or alleged to arise from, to be in connection with, or to be in any manner related to): (i) the use or occupancy of the Tenant Space or any portion of the Building or the Property by (A) Tenant or any person claiming by, through or under Tenant or any other Tenant Party\*, or (B) any Customer or any person claiming by, through or under any Customer, its partners, and their respective officers, agents, servants or employees of Tenant or any such person (collectively, the "**Colocating Parties**"); (ii) the gross negligence or willful misconduct of Tenant or any Tenant Parties with respect to the Tenant Space, the Building or the Property, (iii) the acts or omissions of any Customer or any Colocating Parties; (iv) any malfunctioning of Tenant's Security System, (v) Tenant's failure to surrender the Tenant Space upon the expiration or any earlier termination of this Lease or the termination of Tenant's right to possess the Tenant Space in accordance with the terms of this Lease (including, without limitation, costs and expenses incurred by Landlord in returning the Tenant Space to the condition in which Tenant was to surrender and Claims made by any succeeding tenant founded on or resulting from Tenant's failure to surrender the Tenant Space); and (vi) any Permitted Agreement. In the event that any action or proceeding is brought against Landlord or any member of the Landlord Group by reason of any such Claim, Tenant upon notice from Landlord shall defend such action or proceeding at Tenant's cost and expense by counsel reasonably approved by Landlord. Tenant's obligations under this Section 14.2 shall survive the expiration or termination of this Lease as to any matters arising prior to such expiration or termination or prior to Tenant's vacation of the Tenant Space and the Building. Notwithstanding any provision to the contrary contained in this Section 14.2, nothing contained in this Section 14.2 shall be interpreted or used in any way to affect, limit, reduce or abrogate any insurance coverage provided by any insurer to either Tenant or Landlord. This indemnity provision shall survive the termination or expiration of this Lease. *For the purposes of this Section 14.2.1 and Section 14.2.2, below, the term "active negligence" shall mean and refer to a negligent act in which the party at fault has personally participated and which constitutes the violation of a duty expressly provided by this Lease.*

\* For the avoidance of doubt, Landlord and Tenant hereby agree that the indemnification contained in (i) above applies to Claims (a) by, through or related to any third (3<sup>rd</sup>) party who owns or holds any ownership interest (including lien rights) in any item or portion of Tenant's Property; and (b) by Tenant or any other Tenant Party (or any individual accessing the Tenant Space on any Tenant Party's behalf) for bodily injury occurring in, on or around the Tenant Space, the Building or otherwise on or at the Property.

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14.2.2 Subject to the terms of Sections 9.2 and 9.4 above, and except to the extent caused by the active negligence, gross negligence or willful misconduct of Tenant, as determined by a court of competent jurisdiction, Landlord hereby agrees to indemnify, defend, and hold harmless Tenant and the Tenant Group from and against (and to reimburse Tenant and the Tenant Group for) any and all Claims arising from, in connection with, or in any manner relating to (or alleged to arise from, to be in connection with, or to be in any manner related to) the gross negligence or willful misconduct of Landlord or any other member of the Landlord Group with respect to the Tenant Space, the Building or the Property. In the event that any action or proceeding is brought against Tenant or any of the Tenant Group by reason of any such Claim, Landlord upon notice from Tenant shall defend such action or proceeding at Landlord's cost and expense by counsel reasonably approved by Tenant. Landlord's obligations under this Section 14.2 shall survive the expiration or termination of this Lease as to any matters arising prior to such expiration or termination or prior to Tenant's vacation of the Tenant Space and the Building. Notwithstanding any provision to the contrary contained in this Section 14.2, nothing contained in this Section 14.2 shall be interpreted or used in any way to affect, limit, reduce or abrogate any insurance coverage provided by any insurer to either Tenant or Landlord. This indemnity provision shall survive the termination or expiration of this Lease.

14.3 **Consequential Damages.** Except for the indemnification obligations expressly set forth in Section 13.3 and this Section 14.3, under no circumstances whatsoever shall Landlord or Tenant ever be liable under this Lease for consequential damages, incidental damages, indirect damages, or special damages, or for loss of profit, loss of business opportunity or loss of income. The foregoing notwithstanding, with regard to each customer or other person or entity to which Tenant, any Tenant Affiliate, or any Transferee provides goods or services, which are in any way related to or associated with the use of the Tenant Space, including, but not limited to, those (now or hereafter) conducting transactions or other operations by or through or in connection with equipment located within the Tenant Space (collectively, "**Tenant Space Customers**"), Tenant hereby agrees, except to the extent caused by the gross negligence or willful misconduct of Landlord or any other member of the Landlord Group, to indemnify and hold Landlord and the other members of the Landlord Group harmless with regard to (and to reimburse Landlord and any other members of the Landlord Group for) any and all claims by, through, or under any Tenant Space Customer which are related to the use of the Tenant Space or equipment located within the Tenant Space, for, or with regard to, any and all types of consequential damages, incidental damages, indirect damages, or special damages, or for loss of profit, loss of business opportunity or loss of income related to any use of the Tenant Space or equipment located within the Tenant Space.

14.4 **Liens.** Notwithstanding anything to the contrary herein, in no event shall Tenant have any right (express or implied) to create or permit there to be established any lien or encumbrance of any nature against the Tenant Space, the Building or the Property or against Landlord's or Tenant's interest therein or hereunder, including, without limitation, for any improvement or improvements by Tenant, and Tenant shall fully pay the cost of any improvement or improvements made or contracted for by Tenant. Tenant shall require each contractor which it engages to perform any improvements or alterations within the Tenant Space or elsewhere in the Building or the Property, to acknowledge and agree in writing that it is performing its work under its agreement with Tenant solely for the benefit of Tenant and that Tenant is not acting as Landlord's agent. Any mechanic's lien filed against the Tenant Space, the Building or the Property, or any portion of any of the above, for work claimed to have been done, or materials claimed to have been furnished to Tenant, shall be duly discharged or bonded by Tenant within ten (10) days after the filing of the lien.

## 15. TENANT DEFAULT.

15.1 **Events of Default By Tenant.** Each of the following acts or omissions of Tenant or occurrences shall constitute an "Event of Default":

15.1.1 Any failure or refusal by Tenant to timely pay any Rent or any other payments or charges required to be paid hereunder, or any portion thereof, within five (5) days following written notice that the same is delinquent.

15.1.2 Any failure by Tenant to perform or observe any other covenant or condition of this Lease to be performed or observed by Tenant (other than those described in Section 15.1.1, above or Sections 15.1.3, 15.1.4, or 15.1.5, below) if such failure continues for a period of thirty (30) days following written notice to Tenant of such failure; provided, however, that in the event Tenant's failure to perform or observe any covenant or condition of this Lease to be performed or observed by Tenant cannot reasonably be cured within thirty (30) days following written notice to Tenant, Tenant shall not be in default if Tenant commences to cure same within ten (10) days following receipt of such written notice and thereafter diligently prosecutes the curing thereof to completion within sixty (60) days following such written notice.

15.1.3 The filing or execution or occurrence of any one of the following: (i) a petition in bankruptcy or other insolvency proceeding by or against Tenant, (ii) a petition or answer seeking relief under any provision of the Bankruptcy Act, (iii) an assignment for the benefit of creditors, (iv) a petition or other proceeding by or against Tenant for the appointment of a trustee, receiver or liquidator of Tenant or any of Tenant's property, or (v) a proceeding by any governmental authority for the dissolution or liquidation of Tenant or any other instance whereby Tenant or any general partner of Tenant shall cease doing business as a going concern; provided, however, in each of the foregoing subsections, such order, judgment or decree (entered as a result of a petition or proceeding) shall remain undischarged or unstayed sixty (60) days after it is entered.

15.1.4 Any failure by Tenant to execute and deliver any statement or document described in either Article 11 or Section 12.1 requested to be so executed and delivered by Landlord within the time periods specified therein applicable thereto, where such failure continues for five (5) days after delivery of written notice of such failure by Landlord to Tenant.

15.1.5 Intentionally Deleted.

The parties hereto acknowledge and agree that all of the notice periods provided in this Section 15.1 are in lieu of, and not in addition to, the notice requirements of any Applicable Laws.

