
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2002

OR

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

For the transition period from _____ to _____

Commission File Number 000-31293

EQUINIX, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

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

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

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

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

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

The number of shares outstanding of the Registrant's Common Stock as of June 30, 2002 was 98,458,830.

EQUINIX, INC.

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PART I. FINANCIAL INFORMATION**Item 1. Condensed Consolidated Financial Statements****EQUINIX, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)**

	<u>June 30, 2002</u>	<u>December 31, 2001</u>
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,775	\$ 58,831
Short-term investments	6,489	28,890
Accounts receivable, net	6,409	6,909
Current portion of restricted cash and short-term investments	47	47
Prepays and other current assets	3,421	8,541
	<u>33,141</u>	<u>103,218</u>
Total current assets	33,141	103,218
Property and equipment, net	399,712	325,226
Construction in progress	—	103,691
Restricted cash and short-term investments, less current portion	26,517	27,997
Debt issuance costs, net	9,109	11,333
Other assets	1,877	3,589
	<u>470,356</u>	<u>575,054</u>
Total assets	\$ 470,356	\$ 575,054
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 11,247	\$ 17,499
Accrued construction costs	—	34,650
Accrued interest payable	1,595	2,167
Current portion of debt facilities and capital lease obligations	7,756	7,206
Current portion of senior secured credit facility	105,000	—
Other current liabilities	1,398	1,807
	<u>126,996</u>	<u>63,329</u>
Total current liabilities	126,996	63,329
Debt facilities and capital lease obligations, less current portion	2,565	6,344
Senior secured credit facility, less current portion	—	105,000
Senior notes	138,930	187,882
Other liabilities	11,586	8,978
	<u>280,077</u>	<u>371,533</u>
Total liabilities	280,077	371,533
Stockholders' equity:		
Common stock	98	80
Additional paid-in capital	563,850	544,343
Deferred stock-based compensation	(5,939)	(11,022)
Accumulated other comprehensive income	536	135
Accumulated deficit	(368,266)	(330,015)
	<u>190,279</u>	<u>203,521</u>
Total stockholders' equity	190,279	203,521
Total liabilities and stockholders' equity	\$ 470,356	\$ 575,054

See accompanying notes to condensed consolidated financial statements.

EQUINIX, INC.

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

	Three months ended June 30,		Six months ended June 30,	
	2002	2001	2002	2001
	(unaudited)			
Revenues	\$ 18,040	\$ 16,157	\$ 38,198	\$ 28,770
Costs and operating expenses:				
Cost of revenues (includes stock-based compensation of \$76, \$152, \$167 and \$393 for the three and six months ended June 30, 2002 and 2001, respectively)	26,956	26,318	52,382	49,996
Sales and marketing (includes stock-based compensation of \$151, \$765, \$584 and \$1,848 for the three and six months ended June 30, 2002 and 2001, respectively)	5,110	4,067	9,280	9,292
General and administrative (includes stock-based compensation of \$1,340, \$4,076, \$3,397 and \$10,901 for the three and six months ended June 30, 2002 and 2001, respectively)	7,835	15,716	14,576	34,392
Restructuring charge	9,950	—	9,950	—
Total costs and operating expenses	49,851	46,101	86,188	93,680
Loss from operations	(31,811)	(29,944)	(47,990)	(64,910)
Interest income	289	3,212	782	7,159
Interest expense	(8,561)	(11,125)	(18,231)	(21,643)
Gain on debt extinguishment	15,526	—	27,188	—
Net loss	\$ (24,557)	\$ (37,857)	\$ (38,251)	\$ (79,394)
Net loss per share:				
Basic and diluted	\$ (0.25)	\$ (0.48)	\$ (0.42)	\$ (1.03)
Weighted average shares	98,940	78,070	91,957	77,237

See accompanying notes to condensed consolidated financial statements.

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EQUINIX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six months ended June 30,	
	2002	2001
	(unaudited)	
Cash flows from operating activities:		
Net loss	\$ (38,251)	\$ (79,394)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	25,419	24,009
Amortization of deferred stock-based compensation	4,148	13,142
Amortization of debt-related issuance costs and discounts	2,978	3,664
Allowance for doubtful accounts	2,493	394
Loss on disposal of property and equipment	11	—
Restructuring charge	9,950	—
Gain on debt extinguishment	(27,188)	—
Changes in operating assets and liabilities:		
Accounts receivable	(1,993)	(1,774)
Prepays and other current assets	4,055	1,460
Other assets	1,590	(2,870)
Accounts payable and accrued expenses	(2,288)	2,519
Accrued restructuring charge	(8,376)	—
Accrued interest payable	213	—
Other current liabilities	(409)	663
Other liabilities	1,799	354
Net cash used in operating activities	(25,849)	(37,833)
Cash flows from investing activities:		
Purchase of short-term investments	(14,666)	(133,815)
Sales and maturities of short-term investments	37,047	59,670
Purchases of property and equipment	(4,024)	(42,100)
Accrued construction costs	(28,708)	(66,090)
Purchase of restricted cash and short-term investments	(5,090)	(822)
Sale of restricted cash and short-term investments	5,820	16,220
Net cash used in investing activities	(9,621)	(166,937)
Cash flows from financing activities:		
Proceeds from exercise of stock options and employee stock purchase plan	365	1,510
Proceeds from issuance of debt facilities and capital lease obligations	—	158,004
Debt issuance costs	(267)	(395)
Debt extinguishment costs	(1,100)	—
Repayment of debt facilities and capital lease obligations	(3,494)	(2,160)
Repayment of senior notes	(2,511)	—
Repurchase of common stock	—	(18)
Net cash provided by (used in) financing activities	(7,007)	156,941
Effect of foreign currency exchange rates on cash and cash equivalents	421	(2,941)
Net decrease in cash and cash equivalents	(42,056)	(50,770)
Cash and cash equivalents at beginning of period	58,831	174,773
Cash and cash equivalents at end of period	\$ 16,775	\$ 124,003
Supplemental cash flow information:		
Cash paid for interest	\$ 15,381	\$ 16,403

See accompanying notes to condensed consolidated financial statements.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements have been prepared by Equinix, Inc. ("Equinix" or the "Company") and reflect all adjustments, consisting only of normal recurring adjustments, which in the opinion of management are necessary to present fairly the financial position and the results of operations for the interim periods presented. The balance sheet at December 31, 2001 has been derived from audited financial statements at that date. The financial statements have been prepared in accordance with the regulations of the Securities and Exchange Commission ("SEC"), but omit certain information and footnote disclosure necessary to present the statements in accordance with generally accepted accounting principles. For further information, refer to the Consolidated Financial Statements and Notes thereto included in Equinix's Form 10-K as filed with the SEC on March 25, 2002. The Company's Report of Independent Accountants and Footnote 1 in the Company's Form 10-K filed with the SEC on March 25, 2002, were updated in conjunction with the preliminary proxy statement filed with the SEC on June 12, 2002. Results for the interim periods are not necessarily indicative of results for the entire fiscal year.

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

The accompanying unaudited condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern. Since its inception, the Company has been successful in completing several rounds of financing. During the same period, the Company has incurred substantial losses and negative cash flows from operations in every fiscal period since inception. For the year ended December 31, 2001, the Company incurred a loss from operations of \$155.3 million and negative cash flows from operations of \$68.9 million. For the six months ended June 30, 2002, the Company incurred a loss from operations of \$38.3 million and negative cash flows from operations of \$25.8 million. As of June 30, 2002, the Company had an accumulated deficit of \$368.3 million.

During the first half of 2002, the Company retired \$52.8 million of Senior Notes in exchange for approximately 16.0 million shares of common stock and approximately \$2.5 million of cash (see Note 7). As of June 30, 2002, a total of \$147.2 million of Senior Note principal remains outstanding. The Company currently intends to issue a significant number of additional shares of stock in order to retire additional Senior Notes up to and including the full \$147.2 million currently outstanding. The Company currently is in discussions with a number of the remaining holders of the Senior Notes regarding such a transaction, and in these discussions the holders have indicated a willingness to effect such a transaction consensually in the near future. As part of this effort, on June 12, 2002, the Company filed a preliminary proxy statement with the SEC seeking stockholder approval for the issuance of additional shares of common stock. The Company believes it will need to amend this proxy statement to increase substantially the number of shares needed to retire most or all of the Senior Notes. In addition to reducing the amount of principal that would need to be repaid, a full retirement of the remaining Senior Notes outstanding would save \$19.1 million in annual interest payments payable semi-annually each year on December 1 and June 1.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In October 2001, the Company entered into the Amended and Restated Senior Secured Credit Facility. The Amended and Restated Senior Secured Credit Facility contains numerous financial covenants including achieving specified revenue targets at levels significantly above historical revenues, achieving certain EBITDA targets, maintaining minimum cash balances and limiting the amount of capital expenditures. As of June 30, 2002, the Company was not in full compliance with all of the financial covenants associated with the Amended and Restated Senior Secured Credit Facility. However, in August 2002, the Company successfully completed the further renegotiation of the Amended and Restated Senior Secured Credit Facility (see Note 16). The most significant terms and conditions of the First Amendment to the Amended and Restated Senior Secured Credit Facility are as follows:

- The Company was granted a full waiver for the covenants that were not in compliance as of June 30, 2002. In addition, the amendment reset the minimum revenue and maximum EBITDA loss covenants through September 30, 2002 and reset the minimum cash balance covenant for the term of the loan.
- The Company agreed to repay \$5.0 million of the currently outstanding \$105.0 million as of June 30, 2002. This amount was repaid in August 2002. In addition, the remaining \$20.0 million available for borrowing under the Amended and Restated Senior Secured Credit Facility was permanently eliminated, reducing the total borrowings under the First Amendment to the Amended and Restated Senior Secured Credit Facility to \$100.0 million.
- The Company must convert at least \$100.0 million of Senior Notes into common stock or convertible debt on or before November 8, 2002 (the “Senior Note Conversion”) on terms satisfactory to the syndicated lenders. The Company may not use cash to retire any Senior Notes or pay any accrued and unpaid interest on Senior Notes going forward. To the extent the Company uses cash to retire any Senior Notes or pays interest on Senior Notes, the Company must simultaneously prepay the remaining outstanding amount under the First Amendment to the Amended and Restated Senior Secured Credit Facility in an amount equal to such payment made with respect to the Senior Notes. As discussed above, the Company has commenced discussions with a number of holders of Senior Notes and has received preliminary indications that the holders are willing to effect such a transaction consensually in the near term.

The Company does not currently have sufficient cash reserves or alternate financing available to repay the amount outstanding under the First Amendment to the Amended and Restated Senior Secured Credit Facility (\$105.0 million as of June 30, 2002; \$100.0 million as of the date of the First Amendment to the Amended and Restated Senior Secured Credit Facility). If the Company is unable to complete the Senior Note Conversion by November 8, 2002, the Company will again be in breach of the covenants contained in the First Amendment to the Amended and Restated Senior Secured Credit Facility. If, however, the Company is able to complete the Senior Note Conversion required by the First Amendment to the Amended and Restated Senior Secured Credit Facility, the Company will attempt to renegotiate the terms of the First Amendment to the Amended and Restated Senior Secured Credit Facility, including the financial covenants. The Company has received indications from the syndicate of lenders that if the Company successfully completes the Senior Note Conversion, the lenders would be willing to further revise the First Amendment to the Amended and Restated Senior Secured Credit Facility to, among other things, reset the financial covenants for future periods to levels that the Company believes are more consistent with current market conditions. Because the Company cannot be certain that it can complete the Senior Note Conversion prior to November 8, 2002, or comply with other financial covenants, such as the revenue covenant, for future periods beyond September 30, 2002, the Company has classified the full amount outstanding under the Amended and Restated Senior Secured Credit Facility of \$105.0 million as a current debt obligation on the accompanying balance sheet as of June 30, 2002.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

If the Company is able to retire or convert a significant portion of the currently outstanding Senior Notes and further amend the First Amendment to the Amended and Restated Senior Secured Credit Facility and also obtain relief on certain of the Company's operating leases, the Company anticipates that its existing cash, and cash flow generated from its IBX hubs will be sufficient to meet the working capital, debt service and corporate overhead requirements associated with its operations for the next twelve months. However, there can be no assurances that the Company will be able to retire additional Senior Notes or further amend the First Amendment to the Amended and Restated Senior Secured Credit Facility in connection with a potential future covenant breach or obtain sufficient relief on certain of its operating leases. The Company does not currently have sufficient cash reserves to repay its debts. In addition, in the event the Company is unable to complete the Senior Note Conversion, the Company may be required to seek bankruptcy protection to force the conversion of the Senior Notes to equity. The potential for a future covenant breach and the resultant acceleration of the outstanding debt obligations in the current financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might arise should the Company be unable to continue as a going concern.

Revenue Recognition

Equinix derives its revenues from (1) recurring revenue streams, such as from the leasing of cabinet space, power and interconnection services and (2) non-recurring revenue streams, such as from the recognized portion of deferred installation revenues, professional services and equipment sales. Revenues from recurring revenue streams are billed monthly and recognized ratably over the term of the contract, generally one to three years. Non-recurring installation fees are deferred and recognized ratably over the term of the related contract. Professional service fees are recognized in the period in which the services were provided and represent the culmination of the earnings process. Equipment sale revenues are recognized upon transfer of title and risk of loss to the customer. The Company generally guarantees certain service levels, such as uptime, as outlined in individual customer contracts. To the extent that these service levels are not achieved, the Company reduces revenue for any resulting credits given to the customer.

Revenue is recognized as service is provided when there is persuasive evidence of an arrangement, the fee is fixed or determinable, and collection of the receivable is reasonably assured. The Company assesses collection based on a number of factors, including past transaction history with the customer and the credit-worthiness of the customer. The Company does not request collateral from its customers. If the Company determines that collection of a fee is not reasonably assured, the Company defers the fee and recognizes revenue at the time collection becomes reasonably assured, which is generally upon receipt of cash. In addition, Equinix also maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments for those customers from whom the Company had expected to collect the revenues. If the financial condition of Equinix's customers were to deteriorate or if they become insolvent, resulting in an impairment of their ability to make payments, further allowances for doubtful accounts may be required. Management specifically analyzes accounts receivable and analyzes current economic news and trends, historical bad debts, customer concentrations, customer credit-worthiness and changes in customer payment terms when evaluating revenue recognition and the adequacy of the Company's reserves. During the three and six months ended June 30, 2002, several of the Company's customers filed for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code, which has led to a notable increase in the amount of bad debt expense that the Company has recorded in comparison to prior periods.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In February and March 2002, the Company entered into arrangements with numerous vendors to resell equipment and bandwidth, including two related parties (see Note 10). The Company began to offer such services in an effort to provide its customers a more fully-integrated services solution. Under the terms of the reseller agreements, the Company will sell the vendors' services or products to its customers and the Company will contract with the vendor to provide the related services or products. The Company recognizes revenue from such arrangements on a gross basis in accordance with Emerging Issue Task Force Issue No. 99-19, Recording Revenue as a Principal versus Net as an Agent. The Company acts as the principal in the transaction as the Company's customer services agreement identifies the Company as the party responsible for the fulfillment of product or services to the Company's customers and has full pricing discretion. In the case of products sold under such arrangements, the Company takes title to the products and bears the inventory risk until the title and risk of loss transfers to the customer. The Company has credit risk, as it is responsible for collecting the sales price from a customer, but must pay the amount owed to its suppliers after the suppliers perform, regardless of whether the sales price is fully collected. In addition, the Company will often determine the required equipment configuration and recommend bandwidth providers from numerous potential suppliers. For the three and six months ended June 30, 2002, the Company recognized revenue of \$1.1 million and \$2.7 million, respectively, associated with these reseller agreements. The Company does not expect to enter into significant equipment resales in the future.

2. Restricted Cash and Short-Term Investments

In January 2002, a wholly-owned subsidiary of the Company posted a \$5,090,000 letter of credit related to a payment agreement entered into by the Company, its wholly-owned subsidiary and Bechtel Corporation ("Bechtel"), the Company's primary contractor, in December 2001, which was amended in March 2002 (the "Payment Agreement"). The Payment Agreement outlined a payment plan regarding the remaining payable to Bechtel for the Company's recently completed IBX hub in the New York metropolitan area. As payments were made to Bechtel, a portion of this letter of credit was released. The final payment to Bechtel under this agreement was made in May 2002 and the remaining balance in this letter of credit was released.

During the quarter ended June 30, 2002, the Company recorded a restructuring charge as part of its exit from unnecessary U.S. IBX expansion and headquarter office space. Part of this restructuring charge included the write-off of \$750,000 for two letters of credit related to one of these U.S. leaseholds (see Note 14). Pursuant to the terms of the Second iStar Amendment (see Note 9), the Company may record an additional charge to reflect the write-off of \$25,000,000 in letters of credit, or a portion thereof, when a decision is made regarding the exercise of the Company's option to elect to exclude anywhere from 20 to 40 acres from the iStar Lease (see Note 9).

3. Accounts Receivable

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

	June 30, 2002	December 31, 2001
	(unaudited)	
Accounts receivable	\$ 11,771	\$ 12,868
Unearned revenue	(4,890)	(5,578)
Allowance for doubtful accounts	(472)	(381)
	\$ 6,409	\$ 6,909

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. Property and Equipment

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

	June 30, 2002	December 31, 2001
	(unaudited)	
Leasehold improvements	\$ 377,684	\$ 285,090
IBX plant and machinery	54,221	54,194
Computer equipment and software	14,904	11,306
IBX equipment	31,729	28,704
Furniture and fixtures	2,342	2,533
	480,880	381,827
Less accumulated depreciation	(81,168)	(56,601)
	\$ 399,712	\$ 325,226

Leasehold improvements, certain computer equipment, IBX plant and machinery, software and furniture and fixtures recorded under capital leases aggregated to \$5,779,000 at both June 30, 2002 and December 31, 2001. Amortization on the assets recorded under capital leases is included in depreciation expense.

Included within leasehold improvements is the value attributed to several warrants issued to certain fiber carriers and a contractor totaling \$9,883,000 and \$8,105,000 as of June 30, 2002 and December 31, 2001, respectively. Amortization on such warrants is included in depreciation expense.

During the quarter ended June 30, 2002, the Company recorded a restructuring charge as part of its exit from unnecessary U.S. IBX expansion and headquarter office space. Part of this restructuring charge included the write-off of \$2,585,000 in property and equipment located in such leaseholds (see Note 14).

5. Construction in Progress

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

Interest incurred is capitalized in accordance with Statement of Financial Accounting Standards ("SFAS") No. 34, *Capitalization of Interest Costs*. There was no interest capitalized during the three and six months ended June 30, 2002. Total interest cost incurred and total interest capitalized during the three and six months ended June 30, 2001, was \$11,214,000 and \$89,000 and \$22,313,000 and \$670,000, respectively.

During the quarter ended March 31, 2002, the Company completed construction on its seventh and largest IBX hub, which is located in the New York metropolitan area, and placed it into service. The Company currently has no IBX hubs under construction, and unless additional funding is obtained, the Company has no plans to construct any further IBX hubs or expand any existing IBX hubs in the foreseeable future.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

6. Accounts Payable and Accrued Expenses

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

	June 30, 2002	December 31, 2001
	(unaudited)	
Accounts payable	\$ 3,920	\$ 4,638
Accrued restructuring charge	2,136	6,390
Accrued compensation and benefits	2,018	2,934
Accrued taxes	637	1,296
Accrued utility and security costs	679	602
Accrued professional fees	425	565
Accrued property and equipment	291	—
Accrued other	1,141	1,074
	<u>\$ 11,247</u>	<u>\$ 17,499</u>

7. Debt Facilities*Senior Notes*

During the quarter ended March 31, 2002, the Company retired \$25,000,000 of Senior Notes in exchange for 9,336,093 shares of the Company's common stock. The Company wrote-off a proportionate amount of unamortized debt issuance costs and debt discount associated with these Senior Notes totaling \$620,000 and \$1,473,000, respectively, and wrote-off \$785,000 of accrued and unpaid interest with this transaction. The Company recognized a gain on this transaction of \$11,662,000.

During the quarter ended June 30, 2002, the Company retired \$27,751,000 of Senior Notes in exchange for 6,650,000 shares of the Company's common stock and \$2,511,000 of cash. The Company wrote-off a proportionate amount of unamortized debt issuance costs and debt discount associated with these Senior Notes totaling \$674,000 and \$1,620,000, respectively. The Company recognized a gain on this transaction of \$15,526,000.

The Company incurred debt extinguishment costs totaling approximately \$1,100,000 in connection with the above-noted retirements of Senior Notes during the six months ended June 30, 2002.

As of June 30, 2002, a total of \$147,249,000 of Senior Note principal remains outstanding. The amount of Senior Notes, net of unamortized discount, is \$138,930,000 as of June 30, 2002.

Senior Secured Credit Facility

As of June 30, 2002, the Company was not in compliance with certain provisions, including the revenue covenant, of the Amended and Restated Senior Secured Credit Facility. In August 2002, the lenders provided the Company with a waiver and further amended the Amended and Restated Senior Secured Credit Facility (see Note 16).

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Wells Fargo Loan

The Wells Fargo Loan requires the Company to maintain a minimum cash balance at all times. As of June 30, 2002, the Company was not in compliance with this requirement. The Company has not obtained a waiver for this requirement and the bank has rejected a discounted settlement offer. As a result, the Company has reflected the full amount outstanding under this facility totaling \$1,873,000 as a current obligation on the accompanying balance sheet as of June 30, 2002. As of the date of this filing, the Company is waiting to hear from the bank on how they would like to proceed on this matter.

Maturities

Combined aggregate maturities for the Company's various debt facilities and capital lease obligations, Amended and Restated Senior Secured Credit Facility and Senior Notes as of June 30, 2002 are as follows (in thousands) (unaudited):

	Debt facilities & capital lease obligations	Senior secured credit facility	Senior notes	Total
2002	\$ 5,093	\$ 105,000	\$ —	\$ 110,093
2003	4,376	—	—	4,376
2004	1,203	—	—	1,203
2005	12	—	—	12
2006	—	—	—	—
2007	—	—	147,249	147,249
	10,684	105,000	147,249	262,933
Less amount representing unamortized discount	(363)	—	(8,319)	(8,682)
	10,321	105,000	138,930	254,251
Less current portion	(7,756)	(105,000)	—	(112,756)
	\$ 2,565	\$ —	\$138,930	\$ 141,495

8. Stockholders' Equity*Stock Plans*

On January 1, 2002, pursuant to the provisions of the Company's stock plans, the number of common shares reserved automatically increased by 4,805,045 shares for the 2000 Equity Incentive Plan, 600,000 shares for the Employee Stock Purchase Plan and 50,000 shares for the 2000 Director Stock Option Plan.

On January 31, 2002, a total of 251,517 shares were purchased under the Employee Stock Purchase Plan with total proceeds to the Company of \$299,000.

During the quarter ended June 30, 2002, the Board of Directors granted options to employees to purchase 3,954,750 shares of common stock at a weighted average exercise price of \$0.82 per share under the 2000 Equity Incentive Plan. Most of these grants were the result of an annual grant to all employees made in April 2002.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Warrants

During the six months ended June 30, 2002, certain holders of Senior Note Warrants exercised their warrants resulting in 693,192 shares of the Company's common stock being issued. A total of 1,062,589 shares underlying these Senior Note Warrants remain outstanding as of June 30, 2002.

In January 2002, Worldcom completed their installation of fiber in the Company's New York metropolitan area IBX hub, and the Company valued the unearned portion of the Second Worldcom Venture Fund Warrant and the Third Worldcom Venture Fund Warrant, representing 205,000 and 245,000 shares of the Company's common stock, respectively. The Second Worldcom Venture Fund Warrant and the Third Worldcom Venture Fund Warrant were both issued in September 2001 and were valued at \$1,040,000 using the Black-Scholes option-pricing model and have been recorded to property and equipment as a leasehold improvement. The following assumptions were used in determining the fair value of these warrants: fair market value per share of \$2.32, dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 4.00% and a contractual life of five years.

In March 2002, the Company issued a warrant to purchase 600,000 shares of the Company's common stock at \$0.01 per share to the Company's landlord in England as part of the Agreement to Surrender the Company's London, England operating lease (see Note 9) (the "UK Warrant"). The UK Warrant was valued at \$702,000 using the Black-Scholes option-pricing model and has been recorded as an offset to accrued restructuring charges (see Note 14). The following assumptions were used in determining the fair value of the earned portion of this warrant: fair market value per share of \$1.18, dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 4.00% and a contractual life of one year.

In April 2002, the Company issued a warrant to purchase 1,150,000 shares of the Company's common stock at \$0.01 per share to the Company's landlord in Frankfurt as part of the Lease Exit Agreement to exit the Company's Frankfurt, Germany operating lease (see Note 9) (the "Frankfurt Warrant"). The Frankfurt Warrant was valued at \$725,000 using the Black-Scholes option-pricing model and has been recorded as an offset to accrued restructuring charges (see Note 14). The following assumptions were used in determining the fair value of the earned portion of this warrant: fair market value per share of \$0.64, dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 4.00% and a contractual life of one year. In May 2002, this warrant was exercised with cash.

9. Commitments and Contingencies

In February 2002, the Company entered into a termination agreement for its operating leasehold in Amsterdam, The Netherlands (the "Termination Agreement"). As stipulated in the Termination Agreement, the Company surrendered two previously-posted letters of credit totaling approximately \$4,814,000, which the Company had already fully written-off in conjunction with the restructuring charge that the Company recorded during the third quarter of 2001 (see Note 14). The first letter of credit was surrendered in March 2002 and the second letter of credit was surrendered in May 2002. The costs associated with terminating this leasehold were consistent with those that the Company estimated during the third quarter of 2001.

In February 2002, the Company entered into an agreement to surrender its operating leasehold in London, England effective March 2002 (the "Agreement to Surrender"). As stipulated in the Agreement to Surrender, the Company surrendered a previously-posted letter of credit totaling approximately \$822,000, which the Company had already fully written-off in conjunction with the restructuring charge that the Company recorded during the third quarter of 2001 (see Note 14). As also stipulated in the Agreement to Surrender, the Company issued the UK Warrant in March 2002 (see Note 8). The costs associated with terminating this leasehold were consistent with those that the Company estimated during the third quarter of 2001.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In April 2002, the Company entered into an agreement to exit its operating leasehold in Frankfurt, Germany (the “Lease Exit Agreement”). As stipulated in the Lease Exit Agreement, the Company surrendered a previously-posted letter of credit totaling approximately \$1,076,000, which the Company had already fully written-off in conjunction with the restructuring charge that the Company recorded during the third quarter of 2001 (see Note 14). As also stipulated in the Lease Exit Agreement, the Company additionally agreed to (1) pay rent through May 2002, (2) pay cash settlement fees totaling approximately \$1,845,000 and (3) issue the Frankfurt Warrant (see Note 8). The costs associated with terminating this leasehold were in excess of those that the Company estimated during the third quarter of 2001, and as a result, contributed to the Company taking an additional restructuring charge to complete the exit of the Company’s European operations (see Note 14).

In May 2002, the Company further amended the iStar Lease to provide the Company the option to reduce its obligation under this lease arrangement by up to approximately one-half (the “Second iStar Amendment”). The Company originally entered into the iStar Lease in May 2000 and previously amended it in September 2001. The iStar Lease represents the Company’s long-term operating lease for approximately 80 acres of unimproved real property in San Jose, California. Pursuant to the terms of the Second iStar Amendment, for a one-time fee of \$5,000,000, the Company has a one-year option, effective July 1, 2002, to elect to exclude from this lease anywhere from 20 to 40 acres of the unimproved real property. If the Company exercises this option, the Company will lose \$25,000,000 in letters of credit, or a portion thereof, currently classified as restricted cash and short-term investments on the accompanying balance sheets as of June 30, 2002 and December 31, 2001. The Company paid this \$5,000,000 one-time fee in May 2002 and classified this payment as part of the Company’s restructuring charge during the quarter ended June 30, 2002 (see Note 14). As of the date of this filing, the Company has not yet decided when, if or for what acreage it will exercise this option. When this decision is made and if the Company exercises this option, the Company will record an additional charge to reflect the write-off of the \$25.0 million in letters of credit, or a portion thereof.

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of its business activities. The Company accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. No estimate of the amount of any potential loss upon resolution of these matters can be made at this time. However, depending on the amount and timing of such resolution, an unfavorable resolution of some or all of these matters could materially affect the Company’s financial position.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

10. Related Party Transactions

From July 1999 through January 2001, the Company hired a number of individuals from out-of-state and relocated them to California. The market in California during this period was very competitive for certain positions and the most qualified individuals available at that time were located in other states. In order to induce three executive officers to relocate to California from cities with lower housing costs, the Company offered each of these executive officers a non-interest bearing home loan to assist them with the purchase of a new residence in California. These loans expired upon the earlier of 5 years or certain liquidity events, none of which have happened to date. In early 2002, the Company negotiated with all three of these executive officers for the early repayment of these loans. In January 2002, in exchange for Peter Van Camp, the Company's Chief Executive Officer, agreeing to repay the loan four years earlier than its maturity, and in exchange for his waiving his right to any bonuses earned and expensed in 2001, the Compensation Committee of the Board of Directors forgave \$874,000 of Mr. Van Camp's loan of \$1,512,000. The remaining amount due under the loan of \$638,000 was repaid to the Company in full in February 2002. In addition, the Company negotiated with the other two executive officers of the Company to repay their loans in full totaling \$1,000,000, several years prior to the loans' maturity dates. In exchange, the Company agreed to pay a portion of the interest on each of the officer's mortgage for their principal residence for a 24-month period. One of these loans, totaling \$750,000, was repaid in full in February 2002 and the second loan, totaling \$250,000, was repaid in full in March 2002.

In February and March 2002, the Company entered into two agreements to resell equipment with related parties. Both related parties have executive officers that serve on the Company's Board of Directors, and one of the related party company executive officers also serves on the board of directors of such company. In addition, one of the companies owns more than 5% of the Company's outstanding common stock. For the three and six months ended June 30, 2002, the Company purchased and resold equipment totaling \$1,155,000 and \$2,659,000, respectively, under these agreements. The Company does not expect to enter into significant equipment resales in the future (see Note 1).

11. Comprehensive Loss

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

	Three months ended June 30,		Six months ended June 30,	
	2002	2001	2002	2001
Net loss	\$ (24,557)	\$ (37,857)	\$ (38,251)	\$ (79,394)
Unrealized gain (loss) on available for sale securities	8	25	(21)	89
Foreign currency translation gain (loss)	495	(62)	421	(2,941)
Comprehensive loss	\$ (24,054)	\$ (37,894)	\$ (37,851)	\$ (82,246)

There were no significant tax effects on comprehensive loss for the three and six months ended June 30, 2002 and 2001.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

12. Net Loss per Share

Basic and diluted net loss per share is computed using the weighted average number of shares of common stock outstanding. Options and warrants were not included in the computation of diluted net loss per share because the effect would be anti-dilutive.

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

	Three months ended June 30,		Six months ended June 30,	
	2002	2001	2002	2001
Numerator:				
Net loss	\$ (24,557)	\$ (37,857)	\$ (38,251)	\$ (79,394)
Historical:				
Denominator:				
Weighted average shares	99,764	81,432	93,043	80,895
Weighted average unvested shares subject to repurchase	(824)	(3,362)	(1,086)	(3,657)
Total weighted average shares	98,940	78,070	91,957	77,237
Net loss per share:				
Basic and diluted	\$ (0.25)	\$ (0.48)	\$ (0.42)	\$ (1.03)

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

	June 30,	
	2002	2001
Common stock warrants	2,106,600	4,217,381
Common stock options	23,796,007	14,981,988
Common stock subject to repurchase	609,740	2,967,235

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

13. Segment Information

The Company and its subsidiaries are principally engaged in the design, build-out and operation of neutral IBX centers. All revenues result from the operation of these IBX centers and complementary services. Accordingly, the Company considers itself to operate in a single segment. The Company's chief operating decision-maker evaluates performance, makes operating decisions and allocates resources based on financial data consistent with the presentation in the accompanying consolidated financial statements.

During the quarter ended September 30, 2001, the Company recorded a restructuring charge primarily related to its revised European services strategy. A total of \$45,315,000 of the restructuring charge related to the write-off of certain European assets to their net realizable value (see Note 14). As of June 30, 2002, all of the Company's operations and assets were based in the United States with the exception of \$962,000 and \$681,000 of the Company's total net loss for the three and six months ended June 30, 2002, respectively, attributable to the Company's European exit activities, including an additional restructuring charge totaling \$1,000,000 taken during the quarter ended June 30, 2002, to complete the exit of the Company's European operations (see Note 14). As of June 30, 2001, all of the Company's operations and assets were based in the United States with the exception of \$32,623,000 of the Company's identifiable assets based in Europe and \$3,774,000 and \$4,237,000 of the Company's total net loss attributable to the development of its European operations for the three and six months ended June 30, 2001, respectively.