15.2 **Remedies.** Upon the occurrence of any Event of Default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity, the option to pursue any one or more of the remedies described in Section 1 of **Exhibit "D"** attached hereto and incorporated herein by this reference, each and all of which shall, subject to applicable law, be cumulative and nonexclusive, without any notice or demand whatsoever (and all of the other provisions of Section 1 of **Exhibit "D"** shall apply to an Event of Default by Tenant hereunder). Notwithstanding the foregoing, upon the occurrence of any of the Events of Defaults described in Section 15.1 of this Lease, Landlord hereby agrees to provide Tenant one (1) additional final written notice, which notice shall grant Tenant three (3) days to cure such default (or, provided Tenant has commenced such cure within such three (3) day period, Tenant shall have such additional time as may be reasonably required for Tenant to effectuate such cure), before any remedies set forth in the Lease are exercised by Landlord. Without limiting the foregoing, notwithstanding anything to the contrary in the Lease, Landlord agrees to use commercially reasonable efforts to mitigate its damages in connection with an Event of Default.

## 16. LANDLORD'S LIABILITY.

16.1 **Landlord Default.** In the event that Landlord shall fail to perform any obligation of Landlord to be performed under this Lease, Tenant's sole and exclusive remedies for any such failure shall be an action for money damages, specific performance and/or injunctive relief (Tenant hereby waiving the benefit of any laws granting Tenant a lien upon the property of Landlord and/or upon rental due to Landlord or granting Tenant a right to terminate this Lease upon a default by Landlord); provided, however, that Landlord shall not be in default hereunder (and Tenant shall have no right to pursue any such claim for damages in connection with any such failure) unless and until Tenant shall have delivered to Landlord a written notice specifying such default with particularity, and Landlord shall thereafter have failed to cure such default within thirty (30) days (or, if the nature of Landlord's obligation is such that more than thirty (30) days are reasonably required for its performance, then not unless Landlord shall have failed to commence such performance of such cure within such thirty (30) day period and thereafter diligently pursue the same to completion within sixty (60) days). In the event Landlord's failure to perform an obligation of Landlord to be performed under this Lease materially adversely affects Tenant's use of the Tenant Space for the Permitted Use, Landlord shall commence to cure such default within ten (10) business days following receipt of written notice from Tenant of such default, and in the event of an emergency, shall commence to cure such default within twenty-four (24) hours following receipt of written notice from Tenant of such default, and shall diligently pursue the curing thereof to completion. Unless and until Landlord shall have so failed to so cure any such failure after such notice, Tenant shall not have any remedy or cause of action by reason thereof. Except as expressly set forth in this Lease, in no event shall Tenant have the right to terminate the Lease nor shall Tenant's obligation to pay Base Rent or other charges under this Lease abate based upon any default by Landlord of its obligations under the Lease.

16.1.1 **Tenant Self-Help.** If Landlord fails to perform or to commence and diligently pursue its repair and/or maintenance obligations under Section 8.1 or elsewhere in this Lease within thirty (30) days following notice from Tenant of same (or such shorter period of time if an emergency exists that prevents Tenant from accessing or otherwise using the Tenant Space or that may result in injury to persons or actual damage to property), then Tenant shall have the right, but shall not be obligated, to perform all such repairs or maintenance ("**Tenant Self-Help**"); provided, however, in any event where Tenant intends to exercise its rights contained herein with regard to equipment located outside of the Tenant Space, Tenant hereby agrees to indemnify, defend, and hold harmless Landlord and the Landlord Group from and against (and to reimburse Landlord and the Landlord Group) any and all Claims arising directly from Tenant's gross negligence or willful misconduct in the performance of Tenant Self-Help in any portion of the Building or the Property by Tenant or any other Tenant Party or any person engaged by Tenant or any other Tenant Party to perform such Tenant Self-Help. Any amounts actually expended by Tenant to reasonably effect such repair and/or maintenance shall be reimbursed by Landlord to Tenant within thirty (30) days after receipt of Tenant's written demand therefor. If Landlord, within thirty (30) days of such written demand, neither reimburses such amount nor provides written notice to Tenant that Landlord disputes such amount or the legal or factual basis for Tenant's demand, then (and not otherwise) Tenant shall have the right to offset such amount against Tenant's monthly Base Rent ("**Tenant's Offset Right**"). Notwithstanding the foregoing and for the avoidance of doubt, the actual amount Tenant offsets pursuant to Tenant's Offset Right shall be included in Common Operating Expenses, to the extent such costs would be included in Common Operating Expenses if Landlord had itself incurred the actual costs related to Tenant's Offset Right.

16.2 **Landlord's Liability.** In consideration of the benefits accruing under this Lease to Tenant and notwithstanding anything to the contrary in this Lease or in any exhibits, riders, amendments, or addenda to this Lease (collectively, the "**Lease Documents**"), it is expressly understood and agreed by and between the parties to this Lease that: (i) the recourse of Tenant or its successors or assigns against Landlord (and the liability of Landlord to Tenant, its successors and assigns) with respect to (a) any actual or alleged breach or breaches by or on the part of Landlord of any representation, warranty, covenant, undertaking or agreement contained in any of the Lease Documents, or (b) any matter relating to Tenant's occupancy of the Tenant Space (collectively, the "**Landlord's Lease Undertakings**"), shall be limited solely to an aggregate amount of Landlord's interest in the Property not to exceed an amount equivalent to a thirty percent (30%) equity interest in the Property; (ii) other than Landlord's interest in the Property, Tenant shall have no recourse against any other assets of the Landlord Group (as defined in Schedule "1"); (iii) except to the extent of Landlord's interest in the Property (with respect to Landlord), no personal liability or personal responsibility of any sort with respect to any of Landlord's Lease Undertakings or any alleged breach thereof is assumed by, or shall at any time be asserted or enforceable against, the Landlord Group, and (iv) at no time shall Landlord be responsible or liable to Tenant or any Tenant Party for any lost profits, lost economic opportunities or any form of consequential damages as the result of any actual or alleged breach by Landlord of Landlord's Lease Undertakings.

16.3 **Transfer of Landlord's Interest.** Landlord shall have the right, from time to time, to assign its interest in this Lease in whole or, to a wholly owned subsidiary, in part. Notwithstanding the foregoing, in connection with any assignment in part to a wholly-owned subsidiary, (i) Landlord shall provide a written notice to Tenant specifying the rights and obligations so assigned and (ii) Landlord shall guaranty the performance of the obligations assigned to such wholly-owned subsidiary; provided, however, Landlord's maximum liability under such guaranty shall not exceed the maximum liability it would have had under this Lease if such obligations had not been assigned. Landlord, and each successor to Landlord, shall be fully released from the performance of Landlord's obligations under the Lease Documents arising after the date of such transfer of Landlord's interest in the Property to a third party (and such third party shall be deemed to have assumed such obligations). Landlord shall not be liable for any obligation under the Lease Documents arising after the date of such transfer of its interest in the Property (and such third party shall be deemed to have assumed such obligations), and Tenant agrees to look solely to the successor in interest of Landlord in and to this Lease for all obligations and liabilities accruing on or after the date of such transfer. If any security has been given by Tenant to secure the faithful performance of any of the covenants of this Lease, Landlord may transfer or deliver said security, as such, to Landlord's successor in interest and thereupon Landlord shall be discharged from any further liability with regard to said security.

16.3.1 Section 16.3, above, notwithstanding, Landlord agrees that it will not assign this Lease (or any part of same) prior to the Commencement Date, except that the foregoing prohibition shall not be deemed to prohibit or affect Landlord's otherwise existing ability to assign this Lease (or any part of same) to an affiliate of Landlord and/or to any Holder or to affect any Holder's ability to assign this Lease in accordance with its relevant Security Documents.

17. **TENANT'S RIGHT OF FIRST OFFER TO LEASE; RIGHT OF FIRST REFUSAL TO PURCHASE.**

17.1 **Right of First Offer.** Subject to the terms and conditions of this Article 17, from and after the Effective Date until the expiration of the Term or the earlier termination of this Lease (but not including the last twenty-four (24) months\* of the Term) (the "**ROFO Period**"), Tenant shall have an ongoing right of first offer (a "**ROFO Right**") to lease any space in the Project that is adjacent to the Building (the "**First Offer Space**"), if, as and when such space becomes available for lease. As used herein, any First Offer Space shall be "**available for lease**" if, subject to Section 17.1.3, below, it is not subject to a lease or other occupancy agreement. If, at any time during the ROFO Period, the First Offer Space shall become available for lease (or such sooner date that Landlord reasonably elects to market or review offers on upcoming First Offer Space), Landlord shall deliver to Tenant a written notice (a "**First Offer Notice**") of the availability of such space, which First Offer Notice shall describe the First Offer Space which is available (the "**Offered First Offer Space**"). Tenant shall have twelve (12) business days (the "**Acceptance Period**"), following the date on which Tenant receives such First Offer Notice, to elect to lease the Offered First Offer Space described in the First Offer Notice on the terms and conditions of this Lease (with proportionate increases in the rights granted in this Lease including, without limitation, with respect to Tenant's rights to exterior area and other services) and as otherwise described in this Section 17.1. The term of such lease of the Leased First Offer Space (defined below) shall commence within thirty (30) days after Landlord's receipt of the First Offer Acceptance Notice (the "**Leased First Offer Space Commencement Date**") and be equal to the remaining Term of this Lease. The Offered First Offer Space shall be delivered by Landlord and accepted by Tenant in its as-is condition as of the date of the First Offer Notice. Tenant's rate of Base Rent related to its lease of such Leased First Offer Space (on a "per SF" basis) shall be equal to the then-current per SF rate of the Base Rent pursuant to #Item 8 of the Basic Lease Information in this Lease on the date on which Tenant's lease of the Leased First Offer Space commences, and shall escalate in accordance with such schedule in #Item 8 of the Basic Lease Information. Tenant shall so elect to lease the Offered First Offer Space by delivering to Landlord a written notice (a "**First Offer Acceptance Notice**") of such election. In the event that Landlord does not receive a First Offer Acceptance Notice with respect to the Offered First Offer Space within the Acceptance Period, time being of the essence, Landlord shall be entitled to lease (and to offer, show and market) the applicable Offered First Offer Space to other third parties selected by Landlord at such rental rates and upon such terms as Landlord in its sole and absolute discretion may desire, or to otherwise encumber such Offered First Offer Space by granting rights with respect thereto, and Tenant shall no longer have any ROFO Right with respect to such space until it is leased-up and again becomes available for lease. If Tenant duly exercises its ROFO Right with respect to the Offered First Offer Space ("**Leased First Offer Space**"), Landlord and Tenant shall execute an amendment to this Lease reflecting such exercise within ten (10) days after Tenant's receipt of such amendment from Landlord.

\* To the extent that the ROFO Right would otherwise still exist during the last twenty-four (24) months of the Term, Tenant shall be afforded the ROFO Rights described within this Section 17.1 during such period; provided that, if Tenant desires to exercise the ROFO Right to lease the Leased First Offer Space in connection therewith, Tenant shall as part of the amendment reflecting Tenant's lease of the Leased First Offer Space (and notwithstanding the terms of Section 2.3 of this Lease) also agree to extend the Term by no fewer than one hundred fourteen (114) additional months, by virtue of its exercise of a remaining Extension Option or (in the absence of same) by virtue of the parties' mutual agreement as to the terms of such extension.

17.1.2 Notwithstanding any provision of this Section 17.1 to the contrary, any attempted exercise by Tenant of its ROFO Right shall, at the election of Landlord, be invalid, ineffective, and of no force or effect if, on the date on which Tenant delivers the First Offer Acceptance Notice, or on the date on which the term of the lease with respect to any Leased First Offer Space is scheduled to commence, there shall exist any uncured Event of Default by Tenant under this Lease. Tenant's ROFO Right shall not be assigned or otherwise transferred separately from this Lease, and may only be assigned together with the rights of "Tenant" under this Lease and only so long as such assignee of this Lease has at least a Tangible Net Worth (defined below) of Tenant as of the date immediately prior to such assignment or other transfer. The term "Tangible Net Worth" as used herein shall mean the excess of total assets over total liabilities (in each case, determined in accordance with GAAP). Excluded from the determination of total assets are all assets which would be classified as intangible assets under GAAP, including, without limitation, goodwill, licenses, patents, trademarks, trade names, copyrights, and franchises.

17.1.3 Notwithstanding anything herein to the contrary, Tenant's ROFO Right pursuant to this Section 17.1 shall be subordinate to (i) the current term of any existing lease or colocation agreement covering any portion of the First Offer Space as of the Effective Date; (ii) any and all rights, including without limitation, renewal rights, expansion rights, rights of first refusal and rights of first offer, under any existing lease demising premises in the building in which the First Offer Space is located, which rights exist as of the Effective Date (collectively, the "**Existing Superior Rights**"), (iii) any in-process lease negotiations for space that is available for lease as of the Effective Date (provided that if no lease is executed with respect to such space within twelve (12) months after the Effective Date, such space shall be deemed to be "available for lease" and thereafter be subject to the terms of Tenant's ROFO Right), and (iv) Landlord's right to (A) extend the term of any existing lease covering any portion of the First Offer Space, regardless of whether or not such extension is pursuant to an option to extend that currently exists under the same, provided that such extension is with the then current Tenant of the First Offer Space, and/or (B) enter into a lease agreement with any occupant of any portion of the First Offer Space, provided that such lease agreement is with the then current occupant of the First Offer Space. Landlord shall provide to Tenant a reasonably detailed list of the Existing Superior Rights as it relates to the First Offer Space within thirty (30) days after the Effective Date, and Tenant's ROFO Rights shall not be subordinate to any rights not listed therein or otherwise not provided to Tenant as of such deadline (time being of the essence).



17.1.4 In the event that Tenant leases the Leased First Offer Space, Tenant shall be permitted, without having to pay any fees or other charges, to install conduit and to otherwise make interconnections through agreed-upon pathways between the Tenant Space and the Leased First Offer Space, as well as between other tenants and customers in the building in which the Leased First Offer Space is located with those of Tenant and its Customers.

17.2 **Right of First Refusal to Purchase.** Subject to the terms of this Section 17.2, Tenant will have an ongoing right of first refusal (the **'Purchase ROFR'**) to purchase the Tenant Space. Landlord will inform Tenant in writing (and provide reasonable details of such transaction, including, without limitation, a copy of the agreed upon letter of intent (if one has been agreed upon) for which the parties and any other confidential information may be redacted) (the **"ROFR Notice"**) prior to accepting a third party offer (a **"Third Party Offer"**) to purchase all or a portion of the Tenant Space (the Tenant Space, or such portion thereof, that is then the subject of such Third Party Offer is referred to herein as the **"ROFR Property"**). Tenant may exercise its Purchase ROFR by providing written notice of such exercise (the **'ROFR Acceptance Notice'**) to Landlord within ten (10) business days after receiving the ROFR Notice. If Tenant exercises its Purchase ROFR, the terms and conditions (including the purchase price) for the ROFR Property to be sold shall be on the same terms and conditions as set forth in the ROFR Notice and otherwise as set forth in a commercially reasonable purchase agreement entered into by Landlord and Tenant (subject to the terms of Section 17.2.1, below). If Tenant fails to timely exercise its Purchase ROFR, then Landlord shall be permitted to proceed with the sale of the ROFR Property to any third party, free and clear of Tenant's Purchase ROFR right, so long as the terms and conditions set forth in the agreement, by virtue of which the sale is effected, are substantially the same as (or better for the Landlord, as the seller, than) the terms and conditions as set forth in the ROFR Notice, at which point the Purchase ROFR shall be void and of no further force or effect as to the portion of the Tenant Space that was sold (but the Purchase ROFR shall continue in full force and effect as to all other portions of the Tenant Space). If, however, the terms and conditions set forth in the ROFR Notice are changed by Landlord and the third party to whom Landlord intends to convey the ROFR Property, so that such terms and conditions are no longer the same as (or better for Landlord, as the seller, than) those set forth in the original ROFR Notice, Landlord shall update the ROFR Notice and resend to Tenant in the same manner as the original ROFR Notice.

17.2.1 Upon Landlord's timely and proper receipt of a ROFR Acceptance Notice, in order for Tenant to purchase the ROFR Property in connection with the applicable ROFR Notice, (a) Landlord and Tenant (using good faith, diligent efforts) must come to final agreement upon, and execute and deliver, a commercially reasonable form of purchase and sale agreement documenting Tenant's agreement to purchase the ROFR Property within thirty (30) days after Landlord's receipt of the applicable ROFR Acceptance Notice (the **"PSA Period"**); and (b) in the event that Landlord and Tenant are unable (using good faith, diligent efforts) to come to final agreement upon, and execute and deliver, a commercially reasonable purchase and sale agreement documenting Tenant's agreement to purchase the ROFR Property within the PSA Period, time being of the essence, (1) Tenant's ROFR Acceptance Notice shall be deemed automatically to have been withdrawn (and/or otherwise revoked) by Tenant as of the expiration of such PSA Period, and (2) Tenant shall be deemed to have waived its Purchase ROFR right with regard to that particular ROFR Notice. In such event, Landlord shall be entitled to sell the ROFR Property to any third party, free and clear of Tenant's Purchase ROFR right, so long as the terms and conditions set forth in the agreement, by virtue of which the sale is effected, are the same as (or better for the Landlord, as the seller, than) the terms and conditions as set forth in the ROFR Notice, at which point the Purchase ROFR shall be void and of no further force or effect as to the portion of the Tenant Space that was sold (but the Purchase ROFR shall continue in full force and effect as to all other portions of the Tenant Space).