Revenues from one customer accounted for 19% and 20%, respectively, of the Company's revenues for the three and six months ended June 30, 2002. Revenues from this customer also accounted for 14% of the Company's revenues for both the three and six months ended June 30, 2001. No other single customer accounted for more than 10% of the Company's revenues for the three and six months ended June 30, 2002 and 2001. No single customer accounted for more than 10% of the Company's gross accounts receivables as of June 30, 2002. Accounts receivable from one customer accounted for 15% of the Company's gross accounts receivable as of June 30, 2001. No other single customer accounted for more than 10% of the Company's gross accounts receivables as of June 30, 2001.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

14. Restructuring Charges

First Restructuring Charge

During the quarter ended September 30, 2001, the Company revised its European services strategy through the development of new partnerships with other leading international Internet exchange partners rather than build and operate its own European IBX hubs. In addition, the Company initiated efforts to exit certain leaseholds relating to certain excess U.S. operating leases. Also, in September 2001, the Company implemented a reduction in workforce, primarily in headquarter positions, in an effort to reduce operating costs. As a result, the Company took a total restructuring charge of \$48,565,000, primarily related to the write-down of European construction in progress assets to their net realizable value, the write-off of several European letters of credit related to various European operating leases, the accrual for costs related to estimated European exit costs and unnecessary U.S. IBX expansion and headquarter office space exit costs and the severance accrual related to the reduction in workforce. As of June 30, 2002, the Company has exited from all of the European leases (see Note 9) and sold all remaining European assets purchased during the pre-construction phase. The collective costs of these European exit activities, primarily the exit of the German leasehold and an additional loss incurred in the sale of the remaining European assets, exceeded the amount estimated by management during the third quarter of 2001. As a result, the Company recorded a second restructuring charge during the quarter ended June 30, 2002 (see Second Restructuring Charge below). The reduction in workforce was substantially completed during the fourth quarter of 2001.

A summary of the changes in accrued restructuring charge from December 31, 2001 to June 30, 2002 related to the first restructuring charge is as follows (in thousands) (unaudited):

	Accrued restructuring charge as of December 31, 2001	Non-cash charges	Cash payments	Accrued restructuring charge as of June 30, 2002
European exit costs	\$ 4,606	\$(2,492)	\$(2,114)	\$ —
U.S. lease exit costs	1,512	—	(147)	1,365
Workforce reduction	272	—	(230)	42
	<u>\$ 6,390</u>	<u>\$(2,492)</u>	<u>\$(2,491)</u>	<u>\$ 1,407</u>

During the six months ended June 30, 2002, the Company completed the exit of the European leaseholds (see Note 9) and sold all remaining European assets purchased during the pre-construction phase, written-down to \$1,700,000 during the quarter ended September 30, 2001, for cash proceeds of \$635,000, resulting in an additional loss of \$1,065,000. In addition, the Company issued the UK Warrant and Frankfurt Warrant, valued at \$702,000 and \$725,000, respectively, to the landlords in England and Germany in conjunction with the termination of those leaseholds (see Note 8). Due primarily to the greater than anticipated costs to exit the German leasehold and the greater than anticipated loss on the European equipment sale, the Company fully utilized the remaining restructuring accrual attributed to the exit of the Company's European operations. As a result, and due to the remaining costs to fully exit Europe, which are primarily fees associated with various professional services, the Company took an additional restructuring charge during the quarter ended June 30, 2002, to complete the European exit activities and to reflect the ongoing efforts to exit from unnecessary U.S. IBX expansion and headquarter office space (see Second Restructuring Charge below).

In July 2002, the Company completed the exit of one of the excess U.S. operating leases (see Note 16).

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Second Restructuring Charge

During the quarter ended June 30, 2002, the Company took a second restructuring charge to reflect the Company's ongoing efforts to exit or amend several unnecessary U.S. IBX expansion and headquarter office space operating leaseholds and to complete the Company's European exit activities. In addition, in May 2002, the Company implemented a reduction in workforce of less than 10%, primarily in headquarter positions, in an effort to reduce operating costs. As a result, the Company took a total restructuring charge of \$9,950,000, primarily related to the Second iStar Amendment option fee of \$5,000,000 (see Note 9); the write-off of property and equipment, primarily leasehold improvements and some equipment, located in two unnecessary U.S. IBX expansion and headquarter office space operating leaseholds that the Company decided to exit and that do not currently provide any ongoing benefit; the write-off of two U.S. letters of credit related to one U.S. operating leasehold from which the Company has committed to exit; an accrual for the remaining estimated European exit costs and additional U.S. leasehold exit costs and the severance accrual related to the reduction in workforce. The Company continues to work on an exit plan for the excess U.S. operating leases and expects to complete the exit of the U.S. operating leases within the next twelve months. Should it take longer to negotiate the exit of the remaining U.S. leases or the lease settlement amounts exceed the amounts estimated by management, the actual U.S. lease exit costs could exceed the amount estimated and additional restructuring charges may be required. The reduction in workforce was substantially completed during the second quarter of 2002.

A summary of the second restructuring charge is outlined as follows (in thousands) (unaudited):

	Total restructuring charge	Non-cash charges	Cash payments	Accrued restructuring charge as of June 30, 2002
Second iStar amendment option fee	\$ 5,000	\$ —	\$(5,000)	\$ —
Write-off of U.S. property and equipment	2,585	(2,585)	—	—
Additional lease exit costs	1,115	—	(488)	627
Write-off of U.S. letters of credit	750	(750)	—	—
Workforce reduction	500	—	(398)	102
	<u>\$ 9,950</u>	<u>\$(3,335)</u>	<u>\$(5,886)</u>	<u>\$ 729</u>

15. Recent Accounting Pronouncements

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS 144 supercedes SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." SFAS 144 applies to all long-lived assets (including discontinued operations) and consequently amends Accounting Principles Board Opinion No. 30. SFAS 144 develops one accounting model for long-lived assets that are to be disposed of by sale. SFAS 144 requires that long-lived assets that are to be disposed of by sale be measured at the lower of book value or fair value less cost to sell. Additionally, SFAS 144 expands the scope of discontinued operations to include all components of an entity with operations that (1) can be distinguished from the rest of the entity and (2) will be eliminated from the ongoing operations of the entity in a disposal transaction. SFAS 144 is effective for the Company for all financial statements issued in fiscal 2002. The adoption of SFAS 144 has not had a material impact on the Company.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In November 2001, the FASB Emerging Issues Task Force (“EITF”) reached a consensus on EITF Issue 01-09, Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor’s Products, which is a codification of EITF 00-14, 00-22 and 00-25. This issue presumes that consideration from a vendor to a customer or reseller of the vendor’s products to be a reduction of the selling prices of the vendor’s products and, therefore, should be characterized as a reduction of revenue when recognized in the vendor’s income statement and could lead to negative revenue under certain circumstances. Revenue reduction is required unless consideration relates to a separate identifiable benefit and the benefit’s fair value can be established. This issue should be applied no later than in annual or interim financial statements for periods beginning after December 15, 2001, which is the Company’s first quarter ended March 31, 2002. Upon adoption, the Company is required to reclassify all prior period amounts to conform to the current period presentation. The adoption of EITF Issue 01-09 has not had a material impact on the Company.

In May 2002, the FASB issued SFAS No. 145, “Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections”. SFAS 145 rescinds the automatic treatment of gains or losses from extinguishment of debt as extraordinary unless they meet the criteria for extraordinary items as outlined in APB Opinion No. 30, “Reporting the Results of Operations, Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions”. In addition, SFAS 145 also requires sale-leaseback accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions and makes various technical corrections to existing pronouncements. SFAS 145 is effective for the Company for all financial statements issued in fiscal 2003; however, as allowed under the provisions of SFAS 145, the Company decided to early adopt SFAS 145 in relation to extinguishments of debt during the three and six months ended June 30, 2002 (see Note 7).

In June 2002, the FASB issued SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities.” SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. SFAS No. 146 eliminates the definition and requirement for recognition of exit costs in Emerging Issues Task Force Issue No. 94-3 where a liability for an exit cost was recognized at the date of an entity’s commitment to an exit plan. This statement is effective for exit or disposal activities initiated after December 31, 2002. The Company does not believe that the adoption of this statement will have a material impact on its results of operations, financial position or cash flows.

16. Subsequent Events

In July 2002, the Company finalized its agreement to exit one of its excess U.S. operating leaseholds in Mountain View, California, adjacent to the Company’s headquarters (the “Excess Headquarter Lease Termination”). As stipulated in the Excess Headquarter Lease Termination, the Company agreed to pay rent through July 2002 and to waive any rights to any remaining personal property on the premises beyond a specified date. During the quarter ended June 30, 2002, the Company wrote-off all property and equipment located in this excess office space, primarily leasehold improvements and some furniture and fixtures, totaling \$1,552,000 (see Note 14).

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In August 2002, the Company further amended the Amended and Restated Senior Secured Credit Facility as a result of not being in full compliance with all covenants as of June 30, 2002 (the “First Amendment to the Amended and Restated Senior Secured Credit Facility”) (see Note 7). The most significant terms and conditions of the First Amendment to the Amended and Restated Senior Secured Credit Facility are as follows:

- The Company was granted a full waiver for the covenants that were not in compliance as of June 30, 2002. In addition, the amendment reset the minimum revenue and maximum EBITDA loss covenants through September 30, 2002 and reset the minimum cash balance covenant for the term of the loan.
- The Company agreed to repay \$5,000,000 of the currently outstanding \$105,000,000 as of June 30, 2002, which was designated as a tranche B term loan. This amount was repaid in August 2002. In addition, the remaining \$20,000,000 available for borrowing under the Amended and Restated Senior Secured Credit Facility, also designated as a tranche B term loan, was permanently eliminated. As a result, the First Amendment to the Amended and Restated Senior Secured Credit Facility reduces the credit facility to a \$100,000,000 credit facility, which was designated a tranche A term loan, and which remains fully outstanding as of the date of this filing.
- The Company must convert at least \$100,000,000 of Senior Notes (see Note 7) into common stock or convertible debt on or before November 8, 2002 (the “Senior Note Conversion”). As of June 30, 2002, a total of \$147,249,000 of Senior Note principal remains outstanding. The Company may not use cash to retire any Senior Notes or pay any accrued and unpaid interest on Senior Notes going forward. To the extent the Company uses cash to retire any Senior Notes or pays interest on Senior Notes, the Company must simultaneously prepay the remaining outstanding amount under the First Amendment to the Amended and Restated Senior Secured Credit Facility in an amount equal to such payment made with respect to the Senior Notes.

Repayment of principal under the First Amendment to the Amended and Restated Senior Secured Credit Facility begins in March 2003 with final principal payment occurring by December 2005 as follows (in thousands):

Year ending:		
2003	\$	8,400
2004		42,000
2005		49,600
Total	\$	100,000

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Company does not currently have sufficient cash reserves or alternate financing available to repay the amount outstanding under the First Amendment to the Amended and Restated Senior Secured Credit Facility (\$105,000,000 as of June 30, 2002; \$100,000,000 as of the date of the First Amendment to the Amended and Restated Senior Secured Credit Facility). If the Company is unable to complete the Senior Note Conversion by November 8, 2002, the Company will again be in breach of the covenants contained in the First Amendment to the Amended and Restated Senior Secured Credit Facility. If, however, the Company is able to complete the Senior Note Conversion required by the First Amendment to the Amended and Restated Senior Secured Credit Facility, the Company will attempt to renegotiate the terms of the First Amendment to the Amended and Restated Senior Secured Credit Facility, including the financial covenants. The Company has received indications from the syndicate of lenders that if the Company successfully completes the Senior Note Conversion, the lenders would be willing to further revise the First Amendment to the Amended and Restated Senior Secured Credit Facility to, among other things, reset the financial covenants for future periods to levels that the Company believes are more consistent with current market conditions.

Because the Company cannot be certain that it can complete the Senior Note Conversion prior to November 8, 2002, or comply with other financial covenants, such as the revenue covenant, for future periods beyond September 30, 2002, the Company has classified the full amount outstanding under the Amended and Restated Senior Secured Credit Facility of \$105,000,000 as a current debt obligation on the accompanying balance sheet as of June 30, 2002.

Item 2.

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

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

Overview

Equinix designs, builds and operates neutral IBX hubs where Internet businesses place their equipment and their network facilities in order to interconnect with each other to improve Internet performance. Our neutral IBX hubs and Internet exchange services enable network service providers, enterprises, content providers, managed service providers and other Internet infrastructure companies to directly interconnect with each other for increased performance. As of June 30, 2002, Equinix had IBX hubs totaling an aggregate of 810,000 gross square feet in the Washington, D.C., New York, Dallas, Chicago, Los Angeles and Silicon Valley areas.

Stock-Based Compensation

We recorded deferred stock-based compensation in connection with stock options granted during 2000 and 1999, where the deemed fair market value of the underlying common stock was subsequently determined to be greater than the exercise price on the date of grant. Approximately \$1.6 million and \$4.1 million was amortized to stock-based compensation expense for the three and six months ended June 30, 2002, respectively. Approximately \$5.0 million and \$13.1 million was amortized to stock-based compensation expense for the three and six months ended June 30, 2001, respectively. The options granted are typically subject to a four-year vesting period. We are amortizing the deferred stock-based compensation on an accelerated basis over the vesting periods of the applicable options in accordance with Financial Accounting Standards Board ("FASB") Interpretation No. 28. The remaining \$5.9 million of deferred stock-based compensation will be amortized over the remaining vesting periods. We expect amortization of deferred stock-based compensation expense to impact our reported results through December 31, 2004.

Risk and Uncertainties

Since inception, we have experienced operating losses and negative cash flow. As of June 30, 2002 we had an accumulated deficit of \$368.3 million and accumulated cash used in operating and construction activities of \$687.4 million. Given our limited operating history, we may not generate sufficient revenue to achieve desired profitability. We therefore believe that we will continue to experience operating losses for the foreseeable future. Furthermore, our failure to comply with Nasdaq's listing standards could result in our delisting by Nasdaq from the Nasdaq National Market and severely limit the liquidity of our stock. See "Other Factors Affecting Operating Results".

Adjusted EBITDA

Our net loss adjusted before net interest and other expense, income taxes, depreciation and amortization of capital assets, amortization of stock-based compensation and restructuring charges

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("Adjusted EBITDA") is calculated to enhance an understanding of our operating results. Adjusted EBITDA is a financial measurement commonly used in capital-intensive telecommunication and infrastructure industries. Other companies may calculate Adjusted EBITDA differently than we do. It is not intended to represent cash flow or results of operations in accordance with generally accepted accounting principles nor a measure of liquidity. We measure Adjusted EBITDA at both the IBX hub and total company level.

The following is how the Company calculated Adjusted EBITDA for the periods presented (in thousands) (unaudited):

	Three months ended June 30,		Six months ended June 30,	
	2002	2001	2002	2001
Loss from operations	\$ (31,811)	\$ (29,944)	\$ (47,990)	\$ (64,910)
Depreciation	13,360	13,484	25,419	24,009
Stock-based compensation	1,567	4,993	4,148	13,142
Restructuring charge	9,950	—	9,950	—
Adjusted EBITDA	\$ (6,934)	\$ (11,467)	\$ (8,473)	\$ (27,759)

Results of Operations

Three Months Ended June 30, 2002 and 2001

Revenues. We recognized revenues of \$18.0 million for the three months ended June 30, 2002, versus revenues of \$16.2 million for the three months ended June 30, 2001. Revenues consisted of recurring revenues of \$15.3 million and \$14.9 million, respectively, for the three months ended June 30, 2002 and 2001, primarily from the leasing of cabinet space. Non-recurring revenues were \$2.7 million and \$1.3 million, respectively, for the three months ended June 30, 2002 and 2001, primarily related to the recognized portion of deferred installation revenue and custom service revenues. Installation and service fees are recognized ratably over the term of the contract. Custom service revenues are recognized upon completion of the services. In February and March 2002, the Company entered into equipment reseller agreements with two related party companies. Included within the \$2.7 million of non-recurring revenues for the three months ended June 30, 2002, were \$1.1 million of equipment sales resulting from these two equipment reseller agreements. There were no equipment sales in the three months ended June 30, 2001. Excluding equipment sales, the Company recognized revenues of \$16.9 million for the three months ended June 30, 2002, versus revenues of \$16.2 million for the three months ended June 30, 2001, a 5% increase. The period over period growth in revenues was primarily the result of additional orders from existing customers and growth in the Company's customer base from 136 customers as of March 31, 2001, to 248 customers as of June 30, 2002. However, this growth in our customer base is partially offset by a number of our larger customers reducing the size of their contractual commitments to us. We refer to this effort as the "right-sizing" of our larger customer contracts. During the past year, we have proactively worked with customers to right-size their contractual commitments to help them better react to a slowdown in customer demand as a result of overall economic conditions. Although these right-sizing efforts often result in a reduction in the number of cabinets these customers are obligated to pay for, many of these right-sizing efforts have resulted in the customer extending the term for the remaining cabinets. As a result, although the short-term revenues from such customers are reduced, the overall contract value often remains intact and the relationship with the customer is preserved, if not improved. As of June 30, 2002, we had successfully completed the right-sizing of six out of seven of our customers who had more than 100 cabinets booked, a booking level that represents our larger customers. In August 2002, we right-sized the last remaining customer who had over 100 cabinets booked. These right-sizing efforts have, over the past several quarters, been netted out against our new customer cabinet bookings, limiting the Company's overall revenue growth during the past four quarters. We believe that we are largely through these right-sizing efforts, and do not expect significant reductions in cabinet commitments from existing customers in future periods other than from normal churn activities.

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Cost of Revenues. Cost of revenues increased to \$27.0 million for the three months ended June 30, 2002 from \$26.3 million for the three months ended June 30, 2001. These amounts included \$11.9 million and \$11.3 million, respectively, of depreciation expense and \$76,000 and \$152,000, respectively, of stock-based compensation expense. In addition to depreciation and stock-based compensation, cost of revenues consists primarily of rental payments for our leased IBX hubs, site employees' salaries and benefits, utility costs, power and redundancy system engineering support services and related costs and security services. Furthermore, cost of revenues for the three months ended June 30, 2002 include the costs associated with the \$1.1 million in equipment sales that the Company recorded. Excluding depreciation, stock-based compensation expense and the costs of equipment sales, cash cost of revenues decreased period over period to \$13.8 million for the three months ended June 30, 2002 from \$14.9 million for the three months ended June 30, 2001, a 7% decrease. Cash cost of revenues for the three months ended June 30, 2001 included costs related to the Company's European expansion plans. Due to the restructuring charge that the Company recorded in the third quarter of 2001, these costs were not in the Company's cash cost of revenues for the three months ended June 30, 2002; however, these savings were partially offset by the additional costs incurred from (i) the Company's newest and largest IBX hub opened during the first quarter of 2002 in the New York metropolitan area and (ii) the costs associated with the ramp-up of the Company's existing IBX hubs. The Company anticipates that the costs associated with this new IBX hub and the continued ramp-up of our other existing IBX hubs, will continue to increase cost of revenues in the foreseeable future; however, the Company is currently working to reduce its obligations regarding its approximately 80 acre ground lease in San Jose. In May 2002, the Company amended this lease by negotiating a one-year option, effective July 1, 2002, to elect to exclude from this lease anywhere from 20 to 40 acres. When and if the Company exercises this option, these savings will offset a portion of these expected increases in cost of revenues.

Sales and Marketing. Sales and marketing expenses increased to \$5.1 million for the three months ended June 30, 2002 from \$4.1 million for the three months ended June 30, 2001. These amounts included \$151,000 and \$765,000, respectively, of stock-based compensation expense. In addition, the Company recorded \$2.0 million in bad debt expense for the three months ended June 30, 2002, a substantial increase from the nominal amount recorded in the prior period. This increase in bad debt expense was primarily the result of write-offs or full reserves of aged receivables associated with two customers, Teleglobe and Worldcom, both of which have recently filed for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code. Excluding stock-based compensation and bad debt expense, cash sales and marketing costs decreased to \$2.9 million for the three months ended June 30, 2002 from \$3.4 million for the three months ended June 30, 2001, a 12% decrease. Sales and marketing expenses consist primarily of compensation and related costs for sales and marketing personnel, sales commissions, marketing programs, public relations, promotional materials and travel. The decrease in sales and marketing expenses is the result of several cost saving initiatives that the Company undertook, including some staff reductions and an overall decrease in discretionary spending. The Company continues to closely monitor its spending in all areas of the Company as a result of the current market conditions. Accordingly, we do not expect our cash sales and marketing costs to increase significantly in the foreseeable future, until such time as the Company reaches certain pre-determined levels of profitability.

General and Administrative. General and administrative expenses decreased to \$7.8 million for the three months ended June 30, 2002 from \$15.7 million for the three months ended June 30, 2001. These amounts included \$1.3 million and \$4.1 million, respectively, of stock-based compensation expense and \$1.4 million and \$2.2 million, respectively, of depreciation expense, resulting in a 47% decrease in period over period cash spending. General and administrative expenses consist primarily of salaries and related expenses, accounting, legal and administrative expenses, professional service fees and other general corporate expenses. The significant decrease in general and administrative expenses was primarily the result of several cost saving initiatives that the Company undertook, including staff reductions and an overall decrease in discretionary spending. The Company continues to closely monitor its spending in all areas of the Company as a result of the current market conditions. Accordingly, while the Company expects to see some fluctuations in our cash general and administrative costs in future quarters, we do not expect our general and administrative costs to increase significantly in the foreseeable future as compared to comparable periods in the prior year, until such time as the Company reaches certain pre-determined levels of profitability.

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Restructuring Charge. During the quarter ended June 30, 2002, the Company took a restructuring charge of \$9.95 million to reflect the Company's ongoing efforts to exit or amend several unnecessary U.S. IBX expansion and headquarter office space operating leaseholds and to complete the Company's European exit activities. In addition, in May 2002, the Company implemented a reduction in workforce, primarily in headquarter positions, in an effort to reduce operating costs. As a result of the restructuring charge, the Company i) paid a \$5.0 million option fee in May 2002 related to the amendment of the Company's approximately 80 acre ground lease in San Jose in which the Company now has the right to elect to permanently exclude from this lease anywhere from 20 to 40 acres for a one-year period commencing July 1, 2002; ii) wrote-off property and equipment of \$2.6 million, primarily leasehold improvements and some equipment, located in two unnecessary U.S. IBX expansion and headquarter office space operating leaseholds that the Company has made the decision to exit and that do not currently provide any ongoing benefit; (iii) wrote-off two U.S. letters of credit totaling \$750,000 related to one U.S. operating leasehold that the Company has committed to exit; (iv) accrued \$1.0 million related to the remaining estimated European exit costs; (v) accrued \$500,000 related to a less than 10% reduction in workforce in an effort to streamline and reduce the cost structure of the Company's headquarter function and (vi) accrued \$115,000 for some additional U.S. leasehold exit costs. As of June 30, 2002, a total of \$2.1 million remained for all accrued but unpaid restructuring charges. The Company expects to realize the cost savings benefit of the \$500,000 workforce reduction commencing in the third quarter of 2002, primarily in both sales and marketing and general and administrative expenses. When and if the Company exercises the option to elect to exclude anywhere from 20 to 40 acres of the Company's approximately 80 acre ground lease in San Jose, the Company would realize cost savings benefits in cost of revenues immediately following the exercise of this option. However, the exercise of this option would also result in an additional charge being taken to reflect the loss of \$25.0 million in letters of credit, or a portion thereof, which is also a stipulation of the May 2002 amendment to this lease. As of the date of this filing, the Company has not yet decided when, if or for what acreage it will exercise this option.

Adjusted EBITDA. Adjusted EBITDA loss decreased to \$6.9 million from \$11.5 million for the three months ended June 30, 2002 and 2001, respectively. Many factors affect Adjusted EBITDA. Contributing to the significant decline in Adjusted EBITDA loss are revenue growth and the Company's various cost savings initiatives, such as staff reductions, the change in the Company's European strategy and stringent controls over the Company's discretionary spending. The Company expects that Adjusted EBITDA over the next few quarters will decrease as the Company approaches Adjusted EBITDA breakeven through a combination of non-equipment related revenue growth and continued focus and management of discretionary spending.

Interest Income. Interest income decreased to \$289,000 from \$3.2 million for the three months ended June 30, 2002 and 2001, respectively. Interest income decreased due to lower cash, cash equivalent and short-term investment balances held in interest bearing accounts and lower interest rates received on invested balances.

Interest Expense. Interest expense decreased to \$8.6 million from \$11.1 million for the three months ended June 30, 2002 and 2001, respectively. The decrease in interest expense was attributable to the \$52.8 million in retirements of its 13% senior notes due 2007 (the "Senior Notes") during the first half of 2002 and to the decline in both the principal due and the interest rates associated with the \$125.0 million amended and restated senior secured credit facility (the "Amended and Restated Senior Secured Credit Facility").

Gain on Debt Extinguishment. In April and May 2002, the Company retired \$27.8 million of its Senior Notes in exchange for approximately 6.7 million shares of our common stock and approximately \$2.5 million of cash, and as a result, recognized a \$15.5 million gain on debt extinguishment.

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Six Months Ended June 30, 2002 and 2001

Revenues. We recognized revenues of \$38.2 million for the six months ended June 30, 2002, versus revenues of \$28.8 million for the six months ended June 30, 2001. Revenues consisted of recurring revenues of \$31.8 million and \$26.6 million, respectively, for the six months ended June 30, 2002 and 2001, primarily from the leasing of cabinet space. Non-recurring revenues were \$6.4 million and \$2.2 million, respectively, for the six months ended June 30, 2002 and 2001, primarily related to the recognized portion of deferred installation revenue and custom service revenues. Installation and service fees are recognized ratably over the term of the contract. Custom service revenues are recognized upon completion of the services. In February and March 2002, the Company entered into equipment reseller agreements with two related party companies. Included within the \$6.4 million of non-recurring revenues for the six months ended June 30, 2002, were \$2.7 million of equipment sales resulting from these two equipment reseller agreements. There were no equipment sales in the six months ended June 30, 2001. Excluding equipment sales, the Company recognized revenues of \$35.5 million for the six months ended June 30, 2002, versus revenues of \$28.8 million for the six months ended June 30, 2001, a 23% increase. The period over period growth in revenues was primarily the result of additional orders from existing customers and growth in the Company's customer base from 128 customers as of December 31, 2000, to 248 customers as of June 30, 2002. However, this growth in our customer base is partially offset by a number of our larger customers reducing the size of their contractual commitments to us. We refer to this effort as the "right-sizing" of our larger customer contracts. During the past year, we have proactively worked with customers to right-size their contractual commitments to help them better react to a slowdown in customer demand as a result of overall economic conditions. Although these right-sizing efforts often result in a reduction in the number of cabinets these customers are obligated to pay for, many of these right-sizing efforts have resulted in the customer extending the term for the remaining cabinets. As a result, although the short-term revenues from such customers are reduced, the overall contract value often remains intact and the relationship with the customer is preserved, if not improved. As of June 30, 2002, we had successfully completed the right-sizing of six out of seven of our customers who had more than 100 cabinets booked, a booking level that represents our larger customers. In August 2002, we right-sized the last remaining customer who had over 100 cabinets booked. These right-sizing efforts have, over the past several quarters, been netted out against our new customer cabinet bookings, limiting the Company's overall revenue growth during the past four quarters. We believe that we are largely through these right-sizing efforts, and do not expect significant reductions in cabinet commitments from existing customers in future periods other than from normal churn activities.

Cost of Revenues. Cost of revenues increased to \$52.4 million for the six months ended June 30, 2002 from \$50.0 million for the six months ended June 30, 2001. These amounts included \$22.9 million and \$20.4 million, respectively, of depreciation expense and \$167,000 and \$393,000, respectively, of stock-based compensation expense. In addition to depreciation and stock-based compensation, cost of revenues consists primarily of rental payments for our leased IBX hubs, site employees' salaries and benefits, utility costs, power and redundancy system engineering support services and related costs and security services. Furthermore, cost of revenues for the six months ended June 30, 2002 include the costs associated with the \$2.7 million in equipment sales that the Company recorded, which were approximately \$2.6 million. Excluding depreciation, stock-based compensation expense and the costs of equipment sales, cash cost of revenues decreased period over period to \$26.7 million for the six months ended June 30, 2002 from \$29.2 million for the six months ended June 30, 2001, a 9% decrease. Cash cost of revenues for the six months ended June 30, 2001 included costs related to the Company's European expansion plans. Due to the restructuring charge that the Company recorded in the third quarter of 2001, these costs were not in the Company's cash cost of revenues for the six months ended June 30, 2002; however, these savings were partially offset by the additional costs incurred from (i) the Company's newest and largest IBX hub opened during the first quarter of 2002 in the New York metropolitan area and (ii) the costs associated with the ramp-up of the Company's existing IBX hubs. The Company anticipates that the costs associated with this new IBX hub and the continued ramp-up of our other existing IBX hubs, will continue to increase cost of revenues in the foreseeable future; however, the Company is currently working to reduce its obligations regarding its approximately 80 acre ground lease in San Jose. In May 2002, the Company amended this lease by negotiating a one-year option, effective July 1, 2002, to elect to exclude from this lease anywhere from 20 to 40 acres. When and if the

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Company exercises this option, these savings will offset a portion of these expected increases in cost of revenues.

Sales and Marketing. Sales and marketing expenses remained relatively flat for the six months ended June 30, 2002 as compared to the six months ended June 30, 2001 at \$9.3 million for both periods. These amounts included \$584,000 and \$1.8 million, respectively, of stock-based compensation expense. In addition, the Company recorded \$2.5 million in bad debt expense for the six months ended June 30, 2002, a substantial increase from the nominal amount recorded in the prior period. This increase in bad debt expense was primarily the result of write-offs or full reserves of aged receivables associated with two customers, Teleglobe and Worldcom, both of which have recently filed for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code. Excluding stock-based compensation and bad debt expense, cash sales and marketing costs decreased to \$6.2 million for the six months ended June 30, 2002 from \$7.4 million for the six months ended June 30, 2001, a 16% decrease. Sales and marketing expenses consist primarily of compensation and related costs for sales and marketing personnel, sales commissions, marketing programs, public relations, promotional materials and travel. The decrease in sales and marketing expenses is the result of several cost saving initiatives that the Company undertook, including some staff reductions and an overall decrease in discretionary spending. The Company continues to closely monitor its spending in all areas of the Company as a result of the current market conditions. Accordingly, we do not expect our cash sales and marketing costs to increase significantly in the foreseeable future, until such time as the Company reaches certain pre-determined levels of profitability.

General and Administrative. General and administrative expenses decreased to \$14.6 million for the six months ended June 30, 2002 from \$34.4 million for the six months ended June 30, 2001. These amounts included \$3.4 million and \$10.9 million, respectively, of stock-based compensation expense and \$2.6 million and \$3.7 million, respectively, of depreciation expense, resulting in a 57% decrease in period over period cash spending. General and administrative expenses consist primarily of salaries and related expenses, accounting, legal and administrative expenses, professional service fees and other general corporate expenses. The significant decrease in general and administrative expenses was primarily the result of several cost saving initiatives that the Company undertook, including staff reductions, an overall decrease in discretionary spending and the elimination of a corporate bonus program. The Company continues to closely monitor its spending in all areas of the Company as a result of the current market conditions. Accordingly, while the Company expects to see some fluctuations in our cash general and administrative costs in future quarters, we do not expect our general and administrative costs to increase significantly in the foreseeable future as compared to comparable periods in the prior year, until such time as the Company reaches certain pre-determined levels of profitability.

Restructuring Charge. During the quarter ended June 30, 2002, the Company took a restructuring charge of \$9.95 million to reflect the Company's ongoing efforts to exit or amend several unnecessary U.S. IBX expansion and headquarter office space operating leaseholds and to complete the Company's European exit activities. In addition, in May 2002, the Company implemented a reduction in workforce, primarily in headquarter positions, in an effort to reduce operating costs. As a result of the restructuring charge, the Company i) paid a \$5.0 million option fee in May 2002 related to the amendment of the Company's approximately 80 acre ground lease in San Jose in which the Company now has the right to elect to permanently exclude from this lease anywhere from 20 to 40 acres for a one-year period commencing July 1, 2002; ii) wrote-off property and equipment of \$2.6 million, primarily leasehold improvements and some equipment, located in two unnecessary U.S. IBX expansion and headquarter office space operating leaseholds that the Company has made the decision to exit and that do not currently provide any ongoing benefit; iii) wrote-off two U.S. letters of credit totaling \$750,000 related to one U.S. operating leasehold that the Company has committed to exit; (iv) accrued \$1.0 million related to the remaining estimated European exit costs; (v) accrued \$500,000 related to a less than 10% reduction in workforce in an effort to streamline and reduce the cost structure of the Company's headquarter function and (vi) accrued \$115,000 for some additional U.S. leasehold exit costs. As of June 30, 2002, a total of \$2.1 million remained for all accrued but unpaid restructuring charges. The Company expects to realize the cost savings benefit of the \$500,000 workforce reduction commencing in the third quarter of 2002, primarily in both sales and marketing and general and administrative expenses. When and if the Company exercises the option to elect to exclude anywhere from 20 to 40 acres of the Company's

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approximately 80 acre ground lease in San Jose, the Company would realize cost savings benefits in cost of revenues immediately following the exercise of this option. However, the exercise of this option would also result in an additional charge being taken to reflect the loss of \$25.0 million in letters of credit, or a portion thereof, which is also a stipulation of the May 2002 amendment to this lease. As of the date of this filing, the Company has not yet decided when, if or for what acreage it will exercise this option.