17.2.2 Notwithstanding any provision of this Section 17.2 to the contrary, any attempted exercise by Tenant of its Purchase ROFR right shall, at the election of Landlord, be invalid, ineffective, and of no force or effect if, on the date on which Landlord delivers the ROFR Notice or the date on which Tenant delivers the ROFR Acceptance Notice there shall exist any uncured Event of Default by Tenant under this Lease. Tenant's Purchase ROFR right shall be personal to **Equinix, LLC, a Delaware limited liability company** and any Permitted Assignee to which this Lease is assigned; and, as such, such right shall not be exercisable by any party to whom any or all of the rights of "Tenant" under this Lease are hereafter assigned or otherwise transferred, other than a Permitted Assignee to which this Lease is assigned.

17.2.3 Except as provided above in Section 17.2.2 (i.e., as it relates to the assignment to a Permitted Assignee), any assignment by Tenant of this Lease, or any termination of this Lease, or termination of Tenant's right to possess the Tenant Space, shall terminate Tenant's Purchase ROFR right.

17.2.4 Notwithstanding any provision of this Section 17.2 to the contrary, Tenant shall have no Purchase ROFR right related to any Third Party Offer that is part of a multi-property purchase offer (i.e., if a third party purchaser indicates to Landlord an interest in acquiring two (2) or more properties owned by Landlord, and/or the affiliate(s) of Landlord (a "**Multi-Property Purchase Offer**"), then Landlord's conveyance of the ROFR Property to the third party (or its affiliate) shall, provided that such conveyance is effected together with the conveyance of some or all of such other property(ies), be deemed to be free of restriction or encumbrance related to the terms of this Section 17.2 of the Lease), **except that**, (1) if the Multi-Property Purchase Offer is an offer to purchase only buildings in which Equinix, LLC (or a Permitted Assignee to which this Lease is assigned) is the sole tenant, Tenant's Purchase ROFR right shall still apply to such Third Party Offer only as it relates to the ROFR Property; the "Multi-Property Purchase Offer" nature of such Third Party Offer notwithstanding, and/or (2) if the Multi-Property Purchase Offer is an offer to purchase only the buildings within the Project, and Tenant is the sole tenant in the Tenant Space and is not in default under this Lease (after applicable notice and cure periods), Tenant's Purchase ROFR right shall still apply to such Third Party Offer as it relates to the buildings within the Project (i.e., the ROFR Property (for purposes of Section 17.2) shall mean and refer to the buildings within the Project); the "Multi-Property Purchase Offer" nature of such Third Party Offer notwithstanding.

17.2.5 Notwithstanding any provision of this Section 17.2 to the contrary, Tenant shall have no Purchase ROFR right related to any conveyance of the ROFR Property by Landlord (a) to any affiliate or subsidiary of any member of the Landlord Group; (b) to any partnership or joint venture of which any member of the Landlord Group is a part; or (c) as a result of a financing arrangement.

## 18. MISCELLANEOUS.

18.1 **Severability.** If any term or other provision of this Lease is determined by any court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any legal requirement, all other terms and provisions of this Lease shall nevertheless remain in full force and effect. Upon such determination by a court of competent jurisdiction that any term or other provision is invalid, illegal or incapable of being enforced, Landlord and Tenant shall negotiate in good faith a new provision, to replace the invalid, illegal or unenforceable provision, that, as far as legally possible, (a) most nearly reflects the intent of Landlord and Tenant, (b) restores this Lease as closely as possible to its original intent and effect, and (c) results in the economic and legal substances of the transactions contemplated hereby not being affected in any manner materially adverse to Landlord or Tenant.

18.2 **No Waiver.** The covenants and obligations of Tenant and Landlord pursuant to this Lease shall be independent of performance by the other of its covenants and obligations pursuant to this Lease. No failure or delay by either Tenant or Landlord to insist on the strict performance of any obligation, covenant, agreement, term or condition of this Lease, or to exercise any right or remedy available upon such non-performance, will constitute a waiver, and no breach or failure by such party to perform will be waived, altered or modified, except by written instrument signed by such party against whom enforcement is sought.

**18.3 Attorneys' Fees and Costs.** If either Landlord or Tenant initiates any litigation, mediation, arbitration or other proceeding regarding the enforcement, construction or interpretation of this Lease, then the non-prevailing party shall pay the prevailing party's reasonable attorneys' fees and costs (including, without limitation, all expense reimbursements, expert witness fees and litigation costs). In addition, if it should otherwise be necessary or proper for Landlord to consult an attorney concerning this Lease for the review of instruments evidencing a proposed Transfer and/or any proposed sublease subordination agreement and/or any documentation related to Section 6.2, above, and/or for the purpose of collecting Rent, Tenant agrees to pay to Landlord its reasonable attorneys' fees whether suit be brought or not to the extent such fees exceed \$1,000.00. The parties further agree that their agreement and associated obligation to pay any such attorneys' fees shall survive the expiration or termination of this Lease.

**18.4 Waiver of Right to Jury Trial.** IN ORDER TO LIMIT THE COST OF RESOLVING ANY DISPUTES BETWEEN THE PARTIES, AND AS A MATERIAL INDUCEMENT TO EACH PARTY TO ENTER INTO THIS LEASE, TO THE FULLEST EXTENT PERMITTED BY LAW, LANDLORD AND TENANT EACH EXPRESSLY WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY TRIAL HELD AS A RESULT OF A CLAIM ARISING OUT OF, IN CONNECTION WITH, OR IN ANY MANNER RELATED TO THIS LEASE IN WHICH LANDLORD AND TENANT ARE ADVERSE PARTIES. THE FILING OF A CROSS-COMPLAINT BY ONE AGAINST THE OTHER IS SUFFICIENT TO MAKE THE PARTIES "ADVERSE."

**18.5 Headings; Time; Survival.** The headings of the Articles, Sections and Exhibits of this Lease are for convenience only and do not define, limit or construe the contents thereof. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. Each of the parties hereto acknowledges that it has read and reviewed this Lease and that it has had the opportunity to confer with counsel in the negotiation of this Lease. Accordingly, this Lease shall be construed neither for nor against Landlord or Tenant, but shall be given a fair and reasonable interpretation in accordance with the meaning of its terms and the intent of the parties. In all instances where Tenant is required to pay any sum or do any act at a particular indicated time or within an indicated period, it is understood that time is of the essence. Any obligations of Tenant accruing prior to the expiration or termination of this Lease shall survive the expiration or termination of this Lease, and Tenant shall promptly perform all such obligations whether or not this Lease has expired.

**18.6 Notices.** Any notice which may or shall be given under the provisions of this Lease shall be in writing and may be delivered by (i) hand delivery or personal service, (ii) a reputable overnight courier service which provides evidence of delivery, (iii) facsimile (so long as a confirming copy is forwarded by a reputable overnight courier service within twenty-four (24) hours thereafter), or (iv) email (so long as a confirming copy is forwarded by a reputable overnight courier service within twenty-four (24) hours thereafter), if for Landlord, at the address specified in Item 11 of the Basic Lease Information, or if for Tenant, at the address specified in Item 3 of the Basic Lease Information, or at such other addresses as either party may have theretofore specified by written notice delivered in accordance herewith. Such address may be changed from time to time by either party by giving notice as provided herein. Notice shall be deemed given, (a) when delivered (if delivered by hand or personal service), (b) if sent by a reputable overnight courier service, on the business day immediately following the business day on which it was sent, (c) the date the facsimile is transmitted, or (d) the date the e-mail is transmitted.

**18.7 Governing Law; Jurisdiction.** This Lease shall be governed by, and construed in accordance with, the laws of the state in which the Property is located. In addition, each of Landlord and Tenant hereby submits to local jurisdiction in the state in which the Property is located and agrees that any action by one against the other shall be instituted in the state in which the Property is located and that each shall have personal jurisdiction over the other for any action brought by one against the other in the state in which the Property is located.

**18.8 Incorporation; Amendment; Merger.** This Lease, along with any exhibits and attachments or other documents referred to herein, all of which are hereby incorporated into this Lease by this reference, constitutes the entire and exclusive agreement between Landlord and Tenant relating to the Tenant Space, and each of the aforementioned documents may be altered, amended or revoked only by an instrument in writing signed by the party to be charged thereby. All prior or contemporaneous oral or written agreements, understandings and/or practices relative to the leasing or use of the Tenant Space are merged herein or revoked hereby. For the avoidance of doubt, Landlord and Tenant hereby agree that (i) this Lease relates exclusively to the Tenant Space, and (ii) the provisions herein do not supersede the terms of any other agreement between Landlord and Tenant related to matters other than the Tenant Space.

**18.9 Brokers.** Each party hereto represents to the other that the representing party has not engaged, dealt with or been represented by any broker in connection with this Lease other than the brokers specified in Item 13 of the Basic Lease Information. Landlord and Tenant shall each indemnify, defend (with legal counsel reasonably acceptable to the other) and hold harmless the other party from and against all Claims (including attorneys' fees and all litigation expenses) related to any claim made by any other person or entity for any commission or other compensation in connection with the execution of this Lease or the leasing of the Tenant Space to Tenant if based on an allegation that claimant dealt through the indemnifying party. The provisions of this Section 18.9 shall survive the termination of this Lease.

**18.10 Examination of Lease.** This Lease shall not be binding or effective until each of the parties hereto have executed and delivered an original or counterpart hereof to each other.

**18.11 Recordation.** Neither Tenant nor any person or entity acting through, under or on behalf of Tenant shall record or cause the recordation of this Lease; provided, however, Tenant shall have the right (but not the obligation), at its sole cost and expense, to record a short form memorandum of this Lease in the form reasonably acceptable to Landlord (which shall include, without limitation, a summary of the Purchase ROFR set forth in Article 17 above).

**18.12 Authority.** Each of Landlord and Tenant represents to the other party that the person executing this Lease on its behalf is duly authorized to execute and deliver this Lease pursuant to its respective by-laws, operating agreement, resolution or other legally sufficient authority. Further, each party represents to the other party that (i) if it is a partnership, the undersigned are all of its general partners, (ii) it has been validly formed or incorporated, (iii) it is duly qualified to do business in the state in which the Property is located, and (iv) this Lease is being executed on its behalf and for its benefit.

**18.13 Successors and Assigns.** Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon, and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives and permitted successors and assigns.

**18.14 Force Majeure.** A party shall incur no liability to the other party with respect to, and shall not be responsible for any failure to perform, any of its obligations hereunder (other than payment obligations or obligations that may be cured by the payment of money (e.g., maintaining insurance)) if such failure is caused by any reason beyond the reasonable control of the party obligated to perform such obligations, including, but not limited to, strike, labor trouble, governmental rule, regulations, ordinance, statute or interpretation, or by fire, earthquake, civil commotion, or failure or disruption of utility services (collectively, "**Force Majeure**"). The amount of time for a party to perform any of its obligations (other than payment obligations) shall be extended by the amount of time it is delayed in performing such obligation by reason of any Force Majeure occurrence whether similar to or different from the foregoing types of occurrences.

**18.15 No Partnership or Joint Venture; No Third Party Beneficiaries** Nothing contained in this Lease shall be deemed or construed to create the relationship of principal and agent, or partnership, or joint venturer, or any other relationship between Landlord and Tenant other than landlord and tenant. Landlord shall have no obligations hereunder to any person or entity other than Tenant, and no other parties shall have any rights hereunder as against Landlord.

18.16 **Access by Landlord.** Landlord, Landlord's agents and employees shall have the right to enter upon any and all parts of the Tenant Space at any reasonable time upon prior reasonable written notice (except in the case of an emergency when oral notice may be given to on-site personnel, but Landlord shall use commercially reasonable efforts to give prior written notice to Tenant and be accompanied by a representative of Tenant) to examine the condition thereof, to make any repairs, alterations or additions required to be made by Landlord hereunder, to show the Tenant Space to prospective purchasers or prospective tenants (but only to such prospective tenants during the last year of the Term of the Lease) or mortgage lenders (prospective or current), to determine whether Tenant is complying with all of its obligations under this Lease, to exercise any of Landlord's rights or remedies hereunder and for any other purpose deemed reasonable by Landlord (and in any event, Tenant's representative shall be allowed to accompany Landlord during any such access). In connection with Landlord's rights hereunder, Landlord shall at all times have and retain a key with which to unlock the exterior access door(s) for the Building. Notwithstanding anything herein to the contrary, Landlord shall use reasonable efforts to minimize disruption of Tenant's business or occupancy during such entries, and shall at all times abide by Tenant's reasonable security procedures during such entries, provided Landlord has prior written notice of such security procedures.

18.17 **Rights Reserved by Landlord.** For the avoidance of doubt, but without negating any of the rights, duties and/or obligations expressly set forth herein, this Lease shall not be deemed to convey any ownership rights or mineral interest rights in the Property to Tenant.

18.17.1 **No Signage Rights.** Landlord and Tenant hereby agree that Landlord shall not have the right to place any signage on the Building or the Tenant Space during the Term of this Lease, unless specifically approved by Tenant, which approval may be withheld in Tenant's sole and absolute discretion. Notwithstanding the foregoing, in the event that Tenant provides notice that Tenant is vacating the Tenant Space, then six (6) months prior to the date that Tenant is expected to vacate the Property, Landlord shall have the right to place a sign on the Building and/or the Tenant Space advertising the Tenant Space for lease.

18.18 **Counterparts; Delivery by Facsimile or E-mail.** This Lease may be executed simultaneously in two or more counterparts each of which shall be deemed an original, but all of which shall constitute one and the same Lease. Landlord and Tenant agree that the delivery of an executed copy of this Lease by facsimile or e-mail shall be legal and binding and shall have the same full force and effect as if an original executed copy of this Lease had been delivered.

18.19 **Confidentiality.** Each party agrees that (i) the terms and provisions of this Lease are confidential and constitute proprietary information of the parties and (ii) it shall not disclose, and it shall cause its partners, officers, directors, shareholders, employees, brokers and attorneys to not disclose any term or provision of this Lease to any other person without first obtaining the prior written consent of the other party, except that each party shall have the right to disclose such information for valid business, legal and accounting purposes and/or if advisable under any applicable securities laws regarding public disclosure of business information. The foregoing notwithstanding, each of Tenant and Landlord reserves the right to post a press release or press releases (in the form reasonably approved by the other), that discloses the fact that Landlord and Tenant have entered into a lease; provided that same does not disclose the location, economics or square footage related hereto. Any references in such press release or press releases, in excess of the fact that Landlord and Tenant have entered into a lease, require approval by Tenant, which Tenant may withhold in its sole and absolute discretion.

18.20 **Incorporation of Schedules and Exhibits.** All of the terms and conditions of all of the Schedules and Exhibits to this Lease are hereby incorporated into this Lease.

**18.21 Financial Statements.** Within thirty (30) days after Landlord's written request therefor, such request to be made only in the event that any actual or prospective lender, mortgagee or purchaser of the Building has required same, Tenant must deliver to Landlord audited annual financial statements of Tenant for the two (2) fiscal years immediately preceding Landlord's request, a balance sheet and profit and loss statement, all prepared in accordance with generally accepted accounting principles consistently applied (collectively, Tenant's "**Financial Statements**"). If Tenant does not then have its Financial Statements audited, Tenant must forward unaudited Financial Statements certified by Tenant's chief financial officer as true, complete and correct in all material respects. Tenant's failure to timely comply with this Section 18.21 shall be an Event of Default hereunder. Landlord hereby agrees to maintain Tenant's Financial Statements as proprietary and confidential and agrees not to disclose Tenant's Financial Statements to any third party other than any actual or prospective lender, mortgagee, or purchaser of the Building, and Landlord's attorneys, accountants and similar business advisors. Notwithstanding the foregoing, this Section 18.21 shall not apply to Tenant if, and so long as, the entity named as "Tenant" under this Lease is a publicly traded entity that is traded on a nationally recognized stock exchange. For the avoidance of doubt, in the event that the entity that is named as "Tenant" under this Lease is merely an affiliate or subsidiary of an entity that is publicly traded on a nationally recognized stock exchange (i.e., the entity that is named as "Tenant" under this Lease is not an entity that is (itself) actually publicly traded on a nationally recognized stock exchange), then Tenant's obligation to provide its Financial Statements, in accordance with this Section 18.21, shall remain in effect—the publicly traded nature of its parent or affiliate notwithstanding. Notwithstanding anything to the contrary in this Section 18.21, so long as Equinix, LLC, a Delaware limited liability company, or a Permitted Assignee is the "Tenant" under this Lease, Landlord will accept an unaudited income statement and balance sheet in satisfaction of the Financial Statements required by this Section 18.21.