Adjusted EBITDA. Adjusted EBITDA loss decreased to \$8.5 million from \$27.8 million for the six months ended June 30, 2002 and 2001, respectively. Many factors affect Adjusted EBITDA. Contributing to the significant decline in Adjusted EBITDA loss are revenue growth and the Company's various cost savings initiatives, such as staff reductions, the change in the Company's European strategy, the elimination of a corporate bonus program and stringent controls over the Company's discretionary spending. The Company expects that Adjusted EBITDA over the next few quarters will decrease as the Company approaches Adjusted EBITDA breakeven through a combination of non-equipment related revenue growth and continued focus and management of discretionary spending.

Interest Income. Interest income decreased to \$782,000 from \$7.2 million for the six months ended June 30, 2002 and 2001, respectively. Interest income decreased due to lower cash, cash equivalent and short-term investment balances held in interest bearing accounts and lower interest rates received on invested balances.

Interest Expense. Interest expense decreased to \$18.2 million from \$21.6 million for the six months ended June 30, 2002 and 2001, respectively. The decrease in interest expense was attributable to the \$52.8 million in retirements of its 13% senior notes due 2007 ("Senior Notes") during the first half of 2002 and to the decline in both the principal due and the interest rates associated with the Amended and Restated Senior Secured Credit Facility.

Gain on Debt Extinguishment. During the first half of 2002, the Company retired \$52.8 million of its Senior Notes in exchange for approximately 16.0 million shares of our common stock and approximately \$2.5 million of cash, and as a result, recognized a \$27.2 million gain on debt extinguishment.

Liquidity and Capital Resources

Since inception, we have financed our operations and capital requirements primarily through the issuance of Senior Notes, the private sale of preferred stock, our initial public offering, our senior secured credit facility, which was later amended, and various types of debt facilities and capital lease obligations for aggregate gross proceeds of approximately \$844.2 million. As of June 30, 2001, our total indebtedness from Senior Notes, Amended and Restated Senior Secured Credit Facility and other debt facilities and capital lease obligations was \$366.8 million. As of June 30, 2002, this amount was reduced to \$262.9 million.

As of June 30, 2002, our principal source of liquidity was approximately \$23.3 million in cash, cash equivalents and short-term investments. In addition, as of June 30, 2002, we had \$26.6 million of restricted cash and short-term investments, of which \$25.0 million is related to letters of credit posted in connection with our lease with iStar for the 80 acres in San Jose, California and the remainder is related to letters of credit and escrow accounts for our other lease obligations.

Use of Cash

Net cash used in our operating activities was \$25.8 million and \$37.8 million for the six months ended June 30, 2002 and 2001, respectively. We used cash primarily to fund our net loss, including cash interest payments on Senior Notes and our Amended and Restated Senior Secured Credit Facility.

Net cash used in investing activities was \$9.6 million and \$166.9 million for the six months ended June 30, 2002 and 2001, respectively. Net cash used in investing activities was primarily attributable to the construction and payment of our IBX hubs and the purchase of restricted cash and short-term investments. The amount of cash used in investing activities has decreased substantially as we have now completed our IBX rollout plan.

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Net cash used in financing activities was \$7.0 million for the six months ended June 30, 2002. Net cash generated by financing activities was \$156.9 million for the six months ended June 30, 2001. Net cash used in financing activities during the six months ended June 30, 2002 was primarily attributable to the scheduled monthly payments of our debt facilities and capital lease obligations and the principal repayment of \$2.5 million of our Senior Notes and the costs associated with the exchange of the Senior Notes. Net cash generated by financing activities during the six months ended June 30, 2001 was primarily attributable to the \$150.0 million draw down under the original senior secured credit facility.

Debt Obligations

As of June 30, 2002, our total indebtedness from our Senior Notes, Amended and Restated Senior Secured Credit Facility and debt facilities and capital lease obligations was \$262.9 million, as follows:

Senior Notes

In December 1999, we issued \$200.0 million aggregate principal amount of 13% senior notes due 2007 ("Senior Notes"). Our aggregate net proceeds of this offering were \$193.4 million, net of offering expenses. During the first half of 2002, we retired \$52.8 million of the Senior Notes in exchange for approximately 16.0 million shares of common stock and approximately \$2.5 million of cash. As of June 30, 2002, a total of \$147.2 million of Senior Note principal remains outstanding. We currently intend to issue a significant number of additional shares of stock in order to retire additional Senior Notes up to and including the full \$147.2 million currently outstanding. We are currently in discussions with a number of the remaining holders of the Senior Notes regarding such a transaction, and in these discussions the holders have indicated a willingness to effect such a transaction consensually in the near future. As part of this effort, on June 12, 2002, the Company filed a preliminary proxy statement with the SEC seeking stockholder approval for the issuance of additional shares of common stock. The Company believes it will need to amend this proxy statement to increase substantially the number of shares needed to retire most or all of the Senior Notes. In addition to reducing the amount of principal that would need to be repaid, a full retirement of the remaining Senior Notes outstanding would save \$19.1 million in annual interest payments payable semi-annually each year on December 1 and June 1.

Senior Secured Credit Facility

In December 2000, we entered into a senior secured credit facility with a syndicate of lenders under which, subject to our compliance with a number of financial ratios and covenants, we were permitted to borrow up to \$150.0 million. As of September 30, 2001, we had borrowed the entire \$150.0 million under this facility. In October 2001, in conjunction with the repayment of \$50.0 million, the Company entered into the Amended and Restated Senior Secured Credit Facility to decrease total borrowing allowed to \$125.0 million and to reset certain financial covenants to more accurately reflect market conditions. As of June 30, 2002, a total of \$105.0 million was outstanding under the Amended and Restated Senior Secured Credit Facility. The Amended and Restated Senior Secured Credit Facility requires us to maintain specific financial ratios and comply with quarterly, and in some circumstances, monthly covenants requiring us to, among other things, achieve specific revenue targets at levels significantly above historical revenues, maintain certain minimum cash balances and limit our EBITDA losses. As of June 30, 2002, the Company was not in compliance with certain provisions, including the revenue covenant, of the Amended and Restated Senior Secured Credit Facility. In August 2002, the lenders provided the Company with a waiver and further amended the Amended and Restated Senior Secured Credit Facility (the "First Amendment to the Amended and Restated Senior Secured Credit Facility"). Under the First Amendment to the Amended and Restated Senior Secured Credit Facility, the Company agreed to prepay \$5.0 million of the Amended and Restated Senior Secured Credit Facility at the time of the First Amendment to the Amended and Restated Senior Secured Credit Facility and agreed to a reduction in the total borrowing allowed under the First Amendment to the Amended and Restated Senior Secured Credit Facility to \$100.0 million (permanently eliminating the \$20.0 million which was previously available for borrowing). In addition, the First Amendment to the Amended and Restated Senior Secured Credit Facility reset the minimum revenue and maximum EBITDA loss covenants through

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September 30, 2002 and reset the minimum cash balance covenant for the term of the loan. Further, the First Amendment to the Amended and Restated Senior Secured Credit Facility added a new covenant requiring the Company to convert at least \$100.0 million of its Senior Notes into common stock or convertible debt before November 8, 2002 (the "Senior Note Conversion") on terms satisfactory to the syndicated lenders. As discussed above, the Company has commenced discussions with a number of holders of the Senior Notes and has received preliminary indications that the holders are willing to effect such a transaction consensually in the near future.

The Company does not currently have sufficient cash reserves or alternate financing available to repay the amount outstanding under the senior secured credit facility (\$105.0 million as of June 30, 2002; \$100.0 million as of the date of the new amendment). If we are unable to complete the Senior Note Conversion by November 8, 2002, we will again be in breach of the covenants contained in the First Amendment to the Amended and Restated Senior Secured Credit Facility. If, however, we are able to complete the Senior Note Conversion required by the First Amendment to the Amended and Restated Senior Secured Credit Facility, we will attempt to renegotiate the terms of the First Amendment to the Amended and Restated Senior Secured Credit Facility, including the financial covenants. We have received indications from the syndicate of lenders that if we successfully complete the Senior Note Conversion, they would be willing to further revise the First Amendment to the Amended and Restated Senior Secured Credit Facility to, among other things, reset the financial covenants for future periods to levels that the Company believes are more consistent with current market conditions.

Because we cannot be certain that we can complete the Senior Note Conversion prior to November 8, 2002, or comply with other financial covenants, such as the revenue covenant, for future periods beyond September 30, 2002, the Company has classified the full amount outstanding under the Amended and Restated Senior Secured Credit Facility of \$105.0 million as a current debt obligation on the accompanying balance sheet as of June 30, 2002.

Other Debt Facilities and Capital Lease Obligations

In May 1999, we entered into a master lease agreement in the amount of \$1.0 million. This master lease agreement was increased by addendum in August 1999 by \$5.0 million. This agreement bears interest at either 7.5% or 8.5% and is repayable over 42 months in equal monthly payments with a final interest payment equal to 15% of the advance amounts due on maturity. As of June 30, 2002, these capital lease financings were fully drawn and \$2.7 million remained outstanding.

In August 1999, we entered into a loan agreement in the amount of \$10.0 million. This loan agreement bears interest at 8.5% and is repayable over 42 months in equal monthly payments with a final interest payment equal to 15% of the advance amounts due on maturity. As of June 30, 2002, this loan agreement was fully drawn and \$2.6 million remained outstanding.

In March 2001, we entered into a loan agreement in the amount of \$3.0 million. This loan agreement bears interest at 13.15% and is repayable over 36 months. As of June 30, 2002, this loan agreement was fully drawn. As of June 30, 2002, the Company was not in compliance with one of the requirements of this loan. The Company has not obtained a waiver for this requirement and the lender has rejected a discounted settlement offer. As a result, the Company has classified the full amount outstanding under this loan, totaling \$1.9 million, as a current obligation on the balance sheet as of June 30, 2002. As of the date of this filing, the Company is waiting to hear from the lender on how they would like to proceed on this matter.

In June 2001, we entered into a loan agreement in the amount of \$5.0 million. This loan agreement bears interest at 13.0% and is repayable over 36 months. As of June 30, 2002, this loan agreement was fully drawn and \$3.5 million remained outstanding.

Property and Operating Leases

In May 2000, we entered into a purchase agreement to buy approximately 80 acres of real property in San Jose, California. In June 2000, before closing on this property, we assigned our interest in

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the purchase agreement to iStar San Jose, LLC (“iStar”). On the same date, iStar purchased this property and entered into a 20-year lease with us for the property. In September 2001, this agreement was amended to reduce the overall letter of credit provision in the agreement from \$35.0 million to \$25.0 million, as well as to provide for a \$3.0 million reduction in lease payments in return for paying for the next twelve months of lease payments in advance. In May 2002, this agreement was further amended to provide the Company the option to reduce its obligation under this lease arrangement by up to approximately one-half. For a one-time fee of \$5.0 million, the Company has a one-year option, effective July 1, 2002, to elect to exclude from this lease anywhere from 20 to 40 acres. If the Company exercises this option, the Company will lose \$25.0 million in letters of credit, or a portion thereof, currently classified on the accompanying balance sheets as restricted cash and short-term investments. The Company paid this \$5.0 million fee in May 2002; however, as of the date of this filing, the Company has not yet decided when, if or for what acreage it will exercise this option. Because the Company prepaid rent on the full 80 acres through September 30, 2002, the earliest it will be able to reduce its obligations under this lease is October 1, 2002.

Debt Maturities and Operating Lease Commitments

The Company leases its IBX hubs and certain equipment under non-cancelable operating lease agreements expiring through 2025. The following represents the minimum future operating lease payments for these commitments, as well as the combined aggregate maturities for all of the Company’s debt as of June 30, 2002 (in thousands):

	Debt facilities & capital lease obligations	Senior secured credit facility	Senior notes	Operating leases	Total
2002	\$ 5,093	\$ 105,000	\$ —	\$ 10,732	\$120,825
2003	4,376	—	—	26,459	30,835
2004	1,203	—	—	26,697	27,900
2005	12	—	—	27,039	27,051
2006	—	—	—	29,439	29,439
2007 and thereafter	—	—	147,249	311,376	458,625
	<u>\$ 10,684</u>	<u>\$ 105,000</u>	<u>\$147,249</u>	<u>\$431,742</u>	<u>\$694,675</u>

Assuming we are able to retire or convert a significant portion of the currently outstanding Senior Notes and further amend our First Amendment to the Amended and Restated Senior Secured Credit Facility and obtain relief on certain of our operating leases, the Company anticipates that its existing cash, and cash flow generated from its IBX hubs will be sufficient to meet the working capital, debt service and corporate overhead requirements associated with its operations for the next twelve months. However, there can be no assurances that we will be able to retire additional Senior Notes or further amend the First Amendment to the Amended and Restated Senior Secured Credit Facility in connection with a potential future covenant breach or obtain sufficient relief on certain of our operating leases. The Company does not currently have sufficient cash reserves to repay its debts. In addition, in the event the Company is unable to complete the Senior Note Conversion, the Company may be required to seek bankruptcy protection to force the conversion of the Senior Notes to equity. The potential for a future covenant breach and the resultant acceleration of the outstanding borrowings in the current financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might arise should the Company be unable to continue as a going concern.

Recent Accounting Pronouncements

In October 2001, the FASB issued SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets”. SFAS 144 supercedes SFAS 121, “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.” SFAS 144 applies to all long-lived assets

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(including discontinued operations) and consequently amends Accounting Principles Board Opinion No. 30. SFAS 144 develops one accounting model for long-lived assets that are to be disposed of by sale. SFAS 144 requires that long-lived assets that are to be disposed of by sale be measured at the lower of book value or fair value less cost to sell. Additionally, SFAS 144 expands the scope of discontinued operations to include all components of an entity with operations that (1) can be distinguished from the rest of the entity and (2) will be eliminated from the ongoing operations of the entity in a disposal transaction. SFAS 144 is effective for the Company for all financial statements issued in fiscal 2002. The adoption of SFAS 144 has not had a material impact on the Company.

In November 2001, the FASB Emerging Issues Task Force (“EITF”) reached a consensus on EITF Issue 01-09, Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor’s Products, which is a codification of EITF 00-14, 00-22 and 00-25. This issue presumes that consideration from a vendor to a customer or reseller of the vendor’s products to be a reduction of the selling prices of the vendor’s products and, therefore, should be characterized as a reduction of revenue when recognized in the vendor’s income statement and could lead to negative revenue under certain circumstances. Revenue reduction is required unless consideration relates to a separate identifiable benefit and the benefit’s fair value can be established. This issue should be applied no later than in annual or interim financial statements for periods beginning after December 15, 2001, which is the Company’s first quarter ended March 31, 2002. Upon adoption, the Company is required to reclassify all prior period amounts to conform to the current period presentation. The adoption of EITF Issue 01-09 has not had a material impact on the Company.

In May 2002, the FASB issued SFAS No. 145, “Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections”. SFAS 145 rescinds the automatic treatment of gains or losses from extinguishment of debt as extraordinary unless they meet the criteria for extraordinary items as outlined in APB Opinion No. 30, “Reporting the Results of Operations, Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions”. In addition, SFAS 145 also requires sale-leaseback accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions and makes various technical corrections to existing pronouncements. SFAS 145 is effective for the Company for all financial statements issued in fiscal 2003; however, as allowed under the provisions of SFAS 145, the Company decided to early adopt SFAS 145 in relation to extinguishments of debt for the three and six months ended June 30, 2002.

In June 2002, the FASB issued SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities.” SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. SFAS No. 146 eliminates the definition and requirement for recognition of exit costs in Emerging Issues Task Force Issue No. 94-3 where a liability for an exit cost was recognized at the date of an entity’s commitment to an exit plan. This statement is effective for exit or disposal activities initiated after December 31, 2002. We do not believe that the adoption of this statement will have a material impact on our results of operations, financial position or cash flows.

Other Factors Affecting Operating Results

Risks Related to Our Business

If we are unable to comply with the restrictive covenants in our credit agreements, our ability to continue as a going concern will be adversely affected.

Our credit agreements require that we maintain specific financial ratios and comply with covenants containing numerous restrictions on our ability to incur debt, pay dividends or make other restricted payments, sell assets, enter into affiliate transactions and take other actions. Furthermore, our existing financing arrangements are, and future financing arrangements are likely to be, secured by substantially all of our assets. If we are unable to meet the terms of the financial covenants or if we breach any of these covenants, a default could result under one or more of these agreements. A default, if not waived by our lenders, could result in the acceleration of outstanding indebtedness and cause our

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debt to become immediately due and payable. If such acceleration occurs, we would not be able to repay our indebtedness and it is unlikely that we would be able to borrow sufficient additional funds to refinance such debt. Even if new financing is made available to us, it may not be available on acceptable terms.

As of June 30, 2002, the Company was not in compliance with certain provisions, including the revenue covenant, of the Amended and Restated Senior Secured Credit Facility. In August 2002, the lenders provided the Company with a waiver and entered into the First Amendment to the Amended and Restated Senior Secured Credit Facility. Under the First Amendment to the Amended and Restated Senior Secured Credit Facility, the Company agreed to prepay \$5.0 million of the Amended and Restated Senior Secured Credit Facility at the time of the First Amendment to the Amended and Restated Senior Secured Credit Facility and agreed to a reduction in the total borrowing allowed under the First Amendment to the Amended and Restated Senior Secured Credit Facility to \$100.0 million (permanently eliminating the \$20.0 million which was previously available for borrowing). In addition, the First Amendment to the Amended and Restated Senior Secured Credit Facility reset the minimum revenue and maximum EBITDA loss covenants through September 30, 2002 and reset the minimum cash balance covenant for the term of the loan. Further, the First Amendment to the Amended and Restated Senior Secured Credit Facility added a new covenant requiring the Company to convert at least \$100.0 million of its Senior Notes into common stock or convertible debt before November 8, 2002 (the "Senior Note Conversion") on terms satisfactory to the syndicated lenders. The Company has commenced discussions with a number of holders of the Senior Notes and has received preliminary indications that the holders are willing to effect such a transaction consensually in the near future.

The Company does not currently have sufficient cash reserves or alternate financing available to repay the amount outstanding under the senior secured credit facility (\$105.0 million as of June 30, 2002; \$100.0 million as of the date of the First Amendment to the Amended and Restated Senior Secured Credit Facility). If we are unable to complete the Senior Note Conversion by November 8, 2002, we will again be in breach of the covenants contained in the First Amendment to the Amended and Restated Senior Secured Credit Facility. If, however, we are able to complete the Senior Note Conversion required by the First Amendment to the Amended and Restated Senior Secured Credit Facility, we will attempt to renegotiate the terms of the First Amendment to the Amended and Restated Senior Secured Credit Facility, including the financial covenants. We have received indications from the syndicate of lenders that if we successfully complete the Senior Note Conversion; they would be willing to further revise the First Amendment to the Amended and Restated Senior Secured Credit Facility to, among other things, reset the financial covenants for future periods to levels that the Company believes are more consistent with current market conditions. However, there can be no assurances that this will happen. If we are unable to convert additional Senior Notes into common stock or convertible debt, this will adversely affect our business and our ability to continue as a going concern.

In March 2001, we entered into a loan agreement in the amount of \$3.0 million. This loan agreement bears interest at 13.15% and is repayable over 36 months. As of June 30, 2002, this loan agreement was fully drawn. As of June 30, 2002, the Company was not in compliance with one of the requirements of this loan. The Company has not obtained a waiver for this requirement and the lender has rejected a discounted settlement offer. As a result, the Company has classified the full amount outstanding under this loan, totaling \$1.9 million, as a current obligation on the balance sheet as of June 30, 2002. As of the date of this filing, the Company is waiting to hear from the lender on how they would like to proceed on this matter.

We expect to affect a significant de-leveraging event in the near term—this transaction will significantly dilute existing stockholders' ownership interest in the Company

In connection with the First Amendment to the Amended and Restated Senior Secured Credit Facility entered into in August 2002, the Company is required to convert at least \$100.0 million of its Senior Notes into common stock or non-cash pay notes before November 8, 2002 on terms satisfactory to the syndicated lenders (the "Senior Note Conversion"). As of June 30, 2002, a total of \$147.2 million of Senior Note principal remains outstanding. In order to effect the Senior Note Conversion, we intend to issue a significant number of additional shares of common stock. We are in discussions with a number of the holders of the Senior Notes regarding such a transaction, and in these discussions the holders have

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indicated a willingness to effect such a transaction consensually in the near future. As part of this effort, on June 12, 2002, the Company filed a preliminary proxy statement with the SEC seeking stockholder approval for the issuance of additional shares of common. The Company believes it will need to amend this proxy to increase substantially the number of shares needed to retire most or all of the Senior Notes. In addition, in the event the Company is unable to get agreement from the holders of at least \$100.0 million of the outstanding Senior Notes, it may be required to seek bankruptcy court protection to force the conversion of the Senior Notes to equity. The issuance of stock either through bankruptcy or a consensual agreement in connection with the Senior Note Conversion will significantly dilute existing stockholders' ownership interest in the Company.

We are substantially leveraged and we may not generate sufficient cash flow to meet our debt service and working capital requirements.

We are highly leveraged. As of June 30, 2002, we had total indebtedness of \$262.9 million consisting primarily of the following:

- a total of \$147.2 million of our Senior Notes;
- a total of \$105.0 million under our Amended and Restated Senior Secured Credit Facility; and
- other outstanding debt facilities and capital lease obligations.

Our highly leveraged position could have important consequences, including:

- impairing our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes;
- requiring us to dedicate a substantial portion of our operating cash flow to paying principal and interest on our indebtedness, thereby reducing the funds available for operations;
- limiting our ability to grow and make capital expenditures due to the financial covenants contained in our debt arrangements;
- impairing our ability to adjust rapidly to changing market conditions, invest in new or developing technologies, or take advantage of significant business
- making us more vulnerable if a general economic downturn continues or if our business experiences difficulties, opportunities that may arise; and

In the event our cash flow is inadequate to meet our obligations, we could face substantial liquidity problems. If we are unable to generate sufficient cash flow or otherwise obtain funds needed to make required payments related to our indebtedness, or if we breach any covenants under this indebtedness, we would be in default under its terms and the holders of such indebtedness would be able to accelerate the maturity of such indebtedness. Such acceleration could cause defaults under our other indebtedness.

Failure to comply with Nasdaq's listing standards could result in our delisting by Nasdaq from the Nasdaq National Market and severely limit the liquidity of our common stock.

Our stock is currently traded on the Nasdaq National Market. Under Nasdaq's listing maintenance standards, if the closing bid price of a company's common stock remains under \$1.00 per share for 30 consecutive trading days, Nasdaq will issue a deficiency notice to that company. If the closing bid price does not reach at least \$1.00 per share for a minimum of ten consecutive trading days during the 90 calendar days following the issuance of the deficiency notice from Nasdaq, Nasdaq may delist that company's common stock from trading on the Nasdaq National Market. On May 16, 2002, we received a notice from Nasdaq stating that we were not in compliance with Nasdaq's continued listing requirements because the minimum closing bid price of our common stock had remained below \$1.00 for 30

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consecutive trading days. The letter further stated that the closing bid price of our common stock must be at least \$1.00 per share for ten consecutive trading days during the 90-day period subsequent to May 16, 2002, or Nasdaq will delist our common stock from trading on the Nasdaq National Market on or about August 14, 2002. We expect to receive notice from Nasdaq that the failure of our common stock to maintain Nasdaq's minimum closing bid price requirement of \$1.00 has continued beyond the 90-day probationary period allowed under the Nasdaq National Marketplace Rules and, therefore, our common stock may be delisted. We intend to appeal any such delisting decision, and the delisting could be stayed pending a hearing before the Nasdaq Qualifications Panel. If our common stock is delisted, it would seriously limit the liquidity of our common stock, limit our ability to convert outstanding debt to equity or other convertible securities and limit our potential to raise future capital through the sale of our common stock, all of which could seriously harm our business.

In order to avoid a delisting of our common stock, we may be required to take various measures including raising additional capital and effecting a reverse split of our common stock. We cannot predict that a reverse stock split will increase the market price for our common stock. The history of similar stock split combinations for a company in like circumstances is varied. There is no assurance that the market price per share of our common stock following a reverse stock split will either exceed or remain in excess of the \$1.00 minimum bid price as required by Nasdaq or that we will otherwise meet the requirements of Nasdaq for continued inclusion for trading on Nasdaq. Furthermore, the liquidity of our common stock could be adversely affected by the reduced number of shares that would be outstanding after a reverse stock split.

There can be no assurance that our common stock will remain eligible for trading on the Nasdaq National Market. If our common stock were delisted, the ability of our stockholders to sell any of our common stock would be severely, if not completely, limited. Furthermore, our ability to raise additional capital would be severely impaired. As a result of these factors, the value of the common stock would decline significantly.

Our stock price has been volatile in the past and is likely to continue to be volatile.

The market price of our common stock has been volatile in the past and is likely to continue to be volatile. In addition, the securities markets in general, and Internet stocks in particular, have experienced significant price volatility and accordingly the trading price of our common stock is likely to be affected by this activity. In addition, to the extent we issue stock to reduce our debt and deleverage the Company, our stock price may fluctuate as a result of the increased number of shares of our common stock outstanding in the market.

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

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

We expect our operating results to fluctuate.

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

- demand for space and services at our IBX hubs;

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- our pricing policies and the pricing policies of our competitors;
- the timing of customer installations and related payments;
- customer retention and satisfaction;
- customer insolvency;
- the provision of customer discounts and credits;
- the mix of current and proposed products and services and the gross margins associated with such products and services;
- competition in our markets;
- the timing and magnitude of capital expenditures and expenses related to the expansion of sales, marketing, operations and acquisitions, if any, of complementary businesses and assets;
- the effects of terrorist activity and armed conflict, such as disruptions in general economic activity, changes in logistics and security arrangements, and reduced customer demand for our services;
- changes in general economic conditions and specific market conditions in the telecommunications and Internet industries;
- the ability of our customers to obtain financing or to fund their capital expenditures;
- conditions related to international operations;
- the cost and availability of adequate public utilities, including power;
- growth of Internet use; and
- governmental regulation.

Any of the foregoing factors, or other factors discussed elsewhere herein, could have a material adverse effect on our business, results of operations, and financial condition. Although we have experienced growth in revenues in recent quarters, this growth rate is not necessarily indicative of future operating results. It is possible that we may never achieve profitability on a quarterly or annual basis.

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

If we do not maintain specific financial ratios and comply with covenants in the credit agreement, the banks could require repayment of amounts previously drawn down and we do not currently have sufficient cash reserves to repay such amounts. See risk factor entitled “If we are unable to comply with the restrictive covenants, in our credit agreements our ability to continue as a going concern will be adversely affected”.

We have a history of losses and we anticipate our losses will continue in the future.

As an early-stage company, we have experienced significant operating losses since inception. As of June 30, 2002, we had cumulative net losses of \$368.3 million and cumulative cash used in operating activities of \$173.5 million since inception. We expect to incur significant losses on a quarterly and annual basis in the foreseeable future. Our failure to significantly increase revenues will result in increased

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losses. Our revenues are dependent on our ability to continue selling our existing services and our ability to sell new service offerings to both new and existing customers.

We may continue to have customer concentration and the loss of, or decline in business from, our key customers would result in a significant decline in our revenues.

To date, we have relied upon a small number of customers for a majority of our revenue. For the six months ended June 30, 2002, our single largest customer, IBM, represented 20% of total revenues, and our top 5 customers, excluding equipment sales, represented 38% of our total revenues. Some of our customers have filed voluntary petitions for relief under the Bankruptcy Code, such as Metromedia Fiber Network, Global Crossing, Teleglobe and Worldcom. The difficulties of these customers have adversely affected our operating results; however, these customers continue to provide services in our IBX hubs. For the six months ended June 30, 2002, sales to customers that have filed for bankruptcy or that otherwise went out of business totaled approximately 16.7% of total revenues. We expect that we will continue to rely upon a limited number of customers for a significant percentage of our revenue. As a result of this concentration, a loss of, or decrease in business from, one or more of our large customers could have a material and adverse effect on our results of operations and would result in a significant decline in our revenues. To the extent the loss of, or decline in business from, our customers' results in decreased revenues, we may not be able to comply with certain covenants in our credit agreement.

We operate in a highly competitive market and we may be unable to compete successfully against established companies with greater resources and an ability to adopt aggressive pricing policies.

We must be able to differentiate ourselves from existing providers of space for telecommunications equipment and web hosting companies. In addition to competing with neutral colocation providers, we compete with traditional colocation providers, including local phone companies, long distance phone companies, Internet service providers and web hosting facilities. Most of these companies have longer operating histories and significantly greater financial, technical, marketing and other resources than we do. Because of their greater financial resources, some of these companies have the ability to adopt aggressive pricing policies. As a result, in the future, we may suffer from pricing pressure that would adversely affect our ability to generate revenues and adversely affect our operating results. In addition, these competitors could offer colocation on neutral terms, and may start doing so in the same metropolitan areas where we have IBX hubs. Some of these competitors may also provide our target customers with additional benefits, including bundled communication services, and may do so in a manner that is more attractive to our potential customers than obtaining space in our IBX hubs. We believe our neutrality provides us with an advantage over these competitors. However, if these competitors were able to adopt aggressive pricing policies together with offering colocation space, our ability to generate revenues would be adversely affected.

We may also face competition from persons seeking to replicate our IBX concept. Our competitors may operate more successfully than we do or form alliances to acquire significant market share. Furthermore, enterprises that have already invested substantial resources in peering arrangements may be reluctant or slow to adopt our approach that may replace, limit or compete with their existing systems. In addition, other companies may be able to attract the same potential customers that we are targeting. Once customers are located in our competitors' facilities, it will be extremely difficult to convince them to relocate to our IBX hubs.

We are exposed to general economic and market conditions.

Our business is subject to the effects of general economic conditions in the United States and globally, and in particular, market conditions in the telecommunications and Internet infrastructure services industries. Due to the inability to obtain additional financing and the condition of the economy in general, certain companies in the Internet infrastructure services and telecommunications industries, including some of our customers and our customer's customers, have experienced significant business difficulties. The difficulties of these customers and these customer's customers have materially and adversely affected our operating results. If our customers and our customer's customers continue to

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experience business difficulties or cease operations, such as Excite@Home, ICG Communications, NorthPoint Communications, Global Crossing, Metromedia Fiber Network, Teleglobe and Worldcom, if the economic conditions in the United States and globally do not improve or if we experience a worsening in the global economic slowdown, our operating results will be adversely affected.

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

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

We have a long sales cycle that may adversely affect our business, financial condition and results of operations.

A customer's decision to lease cabinet space in our IBX hubs typically involves a significant commitment of resources and will be influenced by, among other things, the customer's confidence in our financial strength. In addition, some customers will be reluctant to commit to locating in our IBX hubs until they are confident that the IBX hub has adequate carrier connections. As a result, we have a long sales cycle. We generally incur significant expenses in sales and marketing prior to getting customer commitments for our services. Delays due to the length of our sales cycle may adversely affect our business, financial condition and results of operations.

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

Our business depends on providing our customers with highly reliable service. We must protect our IBX infrastructure and our customers' equipment located in our IBX hubs. The services we provide are subject to failure resulting from numerous factors, including:

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

Problems at one or more of our IBX hubs, whether or not within our control, could result in service interruptions or significant equipment damage. In the past, a limited number of our customers have experienced temporary losses of power. If we incur significant financial commitments to our customers in connection with a loss of power, or our failure to meet other service level commitment obligations, our liability insurance may not be adequate to cover those expenses. In addition, any loss of services, equipment damage or inability to meet our service level commitment obligations, particularly in the early

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stage of our development, could reduce the confidence of our customers and could consequently impair our ability to obtain and retain customers, which would adversely affect both our ability to generate revenues and our operating results. To the extent a failure of our physical infrastructure or services results in decreased revenues, we may not be able to comply with certain covenants in our credit agreement. If we are unable to comply with covenants in our credit agreement, the banks may require repayment of amounts previously drawn down, which amounts we are currently unable to repay.

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

The presence of diverse Internet fiber from communications carriers' fiber networks to our IBX hubs is critical to our ability to attract new customers. We believe that the availability of such carrier capacity will directly affect our ability to achieve our projected results.

We are not a communications carrier, and as such we rely on third parties to provide our customers with carrier services. We rely primarily on revenue opportunities from our customers to encourage carriers to invest the capital and operating resources required to build facilities from their locations to our IBX hubs. Carriers will likely evaluate the revenue opportunity of an IBX hub based on the assumption that the environment will be highly competitive. There can be no assurance that, after conducting such an evaluation, any carrier will elect to offer its services within our IBX hubs. In addition, there can be no assurance once a carrier has decided to provide Internet connectivity to our IBX hubs that it will continue to do so for any period of time.

The construction required to connect multiple carrier facilities to our IBX hubs is complex and involves factors outside of our control, including regulatory processes and the availability of construction resources. For example, in the past carriers have experienced delays in connecting to our facilities due to some of these factors. If the establishment of highly diverse Internet connectivity to our IBX hubs does not occur or is materially delayed or is discontinued, our operating results and cash flow will be adversely affected. Further, many carriers are experiencing business difficulties. As a result, some carriers may be forced to terminate connectivity within our IBX hubs. For example, on January 16, 2001, NorthPoint Communications, a carrier in one of our IBX hubs, announced that it filed a voluntary petition for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code. As a result, NorthPoint terminated connectivity in our IBX hubs after its assets were sold. In addition, Worldcom, a significant carrier within our IBX hubs, has also recently filed a voluntary petition for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code.

The ability to retain and recruit key personnel is key to our success.

Our success largely depends on our ability to attract and retain key management and highly skilled technical, managerial, sales and marketing personnel. In spite of the economic slowdown, competition for these personnel remains intense. The loss of services of any of our key personnel, the inability to retain and attract qualified personnel in the future, or delays in hiring required personnel could make it difficult to meet key objectives.

If we are unable to successfully operate our management information systems, our business will be materially and adversely affected.

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

Recent terrorist activity in the United States and the military action to counter terrorism could adversely impact our business.

The September 11, 2001 terrorist attacks in the United States, the ensuing declaration of war on terrorism and the continued threat of terrorist activity and other acts of war or hostility appear to be having an adverse effect on business, financial and general economic conditions in the U.S. These effects may, in turn, result in increased costs due to the need to provide enhanced security, which would have a material adverse effect on our business and results of operations. These circumstances may also adversely affect our ability to attract and retain customers, our ability to raise capital and the operation and maintenance of our IBX hubs.

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

We may seek to acquire complementary businesses, products, services and technologies. As a result of these acquisitions, we may be required to incur additional debt and expenditures and issue additional shares of our stock to pay for the acquired business, product, service or technology, which will dilute existing stockholders' ownership interest in the Company. In addition, if we fail to successfully integrate and manage acquired businesses, products, services and technologies, our business and financial results would be harmed. Currently, we have no present commitments or agreements with respect to any such acquisitions.

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

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

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

Our IBX hubs are susceptible to regional costs of power, electrical power shortages and planned or unplanned power outages caused by these shortages, such as those that occurred in California during 2001. The overall power shortage in California has increased the cost of energy, which we may not be able to pass on to our customers. We attempt to limit exposure to system downtime by using backup generators and power supplies. Power outages, which last beyond our backup and alternative power arrangements, could harm our customers and our business.

Risks Related to Our Industry

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

Rapid growth in the use of and interest in the Internet has occurred only recently. Acceptance and use may not continue to develop at historical rates and a sufficiently broad base of consumers may not adopt or continue to use the Internet and other online services as a medium of commerce. Demand and

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market acceptance for recently introduced Internet services and products are subject to a high level of uncertainty and there are few proven services and products. As a result, we cannot be certain that a viable market for our IBX hubs will emerge or be sustainable.

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

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

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

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

Following the September 11, 2001 terrorist attacks on the United States, there has been an increased focus by the government on Internet infrastructure centers, including our IBX hubs. Although, we do not believe there will be increased government regulation, laws and regulations governing Internet services, related communications services and information technologies, and electronic commerce remain largely unsettled, even in areas where there has been some legislative action. It may take years to determine whether and how existing laws, such as those governing intellectual property, privacy, libel, telecommunications, and taxation, apply to the Internet and to related services such as ours. In addition, the development of the market for online commerce and the displacement of traditional telephony services by the Internet and related communications services may prompt increased calls for more stringent consumer protection laws or other regulation, both in the United States and abroad, that may impose additional burdens on companies conducting business online and their service providers. The adoption or modification of laws or regulations relating to the Internet, or interpretations of existing law, could have a material adverse effect on our business, financial condition and results of operations.

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

Market Risk

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

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

Interest Rate Risk

Our exposure to market risk resulting from changes in interest rates relates primarily to our investment portfolio. Our interest income is impacted by changes in the general level of U.S. interest rates, particularly since the majority of our investments are in short-term instruments. Due to the short-term nature of our investments, we do not believe that we are subject to any material market risk exposure. An immediate 10% increase or decrease in current interest rates would not have a material

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effect on the fair market value of our investment portfolio. We would not expect our operating results or cash flows to be significantly affected by a sudden change in market interest rates in our investment portfolio.

An immediate 10% increase or decrease in current interest rates would furthermore not have a material impact to our debt obligations due to the fixed nature of our long-term debt obligations, except for the interest expense associated with our Amended and Restated Senior Secured Credit Facility, which bears interest at floating rates, plus applicable margins, based on either the prime rate or LIBOR. As of June 30, 2002, the Amended and Restated Senior Secured Credit Facility had an effective interest rate of 6.87%. The fair market value of our long-term fixed interest rate debt is subject to interest rate risk. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. These interest rate changes may affect the fair market value of the fixed interest rate debt but does not impact earnings or cash flows of the Company.

The fair market value of our Senior Notes is based on quoted market prices. The estimated fair value of our Senior Notes as of June 30, 2002 is approximately \$26.5 million.

Foreign Currency Risk

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

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

Commodity Price Risk

Certain operating costs incurred by Equinix are subject to price fluctuations caused by the volatility of underlying commodity prices. The commodities most likely to have an impact on our results of operations in the event of significant price changes are electricity and supplies and equipment used in our IBX hubs. We are closely monitoring the cost of electricity, particularly in California. To the extent that electricity costs continue to rise, we are investigating opportunities to pass these additional power costs onto our customers that utilize this power. We do not employ forward contracts or other financial instruments to hedge commodity price risk.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings.*

On July 30, 2001 and August 8, 2001, putative shareholder class action lawsuits were filed against Equinix, certain of its officers and directors, and several investment banks that were underwriters of our initial public offering. The cases were filed in the United States District Court for the Southern District of New York, purportedly on behalf of investors who purchased our stock between August 10, 2000 and December 6, 2000. The suits allege that the underwriter defendants agreed to allocate stock in Equinix's initial public offering to certain investors in exchange for excessive and undisclosed commissions and agreements by those investors to make additional purchases in the aftermarket at pre-determined prices. The plaintiffs allege that the prospectus for our initial public offering was false and misleading and in violation of the securities laws because it did not disclose these arrangements. It is possible that additional similar complaints may also be filed. Equinix and its officers and directors intend to defend the actions vigorously.

Item 2. *Changes in Securities and Use of Proceeds.*

(a) Modification of Constituent Instruments.

None.

(b) Change in Rights.

None.

(c) Issuance of Securities.

During the quarter ended June 30, 2002, we issued and sold the following securities:

1. In April 2002, we issued 6,650,000 shares of the Company's common stock and some cash in exchange for the retirement of \$17.3 million of our 13% senior notes due in 2007. The issuance of these shares was deemed to be exempt from registration under Section 3(a)(9) of the Securities Act.

2. In April 2002, we issued a warrant to purchase 1,150,000 shares of the Company's common stock with an exercise price of \$0.01 per share to A.A.A. Aktiengesellschaft Allgemeine Anlagenverwaltung vorm. Seilwolff AG von 1890 in connection with a Lease Exit Agreement dated April 26, 2002 between A.A.A. Aktiengesellschaft Allgemeine Anlagenverwaltung vorm. Seilwolff AG von 1890 and ourselves. The issuance of these securities was determined to be exempt from registration under Section 4(2) of the Securities Act as transactions by an issuer not involving any public offering. In addition, the recipient of securities in this transaction represented their intentions to acquire the securities for investment only and not with a view to, or for sale in connection with, any distribution thereof. The recipient had adequate access, through its relationship with us, to information about us.

(d) Use of Proceeds.

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

Item 3. Defaults Upon Senior Securities.

As of June 30, 2002, we were in default on certain provisions of the Amended and Restated Senior Secured Credit Facility, under which the Company owed \$105.0 million. The Amended and Restated Senior Secured Credit Facility contained covenants requiring us to maintain specific financial ratios and comply with quarterly, and in some circumstances, monthly covenants requiring us to achieve specific revenue targets, maintain minimum cash balances and limit our EBITDA losses. As of June 30, 2002, we were not in compliance with certain provisions, including the revenue covenant, of the Amended and Restated Senior Secured Credit Facility. However, in August 2002, the Company successfully completed the further renegotiation of the Amended and Restated Senior Secured Credit Facility. The most significant terms and conditions of the First Amendment to the Amended and Restated Senior Secured Credit Facility are as follows:

- The Company was granted a full waiver for the covenants that were not in compliance as of June 30, 2002. In addition, the amendment reset the minimum revenue and maximum EBITDA loss covenants through September 30, 2002 and reset the minimum cash balance covenant for the term of the loan.
- The Company agreed to repay \$5.0 million of the currently outstanding \$105.0 million as of June 30, 2002. This amount was repaid in August 2002. In addition, the remaining \$20.0 million available for borrowing under the Amended and Restated Senior Secured Credit Facility was permanently eliminated, reducing the total borrowings under the First Amendment to the Amended and Restated Senior Secured Credit Facility to \$100.0 million.
- The Company must convert at least \$100.0 million of Senior Notes into common stock or convertible debt on or before November 8, 2002 (the “Senior Note Conversion”) on terms satisfactory to the syndicated lenders. The Company may not use cash to retire any Senior Notes or pay any accrued and unpaid interest on Senior Notes going forward. To the extent the Company uses cash to retire any Senior Notes or pays interest on Senior Notes, the Company must simultaneously prepay the remaining outstanding amount under the First Amendment to the Amended and Restated Senior Secured Credit Facility in an amount equal to such payment made with respect to the Senior Notes. As discussed above, the Company has commenced discussions with a number of holders of Senior Notes and has received preliminary indications that the holders are willing to effect such a transaction consensually in the near term.

The Company does not currently have sufficient cash reserves or alternate financing available to repay the amount outstanding under this facility (\$105.0 million as of June 30, 2002; \$100.0 million as of the date of the new amendment). If the Company is unable to complete the Senior Note Conversion by November 8, 2002, the Company will again be in breach of the covenants contained in the First Amendment to the Amended and Restated Senior Secured Credit Facility (see “Liquidity and Capital Resources”).

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

The Annual Meeting of Stockholders of the Company was held on June 7, 2002 in Mountain View, California. The table below presents the voting results of election of our Board of Directors:

	<u>Affirmative Votes</u>	<u>Negative Votes</u>	<u>Votes Withheld</u>	<u>Broker's Non-Votes</u>
Albert M. Avery IV	71,784,261	—	2,030,290	—
Peter F. Van Camp	71,907,167	—	1,907,384	—
Scott Kriens	73,646,202	—	168,349	—
Andrew S. Rachleff	73,644,962	—	169,589	—
Michelangelo Volpi	73,654,802	—	159,749	—

The stockholders also approved the appointment of PricewaterhouseCoopers LLP as our independent auditors for the fiscal year ending December 31, 2002. The table below presents the voting results:

	<u>Affirmative Votes</u>	<u>Negative Votes</u>	<u>Votes Withheld</u>	<u>Broker's Non-Votes</u>
Ratification of independent accountants	73,488,807	187,999	137,745	—

Item 5. Other Information.

Effective June 7, 2002, John G. Taysom resigned from our Board of Directors and all subcommittees thereof.

On May 16, 2002, we received a notice from Nasdaq stating that we were not in compliance with Nasdaq's continued listing requirements because the minimum closing bid price of our common stock had remained below \$1.00 for 30 consecutive trading days. The letter further stated that the closing bid price of our common stock must be at least \$1.00 per share for ten consecutive trading days during the 90-day period subsequent to May 16, 2002, or Nasdaq will delist our common stock from trading on the Nasdaq National Market on or about August 14, 2002. We expect to receive notice from Nasdaq that the failure of our common stock to maintain Nasdaq's minimum closing bid price requirement of \$1.00 has continued beyond the 90-day probationary period allowed under the Nasdaq National Marketplace Rules and, therefore, our common stock may be delisted. We intend to appeal any such delisting decision, and the delisting could be stayed pending a hearing before the Nasdaq Qualifications Panel. If our common stock is delisted, it would seriously limit the liquidity of our common stock, limit our ability to convert outstanding debt to equity or other convertible securities and limit our potential to raise future capital through the sale of our common stock, all of which could seriously harm our business. See "Other Factors Affecting Operating Results" including the risk factor entitled "Failure to comply with Nasdaq's listing standards could result in our delisting by Nasdaq from the Nasdaq National Market and severely limit the liquidity of our common stock".

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

(a) Exhibits.

<u>Exhibit Number</u>	<u>Description of Document</u>
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended to date.
3.2*	Bylaws of the Registrant.
4.1	Reference is made to Exhibits 3.1 and 3.2.
4.2**	Form of Registrant's Common Stock certificate.
4.6*	Common Stock Registration Rights Agreement (See Exhibit 10.3).
4.9*	Amended and Restated Investors' Rights Agreement (See Exhibit 10.6).
10.1*	Indenture, dated as of December 1, 1999, by and among the Registrant and State Street Bank and Trust Company of California, N.A. (as trustee).
10.2*	Warrant Agreement, dated as of December 1, 1999, by and among the Registrant and State Street Bank and Trust Company of California, N.A. (as warrant agent).
10.3*	Common Stock Registration Rights Agreement, dated as of December 1, 1999, by and among the Registrant, Benchmark Capital Partners II, L.P., Cisco Systems, Inc., Microsoft Corporation, ePartners, Albert M. Avery, IV and Jay S. Adelson (as investors), and the Initial Purchasers.
10.4*	Registration Rights Agreement, dated as of December 1, 1999, by and among the Registrant and the Initial Purchasers.
10.5*	Form of Indemnification Agreement between the Registrant and each of its officers and directors.
10.6*	Amended and Restated Investors' Rights Agreement, dated as of May 8, 2000, by and between the Registrant, the Series A Purchasers, the Series B Purchasers, the Series C Purchasers and members of the Registrant's management.
10.8*	The Registrant's 1998 Stock Option Plan.
10.9*+	Lease Agreement with Carlyle-Core Chicago LLC, dated as of September 1, 1999.
10.10*+	Lease Agreement with Market Halsey Urban Renewal, LLC, dated as of May 3, 1999.
10.11*+	Lease Agreement with Laing Beaumeade, dated as of November 18, 1998.
10.12*+	Lease Agreement with Rose Ventures II, Inc., dated as of June 10, 1999.
10.13*+	Lease Agreement with Carrier Central LA, Inc., as successor in interest to 600 Seventh Street Associates, Inc., dated as of August 8, 1999.
10.14*+	First Amendment to Lease Agreement with TrizecHahn Centers, Inc. (dba TrizecHahn Beaumeade Corporate Management), dated as of October 28, 1999.
10.15*+	Lease Agreement with Nexcomm Asset Acquisition I, L.P., dated as of January 21, 2000.
10.16*+	Lease Agreement with TrizecHahn Centers, Inc. (dba TrizecHahn Beaumeade Corporate Management), dated as of December 15, 1999.
10.17*	Lease Agreement with ARE-2425/2400/2450 Garcia Bayshore LLC, dated as of January 28, 2000.
10.19*+	Master Agreement for Program Management, Site Identification and Evaluation, Engineering and Construction Services between Equinix, Inc. and Bechtel Corporation, dated November 3, 1999.
10.20*+	Agreement between Equinix, Inc. and WorldCom, Inc., dated November 16, 1999.
10.21*	Customer Agreement between Equinix, Inc. and WorldCom, Inc., dated November 16, 1999.
10.22*+	Lease Agreement with GIP Airport B.V., dated as of April 28, 2000.
10.23*	Purchase Agreement between International Business Machines Corporation and Equinix, Inc. dated May 23, 2000.
10.24**	2000 Equity Incentive Plan.
10.25**	2000 Director Option Plan.
10.26**	2000 Employee Stock Purchase Plan.

- 10.27** Ground Lease by and between iStar San Jose, LLC and Equinix, Inc., dated June 21, 2000.
- 10.28***+ Lease Agreement with TrizecHahn Beaumeade Technology Center LLC, dated as of July 1, 2000.
- 10.29***+ Lease Agreement with TrizecHahn Beaumeade Technology Center LLC, dated as of May 1, 2000.
- 10.30***+ Lease Agreement with Carrier Central LA, Inc., as successor in interest to 600 Seventh Street

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Exhibit Number	Description of Document
	Associates, Inc., dated as of August 24, 2000.
10.31***+	Lease Agreement with Burlington Associates III Limited Partnership, dated as of July 24, 2000.
10.32***+	Lease Agreement with Naxos Schmirdelwerk Mainkur GmbH and A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung vorm. Seilwolff AG von 1890, dated as of August 7, 2000.
10.33***+	Lease Agreement with Quattrocento Limited, dated as of June 1, 2000.
10.34***	Lease Agreement with ARE-2425/2400/2450 Garcia Bayshore, LLC, dated as of March 20, 2000.
10.35***	First Supplement to the Lease Agreement with Naxos Schmirdelwerk Mainkur GmbH and A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung vorm. Seilwolff AG von 1890, dated as of October 11, 2000.
10.37****+	Lease Agreement with Quattrocento Limited, dated as of June 9, 2000.
10.38****+	Lease Agreement with Compagnie des Entrepots et Magasins Generaux de Paris, dated as of July 18, 2000.
10.39****+	Second Supplement to the Lease Agreement with Naxos Schmirdelwerk Mainkur GmbH and A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung vorm. Seilwolff AG von 1890, dated as of December 22, 2000.
10.40****	Third Supplement to the Lease Agreement with Naxos Schmirdelwerk Mainkur GmbH and A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung vorm. Seilwolff AG von 1890, dated as of March 8, 2001.
10.41****+	Fourth Supplement to the Lease Agreement with Naxos Schmirdelwerk Mainkur GmbH and A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung vorm. Seilwolff AG von 1890, acting in partnership under the name Naxos-Union Grundstücksverwaltungsgesellschaft GbR, dated as of July 3, 2001.
10.42****+	First Amendment to Deed of Lease with TrizecHahn Beaumeade Technology Center LLC, dated as of March 22, 2001.
10.43****+	First Lease Amendment Agreement with Market Halsey Urban Renewal, LLC, dated as of May 23, 2001.
10.44****+	First Amendment to Lease with Nexcomm Asset Acquisition I, L.P., dated as of April 18, 2000.
10.45****+	Amendment to Lease Agreement with Burlington Realty Associates III Limited Partnership, dated as of December 18, 2000.
10.46*****	First Modification to Ground Lease by and between iStar San Jose, LLC and Equinix, Inc., dated as of September 26, 2001.
10.47*****	Amended and Restated Credit and Guaranty Agreement, dated as of September 30, 2001.
10.48*****	2001 Supplemental Stock Plan.
10.49*****	Deed Terminating a Commercial Lease with Compagnie des Entrepots et Magasins Generaux de Paris, dated as of September 7, 2001.
10.50	Agreement terminating the Lease Agreement with Naxos Schmirdelwerk Mainkur GmbH and A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung vorm. Seilwolff AG von 1890, dated as of April 26, 2002.
10.51	Agreement to Surrender of a Lease Agreement by and between Equinix UK Limited and Quattrocento Limited, dated as of February 27, 2002.
10.52	Termination Agreement by and among Equinix, Inc. and Deka Immobilien Investment GMBH, successor in title to GIP Airport B.V., dated as of February 18, 2002, terminating the Lease Agreement with GIP Airport B.V., dated as of April 28, 2000.
10.53	Second Modification to Ground Lease by and between iStar San Jose, LLC and Equinix, Inc., dated as of May 20, 2002.
10.54+	Amended and Restated Master Service Agreement by and between International Business Machines Corporation and Equinix, Inc., dated as of May 1, 2002.
10.55	Agreement for Termination of Lease and Voluntary Surrender of Premises by and between ARE-2425/2400/2450 Garcia Bayshore LLC and Equinix Operating Co., Inc., dated as of July 12, 2002.
16.1*	Letter regarding change in certifying accountant.
21.1****	Subsidiaries of Equinix.
99.1	Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2	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.

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- * Incorporated herein by reference to the exhibit of the same number in the Registrant's Registration Statement on Form S-4 (Commission File No. 333-93749).
- ** Incorporated herein by reference to the exhibit of the same number in the Registrant's Registration Statement in Form S-1 (Commission File No. 333-39752).
- *** Incorporated herein by reference to the exhibit of the same number in the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000.
- **** Incorporated herein by reference to the exhibit of the same number in the Registrant's Annual Report on Form 10-K for the year ended December 31, 2000.
- ***** Incorporated herein by reference to the exhibit of the same number in the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001.
- ***** Incorporated herein by reference to the exhibit of the same number in the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001.
- ***** Incorporated herein by reference to the exhibit of the same number in the Registrant's Annual Report on Form 10-K for the year ended December 31, 2001.
- + Confidential treatment has been requested for certain portions which are omitted in the copy of the exhibit electronically filed with the Securities and Exchange Commission. The omitted information has been filed separately with the Securities and Exchange Commission pursuant to Equinix's application for confidential treatment.

(b) Reports on Form 8-K.

On June 12, 2002, the Company filed a Current Report on Form 8-K to report the retirement of approximately \$10.0 million of its 13% senior notes due in 2007, and to report the filing of a preliminary proxy statement that seeks shareholder approval to issue up to an additional 15,000,000 shares of its common stock.

**RESTATED
CERTIFICATE OF INCORPORATION OF
EQUINIX, INC.
a Delaware corporation**

**(Pursuant to Sections 242 and 245
of the Delaware General Corporation Law)**

Equinix, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "General Corporation Law"), originally incorporated on June 22, 1998, under the name Quark Communications, Inc.

DOES HEREBY CERTIFY:

FIRST: That the name of this corporation is Equinix, Inc.

SECOND: That the Board of Directors duly adopted resolutions proposing to amend and restate the Amended and Restated Certificate of Incorporation of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

"RESOLVED, that the Restated Certificate of Incorporation of this corporation, as amended, be amended and restated in its entirety as follows:

ARTICLE I

The name of the corporation is Equinix, Inc. (the "Corporation").

ARTICLE II

The address of the registered office of this corporation in the State of Delaware is 15 E. North St., P.O. Box 899, in the City of Dover, County of Kent. The name of its registered agent at such address is Incorporating Services, Ltd.

ARTICLE III

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE IV

The Corporation is authorized to issue two classes of stock to be designated common stock ("Common Stock") and preferred stock ("Preferred Stock"). The number of shares of Common Stock authorized to be issued is Three Hundred Million (300,000,000), par value \$.001 per share, and the number of shares of Preferred Stock authorized to be issued is Ten Million (10,000,000), par value \$0.001 per share.

The Preferred Stock may be issued from time to time in one or more series, without further stockholder approval. The Board of Directors is hereby authorized, in the resolution or resolutions adopted by the Board of Directors providing for the issue of any wholly unissued series of Preferred Stock, within the limitations and restrictions stated in this Restated Certificate of Incorporation (the "Restated Certificate"), to fix or alter the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price or prices, and the liquidation preferences of any wholly unissued series of Preferred Stock, and the number of shares constituting any such series and the designation thereof, or any of them, and to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

ARTICLE V

Except as otherwise provided in this Restated Certificate, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

ARTICLE VI

The number of directors of the Corporation shall be fixed from time to time by a bylaw or amendment thereof duly adopted by the Board of Directors or by the stockholders.

ARTICLE VII

Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

ARTICLE VIII

Except as otherwise provided in this Restated Certificate, any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of the stockholders of the Corporation, and may not be effected by any consent in writing of such stockholders.

ARTICLE IX

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived any improper personal benefit. If the Delaware General Corporation Law is amended after approval by the stockholders of this Article to authorize corporate action further eliminating or limiting the personal liability of directors then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article IX by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of this Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

ARTICLE X

In addition to any vote of the holders of any class or series of the stock of this Corporation required by law or by this Restated Certificate, the affirmative vote of the holders of a majority of the voting power of all of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal the provisions of ARTICLE I, ARTICLE II, and ARTICLE III of this Restated Certificate. Notwithstanding any other provision of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of the stock of this Corporation required by law or by this Restated Certificate, the affirmative vote of the holders of at least sixty-six and two thirds percent ($66\frac{2}{3}\%$) of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal any provision of this Restated Certificate not specified in the preceding sentence.

* * * *

THIRD: The foregoing Restated Certificate of Incorporation has been duly adopted by the Corporation's Board of Directors and stockholders in accordance with the applicable provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the undersigned has signed this Certificate this 16th day of August, 2000.

/s/ PETER F. VANCAMP

Peter F. VanCamp
Chief Executive Officer

Agreement

by and between

1. Naxos Schmirgelwerk Mainkur GmbH
Gutleutstra(beta)e 175, 60327 Frankfurt,

represented by the manager with single
representative power Gunter Rothenberger,

and

2. A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung vorm. Seilwolff
AG von 1890, Gutleutstra(beta)e 175, 60327 Frankfurt,

represented by the board member with
single representative power Gunter
Rothenberger,

as Civil Code Partnership under the name
Naxos-Union Grundstücksverwaltungs-
gesellschaft GbR,

- hereinafter "Landlord" -

and

Equinix, Inc.
2450 Bayshore Parkway,
Mountain View,
CA 94043, USA,

a Delaware Company.

- hereinafter "Tenant" -

represented by Mr. Chris Birdsong by
notarized proxy dated April 19, 2002,
receipt of which is confirmed by the
Landlord.

The parties hereto agree as follows:

1

1. Preamble

Landlord and Tenant are parties to a
Lease for the property Orber
Stra(beta)e 8, Frankfurt-Fechenheim
(hereinafter "Property"), in the
version of July 3, 2001.

1.1 The contract provides

- a) for a term of 20 years, ending
August 7, 2020. The Tenant has not
yet used the Property.

- b) the Tenant's obligation to reconstruct the roof of the building on the Property at an estimated expense of DM 2.700.000,00 plus ancillary costs,
 - c) the Tenant's obligation to clean and paint the buildings structural steel on the Property,
 - d) the Tenant's obligation to keep the Property in good order that comprises the obligation to heat the buildings sufficiently in winter to avoid water damage.
- 1.2 The Tenant has been granted an easement over the Property.
- 1.3 The Tenant's obligations to the Landlord are secured by a LC by The Chase Manhattan Bank, England, dated October 18, 2001 in the amount of EUR 1.073.271,10 (DM 2.099.136,00) for the benefit of the Landlord.
- 1.4 The Tenant has entered into a Supply of Electricity Agreement with Mainova AG and has made an advance payment of EUR 1.022.583,70 plus VAT (DM 2.000.000,00 plus 16 % VAT, altogether DM 2.320.000,00) to Mainova for certain work to be performed by Mainova in this context.
- 1.5 Because of an Agreement between the Landlord (the Civil Code Company) and A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung vorm. Seilwolff AG von 1890 of June 20, 2001, the Landlord shall suffer a damage of at least EUR 746.114,00 by the early termination of the lease.
- 1.6 The damage that is caused to the Landlord by the early termination amounts to EUR 15 million - 30 million.
2. Following the negative development of the Tenant's industry and business, the Tenant has announced to the Landlord that it will have to cease its rental payments after the payment of the rent for May 2002. The Tenant faces potential adverse financial consequences, in the alternative. For this reason, the Tenant has given termination notice to the Landlord, effective May 31, 2002.

Furthermore, the Tenant has failed to perform his obligations pursuant to Sections 1.1 b) - d) above which has resulted in substantial rust

and water damage in the Property.

3. Settlement

In view of the premises the Parties agree to settle their dispute as follows:

3.1 The Landlord accepts the termination for cause of the Lease by the Tenant per May 31, 2002 on condition that the following payment- and other obligations of the Tenant are fully paid and performed.

3.2 The Tenant shall make the following payments to the Landlord:

a) the May 2002 rent in the amount of EUR 148.754,12 as agreed.

b) the payment of EUR 64.997,98 to Allgemeine Hypothekenbank Rheinboden AG, Frankfurt, by May 31, 2002.

c) an amount of EUR 250.000,00 (in addition to the payment pursuant to Sections 3.3 and 3.7) as damages for the failure to reconstruct the roofs of the buildings on the Property, by May 10, 2002.

d) an amount of EUR 1.750.000,00 to compensate for the water and rust damage in the building as well as for other damage, that was caused by the Tenant's failure to paint the steel structure and heat the building as well as by the early termination of the Lease, by the 10th of May, 2002.

3.3 The Tenant will not raise any objections against the Landlord's drawing of the Chase uc in the amount of EUR 1.073.271,10 and acknowledges the Landlord's right to do this.

3.4 The Tenant gives its consent to cancel the easement in the land register of the Property. The Tenant will sign the required document to this effect and shall submit all required powers-of-attorney/approvals to the land register by June 1, 2002.

3.5 The Tenant hereby assigns any and all rights for repayment of its advance payment made to Mainova AG to the Landlord as partial compensation for the damage suffered by the Landlord and will repeat such assignment in a

separate document as per Appendix 1.

The Tenant does not enter into any obligation, however, that Mainova AG will pay anything or is obliged to pay anything but still use its best efforts to support the Landlord to pursue its payment claims. Any reasonable costs of the Tenant that arise in this context shall be compensated by Landlord. The Parties are aware that the matter may end up in German court.

The above second paragraph has precedence over Section 3 of Appendix 1 hereto.

- 3.6 As partial compensation of the damage, the Landlord shall be entitled to purchase 1.150.000 Equinix, Inc. shares that are traded at the stock exchange for US\$11.500,00 (payable to Equinix, Inc.). Without additional payment, the Landlord can request delivery of 1.150.000 Equinix, Inc. shares which can be sold and traded at the stock exchange after the lapse of a one year holding period pursuant to US Securities Laws. The closing value of an Equinix, Inc. share on April 25, 2002 was US\$ 0,63.

The Tenant agrees to issue to the Landlord share-warrants for 1.150.000 (one million one hundred-fifty-thousand) warrant shares of Equinix, Inc. (the Tenant). The Parties agree to sign the separate warrant agreement that is attached hereto as Appendix 2, for this purpose.

- 3.7 The Parties agree that with the performance of the Tenant's obligations pursuant to Sec. 3.1 - 3.6 hereof, as well as payment of the LC to the Landlord or its bank by Chase on or before June 10, 2002, any and all obligations of the Tenant to the Landlord including any VAT obligation under and in connection with the Lease are finally settled and cancelled, no matter whether known or unknown and whether based on contract, tort or any other reason. This also applies for any Landlord's rights and claims against affiliates or banks of the Tenant in the same context.

- 3.8 With the signing hereof, the Landlord is entitled to rent out the Property for its own benefit and to otherwise freely use it.

- 3.9 This Agreement is entered into under the condition precedent that

the supervisory board of A.A.A. Aktiengesellschaft Allgemeine Anlagenverwaltung vorm. Seilwolff AG von 1890 grants its consent by May 6, 2002, 4 p.m.

4. Sundry Provisions

4.1 The Parties agree to keep this Agreement confidential unless they are obliged by law or other contract to make it known to others.

4.2 This Agreement is subject to German law. Frankfurt/Main is place of venue.

4.3 In case of discrepancies between the English and German texts of this Agreement, the English version shall prevail.

Frankfurt, this 26th day of April 2002

Frankfurt, den 26. April 2002

Landlord/Vermieter

Tenant/Mieter

Naxos Schmirgelwerk Mainkur GmbH

Equinix, Inc.

/s/Gunter Rothenberger

/s/Chris Birdsong

Gunter Rothenberger

Chris Birdsong

A.A.A. Aktiengesellschaft Allgemeine
Anlageverwaltung vorm. Seilwolff
AG von 1890

/s/Gunter Rothenberger

Gunter Rothenberger

Appendix 1
Contract of Assignment

Between

Equinix, Inc. a company under the law of Delaware, 2450 Bayshore Parkway, Mountain View, CA 94043, USA, represented by Christopher L. Birdsong

(hereafter referred to as "Equinix")

and

Naxos-Union Estate Management Company GbR, comprising of

1. Naxos Schmirgelwerk (Emery Works) Mainkur GmbH, Gutleutstra(beta)e 175, 60327 Frankfurt am Main, represented by their Manager Gunter Rothenberger.
2. A.A.A. Aktiengesellschaft Allgemeine Anlageverwaltung (Public Limited Company General Management) formerly Seilwolff AG from 1890, Gutleutstra(beta)e 175, 60327 Frankfurt am Main represented by Herr Gunter Rothenberger und Mr Sven Rothenberger.