**18.22 Drive Aisles.** Notwithstanding anything to the contrary herein, Tenant and its employees, customers, service providers, and other invitees shall have the right (free of charge) to utilize the two drive aisles entering from Duane Avenue and Raymond Street (collectively, the "**Drive Aisles**"), as depicted on **Exhibit "A"**, attached hereto, in each case located to the east of the Tenant Space for pedestrian and vehicular access to the Tenant Space from the eastern boundary thereof.

**18.23 Parking.** At no charge to Tenant, Tenant shall be entitled to the non-exclusive use of the unreserved and unassigned parking area spaces equal to the number of Tenant's Allocated Parking Stalls contained within the Project, described in Item 18 of the Basic Lease Information, for its use and the use of any Tenant Party, the location within the Project of which may be designated from time to time by Landlord. In addition to such unreserved and unassigned parking area spaces, Tenant shall be entitled to use the area (within which there are approximately seventy-five (75) parking spaces) labeled as "**Exclusive Parking Area**", as set forth on **Exhibit "A"**, attached hereto, for Tenant's exclusive use for parking or any other use connected with Tenant's operations at the Tenant Space, as permitted by Applicable Laws. Landlord will not grant other occupants the right to use the Exclusive Parking Area and, if requested by Tenant, shall reasonably cooperate with Tenant to restrict third parties from using the Exclusive Parking Area. Tenant and Tenant Parties may park vehicles at the Project at any time (including overnight) which are no larger than full size passenger automobiles, pick-up trucks or commercial vans and vehicles used by Tenant in connection with its business activities at the Tenant Space and any oversized vehicles (i.e., larger than full size passenger automobiles, pickup trucks, or Tenant's aforementioned commercial vans and vehicles) may be parked at the Project only on a temporary basis for pick-up and delivery purposes. Tenant shall not at any time park or permit the parking of Tenant's vehicles or trucks, or the vehicles or trucks of any Tenant Party, in any portion of the Common Area not designated by Landlord for such use by Tenant; provided that (i) in no event shall Landlord restrict Tenant's parking in the Controlled Parking Area (as defined below), and (ii) enough parking spaces in the Common Areas shall be designated by Landlord for such use by Tenant so Tenant retains the right to use the same number of parking spaces equal to Tenant's Proportionate Share of all Common Area parking spaces, except to the extent restrictions in the parking areas are due to standard maintenance, prescriptive easements and/or Applicable Laws. Tenant shall not abandon any inoperative vehicles or equipment on any portion of the Common Area, nor shall Tenant or any Tenant Party park or store, any vehicle on any portion of the Common Area, including designated parking areas, for any period longer than forty-eight (48) hours. Landlord reserves the right, after having given Tenant reasonable notice, to have any vehicles owned by Tenant or any Tenant Party utilizing parking spaces in excess of the number of Tenant's Allocated Parking Stalls (excluding the Exclusive Parking Area) or parked in unauthorized areas or in violation of this Section 18.23 to be towed away at Tenant's cost.

18.24 **Control of Common Area.** Landlord shall at all times have exclusive control of the Common Area. Landlord shall have the right, without the same constituting an actual or constructive eviction and without entitling Tenant to any abatement of rent, to: (i) close any part of the Common Area to whatever extent required in the opinion of Landlord's counsel to prevent a dedication thereof or the accrual of any prescriptive rights therein; (ii) temporarily close in a reasonable manner the Common Area to perform maintenance or for any other reason deemed sufficient by Landlord in its reasonable judgment; (iii) change the shape, size, location, and extent of the Common Area; (iv) eliminate from or add to the Project any land or improvement, including multi-deck parking structures; (v) make changes to the Common Area including, without limitation, changes in the location of driveways, entrances, passageways, doors and doorways, elevators, stairs, restrooms, exits, parking spaces, parking areas, sidewalks or the direction of the flow of traffic and the site of the Common Area; (vi) remove unauthorized persons from the Project; and/or (vii) change the name or address of the Building or Project; provided, however, that Landlord shall not name or rename the Project with the name of any business competitor of Tenant and provided that in exercising any of the foregoing rights, Landlord shall not interfere with Tenant's business operations, Tenant's possession and quiet enjoyment of the Tenant Space (including the roof thereof), and Tenant's rights and privileges under this Lease. Tenant shall keep the Common Area clear of all obstructions created or permitted by Tenant. If in the opinion of Landlord unauthorized persons are using any of the Common Area by reason of the presence of Tenant in the Building, Tenant, upon demand of Landlord, shall restrain such unauthorized use by appropriate proceedings. In exercising any such rights regarding the Common Area, (i) Landlord shall make a reasonable effort to minimize any disruption to Tenant's business, and (ii) Landlord shall not exercise its rights to control the Common Area in a manner that would materially interfere with Tenant's use of the Tenant Space or parking rights without first obtaining Tenant's consent. Without limiting the foregoing, Landlord shall have no right to close off or restrict access or use of the Drive Aisles described in Section 18.22 above or the two rows of parking spaces located in the Common Areas directly in front of the front entrance of the Building (the "**Controlled Parking Area**"), as set forth on **Exhibit "A"**, attached hereto, in each case without first obtaining Tenant's consent, which consent shall not be unreasonably withheld, conditioned or delayed. Landlord shall have no obligation to provide guard services or other security measures for the benefit of the Project, except to the extent restrictions to the Drive Aisles and Controlled Parking Area are due to standard maintenance, prescriptive easements and/or Applicable Laws. Tenant assumes all responsibility for the protection of Tenant and any Tenant Party from acts of third parties and Landlord shall have no responsibility for security at the Project provided, however, that nothing contained herein shall prevent Landlord, at its sole option, from providing security measures for the Project and provided further that Tenant may install, operate, maintain and repair such site security measures (including, without limitation, burglar bars, pickguards, door contacts, security tape, surveillance cameras and monitors, biometric readers, card readers, keyed locks and motion detectors) as Tenant deems reasonable and necessary to secure the Tenant Space.

18.25 **Exterior Areas.** Notwithstanding anything to the contrary herein, Tenant and its employees, customers, service providers, and other invitees shall have the right (free of charge) to utilize all areas within the Tenant Space, whether interior or exterior of the Building including, without limitation, the rooftop space.

18.26 **Foreign Corrupt Practices Act** Landlord hereby acknowledges that it is fully aware of the provisions of the United States Foreign Corrupt Practices Act (the "**FCPA**") prohibiting bribery and certain other foreign corrupt practices. Landlord, to its knowledge, certifies that Landlord and any Landlord Party are not conducting (and will not be conducting) activities in violation of the FCPA.

*[SIGNATURES APPEAR ON NEXT PAGE]*

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IN WITNESS WHEREOF, the parties hereto have duly executed this Lease on the respective dates set forth below to be effective as of the Effective Date.

**LANDLORD:**

DIGITAL 1350 DUANE, LLC,  
a Delaware limited liability company

By: Digital Realty Trust, L.P.,  
its manager

By: Digital Realty Trust, Inc.,  
its general partner

By: /s/ Mark H. Lutz  
Name: Mark H. Luz  
Title: Vice President Portfolio Management, West Region