(hereafter referred to as "Naxos GbR")

1. Equinix has leased the property at Oberstra(beta)e 7 /
Wachtersbacherstra(beta)e 83 in Frankfurt am Main from Naxos GbR with the
Leasing Contract of 07.08.2000, the currently valid version is the 4th amendment
from 03.07.2001. To cover the particularly high requirements for electricity for
their business, Equinix has acquired the right to future provision of an
increased amount of electricity (12 MVA) via an offer from Mainova AG of the
30.05.2000 and the Reservation Contract between Equinix and Mainova AG of
6.10./11.10./13/10/2000 . Equinix has paid a building cost allowance and a
reservation fee of DM 2,320,000.00 according to payment requirements of Mainova
AG of 20.10.2000.

2. Contrary to their original plans, Equinix is discontinuing its business in
Germany. Equinix therefore no longer has interest in the increased provision of
electricity to the property by Mainova AG.

Equinix hereby transfers all claims they had against Mainova AG, regardless of
the reasons for the claims, to Naxos GbR. Naxos GbR will take on this transfer.

3. Equinix is hereby obliged to support Naxos GbR in any way required, which is
required in order to enforce the transferred rights against Mainova AG.

Equinix [signature]
26 April 2002

For Naxos GbR [signature]
(Gunter Rothenberger)
As the sole authorised
represented Manager for the
only represented partner if
Naxos Scmirlgelwerk Mainkur
GmbH

DATED 27/TH/ FEBRUARY 2002

QUATTROCENTO LIMITED

and

EQUINIX LIMITED

AGREEMENT TO SURRENDER

of a lease of

Swan House Whitby Avenue Park Royal London NW10

THIS AGREEMENT is made the 2nd day of February, 2002

BETWEEN

- (1) QUATTROCENTO LIMITED whose registered office is at 45 The Esplanade St Helier Jersey Channel Islands JE4 8WQ (registered in Jersey under Company Number 68191) ("the Landlord") and
- (2) EQUINIX UK LIMITED (Company Registration Number 3923886) whose registered office is at 100 New Bridge Street London EC4V 6JA ("the Tenant")

NOW IT IS HEREBY AGREED as follows:

1. Interpretation

1.1 In this Deed except where the context otherwise requires the following words and expressions shall have the following meanings:

- "Completion" means the later of the Completion Date and the date of actual completion
- "Completion Date" means five working days after the Landlord is in receipt of cleared funds for all sums due pursuant to the Letter of Credit
- "Conditions" means the Standard Commercial Property Conditions (First Edition)
- "Lease" means the lease of which short particulars are set out in The Schedule
- "Letter of Credit" means a letter of credit issued by Comerica Bank - California naming the Tenants as applicant and the Landlord as beneficiary for the amount of (pound) 500,000

"Property" means all that leasehold property more particularly

described in the Lease and shall unless otherwise stated include each and every part thereof

1.2 The headings in this Agreement are for ease of reference only and shall not affect its construction

2. Agreement

The Tenant agrees that on the Completion Date it will surrender its estate interest and rights in the Property together with all tenant's fixtures fittings and all partitions within the Property with the intent that the residue then unexpired of the term granted by the Lease shall merge and be extinguished in the reversion of the Landlord immediately expectant thereon and the Landlord agrees to accept such surrender

3. Completion

3.1 The surrender shall be completed at the offices of the Landlord's solicitors or as they may reasonably direct

3.2 On Completion the Landlord and the Tenant shall execute and deliver to the other a Deed of Surrender in the form of the draft annexed

3.3 On Completion the Landlord will take 600,000 shares in Equinix Inc. and the Tenant will complete or procure the completion of all necessary paperwork to vest the ownership of the said shares in the Landlord

4. Capacity of the Tenant

The Tenant will surrender with full title guarantee

5. Title

5.1 Title to the Property shall be deduced by the Tenant and shall consist of office copies of the entries on the register and the filed plan of Title Number NGL 789558 and copies of any documents noted on the register (if required)

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5.2 The Tenant's title to the Property having been deduced prior to the signing hereof (as the Landlord hereby admits) the Landlord hereby confirms that it accepts the title so deduced and shall not be entitled to raise any requisition thereon or objection thereto.

6. Vacant Possession

The Property will be surrendered with vacant possession on Completion.

7. Carry Out Works

The Landlord shall be entitled to enter the Property after the date hereof with or without workmen at all times for the purposes of completing the works to this Property which have not been completed by the Tenant in breach of the provisions of clause 3.26 of the Lease and the Landlord and the Tenant accept that such actions shall not constitute or be deemed to constitute a surrender of the Lease

8. Conditions

So far as necessary the Conditions shall be deemed to be incorporated in this Agreement so far as they are applicable to an agreement for the surrender of a lease and are not inconsistent with or varied by this Agreement (on the footing that the Tenant shall be deemed to be the seller and the Landlord the buyer).

9. Landlord and Tenant Act 1954

This Agreement is conditional upon an Order of the Mayor's and City of London Court made pursuant to the provisions of Section 38(4)(b) of the Landlord and Tenant Act 1954 (as amended by the Law of Property Act 1969)

10. Costs

Each party agrees to pay the proper costs and disbursements (including the Value Added Tax) that they incur in connection with the preparation of this Agreement and in connection with the surrender

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11. No Assignment

The Tenant may not assign or otherwise dispose of the benefit and burden of this Agreement and agrees that it will not assign underlet or otherwise dispose of its interest in the Lease prior to Completion of this Agreement

12. No Merger

Notwithstanding Completion the provisions of this Agreement shall continue in full force and effect until completely fulfilled

13. Third Party Contracts Act

For the purpose of the Contracts (Rights of Third Parties) Act 1999 it is agreed that nothing in this Agreement shall confer on any third party any right to enforce or any benefit of any of the terms of this Agreement.

AS WITNESS the hands of the parties hereto or their duly authorised representatives the day first above written

SIGNED by)
duly authorised)
for and on behalf of)
QUATTROCENTTO LIMITED)
in the presence of)

SIGNED by)
duly authorised)
for and on behalf of)
EQUINIX UK LIMITED)
in the presence of)

SIGNED by)
duly authorised)
for and on behalf of)
EQUINIX UK LIMITED)
in the presence of)

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THE SCHEDULE

The Lease

A lease dated 14 July 2000 and made between the Landlord (1) and the Tenant (2) of the property known as Swan House Whitby Avenue Park Royal London NW10 and registered at HM Land Registry with Title Number NGL 789558.

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TERMINATION AGREEMENT

relating to

POINT OF VIEW

TUPOLEVLAAN 101-109, SCHIPHOL-RIJK

THE NETHERLANDS

(the "Property")

among

DEKA Immobilien Investment GmbH

and

EQUINIX INC.

dated 18th February 2002

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 Annex	 Proxy Deka
Exhibit A	Lease
Exhibit B	Notification Letter
Exhibit C	Acknowledgement Letter

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THIS AGREEMENT (the "Termination Agreement") is made and entered into this day of 2001 by and among:

1. EQUINIX INC., a company incorporated under the laws of the state of Delaware, United States of America, having its registered office at 2450 Bayshore Parkway, Mountain View, CA 94043, United States of America (hereinafter "Equinix") duly represented by its Managing Director Mr. Christopher L. Birdsong;

and

2. DEKA IMMOBILIEN INVESTMENT GMBH, a Company incorporated under the laws of the Federal Republic of Germany, having its registered office at (62309) Frankfurt, Germany (hereinafter "Deka") duly represented by Mr J. Gottler and Ms E. Laqua on the strength of the power of attorney attached to this Termination Agreement;

Parties 1-2 jointly "Parties" and separately a "Party".

WHEREAS

A. On 28 April 2000 a certain lease pertaining to the Property "Point of View" at Tupolevlaan 101-109, Schiphol-Rijk, the Netherlands, was entered into by Equinix as lessee and GIP Airport B.V. as lessor (the "Lease"), attached to this Termination Agreement as Exhibit A. The Property was transferred from GIP Airport B.V. to Deka as a result of which Deka is successor in title as "Lessor" under the Lease by operation of the law.

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B. In 2001 Equinix requested negotiations on the early termination of the Lease and Deka is prepared to co-operate with early termination of the Lease against payment of a compensation for its (estimated) costs and damages, including the loss of rent, the costs of re-letting and the costs of reinstating the Property as set out in Schedule 7 to the Lease, all this subject to and as provided in this Termination Agreement;

NOW THEREFORE the Parties hereby agree as follows:

Article 1. Definitions

When used in this Termination Agreement capitalized terms shall have the meaning attributed thereto in the Article, Recital or Introduction next to such item

Bank Guarantees	Article 3.1
Compensation	Article 3.2
Deka	Introduction
Equinix	Introduction
Lease	Recital A
Property	Recital A
Reinstatement Bank guarantee	Article 3.1
Rent Bank Guarantee	Article 3.1
Termination Date	Article 2.1

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Article 2. Termination & vacation

2.1 Termination

Parties agree that subject to the proper and timely fulfilment of the condition precedent as set out in Article 4, the Lease shall terminate with effect as of the 31st December 2001 or so much later as the condition of Article 4 will have been met (the "Termination Date").

2.2 Vacation

On the Termination Date Equinix shall have vacated the property and shall have returned to Deka all records and objects pertaining to the Property such as keys, security passes and codes etc. On the Termination Date the Property shall be inspected by the Parties and a delivery report shall be compiled.

Article 3. Bank guarantees & compensation

3.1 Bank Guarantees

Under the Lease two bank guarantees were issued by ABN Amro Bank to the amount of NLG 12,145,668 (in words: twelve million one hundred and forty five thousand six hundred and sixty eight Dutch Guilders) (the "Bank Guarantees"). Of the two Bank Guarantees one was issued to cover for rent payments of up to one year's rent including service charges and VAT to the amount of NLG 3,812,053 (in words: three million eight hundred twelve thousand and fifty three Dutch Guilders) the "Rent Bank Guarantee", and one to cover for the costs of reinstating the Property in its original design as set out in Schedule 7 to the Lease to the amount of NLG 8,333,615,00 (in words: eight million three hundred thirty three thousand

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six hundred and fifteen Dutch Guilders) (the "Reinstatement Bank Guarantee").

3.2 Compensation

In consideration for the cooperation of DEKA with early termination, Equinix will pay the amount of NLG 12,145,668.-- (in words: twelve million one hundred forty five thousand six hundred sixty eight Dutch Guilders ("The Compensation")), in one lump sum prior to the Termination Date, towards DEKA's costs and damages itemized as follows:

- a) the rent, service charges and VAT up to and including the Termination Date (it being understood that the rent for the fourth quarter of 2001 has been paid and that this item sub a will cover the rent etc. as from 1 January 2002 in the event that the Termination Date is after 1 January 2001);
- b) a compensation for lost income out of rent payments under the Lease up to the amount of NLG 3,812,052.-- (in words: three million eight hundred twelve thousand fifty two Dutch Guilders), inclusive of VAT, representing one year's rent without indexation;
- c) the costs of reinstating the Property as set out in Schedule 7 to the lease, the costs of installing temporary heating and gas- and electricity connections;
- d) the reletting costs, including brokers' fees, advertisements, discounts and/or fitting-out contributions for new tenants;
- e) the loss of income out of rent over and above the compensation sub (b) above, if any;.

3.3 The part of the Compensation in the amount of NLG 8,333,615.-- (in words: eight million three hundred thirty three thousand six hundred fifteen Dutch Guilders)

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shall be applied as an advance for the losses, damages and costs as referred to sub c, d and e, which advance will be settled against the actual losses, damages and costs in the manner as provided hereunder in article 5.

3.4 Equinix understands, accepts and agrees that Deka is entitled to call the Bank Guarantees on account of default under the Lease by Equinix and that Deka shall call the Bank Guarantees in order to effect the payment of the Compensation. Equinix shall cause ABN Amro Bank to make the payment(s) in the aggregate of NLG 12,145,668.-- to Deka per value 31.12.01, against surrender of the two Bank Guarantees.

3.5 On the date of signing this Agreement, Deka shall send ABN Amro Bank ("the Bank") the Notification letter in conformity with the draft attached hereto as Exhibit B and Equinix shall acknowledge in writing to the Bank in conformity with the draft, attached hereto as Exhibit C, that the Bank

should pay to Deka NLG 12,145,668.-- per value 31.12.01 against full and final discharge of the Bank's obligations under the Bank Guarantees. Deka shall return the originals of the two Bank Guarantees to the Bank, upon receipt of NLG 12,145,668.-- from the Bank.

Article 4. Condition precedent

- 4.1 The entering into force of this Termination Agreement is subject to the proper and timely fulfilment of the conditions precedent that Equinix has paid or has caused ABN Amro Bank to have paid the Compensation as set out in article 3.2;
- 4.2 In case the condition precedent set out in Article 4.1 above has not, or not in full

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been fulfilled on or before 1 February 2002, this Termination Agreement shall not come into effect and the Lease shall remain in full force between Parties, without prejudice to Deka's right to rescind the Lease in such an event on account of default and anticipated default of Equinix, with the right of Deka to recover from Equinix all its losses, damages, interests and costs, not limited to the amount of the Compensation. In the event that, as is to be foreseen, upon rescission of the Lease the claim of Deka for losses, damages and costs shall be higher than the aggregate amount to be received from ABN Amro Bank upon excussion of the two Bank Guarantees, Equinix shall be obliged to pay the difference forthwith, with legal interest as from 1 February 2002.

Article 5. Settlement of costs of reinstating the property

- 5.1 Should it appear that the costs of reinstating the Property as set out in Schedule 7 to the Lease and the costs of installing temporary heating and gas- and electricity connections (the cost items of Article 3.2 sub c above) as actually incurred by Deka, are in excess of NLG 8,333,615.--, Equinix shall be obliged to pay the shortfall to Deka.
- 5.2 Upon
- (i) delivery of the work to be executed for reinstating the Property as set out in Schedule 7 to the Lease, and
 - (ii) the entire reletting of the Property,
- Deka will submit to Equinix a statement of account, specifying the actual costs, losses and damages as itemized in article 3.2 sub c), d) and e).

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In the event of vacancy in the Property after the first year after the Termination Date, the costs of vacancy (item sub e of Article 3.2) shall be calculated on the basis of the rent per year plus indexation as provided in the Lease, for the relevant period. In the event that (partial) reletting is effected at a lower rent-level than as provided in the Lease, taking indexation into account, the difference shall be capitalized for the (first) period of the new lease and this amount shall be included in item sub e of Article 3.2.

- 5.3 Should it appear that the aggregate of the actual costs, losses and damages incurred by Deka as meant sub 5.2 above, are less than NLG 8,333,615.--. Equinix, or as the case may be ABN Amro Bank, shall be entitled to such remaining amount.

Article 6. Release & waiver

- 6.1 Parties agree that as of the Termination Date they shall have nothing other to claim from one another than as set out in Article 5 and will, subject to the provisions of Article 4, release one another from all other duties and

obligations and waive all other rights arising out of the Lease as from the Termination Date.

Article 7. Miscellaneous

7.1 Partial invalidity

If any one or more of the provisions of this Termination Agreement shall be invalid, illegal or unenforceable in any respect, the Parties agree that each of them shall endeavour, in good faith negotiations, to replace any such invalid, illegal or

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unenforceable provision(s) the economic effect of which is as close as possible to that of the invalid, illegal or unenforceable provision(s).

7.2 Forum

The competent court in Amsterdam, the Netherlands, shall settle any dispute or controversy arising under or in connection with this Termination Agreement.

7.3 Applicable law

This Termination Agreement and any disputes arising thereof shall be governed by, construed and enforced in accordance with the laws of the Netherlands.

7.4 Amendments and Waiver

No amendment, waiver or consent with respect to any provision of this Termination Agreement shall in any event be effective, unless the same shall be in writing and signed by the Parties hereto and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

7.5 Notices

Any notice, request, instruction and other communication hereunder shall be in writing and delivered to the Parties in person or sent by certified or registered mail, postage prepaid, and by facsimile as follows:

PARTY	ADDRESS
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Equinix	Attn: Mr. Christopher Birdsong 2450 Bayshore Parkway Mountain View CA 94043 Fax: +1 650 316 6900
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Deka	Attn: Ms. Evelyn Laqua Mainzer Landstrasse 37 60329 Frankfurt Germany P.O. Box 0523 60040 Frankfurt Germany
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Language

The principal and ruling language of this Termination Agreement shall be the English language and all correspondence and notices sent, pursuant to this Termination Agreement shall be in English.

7.6 Entire Agreement

This Termination Agreement contains the entire agreement between the Parties with respect to its subject matter and supersedes all prior written or oral agreements and understandings between the Parties with respect to that subject matter.

7.7 Headings

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The Articles and other headings contained in this Termination Agreement are for convenience of reference only and shall not affect the meaning or interpretation of this Termination Agreement.

7.8 Counterparts

This Termination Agreement may be executed in two or more counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which together shall be deemed to be one and the same agreement.

IN WITNESS WHEREOF the Parties have executed this Termination Agreement on the date first written above.

Equinix Inc.
By:

Deka GmbH
By:

SECOND MODIFICATION TO GROUND LEASE

THIS SECOND MODIFICATION TO GROUND LEASE (this "Modification") is made on May 20, 2002 (the "Effective Date"), by and between ISTAR SAN JOSE, LLC, a Delaware limited liability company ("Lessor"), and EQUINIX, INC., a Delaware corporation ("Lessee").

RECITALS

A. Lessor and Lessee entered into that certain Ground Lease dated as of June 21, 2000 (the "Original Lease"), as amended by that certain First Modification to Ground Lease dated as of September 26, 2001 (collectively, the "Lease"), which Lease covers approximately 78.446 acres of unimproved real property, located in the City of San Jose, County of Santa Clara, State of California, as more particularly described in the Lease. Capitalized terms used but not defined herein shall have the meanings set forth in the Lease.

B. Concurrently with the execution of the Original Lease, Lessor and Lessee executed a Memorandum of Lease and Purchase Option, dated as of June 21, 2000 (the "Original Memorandum"), which Original Memorandum was recorded on June 21, 2000, as Document No. 15286834 in the Official Records of Santa Clara County, California (the "Official Records"). The Original Memorandum was amended and restated by that certain Amended and Restated Memorandum of Lease and Purchase Option dated as of October 1, 2001 and recorded on _____, 2001 as Document No. _____ in the Official Records.

C. Lessee has submitted to the City of San Jose's Planning Department the following applications relating to the Premises covered by the Lease: (i) Planned Development Zoning (File #PDCSH01-09-031); (ii) Master Planned Development Permit (File #PDSH02-024); and (iii) Vesting Tentative Map (File #PTSH02-041) (the applications designated in clauses (i), (ii) and (iii), as the same may be amended from time to time with Lessor's approval in accordance with the Lease, are collectively referred to herein as the "Entitlement Documents").

D. Lessee has requested that Lessor (i) grant to Lessee an option to reduce the Premises covered by the Lease and the Purchase Option on the terms and conditions set forth herein, so as to allow Lessee to exclude all or a portion of the Excess Premises (as defined below) but retain the Lessee Development Parcels (as defined below) which it deems necessary for its future business growth and success, and (ii) make such other modifications to the Lease as are set forth herein.

E. Lessor is willing to agree to such changes to the Lease on the terms and conditions set forth herein.

AGREEMENT

NOW THEREFORE, in consideration of the agreements of Lessor and Lessee herein contained and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, Lessor and Lessee hereby agree to modify the Lease as follows:

1. PREMISES REDUCTION OPTION

(a) Exercise of Reduced Premises Option. Attached hereto as Exhibit D is a map of the Premises originally covered by the Lease (the "Original Premises") that divides the Original Premises into the "Lessee Development Parcels" and the "Excess Premises". Notwithstanding anything to the contrary contained in the Lease, Lessee shall have a one-time option (the "Premises Reduction Option") to exclude from the Lease any portion of the Excess Premises having an area of not less than twenty (20) acres nor more than forty (40) acres, on the terms and conditions set forth herein. Provided that no Material Default is then continuing, Lessee may exercise the Premises Reduction Option at any time during the period commencing on July 1, 2002 and expiring on May 30, 2003 by delivering written notice of such exercise to Lessor (the "Option Exercise Notice") identifying the portion of the Excess Premises to be excluded from the Lease

(the "Excluded Premises"). (The Original Premises less the Excluded Premises is sometimes referred to herein as the "Retained Premises".)

(b) Lessor's Right to Draw Upon Letters of Credit. If Lessee validly exercises the Premises Reduction Option pursuant to subparagraph (a) above, then Lessor shall be entitled to draw upon the Letters of Credit as provided in Paragraph 3 below; provided, however, that if the Excluded Premises consists of less than all of the Excess Premises, Lessor shall be entitled to draw upon the Letters of Credit as provided in Paragraph 3 below only after Lessor approves in writing the location and configuration of the Excluded Premises (which approval shall not be unreasonably withheld). If Lessor becomes entitled to draw upon the Letters of Credit pursuant to this subparagraph (b), Lessor shall use reasonable efforts to submit to the LC Issuer(s) all materials necessary to effect such drawing(s) within three (3) Business Days after becoming so entitled.

(c) Reduction of Certain Obligations of Lessee. From and after the Premises Reduction Date (as defined below):

(i) subject to subparagraph (f) below, the Annual Base Rent and the Impositions under the Lease shall be reduced proportionately based on the ratio that the aggregate gross square footage of the Retained Premises bears to the aggregate gross square footage of the Original Premises;

(ii) the Lease shall be deemed to be modified as provided in Paragraph 2 below; and

(iii) the parties shall make such modifications to the Lease as are required under Paragraph 7(a) below as soon as reasonably practicable.

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"Premises Reduction Date" shall mean the first (1st) day, if any, which (i) occurs not earlier than five (5) days after delivery of the Option Exercise Notice, (ii) is the first (1st) day of a calendar month, and (iii) is a day on which (x) Lessor has successfully drawn upon the Letters of Credit pursuant to subparagraph (b) above and Paragraph 3 below and has received the proceeds from such draw, and (y) no Material Default is then continuing. If Lessee validly exercises the Premises Reduction Option on or prior to September 30, 2002 and has paid any portion of the Impositions with respect to the Excluded Premises for the period from July 1, 2002 to September 30, 2002, Lessor shall allow Lessee a credit in the aggregate amount of such payments against future Annual Base Rent payable by Lessee under the Lease (as modified hereby) with respect to the Retained Premises.

(d) Separation of Excluded Premises from Retained Premises. As soon as reasonably practicable following the Separation Date (as defined below), the parties shall make such modifications to the Lease as are required under Paragraph 7(b) below. "Separation Date" means the later of (i) the Premises Reduction Date, or (ii) the day on which the conditions described in clauses (B) and (C) of the definition of "Exclusion Conditions" set forth in Paragraph 1(e)(ii) below (the "Separation Conditions") are satisfied.

(e) Exclusion of Excluded Premises.

(i) If Lessee validly exercises the Premises Reduction Option pursuant to subparagraph (a) above, then within fifteen (15) days after the occurrence, if any, of the satisfaction of all of the Exclusion Conditions (as defined in subparagraph (e)(ii) below), Lessor and Lessee shall execute and deliver (and, if applicable, cause to be recorded in the Official Records such document or a memorandum thereof) each of the following documents: (i) a modification of the Lease providing that the Excluded Premises shall be excluded from the Lease and that Lessee shall have no rights or obligations under the Lease (as opposed to the Related Agreements) with respect to the Excluded Premises (other than any rights or obligations of Lessee under the Lease relating to the Excluded Premises which, under the terms of the Lease, would survive the Termination Date), and (ii) the Related Documents (as defined in subparagraph (e)(ii) below). All costs and expenses incurred in connection with such additional modification of the Lease (but not this Modification) or in connection with the Related Documents, including, without limitation, recording fees, premiums for title insurance endorsements that Lessor may reasonably require, and legal fees and disbursements, shall be paid by Lessee.

(ii) As used herein, "Exclusion Conditions" shall mean the following conditions: (A) the Premises Reduction Date shall have occurred; (B) the Retained Premises shall consist of one or more separate legal lots or parcels which comply in all respects with all applicable subdivision and lot split laws and ordinances; (C) the Excluded Premises shall consist of one or more separate legal lots or

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parcels which comply in all respects with all applicable subdivision and lot split laws and ordinances; (D) Lessor and Lessee shall have approved in writing, each in its reasonable discretion, the form(s) of one or more written agreements (the "Related Agreements") which (1) establish such easements, covenants and restrictions relating to the Retained Premises and the Excluded Premises as may be reasonably satisfactory to each party, and (2) allocate between Lessee and Lessor, based upon the respective benefits reasonably estimated by the parties to be conferred upon the Retained Premises and the Excluded Premises and/or any other relevant equitable considerations: (x) any obligations to construct and/or maintain, or pay the costs of any construction and/or maintenance of, any infrastructure improvements required by the City of San Jose in connection with the development of the Original Premises, including, without limitation, any such obligation that must be satisfied as a condition to recordation of any final map, (y) any residual obligations arising under the Purchase Agreement, and (z) any other rights and responsibilities that might be customary or desirable for the operation, development and/or ownership of the Retained Premises and the Excluded Premises; (E) Lessor and Lessee have agreed upon the modifications that are required to be made to the Lease pursuant to Paragraphs 7(a) and 7(b) hereof, and (F) no Material Default shall be continuing.

(f) Prepaid Rent. Lessee acknowledges and agrees that despite the reduction of Annual Base Rent and Impositions under the Lease from and after the Premises Reduction Date pursuant to subparagraph (c) above and the reduction of certain other obligations of Lessee under the Lease pursuant to subparagraphs (c) and (d) above and Paragraphs 2, 7(a) and 7(b) below, Lessor shall not be obligated under any circumstances to refund to Lessee any Adjusted Base Rent which has been prepaid by Lessee for any period following the Premises Reduction Date and which is attributable to the Excluded Premises. Lessee further acknowledges and agrees that all such prepaid Adjusted Base Rent relating to the Excluded Premises for periods after the Premises Reduction Date was fully earned by Lessor when it was paid.

(g) Entitlements; Cooperation. Lessee shall continue to diligently pursue obtaining approval of the Entitlement Documents from the City of San Jose and Lessor shall reasonably cooperate, at no expense to Lessor, in obtaining such approvals. All costs and expenses incurred in connection with the preparation, filing and processing of the Entitlement Documents shall be borne by Lessee exclusively. Notwithstanding anything herein to the contrary, upon satisfaction of the Separation Conditions, Lessee shall have no further obligation to process or file any final map(s), pursuant to Vesting Tentative Map PTSH02-04, with respect to any portion of the Excluded Premises. Lessee shall make diligent efforts, at its sole cost and expense, to cause the Separation Conditions to be satisfied as soon as reasonably practicable, and Lessor shall reasonably cooperate with such efforts at Lessee's sole cost and expense. Lessor and Lessee shall also negotiate in good faith to reach agreement on the forms of the Related Agreements.

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2. INITIAL DEVELOPMENT OF PROJECT

Once the Premises Reduction Date occurs, Section 7.1(b) of the Lease shall be deleted in its entirety and the following shall be inserted in its place:

(b) Lessor acknowledges, as of the date of the Second Modification to Ground Lease dated as of May 20, 2002 between Lessor and Lessee (the "Second Modification"), that (i) Lessee has submitted to Lessor, in the form of the Entitlement Documents (as defined in Recital C of the Second Modification), a detailed plan (the "Preliminary Plan") for the development of the Initial Improvements on the Retained Premises (as defined in

paragraph 1(a) of the Second Modification), including, without limitation, an area plan showing the proposed location of the Initial Improvements on the Retained Premises and a detailed description of the proposed uses of the Initial Improvements (which uses shall be consistent with the Permitted Uses), and (ii) Lessor has approved the Preliminary Plan/Entitlement Documents. The Preliminary Plan/Entitlement Documents, as so approved by Lessor, shall be herein referred to as the "Approved Development Plan."

3. LETTERS OF CREDIT

Upon satisfaction of the conditions set forth in Paragraph 1(b) above and in payment of the amounts due from Lessee to Lessor on account of the exercise of the Premises Reduction Option with respect to the Excluded Premises, Lessor shall be entitled to draw down the Letters of Credit by an amount equal to (i) the quotient, expressed as a percentage, of (x) the area of the Excluded Premises, expressed in number of acres, divided by (y) forty (40) acres, multiplied by (ii) \$25,000,000, and any amount so drawn shall be deemed forfeited by Lessee and treated as Lessee's cost to exercise the Premises Reduction Option. Thereafter, the terms "LC Face Amount" and "Augmented LC Face Amount", as used in the Lease, shall mean the amount available under the Letters of Credit after the draw down by Lessor pursuant to this Paragraph 3. From and after such draw upon the Letters of Credit, Section 9.1(c) of the Lease shall be deemed to be deleted from the Lease. Lessor and Lessee hereby agree that Lessee shall, at its sole cost and expense, cause the Letters of Credit to be amended to permit a draw thereunder pursuant to this Paragraph. Lessee acknowledges and agrees that the value of the rights and benefits that will accrue hereunder to Lessee as a result of Lessee's valid exercise of the Premises Reduction Option (including, without limitation, the reduction of Annual Base Rent and Impositions pursuant to Paragraph 1(c)(i) above and the reduction of Lessee's development obligations pursuant to Paragraphs 7(a) and 7(b) below) is fair and at least reasonably equivalent to the costs that will be incurred by Lessee as a result of Lessor's draw upon the Letters of Credit pursuant to this Paragraph 3.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS

Lessee hereby represents, warrants and covenants to Lessor as follows:

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(a) Lessee is a corporation, duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified to transact business in the State of California.

(b) Lessee has taken all necessary action to authorize the execution, delivery and performance of this Modification. This Modification constitutes the legal, valid and binding obligation of Lessee.

(c) Lessee has the right, power, legal capacity and authority to enter into and perform its obligations under this Modification, and no approval or consent of any Person is required in connection with Lessee's execution and performance of this Modification that has not been obtained. The execution and performance of this Modification will not result in or constitute any default or event that would be, or with notice or lapse of time or both would be, a default, breach or violation of the organizational instruments governing Lessee or any agreement or any deed restriction or order or decree of any court or other governmental authority to which Lessee is a party or to which it is subject.

(d) Lessee is the sole owner and holder of the leasehold estate and leasehold interest created by the Lease, and Lessee has not made or agreed to make any assignment, sublease, transfer, conveyance, encumbrance, or other disposition of the Lease, Lessee's leasehold estate or any other right, title or interest under or arising by virtue of the Lease.

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

(f) At the time of the execution of this Agreement, Lessee is generally paying its debts as they become due, and the aggregate value of Lessee's assets at fair value exceeds the aggregate value of Lessee's liabilities.

Lessee shall take all actions necessary to ensure that each of the representations, warranties and covenants contained in this Paragraph 4 remain true and correct in all material respects at all times during the period between the date of this Modification and the expiration of the Term and any holdover period.

5. OPTION FEE

Concurrently with the execution of this Modification, Lessee shall pay to Lessor for the Premises Reduction Option a fee in the amount of Five Million Dollars (\$5,000,000.00) (the "Premises Reduction Fee"). The Premises Reduction Fee shall be

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deemed fully earned when paid to Lessor and shall not be refundable to Lessee, in whole or in part, at any time. Lessee shall not be obligated to reimburse Lessor for any fees and expenses, including attorney fees and expenses, it incurs in connection with the negotiation or preparation of this Modification. Lessee acknowledges and agrees that the value of the Premises Reduction Option received by Lessee pursuant to this Modification is fair and at least reasonably equivalent to the Premises Reduction Fee.

6. IMPOSITIONS.

Lessor and Lessee acknowledge that Lessee has filed an appeal of the assessment applicable to the Original Premises for real estate tax purposes with respect to the fiscal year 2001-2002 and that such appeal, if successful, could result in a refund of real estate taxes for the fiscal year 2001-2002 which have been paid by Lessee with respect to the Original Premises. Notwithstanding anything herein to the contrary, Lessor and Lessee hereby agree that any such tax refund received with respect to the Original Premises shall first be applied toward Lessee's costs of prosecuting such appeal, and any excess remaining thereafter shall be equitably allocated between Lessee and Lessor based on the portion of such real estate taxes that were previously paid by Lessee and Lessor, respectively.

7. FURTHER ASSURANCES

(a) Lessor and Lessee hereby agree that from and after the Premises Reduction Date, the parties shall make such further mutually acceptable reasonable changes to the Lease as are necessary to reflect that the Annual Base Rent and the Impositions under the Lease have been reduced pursuant to Paragraph 1(c) (i) above and that Lessee shall have no further rights or obligations under the Lease with respect to the Excluded Premises, except for: (i) Lessee's rights and obligations under the following sections of the Lease: 2; 3.1; 3.2; 6; 7.3 (subject to Paragraphs 1(e) and 1(g) above); 10.1(d); 10.1(g); 10.2; 12; 13; 14; 15.1; 15.2; 15.3; 15.4; and 23, and (ii) any other obligations of Lessee that, under the terms of the Lease, would survive the Termination Date. By way of example, but not limitation, the definitions of "Aggregate Permitted Square Footage", "Initial Improvements", "Initial Investment Amount", "Minimum Initial Improvements" and "Qualifying Buildings" shall be appropriately adjusted to reduce Lessee's construction rights and obligations proportionately based on the relative size of, and the extent of the Entitlements allocated to, the Retained Premises as compared to the Original Premises. Also, by way of example, but not limitation, the definitions of "Maximum Reversion Value", "Initial Amount" and "Base Amount" in Section 20(b) of the Lease shall also be equitably modified to reflect the size of the Retained Premises relative to the size of the Original Premises.

(b) Lessor and Lessee hereby agree that from and after the Separation Date, the parties shall make such further mutually acceptable reasonable changes to the Lease as are necessary to reflect that Lessee shall have no further rights or obligations under the Lease

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with respect to the Excluded Premises, except for any obligations that, under the terms of the Lease, would survive the Termination Date.

(c) Each of the parties hereto agrees to cooperate at all times from and after the date hereof with respect to any of the matters described herein, and to execute such documents as may be reasonably requested for the purpose of giving effect to, evidencing or giving notice of the matters contemplated herein.

8. BROKERS

Lessor and Lessee each represents and warrants to the other that neither it nor its officers or agents nor anyone acting on its behalf has dealt with any real estate broker in the negotiating or making of this Modification, and each party agrees to indemnify and hold harmless the other from any claim or claims, and costs and expenses, including attorneys' fees, incurred by the indemnified party in conjunction with any such claim or claims of any other broker or brokers to a commission in connection with this Modification as a result of the actions of the indemnifying party.

9. MISCELLANEOUS

A. As amended hereby, the Lease is hereby ratified and confirmed in all respects. In the event of any inconsistencies between the terms of this Modification and the Lease, the terms of this Modification shall prevail. This Modification shall bind and inure to the benefit of Lessor and Lessee and their respective legal representatives and successors and assigns.

B. This Modification may be executed in counterparts each of which counterparts when taken together shall constitute one and the same agreement.

C. Except as set forth in this Modification, all terms and conditions of the Lease shall remain in full force and effect.

D. This Modification, with exhibits, is a fully-integrated agreement which, together with the Lease, contains all of the parties' representations, warranties, agreements and understandings with respect to the subject matter hereof.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Modification as of the date first above written.

LESSOR:

iSTAR SAN JOSE, LLC,
a Delaware limited liability company

By: TriNet Corporate Realty Trust, Inc.,
a Maryland corporation,
Its: Sole Member

By: _____

Name: _____

Title: _____

LESSEE:

EQUINIX, INC.,
a Delaware corporation

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

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Exhibit D

Lessee Development Parcels and Excess Premises

[to be attached]

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

AMENDED AND RESTATED

MASTER SERVICE AGREEMENT

This Amended and Restated Master Service Agreement (the "Agreement") Number 4902S80037-001 is entered into between Equinix, Inc. ("Equinix") and the Customer named below ("Customer" or "IBM") and is effective as of May 1, 2002 ("Effective Date"). This Agreement supersedes and replaces the agreement dated May 1, 2000 in its entirety and includes the following Attachments:

Attachment 1	Recurring Fees and Installation Charges
Attachment 2	Internet Business Exchange Center Policies
Attachment 3	Equinix IBX Facilities
Attachment 4	Financial Compliance Certificate
Attachment 5	IBX Building Guidelines
Attachment 6	IBX Flex Rules

In the event of any conflict in these documents, the order of precedence will be (i) this Agreement; (ii) the Attachments and (iii) the Sales Orders. Capitalized terms used but not defined elsewhere in the body of this Agreement will have the meaning given to such terms in the Policies if defined therein.

1. License Terms and Responsibilities of the Parties.

(a) Upon payment of the applicable fees and subject to the terms and conditions herein, Equinix grants Customer a license ("License") for exclusive use of the cage areas and/or cabinets or rack spaces (hereinafter "Space" or "Licensed Spaces") of the IBX Facility (as defined below) identified in any Sales Order separately signed by Equinix and Customer on or after the Effective Date, for the purpose of installing, operating, maintaining, altering and repairing ("Using") hardware and software which is located in the Space and does not belong to Equinix ("Equipment"). At no additional charge, Equinix will provide the Core Services, each of which are described in the Attachment 2 -Internet Business Exchange Center Policies and some of which are more fully described in Attachment 3. Equinix has the right at any time to add Core Services or, upon advance written notice to Customer, to modify any Core Services to the extent that such modifications do not materially adversely affect Customer's operations at the IBX Centers. Additional Services (as defined in the Policies and some of which are more fully described in Attachment 3) are not included in the charges for Space, and Customer is fully responsible for separately paying for all Additional Services Customer requests and receives. All payment and financial terms for Additional Services will be governed by this Agreement, including the Sales Orders and Online/Phone Orders (defined below in Section 1(d)) between the Customer and Equinix. The set-up and licensing of the Licensed Spaces, the Core Services and any Additional Services provided to Customer hereunder shall be collectively referred to herein as the "Service". If Equinix and Customer sign any Sales Orders after the Effective Date, the Space identified in that Sales Order will become part of the "Space" for all purposes under this Agreement. In addition, as may from time to time be requested by Customer, Equinix shall exercise commercially reasonable efforts to provide onsite or offsite workstations with telephone and internet connections and onsite or offsite warehouse storage space, in each case at rates as may be agreed upon from time to time. Under this Agreement, "IBX Facility" means each of the Internet Business Exchange Facilities located at an address specified in each Sales Order Form between Equinix and Customer within the contiguous forty-eight states of the United States. Equinix represents and warrants that each IBX Facility constructed as of the Effective Date meets the design and construction specifications set forth in Attachment 5 hereto.

(b) Equinix has adopted policies that apply to all users of the IBX Facility (including all shipping and receiving procedures, "Policies"). The Policies in effect as of the Effective Date are attached to this Agreement

as Attachment 2. It is understood by the Customer that multiple customers of Equinix may be located at any particular IBX Facility and the Policies are intended to facilitate and promote the orderly and efficient usage of the IBX Facilities for the benefit, safety and protection of all customers and Equinix shall be entitled to make reasonable changes to the Policies from time to time in that context; provided, however, that (i) without the consent of Customer, Equinix shall not make changes in the Policies that unreasonably interfere with or hinder Customer's Use of the Space under the terms of this Agreement, and (ii) no change in the Policies shall be binding upon Customer until Equinix has notified Customer thereof. Equinix and Customer agrees to comply with the Policies in effect from time to time, and Equinix agrees to enforce the Policies in a non-discriminatory manner against all customers. With respect to Customer's use of IBX Flex Space, the parties also agree to abide by the IBX Flex Rules set forth in Attachment 6.

(c) Customer acknowledges that the License is only to use the Space, and that Customer has not been granted any real property or other interests in the Space, the premises or the Building.

(d) Under the terms and conditions set forth herein, Equinix grants Customer access to its customer care website ("Customer Care Website") located on the Internet at eccs.equinix.com or any other domain name Equinix may determine from time to time at its sole discretion. Notwithstanding anything in Section 1(b) to the contrary, Equinix may reasonably modify the functionality of the Customer Care Website upon providing Customer with 30 days advance written notice of such changes, and if Equinix develops Customer Care Website Usage Policies, Customer must comply with commercially reasonable Customer Care Website Usage Policies. Notwithstanding the above, Equinix may add services from time to time to the Customer Care Website as it deems appropriate without notice. The Customer Care Website is secured and only Equinix, Equinix's customers and those authorized by Equinix's customers to act on such customers' behalf are authorized to access the Customer Care Website. Equinix will provide Customer with an account and password for use of the Customer Care Website (e.g. to place orders for Services, which are referred to in this Agreement as "Online Orders", to the extent permitted by Equinix) and to place orders for Services via the telephone to the extent permitted by Equinix ("Phone Orders") (Online Orders and Phone Orders will collectively be referred to as "Online/Phone Orders"). Customer is responsible for maintaining the confidentiality of its account and password and for restricting and granting access thereto. Notwithstanding anything in this Agreement to the contrary, Customer is responsible and liable for all activities that occur under Customer's account (including all payments owed for any Online/Phone Orders that are placed under Customer's account), regardless of whether such activities are conducted by Customer, a Sublicensee or any other third party, and regardless of whether such Orders are authorized by Customer. Equinix has no obligation to verify that anyone using Customer's account and password has Customer's authorization. Notwithstanding anything in this Agreement to the contrary, upon notification from Customer of unauthorized use of Customer's account, Equinix shall use commercially reasonable efforts to stop or abate the unauthorized use reported by Customer and limit Customer's costs resulting from the reported unauthorized use.

(e) Equinix Responsibilities

1) The IBX Facility will be open for Customer access twenty-four (24) hours a day, seven (7) days a week, except in the event of an emergency. Equinix will allow Customer access to the IBX Facility at all times, and Customer shall have the non-exclusive right to access the common space as described below.

2) Equinix will make any Cross-Connect requested by Customer and approved by the other customer to which the Cross-Connect is made within twenty-four (24) hours of such request or such longer period as is necessary and as may be consented to by Customer, such consent not to be unreasonably withheld. Customer will be charged for the Cross-Connect at the agreed upon rates specified in Attachment 1 (subject to the limitations set forth therein), subject to Section 7.

3) Equinix shall not in any way be responsible for connections between items of Customer's Equipment, including between Customer's POD Equipment and Customer's other Equipment.

4) In the event of an emergency, the Equinix Sales Director or Equinix Implementation Manager for the IBM account will phone both the IBM Project Manager and the IBM Operations Director, unless otherwise agreed to by the parties in writing.

5) Equinix will provide the same or similar access to the parking lots, restrooms, work areas and any other common spaces in the IBX Facility as Equinix provides any other customers.

6) Equinix will not interfere with, touch, maintain, use, upgrade, repair or operate Customer's Equipment, except in an emergency or unless authorized by Customer's use of the "Smart Hands" service. Equinix will not allow third parties other than those acting on Equinix's behalf to enter Customer's Space.

2. Use of Space by Others.

Customer may allow other parties who obtain services from Customer to use the Space in the same manner as Customer (e.g., by sub-licensing the Space to others), subject to all of the terms and conditions in this Agreement and in the Policies. Notwithstanding that Customer may allow others to use the Space as provided, Customer shall remain fully responsible to Equinix for performance of all Customer's obligations under this Agreement. Aside from the foregoing, Customer may not sublicense the Space or otherwise allow customers to use it.

3. Insurance; Indemnity.

(a) Neither Equinix nor Customer shall have any obligation to insure any property belonging to or in the possession of the other.

(b) Each party shall defend, indemnify and hold each other harmless against all third-party claims for liability, loss, damages, and expenses (including reasonable attorneys' fees and legal costs) resulting from bodily injury to or death of any person, or loss of or damage to real or tangible personal property for which the party from whom indemnity is sought is legally liable.

4. Non-Interruption of Service.

(a) Equinix shall use its best efforts to minimize errors and interruptions in the Service.

(b) Equinix shall not intentionally interrupt (or take any action that is likely to interrupt) the Service without providing at least thirty (30) days prior written notice and obtaining Customer's prior written consent. Notwithstanding the foregoing, Customer acknowledges that, under emergency circumstances, Equinix may be precluded from providing such notice or obtaining such consent or may provide less than thirty (30) days prior notice.

(c) Service Levels

(i) Equinix acknowledges that Customer will be damaged by any interruption of Core Services in Customer's Space which causes any Customer Equipment to not be operable or causes any Customer Equipment to be recycled, and which, as a consequence prevents Customer from providing services to itself or third parties (an "Outage"). Equinix will provide Customer with SLA Credits for the Outages described below for the portion of Customer's Space at the relevant IBX Facility where the interruption of a Core Service actually occurs ("Affected Space"). The length of an Outage shall be measured by the length of the interruption only, and shall not be measured by the length of time required for Customer to render its Equipment operational.

(ii) Customer will deploy certain Equipment which is necessary to the functioning of other Equipment ("Critical Equipment"). Customer will identify Critical Equipment in a schedule to each Sales Order. Customer will connect all Critical Equipment to redundant power supplies.

(iii) SLA Credits

a. For an Outage of one hour or less, Customer will

receive an amount equal to [*] of the Space charges for the Affected Space for the [*] period immediately prior to the Outage.

b. For an Outage of more than one hour or more but less than four hours, Customer will receive an amount equal to [*] of the Space charges for the Affected Space for the [*] period immediately prior to the Outage.

c. For an Outage of four hours or more but less than eight hours, Customer will receive an amount equal to [*] of the Space charges for the Affected Space for the [*] period immediately prior to the Outage.

d. For an Outage of eight hours or more up to twenty-four hours, Customer will receive an amount equal to [*] of the Space charges for the Affected Space for the [*] period immediately prior to the Outage.

e. For an Outage of more than 24 hours, Customer will receive an amount equal to [*] of the Space charges for the Affected Space for the [*] period immediately prior to the Outage plus Customer's actual damages for period after 24 hours.

(iv) Recurring Outages

a. If there are more than three Outages in the same IBX Facility in any calendar month, Equinix shall [*].

b. If there are more than 6 Outages in the same IBX Facility any calendar year, Equinix shall pay Customer [*].

(v) The penalties set forth in Sections 4(c)(iii) and 4(c)(iv) are Customer's sole and exclusive remedy for Outages.

d) Equinix acknowledges and agrees that any material breach (or attempt or threat of a material breach) by Equinix of any of the terms of this Agreement that may or does interfere with Equinix's delivery of Service to Customer (including any failure to ensure continuity of Service subsequent to any termination of this Agreement) will cause irreparable injury to Customer for which an adequate remedy at law will not be available. In such a circumstance, Customer may proceed directly to court. Equinix therefore agrees that without any additional findings of irreparable injury or other conditions to injunctive relief (unless the court requires posting of a bond or similar security), it shall not oppose the entry of an injunction, restraining order, order compelling specific performance of such terms, or other equitable relief from any court or regulatory authority of competent jurisdiction compelling performance by Equinix and restraining it from committing any further breaches (or attempted or threatened breaches).

(e) Equinix shall not deny, withdraw, or restrict Equinix's provision of the Service to Customer under this Agreement, except as specifically and expressly agreed in writing by Equinix and Customer.

(f) Pending the resolution of any dispute or controversy arising under this Agreement (including any dispute regarding the basis for termination of this Agreement), whether by settlement or final judgment, Equinix shall continue to perform its obligations under this Agreement, and shall not discontinue, disconnect, or in any other fashion cease to provide, lower the quality of, or provide reduced levels of support for, all or any portion of the Service unless directed to do so by Customer.

(g) Equinix acknowledges and agrees that, notwithstanding any other provision of this Agreement or any other agreement, or any set of circumstances (including Customer's or Equinix's breach) leading to termination of this Agreement, Customer shall not be left without the Service or suffer reduced levels of Service quality or support unless and until Equinix has complied in all material respects with the terms and requirements of Section 5.

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

(h) Equinix shall not deny, restrict or withdraw the Service or any portion of it when any payment is past due. If any payments totaling more than [*] are more than 90 days past due (excluding amounts for which there is a Billing Dispute (as defined below in Section 4(i)), Equinix may (i) terminate this Agreement (subject to Section 5) by notice to the Customer and/or require reasonable security from Customer for any unpaid and undisputed amounts and any amounts expected to be incurred during the Transition Period, which security may, by agreement of the parties, take the form of a deposit, payment in escrow, standby letter of credit or other agreeable form of security, (ii) deny the provision of Additional Services, (iii) terminate Customer's right of first offer for additional Space at any or all IBX Facilities under existing Sales Orders and (iv) take any other actions (including instituting legal action) as Equinix may be entitled to, other than restricting or withdrawing the Service or any portion thereof prior to the end of the Term. The intent of the parties with respect to clause (ii) of this Section 4(h) is that the Equinix may (A) refuse to enter into new Sales Orders, (B) refuse to make any new Cross-Connect under any existing Sales Order, (C) refuse to provide "Smart Hands" service under any existing Sales Order, (D) refuse to make available any additional minimum increments of Space specified in an existing Sales Order and not yet occupied by Customer and (E) refuse to install additional cabinets under any existing Sales Order.

(i) A "Billing Dispute" shall mean a reasonable dispute by Customer regarding an amount charged by Equinix and explained to Equinix in writing no later than the stated due date of such amount if Customer withholds payment due to such dispute. In the event of a Billing Dispute, the parties shall work diligently and in good faith to resolve such Billing Dispute.

5. Transition Assistance.

(a) Equinix recognizes (i) that the Service is vital to Customer and must be continued without interruption, and (ii) that upon termination or expiration of this Agreement a successor vendor may be retained to provide such Service (or Customer may elect to provide the Service itself). As part of the Service, Equinix shall therefore provide to Customer or Customer's designee the Transition Assistance Service described in this Section 5 during the Transition Period on a continuous basis. The "Transition Period" shall commence as provided in Section 6(a) or, if earlier, upon the receipt of written notice of termination of this Agreement by either party (whether pursuant to Section 6(a) or otherwise) and shall continue for the lesser of (a) six (6) months following such notice or (b) such time as is necessary for Customer to complete its transition of the Service to Customer or Customer's designees, consistent with Customer's reasonable business requirements. Customer agrees to act in an expeditious manner during the Transition Period to terminate the Service provided by Equinix hereunder. Throughout the Transition Period, Equinix agrees to maintain at least the level and quality of Service in effect during the 90 days preceding the Transition Period, to perform the Transition Assistance Service with the same degree of accuracy, quality, completeness, timeliness, responsiveness, and cost-effectiveness as it was required to provide the same or similar Service during the 90 days preceding the Transition Period, and to cooperate in an orderly and efficient transition to a successor vendor. The parties acknowledge and agree that the overriding principle of the transition to a successor vendor shall be maintenance of the continuity of Service and customer satisfaction. Customer may present a business plan to Equinix specifically designed to achieve this and Equinix agrees to assist with and provide guidance with respect to such business plan; and Equinix agrees to provide all Service reasonably required by Customer to achieve the preceding principle and a seamless transition of the Service to a successor vendor. Equinix's Transition Assistance Services shall not extend beyond the Service or activities in which Equinix has customarily engaged. Equinix's obligation to provide Transition Assistance Service shall not be unduly disruptive of Equinix's other operations. Customer shall provide Equinix reasonable prior notice of the Transition Assistance Service to be provided hereunder. The obligation of Customer to pay fees hereunder shall continue during the Transition Period, and for Additional Services, Equinix shall be entitled to additional reasonable compensation.

(b) Equinix agrees to furnish Transition Assistance Service on the terms and conditions contained herein. Equinix shall provide Transition Assistance Service to Customer or its designee pursuant to this Section 5 regardless of the reason for the termination of this Agreement; provided that if Equinix properly terminates this Agreement for Customer's failure to pay amounts that are not reasonably disputed, Customer shall pay monthly in advance for Transition Assistance Service to be provided or performed. To the extent

Customer requests Equinix to provide a portion (but not all) of the Service included in a particular charge during the Transition Period, the amount to be paid by Customer will be equitably adjusted in proportion to such portion.

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(c) Equinix acknowledges that, in the event of any material breaches (or attempts or threat of a material breach) with respect to its obligation to provide Customer Transition Assistance Service as described in this Section 5, Customer will sustain irreparable harm for which an adequate remedy at law will not be available. In such a circumstance, Customer may proceed directly to court. Equinix agrees that without any additional findings of irreparable injury or other conditions to injunctive relief, it shall not oppose the entry of an injunction, restraining order, order compelling specific performance, or other equitable relief from any court or regulatory authority of competent jurisdiction compelling performance by Equinix and restraining it from committing any further breaches (or attempted or threatened breaches).

(d) Even if not specifically described in this Section 5, Equinix agrees to provide to Customer such Transition Assistance Service and related Service, functions, responsibilities, and other work as are reasonably necessary to ensure a seamless transition of the Service back to Customer or Customer's designee. If any Service, functions, responsibilities, licenses, or other components of work not specifically described herein are an inherent or necessary part of a seamless transition of the Service or are reasonably required for proper migration of the Service to Customer or Customer's designee, such functions, responsibilities, and other components of work shall be deemed to be included within the Transition Assistance Service as if specifically described herein.

6. Term of Agreement, Termination, and Renewal.

(a) This Agreement shall have a term commencing on the Effective Date and continue until the end of the Transition Period (the "Term"). Unless earlier terminated as herein provided, the Transition Period shall commence seventy-eight (78) months after the Effective Date; provided, however, that following the initial twenty four (24) months of the Term (April 30, 2004), Customer may terminate this Agreement if a "Designated Representative" of Customer sends written notice to that effect to a "Designated Representative" of Equinix. In such event, the Transition Period shall commence sixty (60) days after the date of receipt by Equinix of such notice, and Customer shall have the right, for a period of ten (10) days after such date, to withdraw such notice by written notice from a Designated Representative of Customer to a Designated Representative of Equinix. For Customer, "Designated Representative" shall mean the Equinix Project Executive, and for Equinix, "Designated Representative" shall mean the Chief Financial Officer.

(b) Subject to Sections 4 and 5, if either party is in material breach of this Agreement, the other party may terminate (at its discretion) this Agreement as to any or all Space (including all Services associated with that Space) upon thirty (30) days' prior written notice to the breaching party provided that such breach is not cured within such period. Subject to Sections 4 and 5, as to any material breach of the Policies which by its nature cannot be cured, Equinix may at its discretion terminate this Agreement as to any or all Space (including all Services associated with that Space) then covered by Customer's License hereunder, if such material breach recurs within the period of twelve (12) months following written notice from Equinix to Customer of the initial material breach, provided that Equinix terminates this Agreement within ten (10) business days of actual knowledge of such recurrence. Termination is not the sole remedy under this Agreement and, whether or not termination is effected, except as expressly and unambiguously limited in this Agreement, all other remedies will remain available to the non-breaching party.

(c) If during the Term Equinix relocates an IBX Facility used by Customer (other than as a result of matters described in Section 6(e)), Equinix will: (1) provide Customer with Space, Services and support in the new location that are reasonably equivalent to the Space, Services and support provided in the previous location; (2) provide such new Space in a location within the same proximity of the existing Space (i.e., within a 30 mile radius); and (3) reimburse Customer for any reasonable one time or ongoing expenses incurred as a result of the relocation; and if the relocation impacts Customer's ability to meet any of its commitments and service levels (including any credit payments as a result) to its customers, reimburse Customer for such credit payments.

Customer shall make commercially reasonable efforts to minimize such expenses and credit payments.

(d) Upon the end of the Transition Period with respect to any particular Space, the License and all other rights of Customer with respect to that Space, and the right to receive Services associated with that Space, shall terminate, and Customer agrees to remove the Equipment, and any other property belonging to the Customer no later than fifteen (15) days following the end of the Transition Period; provided that Customer shall pay the fees payable hereunder for such fifteen (15) day period.

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Equinix shall provide Customer with reasonable access to the Space in order to remove the Equipment and all such other property and shall perform the Transition Assistance Service as described in Section 5 during the Transition Period. If Customer fails to remove the Equipment and all such other property no later than fifteen (15) days following the end of the Transition Period, Equinix shall be entitled to remove the Equipment and all such other property from the Space and store it at Customer's expense at an off-site location.

(e) If any IBX Facility becomes the subject of a condemnation action by any authority or person that has such power, either party shall have the right to immediately terminate or abate this Agreement, subject in all cases to Section 5. Equinix will notify Customer of the initiation of any termination or possession action when Equinix receives such notice. Equinix agrees to exercise commercially reasonable efforts to resist any such action and to delay the effective date of any such condemnation to a date after the completion of the applicable Transition Period.

7. Price and Payment Terms.

(a) Customer shall pay Equinix the agreed upon recurring charge (hereinafter "Recurring Charges") and other charges (including fees for "Smart Hands" service) set forth in each Sales Order signed by the parties. Customer's obligation to pay Recurring Charges shall commence for any Sales Order signed by the parties on the Install Date specified on that Sales Order. Customer shall also pay the agreed upon nonrecurring charges (hereinafter "Nonrecurring Charges"). The agreed upon Recurring Charges, Nonrecurring Charges and fees for "Smart Hands" service are specified in Attachment 1 (subject to the limitations set forth therein). The prices applicable to any Sales Order signed by the parties shall remain in effect for the first two years after the Effective Date. Thereafter, prices shall be subject to change as described in this Section 7. The calculation of fees and billing is further described in Attachment 1.

(b) Subject to [*] review, Equinix shall calculate and apply an adjustment based on economic changes ("Inflation Adjustment") to the Recurring Charges and Nonrecurring Charges, beginning twenty-four (24) months after the Effective Date. The Inflation Adjustment will be payable on a prospective basis on the Recurring Charges and Nonrecurring Charges. Equinix and Customer agree to use the greater of [*]. In the event the [*] or substantially changes its content and format, Equinix and Customer will substitute another comparable index published at least annually by a mutually agreeable source. The Inflation Adjustment shall be determined in the following manner:

(i) for the third year beginning after the Effective Date, the Inflation Adjustment shall equal the greater [*];

(ii) for the fourth year beginning after the Effective Date, the Inflation Adjustment shall equal [the greater of [*] : and

(iii) for each succeeding year beginning after the Effective Date, the Inflation Adjustment shall be determined in a manner analogous to clause (ii).

(c) Payment of all Recurring Charges, Nonrecurring Charges or other fees or charges due Equinix shall be due thirty (30) days after receipt by Customer of an invoice therefor. All payments will be made in U.S. dollars.

(d) Customer shall be responsible for all taxes, governmental fees, and third-party charges related to the ownership and operation of the Equipment and the activities of Customer at each IBX Facility where Space is located. Each party shall be responsible for: (i) any personal property or use

taxes on equipment or property it owns or leases (as lessee or sub-lessee), except where Customer leases equipment or property from Equinix, in which case Equinix shall be responsible for personal property or use taxes thereon; (ii) franchise and privilege taxes on its business; and (iii) taxes based on its net income or gross receipts.

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(e) Equinix represents and warrants that the fees and prices charged under this Agreement for Colocation Services, Connectivity Services and Additional Power Services (all as referred to in Attachment 1) shall not [*].

One time during the first two years after the Effective Date and at Customer's written request, Equinix shall commence a review of [*] Colocation Services, Connectivity Services and Additional Power Services (all as referred to in Attachment 1) under this Agreement which will be performed by an independent third party experienced in such matters selected by Equinix and reasonably acceptable to Customer (the "Reviewer"). [*] review shall [*] (ii) be consistent with industry benchmarking standards for contract normalization and (iii) incorporate a methodology by which the differences in geographic location and any other relevant factors which may be unique to the terms and conditions of this Agreement are included. Upon conclusion of the [*] review, the Reviewer shall present a written report of its findings to the parties. This report shall [*]. If the Reviewer determines that the [*] as of the anniversary of the Effective Date in the case of an annual [*] review or as of the date of Customer's [*] review requested by Customer [*].

The Reviewer shall be engaged by Customer and Equinix jointly but the fees and expenses of the Reviewer shall be shared equally by Customer and Equinix.

For purposes of [*] fees and prices for Colocation Services, Connectivity Services and Additional Power Services (all as referred to in Attachment 1) charged to Customer under this Agreement [*] such fees and prices charged to [*], such fees and prices shall be [*] on a "per cabinet" basis, and Customer shall be deemed to have a number of cabinets equal to the square footage of the Space divided by 20 square feet per cabinet, regardless of how many cabinets are actually located in the Space.

8. "Smart Hands" Service. Should Customer choose to use the "Smart Hands" service offered by Equinix, Customer agrees to pay the agreed upon fees, subject to adjustment as set forth in Section 7. Equinix reserves the right to require that the Customer sign an additional agreement (to be mutually agreed to) relating to such service. The only obligation of Equinix with respect to its "Smart Hands" service shall be to carry out the express instructions of Customer. Equinix reserves the right to require that instructions be given in additional detail and/or in writing (which may be by electronic mail). In the event that Equinix fails to correctly carry out the express instructions of Customer, the sole remedy shall be, at the option of Equinix, to not charge Customer for the service not correctly performed or to correct the work.

9. Warranty Disclaimer and Limitation of Liability.

(a) All Service performed by Equinix for Customer will be performed in a workmanlike manner in accordance with industry standards and practices applicable to the performance of such Service.

(b) Except for the cross-indemnity referred to in Section 3(b) above, Equinix's and Customer's entire liability for damages under this Agreement, regardless of the basis on which Equinix or Customer is entitled to claim damages (including breach, negligence, misrepresentation, or other contract or tort claim), will be limited in the aggregate for all claims and causes of actions to an amount equal to the greater of (i), [*] and (ii) the amount actually paid by Customer to Equinix for the Service provided under this Agreement during the [*] the occurrence of any claim or cause of action under this Agreement. In applying the foregoing limitation, all amounts previously paid by either party in respect of all claims and causes of action under this Agreement shall be counted against the limitation; provided, however, that

credits received by Customer under Section 4(c) shall not be so counted.

(c) The limitation of liability in subsection 9(b) above does not apply to Customer's failure to pay any amounts owing to Equinix under this Agreement for the Service.

(d) In no event will Equinix, Customer, or their respective affiliates, employees, officers, and directors have any liability under this Agreement, regardless of the basis on which Equinix or Customer is entitled to claim damages (including breach, negligence, misrepresentation, or other contract or tort claim), for any special, incidental, punitive, or indirect damages, or for any economic consequential

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damages (including lost profits or savings), even if foreseeable or even if Customer or Equinix has been advised of the possibility of such damages; provided that this subsection (d) (indirect damages) does not apply to Customer's failure to pay any amounts owing to Equinix under this Agreement for the Service.

(e) In no event will Equinix, its affiliates, or their respective employees, officers, and directors have any liability for any damages if and to the extent caused by Customer's, its affiliates', or their respective employees', officers', or directors' failure to perform Customer's obligations under this Agreement, nor will Customer, its affiliates, or their respective employees, officers, and directors have any liability for any damages if and to the extent caused by Equinix's, its affiliates', or their respective employees', officers', or directors' failure to perform Equinix obligations under this Agreement.

(f) Subject to Section 13(d), Equinix will defend, indemnify, and hold Customer harmless against all losses, liabilities, damages, and claims (including taxes), and all related costs and expenses (including any and all reasonable attorneys' fees and reasonable costs of investigation, settlement, judgment, interest and penalties) resulting from third party claims that arise, or are alleged to have arisen, out of acts or omissions of Equinix or breach by Equinix of any term of this Agreement, provided, however, in its contracts with such third parties, Customer has reasonably limited its liability to such third parties, for example, by excluding any liability for any loss of interest, profit or revenue or for any consequential, indirect, incidental, special, punitive or exemplary damages; and further provided, however that the foregoing indemnification obligation of Equinix shall not apply with respect to an Outage except in the situations specified in Section 4(c) (iv).

10. Publicity and Confidentiality.

(a) Any exchange of confidential information between the parties shall be governed by the parties' Agreement for the Exchange of Confidential Information ("AECI") dated March 10, 2000. The terms and conditions of this Agreement, and the identities of any of Customer's customers or prospects, shall be deemed to be Confidential Information under the AECI.

(b) Neither party shall make any public announcement or other public disclosure regarding the existence of this Agreement without the consent and prior written approval by the other of the text of such announcement or disclosure, which consent and approval shall not be unreasonably withheld.

(c) Either party may include the other's name, and a factual description of the work performed under this Agreement: (1) on employee bulletin boards; (2) in its list of references; (3) in the experience section of proposals; (4) in internal documents; and (5) in its annual report to stockholders.

(d) Each party shall not solicit the other party's Prospects directly to provide services. In addition to any damages to which either party may otherwise be entitled upon a breach this Section 10(d), the breaching party shall pay the other twenty percent (20%) of any revenues it receives that

directly flow from the Prospect's license of Space in any IBX Facility (i.e., which are attributable to the IBX Facility services Equinix would normally provide its customers) during the first twelve (12) months following such solicitation, in order to compensate Customer or Equinix, as the case may be, for sales and other efforts in connection with such Prospect. For purposes of this Section, a "Prospect" is any person as to which Equinix or Customer, as the case may be, notifies the other party in writing that such person is a "Prospect" and such person has either (i) executed a binding letter of intent with Equinix or Customer, as the case may be, with respect to services offered at an IBX Facility or has entered into substantive contractual negotiations with respect thereto or (ii) visited any IBX Facility at the invitation of Equinix or Customer, as the case may be.

11. Environmental

a) Equinix represents and warrants that during the Term the IBX Facility will not contain any unsafe condition or any substance or material classified or considered hazardous or toxic under applicable law ("Hazardous Materials") that, in either case, is in violation of applicable law. Customer represents and warrants that during the Term Customer will not permit or suffer to exist any unsafe condition in its Space or introduce any Hazardous Materials that, in either case, is in violation of applicable law. If either party becomes aware of the existence of any unsafe condition or Hazardous Materials at an IBX Facility that is in violation of applicable law, such party will promptly provide the other with written notice specifying the nature and location of such unsafe condition or Hazardous Materials.