Date: 3.27.2014

**TENANT:**

EQUINIX, LLC,  
a Delaware limited liability company

By: /s/ Howard Horowitz  
Name: Howard Horowitz  
Title: SVP Global Real Estate

Date: 3/24/14



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**EXHIBIT "A"**

**DEPICTION OF PROJECT, BUILDING, EXCLUSIVE PARKING AREA AND NEIGHBORING DRIVE AISLES**

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**EXHIBIT "A-1"**

**DESCRIPTION OF THE PROJECT**

**EXHIBIT "B"**

**TENANT'S INSURANCE REQUIREMENTS**

**Policies**

- A. Commercial general liability insurance (including contractual liability): \$5,000,000 single limit; \$20,000,000 aggregate limit.\*
- B. "Special Peril Form" property insurance: Full replacement value of Tenant's Property, the Property and all equipment contained therein or thereon and/or used, or intended for use, in connection with the Building. Tenant's "Special Peril Form" property insurance shall be endorsed or supplemented to provide such additional coverage as Landlord reasonably requires including the perils of earthquake and flood, but only so long as such additional coverage is either (a) customary for comparable buildings in the vicinity of the Building and available at commercially reasonable rates, or (b) similarly maintained by Landlord for comparable buildings in the vicinity of the Building and available at commercially reasonable rates, and such insurance shall contain reasonable deductibles which, in the case of earthquake and flood insurance, may be up to such amount as is then commercially reasonable and available at commercially reasonable rates (provided, however, that with respect to earthquake insurance, Tenant shall not be required to obtain a deductible of less than 5% of the replacement cost).
- C. Workers' compensation insurance: In accordance with the laws of the state in which the Property is located, and Employer's Liability insurance with a limit not less than \$1,000,000 Bodily Injury Each Accident; \$1,000,000 Bodily Injury By Disease—Each Person; and \$1,000,000 Bodily Injury By Disease—Policy Limit.
- D. Automobile liability insurance: Primary auto liability insurance with limits of not less than \$1,000,000 per occurrence covering owned, hired and non-owned vehicles used by Tenant or any other member of the Tenant Group.
- E. Business interruption insurance: In such amount as will reimburse Tenant for direct or indirect loss of earnings attributable to all perils insured against by the property insurance described above for a period of not less than twelve (12) months.\*\*

\* some or all of which may be provided by umbrella coverage.  
\*\* which may be included in Tenant's "Special Peril Form" property insurance.

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**Requirements:**

All insurance required under this Lease shall be issued by insurers with a "General Policyholders Rating" of at least A-VII, as set forth in "Best's Insurance Guide." Such insurers shall be authorized to do business in the state in which the Property is located. The commercial general liability policies and the special peril property insurance policies procured hereunder shall name Landlord and Landlord's managing agent, and any Holders of any Security Documents designated by Landlord as additional insureds. Tenant's "Special Peril Form" property insurance shall name Landlord as loss payee as it relates to Landlord's interests in the Property. Landlord shall be entitled, upon request from time to time, to a copy of the then current entire policy related to any insurance policies required hereunder. Prior to occupying the Tenant Space and upon subsequent requests of Landlord, Tenant shall submit to Landlord evidence that Tenant has the insurance policies required hereunder in effect and, if requested by Landlord, shall provide Landlord with certificates of insurance evidencing such policies. All insurance policies procured hereunder shall contain a provision stating that the insurer shall endeavor to provide at least thirty (30) days written notice to Landlord and all others named as additional insureds prior to any cancellation of such policy. If Tenant does not deliver to Landlord a certificate or other proof of renewal or coverage from another insurance carrier at least fifteen (15) days after the expiration dates of each expiring policy, Landlord may obtain such insurance on behalf of Tenant, and Tenant shall, within ten (10) days after Landlord's demand therefor, pay to Landlord an amount equal to the cost of such insurance policies plus an administrative surcharge of ten percent (10%).

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**EXHIBIT "C"**

**INTENTIONALLY DELETED**

**EXHIBIT "D"**

**CALIFORNIA STATE LAW PROVISIONS**

**1. REMEDIES FOR EVENTS OF DEFAULT.**

**1.1. Landlord's Right to Terminate Upon Tenant Default** During the continuance of any Event of Default by Tenant as provided in Section 15.1 of the Lease, Landlord shall have the right to terminate this Lease and recover possession of the Tenant Space by giving written notice to Tenant of Landlord's election to terminate this Lease, in which event Landlord shall be entitled to receive from Tenant: (a) the worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus (b) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus (c) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus (d) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom; and (e) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by Applicable Laws. As used in clauses (a) and (b), above, "worth at the time of award" shall be computed by allowing interest at the then highest lawful contract rate of interest. As used in clause (c), above, "worth at the time of award" shall be computed by discounting such amount at the Discounting Rate (defined below). As used herein, the term "**Discounting Rate**" means the lesser of (i) the Prime Rate (defined below) plus one percent (1%), or (ii) the maximum rate permitted by Applicable Laws. "**Prime Rate**" shall mean and refer to the then-current "prime" interest rate published in the Money Rates section of the *Wall Street Journal* from time to time.

**1.2. Landlord's Right To Continue Lease Upon Tenant Default** During the continuance of any Event of Default of this Lease and abandonment of the Tenant Space by Tenant, if Landlord does not elect to terminate this Lease as provided in Section 1.1, above, Landlord may from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease. Without limiting the foregoing, Landlord shall have the remedy described in California Civil Code Section 1951.4 (Landlord may continue this Lease in effect after Tenant's breach and abandonment and recover Rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations). To the fullest extent permitted by Applicable Law, the proceeds of any reletting shall be applied first to pay to Landlord all costs and expenses of such reletting (including without limitation, costs and expenses of retaking or repossessing the Tenant Space, removing persons and property therefrom, securing new tenants, including expenses for refixtures, alterations and other costs in connection with preparing the Tenant Space for the new tenant, and if Landlord shall maintain and operate the Tenant Space, the costs thereof) and receivers' fees incurred in connection with the appointment of and performance by a receiver to protect the Tenant Space and Landlord's interest under this Lease and any necessary or reasonable alterations; second, to the payment of any indebtedness of Tenant to Landlord other than Rent due and unpaid hereunder; third, to the payment of Rent due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of other or future obligations of Tenant to Landlord as the same may become due and payable, and Tenant shall not be entitled to receive any portion of such revenue. No re-entry or taking of possession of the Tenant Space by Landlord pursuant to this Section 1.2 shall be construed as an election to terminate this Lease unless a written notice of such election shall be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any reletting without termination by Landlord, Landlord may, at any time after such reletting, elect to terminate this Lease for any such continuing Event of Default by Tenant. Upon the occurrence and during the continuance of an Event of Default by Tenant under Section 15.1 of the Lease, if the Tenant Space or any portion thereof are sublet, Landlord, in addition and without prejudice to any other remedies herein provided or provided by Applicable Laws, may, at its option, collect directly from the sublessee all rentals becoming due to the Tenant and apply such rentals against other sums due hereunder to Landlord.

1.3. **Efforts to Relet.** For the purposes of this Exhibit “D”, Tenant’s right to possession shall not be deemed to have been terminated by efforts of Landlord to relet the Tenant Space (or any portion thereof), by its acts of maintenance or preservation with respect to the Tenant Space (or any portion thereof), or by appointment of a receiver to protect Landlord’s interests hereunder. The foregoing enumeration is not exhaustive, but merely illustrative of acts which may be performed by Landlord without terminating Tenant’s right to possession.

1.4. **Waiver of Right of Redemption.** Tenant hereby waives for Tenant and for all those claiming under Tenant all right now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant’s right of occupancy of the Tenant Space after any termination of this Lease. Notwithstanding any provision of this Lease to the contrary, the expiration or termination of this Lease and/or the termination of Tenant’s rights to possession of the Tenant Space shall not discharge, relieve or release Tenant or Landlord from any obligation or liability whatsoever under any indemnity provision of this Lease, including without limitation the provisions of Section 14.2.1 of this Lease, provided that such obligation or liability arises prior to the expiration or sooner termination of this Lease.

1.5. **Cumulative Remedies; Equitable Relief.** The specific remedies to which Landlord may resort under the provisions of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which it may be lawfully entitled in case of any breach or threatened breach by Tenant of any provisions of this Lease. In addition to the other remedies provided in this Lease, subject to Applicable Laws, Landlord shall be entitled to a restraint by injunction of the violation or attempted or threatened violation of any of the covenants, conditions or provisions of this Lease or to a decree compelling specific performance of any such covenants, conditions or provisions.

1.6. **Tenant’s Waiver.** Tenant acknowledges that Landlord has entered into this Lease in reliance upon, among other matters, Tenant’s agreement and continuing obligation to pay all Rent due throughout the Term. As a result, if Landlord elects, at Landlord’s sole option, to attempt to relet all or any part of the Tenant Space, Tenant agrees that Landlord has no obligation to: (i) relet the Tenant Space prior to leasing any other space within the Datacenter or Building; (ii) relet the Tenant Space (a) at a rental rate or otherwise on terms below market, as then determined by Landlord in its sole discretion; (b) to any entity not satisfying Landlord’s then standard financial credit risk criteria or Datacenter criteria regarding security/interconnectivity; (c) for a use or upon terms not substantially consistent with the terms and requirements of this Lease; (iii) make any alterations to the Tenant Space, the Datacenter or the Building; and/or (iv) otherwise incur any costs in connection with any such reletting, unless Tenant unconditionally delivers to Landlord, in good and sufficient funds, the full amount thereof in advance.