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b) Equinix will ensure that the Space provides a safe working environment, including complying with any applicable laws.

c) Equinix will remedy any violation of law with respect to any unsafe condition or the presence of Hazardous Materials not caused by Customer. The investigation, detection, abatement, and remediation of any unsafe condition or Hazardous Materials not caused by Customer will be the responsibility of Equinix. Customer will remedy any violation of law with respect to any unsafe condition or the presence of Hazardous Materials caused by Customer. The investigation, detection, abatement, and remediation of any unsafe condition or Hazardous Materials caused by Customer will be the responsibility of Customer.

12. [*]

a. [*]

Equinix will provide Customer access to [*] enable Customer [*] (a) the charges (including any credits payable in accordance with Section 4(c)); (b) compliance by Equinix with the security requirements set forth in the Policies (which audits may be made for the purpose of compliance with regulatory requirements); and (c) compliance by Equinix with Section 7(e) hereof. Such [*] will (i) only apply to the previous twelve months' activities; (ii) be conducted upon reasonable prior notice (except in the case of physical security [*]; and (iii) not unreasonably interfere with Equinix's operations. In carrying out such [*], Customer and its [*] will not have access to Equinix's confidential information (except as required to carry out the purpose of any [*] as provided in the first sentence of this Section 12) or other customer confidential information or to the terms of Equinix's agreements with other customers. Except as set forth below, Customer shall be responsible for the cost of such [*].

[*] demonstrates that Equinix's invoices for the Services for the [*] were not correct, Equinix will promptly [*]. [*] demonstrates that Equinix has not complied with Section 7(e) [*], Equinix will [*]. In both of the preceding cases, if the amount of the [*] of the amount charged by Equinix (prior to correction), Equinix will [*].

b. [*]

Within ten (10) days of receipt of Customer's written request by Equinix's CFO, Equinix shall provide Customer with [*] set forth in Attachment 4. Customer shall not request such [*] more than once per Equinix fiscal quarter.

13. Miscellaneous.

(a) Neither party shall assign or transfer the rights or obligations associated with this Agreement, in whole or in part, without the prior written consent of the other, except to any entity controlled by or under common control with the assigning party or to any party acquiring all or substantially all of assigning party's business or relevant assets, including through merger.

(b) All notices, consents, or approvals required by this Agreement shall be in writing sent by certified or registered air mail, postage prepaid, or by facsimile or electronic mail (confirmed by such certified or registered mail) to the parties at the addresses set forth at the end of this Agreement or such other addresses as may be designated in writing by the respective parties.

(c) This Agreement shall be governed by the laws of the State of California, without reference to any conflict of law or choice of law principles in the State of California that might result in the application of the law of another jurisdiction. Based on the advice of their respective attorneys, which each party hereby acknowledges having received, each party hereby waives its right to a jury trial in any litigation relating to this Agreement. The parties acknowledge that they have neither given nor received anything of value in connection with the making of the preceding waiver. Neither party may bring a legal action against the other more than two years after the cause of action arose.

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Equinix irrevocably submits, and agrees to cause its affiliates to irrevocably submit to, and Customer irrevocably submits, and agrees to cause its affiliates to irrevocably submit to, the exclusive jurisdiction of the Federal District Court for the Northern District of California, for the purposes of any suit, action, or other proceeding arising out of this Agreement, and each agrees that no such action, suit, or proceeding relating to this Agreement shall be brought by it or any of its affiliates except in such courts. Equinix further agrees, and agrees to cause its affiliates to agree, and Customer further agrees, and agrees to cause its affiliates to agree, that service of any process, summons, notice, or documents by U.S. registered mail to such person's respective address set forth below shall be effective service of process for any action, suit, or proceeding in California with respect to any matters to which it has submitted to jurisdiction as set forth above in the immediately preceding sentence. Equinix irrevocably and unconditionally waives (and agrees not to plead or claim), and agrees to cause its affiliates to irrevocably waive (and not to plead or claim), and Customer irrevocably and unconditionally waives (and agrees not to plead or claim), and agrees to cause its affiliates to irrevocably and unconditionally waive (and agree not to plead or claim), any objection to the laying of venue of any action, suit, or proceeding arising out of this Agreement, in the Federal District Court for the Northern District of California, or that any such action, suit, or proceeding brought in any such court has been brought in an inconvenient form.

(d) Neither party shall be responsible for any failure to perform its obligations under this Agreement if such failure is caused by war, acts of terrorism, riots, civil unrest, labor strike or boycott, fire, flood, earthquake, airplane crash, landslide, earth movement, volcanic eruption, hurricane, typhoon, tsunami or other Acts of God or similar significant events or conditions not within the reasonable control of either party. Customer shall have no obligation to pay any Recurring Charges for any period during which the Space is not reasonably usable by Customer. If the Space is not usable for a period of twenty-four (24) hours consecutively or for more than twenty-four (24) hours in any calendar month, then Customer shall have the right to terminate this Agreement by written notice given not later than ten (10) days after the occurrence giving Customer such right, such termination to be effective on a date specified by Customer not later than thirty (30) days after such notice is given, subject in each case to Customer's rights under Section 5 above.

(e) Each party agrees to comply with all applicable laws, rules and regulations.

(f) If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable.

(g) Except for the AECI and all Sales Orders and Orders in effect as of the Effective Date, this Agreement supersedes all proposals, oral or written, all negotiations, conversations, or discussions between or among the parties relating to the subject matter of this Agreement,. This Agreement may not be modified orally. No waiver of any breach of any provision of this Agreement shall constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provisions hereof, and no waiver shall be effective unless made in writing and signed by an authorized representative of the waiving party.

(h) Customer may enter into similar agreements with others and develop and provide facilities or services that are similar to or competitive with the facilities and services provided under this Agreement.

(i) In any action or proceeding to enforce rights under this Agreement, the prevailing party will be entitled to recover costs and attorneys' fees.

(j) Attachments 1-6 to this Agreement are part of this Agreement. Headings and captions in this Agreement are for convenience of reference only and are not to be used in the interpretation of this Agreement. All references to days are to calendar days.

The terms and conditions of this Agreement shall control in the event of any conflict between this Agreement and (i) any of its Attachments, (ii) the Policies, and (iii) any Sales Order.

(k) EACH PARTY RECOGNIZES AND AGREES THAT THE WARRANTY DISCLAIMERS AND LIABILITY AND REMEDY LIMITATIONS IN THIS AGREEMENT ARE MATERIAL BARGAINED FOR BASES OF THIS AGREEMENT AND THAT THEY HAVE BEEN TAKEN INTO

ACCOUNT AND REFLECTED IN DETERMINING THE CONSIDERATION TO BE GIVEN BY EACH PARTY UNDER THIS AGREEMENT AND IN THE DECISION BY EACH PARTY TO ENTER INTO THIS AGREEMENT.

(l) Equinix and Customer are independent contractors and not partners, joint venturers or otherwise affiliated and neither has any right or authority to bind the other in any way. Neither party shall make any representations to the contrary to any third party

Except to the extent expressly provided to the contrary, the following provisions shall survive the termination of this Agreement: Sections 3(b), 9, 10, 12, 13(a), 13(b), 13(c) 13(d) and 13(i).

Customer to complete:

The individual executing this Agreement on behalf of Customer has been duly authorized to execute this Agreement on behalf of Customer.

Customer Name: _____

Submitted By: _____
(Authorized Signature)

Printed Name: _____

Date Signed: _____

Title: _____

Street addresses for notices:

Equinix to Complete:

The individual executing this Agreement on behalf of Equinix has been duly authorized to execute this Agreement on behalf of Equinix.

Submitted By: _____
(Authorized Signature)

Printed Name: _____

Date Signed: _____

Title: _____

Street addresses for notices:

2450 Bayshore Parkway
Mountain View, CA 94043, USA

Facsimile numbers:

Facsimile numbers:

(650) 316-6911

Electronic mail addresses:

Electronic mail addresses:

CONTRACTS@EQUINIX.COM

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Attachment 1

The pricing set forth herein shall apply to Orders placed on or before April 30, 2004, at which time the parties agree to renegotiate the pricing in good faith.

I. Calculation of Fees and Billing:

Customer shall be billed on a monthly basis, unless otherwise specified by the parties in writing. All Recurring Charges will be calculated based on a calendar month and will be prorated for any partial calendar month.

Unless otherwise agreed to by the parties in writing, for all Services except Smart Hands Services, the Nonrecurring Charges shall be billed at the end of the billing cycle in which the associated Service is provided. Recurring Charges, if applicable, shall be billed in advance. The first invoice for a Service ordered, other than Smart Hands, will reflect the associated Nonrecurring Charge, the Recurring Charges prorated for the billing cycle in which the installation takes place, and the Recurring Charges for the following billing cycle, unless otherwise specified by the parties in writing. Thereafter, the Recurring Charges will be charged each month until the end of the Term.

II. Special and Modified Terms:

SMART HANDS

- 1) Customer may order Smart Hands hours on or before 6:00 p.m. Pacific Time on the third Business Day of the month ("Order Deadline") for use during that calendar month ("Committed Hours") by completing the Smart Hands Order Form, a representation of which is below, and sending it to ibmbilling@equinix.com. For the purpose of this Agreement, "Business Day" shall mean Monday, Tuesday, Wednesday, Thursday and/or Friday. Committed Hours must be used as they are designated in the Order Form with respect to Onsite/Offsite designations and site designations, and Customer will be billed for all Committed Hours at the appropriate Onsite or Offsite rate for Committed Hours regardless of whether the Smart Hands hours are used by Customer. Committed Hours not used during a calendar month shall not carry forward to a subsequent month. All Smart Hands hours ordered after the Order Deadline shall be billed at the appropriate Onsite or Offsite Smart Hands Hourly Rate set forth in the Price List below. Project management services and labor expended by Equinix or third parties acting on behalf of Equinix to complete custom orders

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place by Customer shall be counted as Smart Hands hours for purposes of this Attachment unless otherwise agreed to by the parties in writing.

- 2) Customer commits to purchasing Smart Hands hours from Equinix between January 1, 2002 and December 31, 2002 such that the fees attributable to Smart Hands purchased by Customer during that period are at [*] (regardless of whether such hours are actually used by Customer). In the event that Customer fails to meet the commitment set forth in the previous sentence, on Customer's first invoice in 2003 (or later at

Equinix's discretion), separate and apart from any other amounts Customer owes Equinix pursuant to this Agreement (including for Smart Hands used in 2003), Equinix shall bill Customer and Customer shall pay for the difference between the fees attributable to the Smart Hands hours Customer purchased during 2002 and [*].

- 3) Customer commits to purchasing Smart Hands hours from Equinix between January 1, 2003 and December 31, 2003 such that the fees attributable to Smart Hands hours purchased by Customer during that period are at least [*] (regardless of whether such hours are actually used by Customer). In the event that Customer fails to meet the commitment set forth in the previous sentence, on Customer's first invoice in 2004 (or later at Equinix's discretion), separate and apart from any other amounts Customer owes Equinix pursuant to this Agreement (including for Smart Hands used in 2004), Equinix shall bill Customer and Customer shall pay for the difference between the fees attributable to the Smart Hands hours Customer purchased during 2003 and [*]. The charges billed for Smart Hands pursuant to this paragraph shall be called the "2003 Smart Hands Billing".
- 4) Customer commits to purchasing Smart Hands hours from Equinix between January 1, 2003 and April 30, 2004 such that the 2003 Smart Hands Billing plus the fees attributable to the Smart Hands hours Customer purchased between January 1, 2004 and April 30, 2004 are at least [*] (regardless of whether such hours are actually used by Customer). In the event that Customer fails to meet the commitment set forth in the previous sentence, on Customer's May 2004 invoice (or later at Equinix's discretion), separate and apart from any other amounts Customer owes Equinix pursuant to this Agreement (including for Smart Hands hours used after April 30, 2004), Equinix shall bill Customer and Customer shall pay for Smart Hands as follows: [*] minus (the 2003 Smart Hands Billing plus the fees attributable to the Smart Hands hours Customer purchased between January 1, 2004 and April 30, 2004).

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CROSS CONNECTS

- 1) Non-POTS Cross Connects.

Equinix will, at the end of each billing cycle, determine the number of Customer cross connects that exist in each IBX, excluding POTS (Plain Old Telephone Service - Analog Telephony connections) cross connects ("Non-POTS Cross Connects"). For each IBX the Non-POTS Cross Connects will be billed as follows:

- a. The first 10 Non-POTS Cross Connects installed during a calendar month in an IBX will be billed at the rate associated with the type of Non-POTS Cross Connect ordered as set forth in the Price List below. The eleventh through fiftieth Non-POTS Cross Connects installed in an IBX during a calendar month will be charged at the "Cross Connect Services > Quantity 10" rate set forth in the Price List below, regardless of the type of Non-POTS Cross Connect. All Non-POTS Cross Connects installed in an IBX during a calendar month in excess of 50 will be charged at the "Cross Connect Services > Quantity 50" rate set forth in the Price List below, regardless of the type of Non-POTS Cross Connect.

- 2) POTS Cross Connects

All POTS cross connects shall be charged at the rates set forth in the Price List below. No volume discounts apply.

- 3) Customer will not be billed for cross connect services where the two terminating ends of the cross connect are in Customer assigned space.

POWER PRICING

Pricing for power service is set forth in the Power Services Matrix below.

Nonrecurring Charges for all power services set forth below will be [*] per circuit. No volume discounts apply.

SPACE

- 1) Notwithstanding anything to the contrary, Space shall only include overhead cable management trays ("Cable Trays") as provided by Equinix. In the event that Customer orders Space that does not have Cable Trays installed at the time Customer places the order, Equinix shall provide Customer with ten (10) linear feet of

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Cable Trays per one hundred (100) square feet of Space ordered by Customer and a Cable Tray from the Equinix distribution point adjacent to Customer's cage to Customer's cross-connect demarcation point (whether that be a patch panel or a demarcation rack), unless otherwise agreed to by the parties in writing. The Cable Trays mentioned in the previous sentence shall be included in the price for Space.

- 2) Notwithstanding anything to the contrary in the remainder of this paragraph, Customer commits to license and pay for a minimum of [*] of Space (the "Minimum Space Requirement") at all times between the Effective Date and April 30, 2004. After the Effective Date, Customer may [*] Space licensed as follows, subject to the Minimum Space Requirement and provided that the Space [*] Equinix as a result [*] in the condition it was in when licensed to Customer, and the [*] is in a configuration that allows Equinix to [*] in accordance with its normal policies and procedures:
 - a. subject to the Minimum Space Requirement, upon at least 90 days' prior written notice, Customer [*] its licensed Space [*] up to and including [*]
 - b. subject to the Minimum Space Requirement, upon at least 120 days' prior written notice, Customer [*] its licensed Space [*] that is greater than [*] (except that, subject to the Minimum Space Requirement, Customer is permitted on one and only one occasion [*] its licensed Space [*] up to and including [*], upon at least 60 days' prior written notice, provided that such notice is received by Equinix no later than June 30, 2002).

Any date that Customer's licensed Space is [*] pursuant to this Section 2 (i.e., the end date of the notice period as provided in Section 2(a) and 2(b) above) shall be called a [*]. Under no circumstances shall there be a [*] within 90 days of any other [*], unless otherwise agreed to by the parties in writing. Notwithstanding anything to the contrary, for purposes of calculating the ninety-day period mentioned in the previous sentence, the date of such [*] shall be the date Equinix receives it.

III. Price List

Colocation Services	Nonrecurring Charge per Unit	Monthly Recurring Charge per Unit
Price Per Square Foot of Space (see note 1 below)	N/C	[*] for first [*] SF
	N/C	[*] for each additional SF (i.e. [*] SF and over)
Price Per Square Foot Flex Space	N/C	[*]

Price Per Square Foot Storage Space	N/C	[*]
Price for 25 Square Feet of Roof Space	N/C	[*]

Cross-Connect Connectivity Services	Nonrecurring Charge per Unit	Monthly Recurring Unit Charge
Single or Multi Mode Fiber	[*]	[*]
Coax	[*]	[*]
Category 5	[*]	[*]

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

Service) line, per each	POTS (Plain Old Telephone Services)	[**]	[*]
Quantity 10 (per IBX)	Cross Connect Services	*** See Above	[*]
Quantity 50 (per IBX)	Cross Connect Services	*** See Above	[*]

Smart Hands	Hourly Rate	Monthly Recurring Unit Charge	
Smart Hands Hourly Rate -- Onsite	[*]	N/A	
Smart Hands Hourly Rate -- Offsite	[*]	N/A	
Committed Hours -- Onsite	[*]	N/A	
Committed Hours -- Offsite	[*]	N/A	

Materials	Unit Price		
Hendry Panel (DC Power)	[*]	N/A	
24 Port Patch Panel	[*]	N/A	
48 Port Patch Panel	[*]	N/A	
Recognition Systems Hand Geometry Reader	[*]	N/A	
84" Locking Cabinet	[*]	N/A	
84" Cabinet	[*]	N/A	
84" Open Cabinet	[*]	N/A	
CCTV Camera	[*]	N/A	
Additional Caging	[*]	N/A	

Note 1: The price for Space is subject to change as follows:

- 1) If at any time after the Effective Date but before January 1, 2003, Customer's total licensed Space exceeds [*], the price per square foot for all Space shall be [*] per square foot effective the date Customer's

total licensed Space exceeds [*]. Subject to paragraph 2 below, if at anytime thereafter, Customer's total licensed Space is [*], the price per square foot [*] shall be [*] per square foot and the price for the remaining Space shall be [*] per square foot effective the date Customer's total licensed Space is less than [*].

- 2) Beginning on January 1, 2003, if Customer's total licensed Space exceeds [*], the price per square foot for all Space shall be [*] per square foot effective the date Customer's total licensed Space exceeds [*]. However, if at any time thereafter, Customer's total licensed Space [*], the price per square foot for [*] shall be [*] per square foot and the price for the remaining Space shall be [*] per square foot effective the date Customer's total licensed Space is [*].

IV. Power Services Matrix (Additional Power Services)

*** denotes greater than

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

Circuit Type	Monthly Recurring Charge per Circuit	Installation Charge per Circuit
AC (120V)		
Amps		
20	[*]	[*]
30	[*]	[*]
40	[*]	[*]
50	[*]	[*]
60	[*]	[*]
80	[*]	[*]
100	[*]	[*]
AC (208V)		
Amps		
20	[*]	[*]
30	[*]	[*]
40	[*]	[*]
50	[*]	[*]
60	[*]	[*]
80	[*]	[*]
100	[*]	[*]
DC (-48V)		
Amps		
30	[*]	[*]
40	[*]	[*]
50	[*]	[*]
60	[*]	[*]
80	[*]	[*]
100	[*]	[*]
AC (208V) 3Phase Power		
Amps		
20	[*]	Quote
30	[*]	Quote
40	[*]	Quote
50	[*]	Quote
60	[*]	Quote

V. Smart Hands Order Form

Month	Site	Committed Hours	Onsite or Offsite	Submitted By:

Nothing in this Attachment 1 shall affect or diminish Equinix's ability to change pricing pursuant to Section 7(b) of the Agreement.

Customer shall have the option of acquiring materials set forth above in the price list ("Materials") on its own behalf that conform to Equinix's specifications as further described in Attachment 3 and that in Equinix's reasonable discretion are compatible with (a) the infrastructure of the relevant IBX Center(s), (b) Equinix's systems and (c) the general look and feel of the IBX Center. Equinix will provide Customer with specifications for Materials if requested by Customer.

[LOGO] equinix

ATTACHMENT 2

Internet Business Exchange Center Policies

Equinix is entitled to make changes to the Policies from time to time at its reasonable discretion, but Equinix agrees that any future changes to the Policies will not unreasonably limit each Customer's right to utilize its Licensed Spaces for the purposes contemplated by the Customer's Master Service Agreement. Changes to the Policies will be effective for each Customer upon notice to that Customer (except for changes to the Shipping Policies which will be effective immediately upon change of such policies). All capitalized terms not defined elsewhere in the Policies are defined in the Definitions section at the end of the Policies.

For all purposes under the Policies, each Customer has full responsibility and liability for all acts or omissions of Customer's Authorized Persons, Accompanying Persons, and Associated Entities, and all such acts or omissions will be attributed to Customer for all purposes, including for the purposes of determining whether Customer has breached (i.e. failed to abide by) the Policies. Without limiting the foregoing, Customer is responsible and must ensure that Customer's Authorized Persons, Accompanying Persons and Associated Entities do not take any actions that Customer is prohibited from taking under the Policies.

A. SERVICES

The Services Equinix offers under Master Service Agreements with Customers consist of (1) Licensing of Spaces and Set-Up; (2) Core Services; and (3) Additional Services. The first two classifications of Services are not optional and will be provided to all Customers. Cross-Connects (which is one of the Additional Services) also will be provided to all Customers. All other Additional Services will only be provided to Customers who order such Additional Services or Customers who receive such Additional Services because, under the Policies, Equinix has the right to perform such Additional Services where the Customer fails to timely act (e.g. neatly wrapping wiring and cables in Customer's Licensed Spaces) or Equinix has the right to act at Customer's expense (e.g., securely fixing Customer's Equipment directly to the floor).

Each Customer will pay Equinix Licensee Fees for the license of the Customer's Licensed Spaces, which consists of monthly recurring charges for the Licensed

Spaces and non-recurring charges for Set-Up of the Licensed Spaces. There is no extra charge for any of the Core Services, the charges for which are included in the License Fees for each Customer. Additional Services are not included in the License Fees, and each Customer is fully responsible for separately paying for all Additional Services it receives. Where products or materials are provided as part of the Additional Services for a Customer, the Customer will be responsible for paying for the cost of the products or materials as well as the other charges associated with the Additional Services.

1. Licensing of Spaces and Set-Up

a. Licensing of Spaces

Depending on availability, Equinix offers its Customers the right to license spaces at the IBX Centers sufficient to hold one or more racks or cabinets (or partial racks or cabinets to the extent offered by Equinix). If a Customer places an order for five or more full racks or full cabinets at an IBX Center, depending on space availability, these racks or cabinets may be located in a private cage (i.e. a cage that is not used by other Customers). Otherwise, Customer's racks or cabinets may be in a cage shared with other Customers. In private cages, a Customer may provide Equinix-approved racks or cabinets for each of the Customer's Licensed Spaces or request that Equinix provide the racks and/or cabinets. In shared cages, Customers must use Equinix-provided cabinets and/or racks.

b. Set-Up

Prior to each Customer's use of its Licensed Spaces, Equinix will install appropriate Equinix-provided POD Equipment (as reasonably determined by Equinix) in order to properly demarcate Customer's Equipment, unless otherwise agreed to by Equinix.

2. Core Services

The Core Services consist of the following, as further described below: (1) Access to the Customer Care Website; (2) Core Security; (3) Core Back-up Power; (4) Core Fire Suppression; (5) Core HVAC; (6) Core Temperature Control and (7) Core Humidity Control.

a. Access to the Customer Care Website

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Equinix grants each Customer access to the Customer Care Website under the terms and conditions set forth in the Customer Care Website Usage Policies, if any, and the Master Service Agreement with such Customer.

b. Core Security

Equinix offers the following security features at IBX Centers:

- . security personnel onsite 24 x 7 x 365;
- . visitor screening upon entry for verification of identity;
- . keyless security with biometric hand geometry readers with required additional pass code for access to:
 - . enter the security tunnel from the welcome area;
 - . the security tunnel to enter the main center;
 - . enter the colocation area; and
 - . enter a Customer cage;
- . CCTV digital camera coverage of IBX Center, integrated with access control and alarm system; and
- . silent alarm and automatic notification of appropriate law enforcement officials.

In addition, Equinix may take other reasonable security measures that it chooses to employ.

c. Core Back-Up Power

Each IBX Center will have back-up power sources that will provide power for a period of at least 48 hours if the primary source of power is unavailable.

d. Core Fire Detection and Suppression

Each IBX Center will have an early warning fire detection system and fire suppression system.

e. Core HVAC

Each IBX Center will have redundant (n +1) HVAC.

f. Core Temperature Control

Each IBX Center will maintain a temperature of 68 - 72 degrees F +/- 2 degrees F.

g. Core Humidity Control

Each IBX Center will maintain a relative humidity of 30% - 60% +/- 5%.

3. Additional Services

Additional Services consist of any services offered by Equinix at the IBX Properties other than the licensing of Licensed Spaces, Set-Up, and the Core Services. The Additional Services that Equinix offers include, but are not limited to, the following Additional Services, which are further described below: (1) Cross-Connects; (2) Additional Power; (3) SmartHands; and (4) Installation of a Customer's Equipment.

a. Cross-Connects

Equinix will install Cross-Connects, as ordered by a Customer, so long as the Customer to which the Cross-Connect runs approves such Cross-Connect. In the event that any of a Customer's Cross-Connects are disconnected due to such Customer's request or due to termination or partial termination of an Order, Equinix may inform the other Customer of the disconnection. Upon commencement of the notice period preceding expiration or termination of a Customer's Master Service Agreement or a Customer's last Order in an IBX Center, Equinix may notify other Customers to which such Customer is interconnected that such Customer will no longer be present in the IBX Center(s) in question as of the date of termination or expiration of the Customer's Master Service Agreement or the applicable Order.

b. Power

A Customer may order power to the extent offered and approved by Equinix.

c. SmartHands

SmartHands is designed to provide Customers with onsite technical assistance and may include, for example, Equinix complying with Customer's simple instructions relating to remote management, installation or troubleshooting of its equipment within an IBX Center, services performed in response to custom orders or any other services Equinix deems to be SmartHands. With respect to the SmartHands service offered by Equinix, Equinix's only obligation is to carry out the express instructions of Customer; and Equinix reserves the right to reject a Customer's request if such rejection is reasonable or if such service is not offered as part of SmartHands. In addition, Equinix reserves the right to require that a Customer's instructions be given in additional detail and in writing (which may be by electronic mail). Notwithstanding the foregoing, Equinix has the right to perform SmartHands services where the Customer fails to timely act or Equinix has the right to act under the Policies at Customer's expense as part of the SmartHands service. Furthermore, in the event that Customer cancels an Additional Service less than ninety (90) days after Equinix

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installs, connects or activates such Additional Service, Equinix shall charge Customer a fee equal to the non-recurring charge Equinix charged Customer when Customer ordered such Additional Service.

d. Installation of Customer Equipment

A Customer may request that Equinix install Customer's Equipment. Equinix, at

its discretion, may agree to perform such installation, but Customer must enter into a separate agreement with Equinix to perform such work.

B. NOTIFICATIONS

1. Equinix will provide contact information for each Customer to use at any time in the event of an emergency or otherwise as needed by Customer. The Equinix Response Center may be reached at 888-892-0607.

2. Each Customer will designate one or more persons whom Equinix may contact at any time in the event of an emergency or otherwise as needed by Equinix. Each Customer will provide to Equinix a means of contacting such persons at any and all times. Equinix prefers, but does not require, that such contact method be the telephone number of a twenty-four (24) hour operations center staffed by persons familiar with Customer's use of its Licensed Spaces and Equipment located within Customer's Licensed Spaces.

C. SYSTEM NUMBERS AND TELECOMMUNICATIONS

1. Equinix strongly encourages each Customer to have its own autonomous system number as designated by the American Registry of Internet Numbers or its successor.

2. Each Customer will be responsible for obtaining telecommunications services as needed from the carrier of its choice. Equinix will not be responsible for providing or installing such services except that Equinix will perform Cross-Connects as agreed to by Equinix and a Customer pursuant to the Master Service Agreement for such Customer.

D. EQUIPMENT

1. Each Customer will ensure that

a. all of Customer's Equipment will be installed, operated, maintained and repaired in compliance with all applicable Laws;

b. all of Customer's Equipment complies with NEMA standards;

c. all of the cables and wiring in Customer's Licensed Spaces (other than any Cross-Connects or Equinix's POD Equipment) are neatly wrapped and tied together (If a Customer fails to do so, Equinix may at its sole option neatly wrap and tie such wires and cables, and Equinix may charge Customer for doing so under SmartHands);

d. none of Customer's Equipment is stacked or resting on any of Customer's other Equipment or the Equipment of any other Customer, sublicensee or third-party;

e. all of Customer's Equipment is securely fixed onto a cabinet or rack in a manner reasonably satisfactory to Equinix. Any of Customer's Equipment that is too large or heavy for a rack or cabinet, including but not limited to large servers, will be securely fixed directly to the floor by Equinix, who may charge Customer for doing so under SmartHands.

2. Each Customer may install and maintain Customer Cross-Connects. Equinix has no obligation to install, maintain or repair any Customer Cross-Connects.

3. Equinix may require a Customer to remove from any IBX Center Equipment that, in Equinix's sole discretion, causes a threat to safety (including any risk of fire or other hazard) to the operations of the IBX Center or the IBX Center Property, or unreasonably interferes with the operations of Equinix, another Customer or any other person or entity that is licensing, sublicensing, leasing or subleasing space or otherwise utilizing any portion of the IBX Center or the IBX Center Property.

4. If a Customer wants to identify Customer's Equipment or Customer's Licensed Spaces, the means of identification will be subject to Equinix's prior approval before Customer uses such means of identification. Equinix will not identify the location of any Customer's Equipment in the IBX Center, and Equinix will not be responsible for labeling Ports other than those connecting a Customer's Equipment to Equipment belonging to other Customers at an IBX Center.

5. Equinix will not touch, maintain, use, upgrade, repair or operate

a Customer's Equipment, except in an emergency, where explicitly or implicitly authorized by Customer's use of SmartHands, or as otherwise permitted in Customer's Master Service Agreement or the Policies.

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E. USE

1. Each Customer will:

a. use Customer's Licensed Spaces only for the purposes of configuring, providing, placing, installing, upgrading, adding, maintaining, repairing and operating Customer's Equipment in a safe and lawful manner;

b. comply with all applicable laws in its use of its Licensed Spaces, and comply with all signs posted at any time (including changes in such signs) at the IBX Centers concerning security procedures relating to the IBX Centers;

c. use the restrooms, any shared work area, and any other common spaces in the IBX Centers and the parking areas outside of the IBX Centers in accordance with the terms of Customer's Master Service Agreement, the Policies and any rules or signs posted by Equinix in or near such areas;

d. maintain Customer's Licensed Spaces in an orderly and clean manner and in good repair and condition (reasonable wear and tear only excepted);

e. deposit litter in designated trash receptacles or in appropriate locations outside the IBX Centers;

f. behave in a courteous and professional manner within the IBX Centers and the IBX Center Properties;

g. immediately notify Equinix of any damage or risk of damage to the IBX Centers or the IBX Center Properties, or damage to any equipment or property of any person in the IBX Centers or the IBX Center Properties;

h. comply will all applicable property control procedures, which may include providing Equinix with a description and the serial numbers of items brought into an IBX Center that are valued by Equinix at more than \$1,000 and/or providing Equinix with the name, contact number and signature of the person removing such items.

2. Each Customer will ensure that it does not do any of the following:

a. install, touch, access, tamper with, damage, adjust, repair, interfere with, or breach the security of, the Licensed Spaces of other Customers or the Equipment, property or services of any other Customers, vendors, contractors or other parties who license, sublicense, lease or sublease space or otherwise utilize space at the IBX Center or the IBX Center Properties, or provide services or products to those who do;

b. alter, tamper with, damage, adjust, repair, interfere with, or breach the security of, the IBX Centers or the IBX Center Properties (including, without limitation, the electrical and other building systems of the IBX Centers or the IBX Center Properties), Customer's Licensed Spaces or any equipment or property leased, licensed or owned by Equinix (including, without limitation, any Cross-Connects and the Equinix Power Distribution System, which only Equinix will install, repair or alter);

c. install or otherwise perform any Cross-Connects;

d. affix or maintain labels to any Ports or any POD Equipment that connects Customer's Equipment to Equipment belonging to other Customers (Equinix will affix and maintain such labels, which will contain appropriate information, including circuit identification and other information needed to clearly identify each Equinix-provided Port);

e. leave litter, cartons, packaging or other unnecessary items overnight in or around Customer's Licensed Spaces, the IBX Centers or the IBX

Center Properties;

f. encumber or obstruct the sidewalks, driveways, yards, entrances, hallways, stairs or any common areas in or around the IBX Centers or the IBX Center Properties;

g. leave any loose items inside or outside of Customer's Licensed Spaces in the IBX Centers. (If Customer does so, Equinix will, in addition to any other remedies it may have, temporarily store such items in a safe place for ten (10) days after notification to Customer, and if Customer fails to retrieve such items during the ten (10) day period, the items will, at Equinix's sole discretion, either become the property of Equinix or be discarded by Equinix at Customer's expense);

h. unless Equinix expressly consents, use any common areas at the IBX Centers or the IBX Center Properties (other than a shared work area where Equinix permits Customers to repair Equipment) for any purpose other than ingress and egress to and from the Customer's Licensed Spaces;

i. use a shared work area that Equinix permits Customers to use for any purpose other than to repair Customer's Equipment;

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j. store or leave any Equipment in a shared work area or any other common areas at an IBX Center, or perform any action in a shared work area or any other common areas at an IBX Center not permitted in Customer's Licensed Spaces;

k. use the Services to compete with any Services offered by Equinix;

l. create any nuisances at the IBX Centers or the IBX Center Properties;

m. manufacture, generate, treat, transport, dispose of, release, discharge, or store on, under or about the IBX Centers, the IBX Center Properties or any surrounding properties, any Hazardous Materials;

n. eat, drink or use tobacco products within the IBX Centers except within areas designated by Equinix for such purposes; or

o. bring recording equipment in, or take photographs of (whether by use of a camera, video camera or otherwise), any part of the IBX Centers, except for the following limited exception: a Customer in a private cage may request, at the time the Customer's visit is scheduled, that Equinix take photographs of Customer's private cage and Customer's Equipment within such private cage, but Equinix will do so only if (i) Customer completes the required documents provided by Equinix; and (ii) an Equinix IBX staff member takes the photographs with Customer's recording equipment, and the Equinix IBX staff member at all times controls the recording equipment while it is inside the IBX Center.