1.7. **Landlord’s Right to Cure.** If Tenant should fail to make any payment (other than Base Rent) or cure any default hereunder within the time herein permitted, Landlord, without being under any obligation to do so, without thereby waiving such default and in addition to and without prejudice to any other right or remedy of Landlord, provided that (a) in the event of a monetary default, such failure has continued after written notice to Tenant for five (5) days; and (b) in the event of a non-monetary default, such failure has continued after written notice to Tenant for thirty (30) days (or such additional time as may be reasonably required for Tenant to effectuate such cure), then Landlord may make such payment and/or remedy such other default for the account of Tenant (and enter the Tenant Space for such purpose), and thereupon Tenant shall be obligated to, and hereby agrees to, pay to Landlord as Additional Rent, within thirty (30) days following Landlord’s demand therefor, all reasonable out-of-pocket costs and expenses (including reasonable out-of-pocket attorneys’ fees) incurred by Landlord in taking such remedial action, plus an administrative fee of five percent (5%) of such amount.

1.8. **Notices.** Tenant hereby acknowledges and agrees that all of the notice periods provided in Section 15.1 of the Lease are in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 et. seq., or any similar or successor law.

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## 2. STATUTORY WAIVERS.

2.1 Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code, and all other provisions of Law, now or hereinafter in force, which restricts the amount or types of claim that a landlord may make upon a security deposit or imposes upon a landlord (or its successors) any obligation with respect to the handling or return of security deposits.

2.2 Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932 and Sections 1941 and 1942 of the California Civil Code or under any similar law, statute, or ordinance now or hereafter in effect.

2.3 Landlord's and Tenant's waivers set forth in Section 9.1.4 of the Lease shall include, without limitation, (i) the provisions of Sections 1932(2) and 1933(4) of the California Civil Code, as amended from time to time, and the provisions of any successor or other law of like import and (ii) the provisions of Sections 1265.130 and 1265.150 of the California Code of Civil Procedure, as amended from time to time, and the provisions of any successor or other law of like import.

2.4 For the avoidance of doubt, the foregoing waivers shall not serve to waive Tenant's rights expressly provided in the Lease.

## 3. NOTICE OF COMPLETION.

Upon completion of any Alterations, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of the county in which the Property is located in accordance with Section 3093 of the Civil Code of the State of California or any successor statute.

## 4. NOTICES.

If the term "Tenant", as used in this Lease, refers to more than one (1) person and/or entity, and notice given as aforesaid to any one of such persons and/or entities shall be deemed to have been duly given to Tenant. Notwithstanding any provision of this Lease to the contrary, in the case where statutory law requires that any notice, notice to quit or pay rent, summons or complaint (or any other form of writing required in connection with the assertion of rights against Tenant, the enforcement of Tenant's obligations under this Lease or the termination of Tenant's rights hereunder) (collectively, "**Statutory Written Notices or Complaints**") must be delivered or served in a particular form, delivered to or served on Tenant through delivery to or service on a particular representative of Tenant, delivered or served in a particular manner (or by a particular method), for purposes of determining compliance with such applicable statutory requirements, the time, manner or method of delivery of all such Statutory Written Notices or Complaints delivered to or served on all of the Tenant addressees for notices listed in Item 3 of the Basic Lease Information (other than the timing, manner and/or method of delivery of the Statutory Written Notice or Complaint to the first addressee listed in Item 3 of the Basic Lease Information) shall be disregarded, and if the timing, manner and, method of delivery and form of the Statutory Written Notice or Complaint delivered to the first addressee listed in Item 3 of the Basic Lease Information shall satisfy the applicable statutory requirements, then such statutory requirements shall be deemed satisfied with respect to the timing, manner, and method of delivery and form with respect to all Tenant addressees as of the date of delivery to such first addressee, but only so long as copies of such Statutory Written Notices or Complaints are also sent concurrently therewith to all those listed in Item 3 of the Basic Lease Information in the manner or method of delivery required in Section 18.6 of this Lease.

## 5. CIVIL CODE SECTION 1938 DISCLOSURE.

As of the Effective Date, the Tenant Space has not undergone inspection by a Certified Access Specialist (as defined in Section 55.52 of the California Civil Code).



## Subsidiaries of Equinix, Inc.

<u>Name</u>	<u>Jurisdiction</u>
Equinix LLC	Delaware, U.S.
Equinix (US) Enterprises, Inc.	Delaware, U.S.
Equinix South America Holdings, LLC	Delaware, U.S.
Equinix RP II LLC	Delaware, U.S.
CHI 3, LLC	Delaware, U.S.
NY3, LLC	Delaware, U.S.
SV1, LLC	Delaware, U.S.
LA4, LLC	Delaware, U.S.
NY2 Hartz Way LLC	Delaware, U.S.
Equinix Pacific, Inc.	Delaware, U.S.
CHI 3 Procurement, LLC	Illinois, U.S.
Equinix Asia Pacific Pte Ltd	Singapore
Equinix Singapore Holdings Pte Ltd	Singapore
Equinix Singapore Pte Ltd	Singapore
Equinix Japan KK (in Kanji)	Japan
Equinix Australia Pty Ltd	Australia
Equinix Hong Kong Ltd	Hong Kong
Equinix Information Technologies Hong Kong Limited	Hong Kong
Equinix Information Technology (Shanghai) Co Ltd.	People's Republic of China
Equinix YP Information Technology (Shanghai) Co Ltd.	People's Republic of China
Equinix Europe Ltd	United Kingdom
Equinix Group Ltd	United Kingdom
Equinix (UK) Ltd	United Kingdom
Equinix (Services) Ltd	United Kingdom
Equinix Corporation Ltd	United Kingdom
Equinix Investments Ltd	United Kingdom
Equinix (London) Ltd	United Kingdom
Equinix (UK) Enterprises Ltd	United Kingdom
Equinix (Real Estate) GmbH	Germany
Equinix (Germany) GmbH	Germany
Upminster GmbH	Germany
Equinix (Germany) Enterprises GmbH	Germany
Equinix (France) SAS	France
Equinix (France) Enterprises SAS	France
Interconnect Exchange Europe SL	Spain
Equinix (Switzerland) GmbH	Switzerland
Equinix (Switzerland) Enterprises GmbH	Switzerland
Equinix (Netherlands) Holdings BV	The Netherlands
EQIX (Global Holdings) C.V.	The Netherlands

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Equinix (EMEA) B.V.	The Netherlands
Equinix (Netherlands) BV	The Netherlands
Virtu Secure Web Services BV	The Netherlands
Equinix (Real Estate) B.V.	The Netherlands
Equinix (Netherlands) Enterprises BV	The Netherlands
Equinix (Luxembourg) Holdings S.à r.l.	Luxembourg
Equinix (Luxembourg) Investments S.à r.l.	Luxembourg
Equinix (Luxembourg) Investments S.à r.l. Hong Kong Branch	Hong Kong
Equinix Middle East FZ LLC	United Arab Emirates
Equinix Italia S.r.L	Italy
ancotel UK Ltd	United Kingdom
ancotel HK Ltd	Hong Kong
ALOG Soluções do Tecnologia em Infomática S.A.	Brazil
ALOG-03 Soluções do Tecnologia em Infomática Ltda.	Brazil
Switch & Data LLC	Delaware, U.S.
Switch & Data Facilities Company LLC	Delaware, U.S.
Switch and Data Operating Company LLC	Delaware, U.S.
Equinix Operating Co LLC	Delaware, U.S.
Equinix Canada Ltd.	Canada
Equinix (Canada) Enterprises Ltd.	Canada
Switch and Data CA Nine LLC	Delaware, U.S.
Switch & Data MA One LLC	Delaware, U.S.
Switch And Data NJ Two LLC	Delaware, U.S.
Switch & Data/NY Facilities Company, LLC	Delaware, U.S.
Switch and Data VA Four LLC	Delaware, U.S.
Switch & Data WA One LLC	Delaware, U.S.

**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

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(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: May 2, 2014

/s/ Stephen M. Smith

Stephen M. Smith  
Chief Executive Officer and President

**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

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(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: May 2, 2014

/s/ Keith D. Taylor

Keith D. Taylor  
Chief Financial Officer

**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 March 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen M. Smith, Chief Executive Officer and President 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  
Chief Executive Officer and President

May 2, 2014

**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 March 31, 2014, 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

May 2, 2014