F. ACCESS

1. No Customer may attempt to gain fraudulent access to an IBX Center or any Equinix website.

2. Subject to the terms and conditions of the Customer's Master Service Agreement (including the Policies), a Customer will have access to its Licensed Spaces twenty-four (24) hours per day, three hundred sixty-five (365) days per year. In the event of an emergency situation at any IBX Center or IBX Center Property (e.g., fire, building evacuation, medical emergency, etc.), or drill, each Customer present at the IBX Center will be required to follow instructions given by the on-site Equinix Site Manager, or the designee.

3. Each Customer will provide Equinix with a list for each IBX Center (which list will be provided in writing or entered through the Customer Care Website) of Authorized Persons who may enter Customer's Licensed Spaces in such IBX Center. Except where specifically designated otherwise by a Customer, each Authorized Person for an IBX Center will have the right to authorize entry by any other person who is accompanied by such Authorized Person at the IBX Center. Each Customer will provide Equinix with written notification of any changes to

Customer's list of Authorized Persons for any IBX Center at least one (1) full business day in advance of the effectiveness of such change. Equinix will refuse entry at an IBX Center to any person who is not named on a Customer's list of Authorized Persons for such IBX Center, unless such person is an Accompanying Person. Equinix reserves the right to refuse or withdraw approval of a person on any Customer's list for any IBX Center if such refusal or withdraw is reasonable (such as where the person violated any of the Policies). Equinix also reserves the right to deny access to an Accompanying Person at an IBX Center if the denial is reasonable such as where the Accompanying Person violated any of the Policies.

4. Each Customer is strongly encouraged (but not required, except as herein set forth) to give twenty-four (24) hours prior notice to Equinix (through the contact provided by Equinix) prior to visiting an IBX Center. Except in an emergency, any Customer visiting a cage area shared with other Customers will give at least twenty-four (24) hours prior notice to Equinix.

5. Non-scheduled visits by a Customer may lead to a delay in access or be denied. For all non-scheduled visits by a Customer, Equinix at its discretion may require Customer's administrative contact to call the Equinix Response Center to authorize the person's entry into the IBX Center and Customer's Licensed Spaces.

6. For any site tours of an IBX Center, Customer must, no later than 5 p.m. the day before the requested tour, arrange such site tour with Equinix and provide Equinix with the following data: Customer's organization name; purpose of tour; date/time of tour; names of visitors; authorization to access a specific Licensed Space (for existing Customers only); and any special instructions associated with a specific tour. Tour size is limited to a maximum of five (5) guests and one authorized tour guide on all tours unless Equinix agrees to accommodate more persons. If so, Equinix will arrange for one authorized tour guide or Equinix security officer for every five (5) guests.

7. Access by a Customer to any shared work area (or any other common area where Equinix permits access by Customers) may be restricted by Equinix at any time, including when another Customer is in such area.

8. Equinix may, at its discretion, require any or all Authorized Persons of any Customer to have a full-face photograph taken at the IBX Centers for purposes of secure identification.

9. Every person who accesses an IBX Center must use the then-in-use secure access means to enter and exit the IBX Center.

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10. Upon any Customer's entry into an IBX Center, Equinix may (at its discretion) accompany Customer inside the IBX Center, and Equinix may (at its discretion) remain with Customer for the entire time that Customer is in the IBX Center. However, Customer will have privacy when Customer is in its Licensed Spaces, and Equinix will maintain sufficient distance from Customer at such times that Equinix will not have access to Customer's confidential information or activities.

11. Repeat visitors of a Customer requiring freedom of movement within certain areas of an IBX Center may be entered into the Security Access System ("SAS") if Customer's administrative contact requests this for a specific person in conjunction with a work visit. The person being registered in SAS is required to produce a government-issued photo ID for identity verification (driver's license or passport), and complete the on-site enrollment process with the assistance of Equinix security officers. After the visitor places his/her hand on the reader for scanning of biometric identification information into the SAS, the computer will identify/request which doors the person may access and automatically update the readers in real-time. Even if a visitor has access to an IBX Center through SAS, any visit to a shared cage always requires an escort.

12. Equinix may access any Customers' Licensed Spaces (i) during an emergency; (ii) to perform SmartHands or other services for Customer; (iii) as needed to perform those services necessary for the use of the IBX Center by some or all Customers; and (iv) as otherwise permitted under Customer's Master Service Agreement.

13. If the landlord or owner of an IBX Center or an IBX Property wishes to access, or permit others to access, a Customer's Licensed Space, Equinix will accompany such persons during such visit and Customer shall, if practicable, receive advance notice from Equinix and have an opportunity to be present.

14. Equinix may deny IBX Center access to Authorized Persons and Accompanying Persons who do not have a business purpose at an IBX Center where access is requested.

G. SHIPPING POLICIES

1. The shipping policies are subject to change by Equinix without notice, and such changes are effective immediately.

2. Each Customer is responsible for, among other things, (i) scheduling with a shipper all shipments for Customer from and to the IBX Centers; (ii) paying all fees associated with the shipments, including all shipping, retrieval and related fees charged by the shipper; (iii) completing all necessary paperwork for the shipments; and (iv) notifying the shipper that all shipments will be shipped to, or retrieved from, the shipping/receiving areas designated by Equinix for each IBX Center. No shipments of any size will be accepted in an IBX Center lobby.

3. Each Customer is also responsible for notifying its shippers of all shipping rules for any multi-tenant buildings in which IBX Centers are located. If an IBX Center is located in a multi-tenant building, shippers are responsible for conforming to all shipping rules of that building, and the Equinix Response Center will provide a Customer, upon request, with the specific shipping rules for each multi-tenant building in which an IBX Center is located.

4. Each Customer will ensure that all shipments (including the boxes) are clearly labeled with the company name and/or identifier of Customer. Unidentified packages will not be accepted.

5. Each Customer that wishes to ship items from or to an IBX Center will schedule through the Customer Care Website (or any other Equinix-approved scheduling method) the incoming or outgoing shipment at least 24 hours in advance (and at least four business days in advance where the IBX Center is in a multi-tenant building). For incoming shipments only, a Customer may also (under the same timeframes set forth above) schedule the shipments by phone through the Equinix Response Center. Except as provided in the next paragraph, only timely scheduled shipments to an IBX Center will be accepted.

6. Emergency shipments to an IBX Center must be scheduled directly by calling the Equinix Response Center. If such advance notification is provided to Equinix, Equinix will make reasonable efforts to accommodate after-hours emergency deliveries.

7. Each Customer will ensure that all shipments for Customer to or from IBX Centers where Equinix is the sole tenant in the building will be made during the business day (Monday - Friday), from 8:30 a.m. until 4:30 p.m. local time. Shipment times may vary for multi-tenant buildings in which IBX Centers are located. The Equinix Response Center will provide each Customer, upon request, with the specific shipping times for such multi-tenant buildings, and each Customer will ensure that all shipments to such buildings comply with the applicable shipping rules.

8. Equinix reserves the right to visually and/or physically inspect any and all shipments to or from the IBX Centers when such shipments arrive at the shipping/receiving area. Shipments containing liquids, combustibles and any Hazardous Materials will not be accepted at any time nor will delivery of visibly damaged shipments be accepted.

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9. At the time of Equinix's inspection of any shipments to or from the IBX Centers, Equinix may record serial numbers for Equipment of a Customer with estimated value of more than \$1,000, as estimated by Customer. Accordingly, when packing Equipment for shipping, each Customer should be aware that Equinix personnel will need access to the serial numbers on the Equipment being shipped,

and should seal boxes after serial numbers are recorded.

10. Customers are requested to contact the Equinix Response Center to extend or cancel the shipment receipt date if the shipment does not arrive at the scheduled time.

11. Customers are responsible for moving their shipments from the shipping/receiving area (or secure storage area where they are placed by Equinix at Customer's expense under the SmartHands service if the shipment is not removed by Customer immediately upon its arrival) to their Licensed Spaces and from their Licensed Spaces to the shipping/receiving area. If a Customer wishes for Equinix to perform such functions as well as packing or unpacking the shipments and disposing of packing materials, a Customer may do so by using the SmartHands service.

12. Except where Equinix removes the packing materials as a part of a Customer's SmartHands order, each Customer is required to take all packing materials to the shipping/receiving area or other designated area for disposal immediately after completing installation. Cardboard and packing materials are not to be stored in cages.

13. Customers will move the shipments from the shipping/receiving area (or secure storage area where they are placed by Equinix) to Customer's Licensed Spaces within three business days after notification of arrival (the Equinix Response Center ordinarily will contact a Customer by email and/or phone within 12 hours after arrival). Moving equipment will be available to assist Customer, if necessary (dolly's, hand trucks, etc.), if Customer schedules the use of such moving equipment with Equinix at the shipping/receiving area.

14. If a Customer has not retrieved its shipment from a secured area 48 hours after the shipment has arrived, the Equinix Response Center will notify Customer that if the shipment is not retrieved before the three business days has elapsed (the clock starts from notification of arrival), the shipment may be returned to the "shipped from" address at Customer's expense under the SmartHands service.

15. Unless prior arrangements are made with Equinix by a Customer during the original request (or SmartHands is purchased for Equinix to move the shipment to Customer's Licensed Spaces), Equinix reserves the right to ship the shipment back to the "shipped from" address, at Customer's expense, three business days after notification of arrival.

16. Equinix is not responsible for any missing or damaged shipments.

H. DEFINITIONS

The following terms shall have the respective meanings stated below for the purposes of these Policies. In addition, for each Customer, the following terms shall have the respective meanings stated below for purposes of such Customer's Master Service Agreement to the extent that such Master Service Agreement uses but does not define a term defined below:

1. Authorized Person shall mean, for each Customer, each person who is included on a list of Authorized Persons given to Equinix by that Customer.

2. Accompanying Person shall mean, for each Customer, each person (other than an Equinix employee) who is accompanied by an Authorized Person while at an IBX Center.

3. Associated Entity shall mean, for each Customer, any company, partnership or other entity of any type which employs, contracts with, or is otherwise associated or affiliated with any of Customer's Authorized Persons or Accompanying Persons.

4. Customer shall mean any party which is party to a Master Service Agreement with Equinix relating to an IBX Center or other agreement pursuant to which Equinix provides services to such party at an IBX Center.

5. Customer Care Website shall mean the website located on the Internet at eccs.equinix.com or any other domain name Equinix may determine from time to time at its sole discretion to use for the Customer Care Website.

6. Customer Care Website Usage Policies shall mean any website usage policies that Equinix at any time adopts for the Customer Care Website.

7. Equinix shall mean Equinix Operating Co., Inc. Equinix may use any contractor, subcontractor or third-party to perform any of its obligations under the Policies or any Master Service Agreement with any Customer.

8. Equinix Power Distribution System shall mean any and all Hendry panels (or other Equinix specifications-compliant DC distribution panels), 220 volt twist locks, and power strips and electrical, utility, or power distribution systems and items that are installed by Equinix.

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9. Equipment shall mean, for each Customer, all network and/or computer equipment (including wiring and Customer Cross-Connects between such equipment and Customer's POD Equipment) that Customer locates in any IBX Centers (but this does not include Cross-Connects or Equinix POD Equipment located in Customer's Licensed Spaces).

10. Hazardous Materials shall mean (i) asbestos, or any substance containing asbestos; (ii) polychlorinated biphenyls; (iii) lead; (iv) radon; (v) pesticides; (vi) petroleum or any other substances containing hydrocarbons; (vii) any substance which, when on the IBX Centers or the IBX Center Properties, is prohibited by any Environmental Laws; (viii) those matters described in the Environmental Response Compensation and Liability Act, as amended, 42 U.S.C. ss.6901 et. seq. ("CERCLA"); and (ix) any other substance, material or waste which, (a) by any environmental Laws requires special handling or notification of any governmental authority in its collection, storage, treatment, or disposal or (b) is defined or classified as hazardous, dangerous or toxic pursuant to any legal requirement.

11. IBX Center Property shall mean the real property on which, and the building in which, an IBX Center is located.

12. IBX Centers shall mean, for each Customer, the Internet Business Exchange Centers located in the United States leased or owned by Equinix in which Customer licenses Licensed Space(s), including all related areas, if any, which may be used by Customer, such as parking areas.

13. Cross-Connect shall mean an interconnection that exits a Customer's cage or that runs between two Equinix Customers, or a Customer and another party, at an IBX Center (including interconnections that use the environment as a carrier, such as wireless and infrared connections).

14. Customer Cross-Connect shall mean an interconnection that runs between the same Customer and in the same cage, including cables, connections, and other wiring between items of Customer's Equipment, or between Customer's POD Equipment and Customer's other Equipment, within a single cage.

15. Laws shall mean all applicable federal, state, local, municipal or other laws, regulations, rules, ordinances, rulings, decrees, orders, directives, requirements, codes (including building codes), and as they may be instituted or amended from time to time.

16. Licensed Spaces shall mean, for each Customer, the areas licensed by Customer under Customer's Master Service Agreement and as identified in the Orders for Customer as to the amount of spaces. Equinix will determine the exact location in the IBX Centers where the Licensed Spaces for each Customer will be located.

17. Master Service Agreement shall mean, for each Customer, the Master Service Agreement executed by Customer and Equinix to which these Policies are incorporated by reference.

18. Order shall mean, for each Customer, any sales order, online order, or phone order placed by Customer and agreed to by Equinix, or otherwise agreed to by Customer and Equinix.

19. POD Equipment shall mean (1) patch panels, DSX panels for category 5 twisted pair, co-axial, single and multi-mode fiber, or (2) other appropriate (as reasonably determined by Equinix) point of demarcation equipment.

20. Policies shall mean the procedures, rules, regulations, security

practices and policies adopted by Equinix that are then in effect for the IBX Centers, including these Internet Business Exchange Center Policies, and as they may be changed from time to time by Equinix.

21. Ports shall mean all wiring, connections, circuitry and utility ports at the POD Equipment.

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ATTACHMENT 3

EQUINIX IBX FACILITIES

Equinix will provide the following as part of the Service (subject to change by mutual agreement in accordance with best commercial practice):

Cage Configuration and Cable Management:

- . Cage Module dimensions: 9'6"W x 10'3"D x 10'7"H (exact dimensions may vary slightly, depending on the IBX and its physical specifications).
- . Minimum cage size is 1 Module, which holds from 3-5 cabinets/racks, depending on whether it has a defined clearance zone (roughly 9'6" W x 3' D).
- . Intra-cage wiring: There is one wiring tray per row of cabinets in each private cage, i.e., tray runs along the length of the cabinets. Equinix provides optional wiring trays to assist customers who need copper-based (or optionally fiber-based) cable spanning cabinets on the same row and/or spanning cabinets in adjacent rows within a private cage. Customer-specific cable management is not allowed to span outside the customer's cage.

Customer Connections to its customers.

1. A dedicated overhead cable management system is available for Customer to install connections to its customers within the customer's contiguous space.
2. Dedicated cable management system will follow the same technical and security design as Equinix's overhead cable management system.
3. Customer will have full access to the overhead cable management system to install connections to its customers within its contiguous space.

Power Service and Loading:

1. Conditioned AC and DC power is available to a maximum of 1.75 KVA/cabinet or rack.
2. Battery, diesel generators, and on-site fuel storage allow for backup for up to two days of continuous operations at maximum load.
3. Pre-wired 20-amp, 110-volt AC circuit, from single feed, with 10-outlet, 20 amp rated power strip with internal circuit breaker per cabinet.
4. Cabinets and racks will be installed in cages so as not to exceed the designed cabinet/rack capacity of the cage or 20 square feet per cabinet/rack. Cabinets and racks shall not exceed 85" in height.
5. Each cabinet/rack will have a maximum power draw of 1.75 KVA. Density shall not exceed of 20 square feet per cabinet/rack. Any non-standard size equipment, stand-alone

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- equipment, or equipment that is not rack or cabinet mountable, will be assigned a standard cabinet/rack equivalent value by Equinix prior to its installation. Customer may not install equipment that exceeds with the floor-loading (weight) capacity of the location where Customer desires to install such equipment. In the event that Customer desires to install equipment that exceeds the design standards set forth above, Equinix will review Customer's request according to the then-current ordering procedures agreed to by Equinix and Customer as applicable.
6. Optional B power feed in each cabinet to provide dual feeds for redundant power supply equipment.

Power Systems:

1. AC and DC raceways with 2N distribution designed for 1.75 KVA cabinet average draw
2. AC power delivery via distributed redundant UPS systems, with the exception of parallel redundant UPS systems in Ashburn C and San Jose Phase 1.
3. Batteries with 7 minutes full load operation; two days generator fuel. Isolation K factor transformers used for 480 volt UPS to 208/120 volt. K factor of K13; 80 degrees Centigrade rise; copper winding. DC system fuse protection; -48 volt delivery

Customer Care Area:

1. Equipment staging area
2. Kitchen, relaxation area, shower facilities, and restrooms

Security Services:

1. On-site, 24-hour security personnel (24 hours per day, 365/6 days per year)
2. Visitor screening upon entry for verification of identity
3. Access history recording for audit purposes (optional)
4. Keyless security with biometric hand geometry readers manufactured by Recognition Systems with required additional pass code for access to:
 - . Enter the security tunnel from the welcome area
 - . Leave the security tunnel to enter the main center
 - . Enter the colocation area
 - . Enter a Customer cage
5. CCTV digital camera coverage of IBX Facility (data archival for 30 days), integrated with access control and alarm system
6. Silent alarm and automatic notification of appropriate law enforcement officials
7. Picture ID verification for entry
8. Fiber Vault, a secured concrete underground location where all carriers bring their fiber into the Equinix IBX Facility, is permanently locked and proactively monitored and alarmed

Physical Facility:

1. Bullet resistant interior/exterior walls around the customer care areas.

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2. Floor: No post tension or pre-stressed slabs, with minimum live load criteria of 125 psf in co-location areas only, except in Newark and Los Angeles where live load criteria are 100 psf in co-location areas only
3. Equinix will permit Customer to audit the test results of all Equinix infrastructure backup systems (generators, battery UPS, power grids, telecommunication conduits, etc.) and, if necessary, allow Customer to observe such testing process. Any such audit shall be arranged with Equinix in advance. If any such test results reveal any deficiency, Equinix shall promptly commence repairs and corrections.

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Environmental Controls:

- . Server Area Temperature : 66 - 74 degrees F
- . Server Area Humidity : 25%-65% Relative Humidity, maintained at levels sufficient to prevent static electrical discharges
- . Office Area Temperature: 72-76 degrees F
- . Office Area Humidity: 25% - 65% Relative Humidity
- . Battery Rooms (no humidification): Target -- 77 degrees F
- . Electrical/UPS Rooms (no humidification): Target -- 68 - 85 degrees F
- . Mechanical Rooms: 60 degrees F minimum
Ambient Temp. +10 degrees F maximum
- . Generator Areas: 50 degrees F minimum
Ambient Temp. +25 degrees F maximum

Disaster Readiness:

1. Fire Protection:
 - . Multi-zoned, dry pipe, water-based fire suppression system.
 - . HSSD sensory mechanisms (sniffers) to sample air and provide alarms prior to pressurization in all IBX's except San Jose.
 - . Dual Interlock Activation, with release due to heat. Ashburn C is a Single Interlock Activation, with release due to heat.
2. Flood Protection:
 - . Built above sea level and not in a flood plain.
 - . Tightly sealed conduits, moisture barriers on exterior walls.
 - . Dedicated pump rooms located separately from electrical distribution infrastructure and colocation areas.
 - . Drainage/evacuation systems.
 - . Leak detection sensors.

Physical Attack:

- . Equipment checked on arrival. Equipment delivery procedures to prevent physical attacks, i.e., requiring Customer authorized personnel to schedule delivery of equipment, not accepting unscheduled deliveries, and visually checking exterior of packages for alteration and damage. Equipment brought in by authorized Customer personnel through the main entrance is subject to visual inspection by security personnel
- . Shipping and receiving walled off from colocation areas
- . Anonymous exterior

Cross Connections (Optional):

1. Equinix will install any cross-connect requested by Customer subject to the terms and conditions of this Agreement
2. Equinix will test cross-connections installed by Equinix prior to delivery to Customer.

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3. In the event that cross-connect is between Customer and another Equinix customer Equinix's installation of such cross-connect shall be subject to the other Equinix Customer's approval prior to installation.
4. Four types will be available:
 - . Coax
 - . CAT5/CAT5e
 - . Single-Mode Fiber
 - . Multi-Mode Fiber

Maintenance "SmartHands" (Optional):

1. Power cycling a router, server, switch
2. Installing, moving or securing a cable
3. Toggling a switch; pushing buttons
4. Adding, removing, or verifying a demarcation label
5. Putting up or taking down a loop on a carrier circuit to assist in remote testing
6. Relaying status of equipment LEDs
7. Typing commands on a console
8. Signal testing (Bit Error Rate Testing) a circuit with diagnostic equipment
9. Inventorying Customer equipment; taking digital pictures of Customer equipment
10. Labeling Customer equipment and cable connections
11. Replacing or verifying cable integrity of an installed Equinix cross-connect or patch cable
12. Moving customer equipment from shipping area to customer cage
13. Removal of refuse
14. Changing Storage media such as tapes and disks
15. Mounting and removing equipment

Cabling Installation within Customer's Space (Optional):

Assembling, installing, and maintaining cabling

Roof Platform (Optional):

Equinix leases the roof platform by the square foot associated to the shadow of any device placed upon it. Specific weight allowance, dish size, and available

space may vary from IBX facility to IBX facility.

1. Power can be delivered to accommodate any reasonably configured rooftop device.
2. Conduit will be provided to allow connections between platform and the Space.
3. Platform will accommodate for mounting of masts for purposes of line of site devices.
4. Devices located on the roof platform will be subject to local codes, permit restrictions, weight and wind-loading constraints, and ordinances.

Note: Items above marked as Optional, are not Core Services and may be subject to additional charge (reference Attachment 1), in such event Equinix will provide IBM with a quote prior to performance of the services, unless IBM orders those services via an Online/Phone Order and the pricing for such services have been predetermined by the parties in writing (including Attachment 1).

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ATTACHMENT 4

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

Attachment 5

IBX Building Guidelines

1. General

A. Buildings are designed and constructed in accordance with the most current adopted edition of all applicable city, county, state and national codes and standards at the time of construction.

B. Buildings conform to the provisions of the International Building Code for "Essential" buildings (except for Phase I of San Jose, which is designed to an importance factor of 1.0 for earthquakes). All buildings are designed and constructed to meet IBC minimum "Operational" definition for a peril with a 475-year return period (10% probability in 50 years).

2. Earthquake:

A. Buildings conform to the seismic design requirements of International Building Code (IBC) Chapter 16 and National Earthquake Hazard Reduction Program Seismic Regulations for Buildings corresponding to the IBC seismic zone in which the building is located.

B. Structural systems for new buildings are designed and constructed using an importance factor for lateral seismic design forces of 1.25 where there is no seismic loading exemption by the locally adopted Building Code. Existing buildings which are seismically upgraded will also be upgraded to meet current code requirements for such upgrades, also utilizing the same importance factor of 1.25. (except for Phase I of San Jose, which is designed to an importance factor of 1.0 for earthquakes). (Current code requirements for upgrades may not mean full compliance with current code requirements for new construction.) Equipment and nonstructural components are anchored and braced at least in accordance with the requirements of the 1997 Uniform Building Code, using an importance factor of 1.5. (except for Phase I of San Jose, which is designed to an importance factor of 1.0 for earthquakes).

3. Flood:

A. Buildings are situated out of the 100-year flood way or provide flood proofing by elevating the first occupied floor 2 feet above the 100-year flood plain elevation. The determination of flood plain is based on the National Flood Insurance Program Flood Insurance Rate Map to determine the 0.2% annual

chance flood elevation.

B. Buildings are designed and constructed to resist a maximum of 6 inches per hour of rainfall per 5 minute period and a maximum of 19 inches of rainfall per 24 hour period as reported by the National Weather Service office serving the region.

4. Hurricane:

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A. Buildings are designed and constructed to resist wind pressures acting on the vertical and horizontal faces of the building, structure and portions thereof. Wind pressures are determined in accordance with the provisions of the International Building Code and American Society of Civil Engineers ASCE-7 Minimum Design Loads for Buildings and Other Structures.

5. Lightning Protection:

All buildings except the one in which the Los Angeles IBX Center is located are designed and constructed to qualify for permanent attachment of the Underwriters Laboratories Inc Lightning Protection Master Label. All buildings are designed and constructed to meet the requirements of the National Electrical Code (NFPA 70), NFPA 780, UL96 and UL96A. All power circuits supplied by Equinix have TVSS devices as specified in IEEE Std C62.41.

NOTE: THE ABOVE APPLIES ONLY TO DESIGN AND CONSTRUCTION WORK DONE BY OR FOR EQUINIX.

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ATTACHMENT 6

IBXFLEX RULES

These IBXflex Rules (the "Rules"), dated April 15, 2002, are hereby agreed to by Equinix, Inc. ("Equinix") and International Business Machines ("Customer").

In addition to the rules, regulations and policies set forth in the Master Service Agreement between Equinix and Customer (including without limitation the Policies, as amended from time to time) (the "Agreement"), Equinix and Customer shall comply with the following rules, regulations, policies and guidelines:

1. Hallways, passages, exits, entrances, elevators, escalators and stairways shall not be obstructed by Customer or used by Customer for any purpose other than for ingress to and egress from their respective premises. The hallways, passages, exits, entrances, elevators and stairways are not for the use of the general public and Equinix shall in all cases retain the right to control and prevent access thereto by all persons whose presence, in the good faith judgment of Equinix, shall be prejudicial to the safety, character, reputation and interests of the Building and Equinix's customers.
2. No sign, placard, banner, picture, name, advertisement or notice, visible from the exterior of the IBXflex Unit(s) or the Building or the common areas of the Building shall be inscribed, painted, affixed, installed or otherwise displayed by Customer either on its IBXflex Unit(s) or any part of the Building without the prior written consent of Equinix in Equinix's sole and absolute discretion.
3. Notwithstanding any provision herein to the contrary, any damage to the Buildings, the IBXflex Areas (including the IBXflex Units) caused by or repairs necessitated by the negligence or act of Customer or Customer's Authorized Persons (other than ordinary wear and tear) shall be repaired by Equinix at Customer's expense.
4. Customer shall not use or keep in or on the IBXflex Unit(s), the IBXflex

Areas, or the Buildings any kerosene, gasoline, or inflammable or combustibile fluid or material.

5. Customer shall not use, keep or permit to be used or kept in its IBXflex Unit(s) any foul or noxious gas or substance. Customer shall not allow the IBXflex Unit(s) to be occupied or used in a manner offensive or objectionable to Equinix or other occupants of the Building by reason of noise, odors and/or vibrations or interfere in any way with other IBXflex Customers or occupants or those having business therein, nor shall any animals or birds be brought or kept in or about the IBXflex Unit(s), the IBXflex Areas, or the Buildings.
6. Equinix will direct electricians as to where and how telephone, telegraph and electrical wires are to be introduced or installed. No boring or cutting for wires will be allowed.
7. Customer shall not install any radio or television antenna, satellite dish, loudspeaker or any other device on the exterior walls or the roof of the Building, unless otherwise agreed to by the parties in writing. Customer shall not interfere with wireless transmission or reception from or in the IBXflex Areas, the Buildings, or elsewhere.
8. Customer shall not mark, or drive nails, screws or drill into the partitions, woodwork or drywall or in any way deface the IBXflex Unit(s) or any part thereof. Customer shall not lay linoleum, tile, carpet or any other floor covering. Customer shall pay all costs and expenses incurred by Equinix to repair any damage resulting from a violation of this rule or the removal of any floor covering.
9. Customer shall not place a load upon any floor of its IBXflex Unit(s) which exceeds the load per square foot which such floor was designed to carry or which is allowed by law.
10. Business machines and mechanical equipment belonging to Customer which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to

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Equinix or to any customers in the Building shall be placed and maintained by Customer, at Customer's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration.

11. Customer shall store all its trash and garbage within the interior of the IBXflex Unit(s) or as otherwise directed by Equinix from time to time. Customer shall not place in the trash boxes or receptacles any personal trash or any material that may not or cannot be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the city in which the Buildings are located, without violation of any law or ordinance governing such disposal.
12. Canvassing, soliciting, distribution of handbills or any other written material and peddling in the Building are prohibited and Customer shall cooperate to prevent the same. Customer shall not make room-to-room solicitation of business from other customers in the Building without the written consent of Equinix.
13. Equinix reserves the right to exclude or expel from the Building any person who, in Equinix's judgment, is under the influence of alcohol or drugs or who commits any act in violation of any of these rules.
14. Without the prior written consent of Equinix, Customer shall not use the name of the Building or any photograph or other likeness of the Building in connection with, or in promoting or advertising, Customer's business except that Customer may include the Building's name in Customer's address in connection with routine mail deliveries and shipments.
15. Customer shall comply with all safety, fire protection and evacuation procedures and regulations established by Equinix or any governmental agency.

16. No Customer is allowed to unload, unpack, pack or in any way manipulate any products, materials or goods in the Shared Areas. All products, goods and materials must be manipulated, handled, kept, and stored within Customer's IBXflex Unit(s) and not in any exterior areas.
17. Customer shall be responsible for the observance of all of the foregoing rules by Customer's Authorized Persons.
18. These Rules are in addition to, and shall not be construed to in any way modify, alter or amend, in whole or in part, the terms, covenants, agreements and conditions of the Agreement (including any Amendment thereto), any Addendum to the Agreement, the Policies, or any Sales Order.
19. Equinix may waive any one or more of these Rules for the benefit of any particular customer, but no such waiver by Equinix shall be construed as a waiver of such Rules in favor of any other customer, nor prevent Equinix from thereafter enforcing any such Rules against any or all customers.
20. OPSflex Units shall be available for occupancy by no more than six users at any one time, unless otherwise agreed to by the parties in writing.
21. Minors shall not be permitted in IBXflex Areas except if accompanied by an authorized representative of Customer.
22. No painting or other alterations, improvements, installations or other changes shall be permitted in the IBXflex Units.
23. No UPS systems shall be connected to UPS protected outlets.
24. No household appliances (including toasters, radios, CD players, televisions or coffee makers) shall be permitted in IBXflex Units.
25. IBXflex Customers may use only free standing furniture unless otherwise agreed to in writing with Equinix. Equinix shall have no obligation to provide furniture unless separately agreed in a Sales Order, in which case Customer shall pay all charges associated therewith.
26. IBXflex Customers shall not use local area network (LAN) devices without the prior written consent of Equinix.
27. IBXflex Customers shall not alter, tamper with, or otherwise handle the shared cable trays provided in the IBXflex Areas.
28. No parties or social events shall be conducted in the Shared Areas except with Equinix's prior permission.
29. Equinix will maintain a "lost and found" area and will keep any items deposited in the lost and found area for up to ten days, after which time Equinix will be free to sell, give away or discard such items at it deems appropriate.

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30. Customer shall comply with Equinix's policies regarding the reservation and use of conference rooms. Conference rooms shall be made available on a "space available" basis. In the event Equinix determines that Customer's use of any conference rooms is in excess of normal requirements, Equinix may restrict Customer's right of access to the conference rooms.
31. Customer shall not tamper with or alter any lock or access device or install a new or additional lock or other access device on any door of its IBXflex Unit(s). Any additional security devices desired by Customer must be requested in accordance with Equinix's "Smart Hands" service.
32. Customer shall be responsible for all persons for whom it allows to enter the Building and shall be liable to Equinix for all acts of such persons. Equinix and its agents shall not be liable for damages for any error concerning the admission to, or exclusion from, the Building of any person. During the continuance of any invasion, mob, riot, public

excitement or other circumstance rendering such action advisable in Equinix's opinion, Equinix reserves the right (but shall not be obligated) to prevent access to the Building during the continuance of that event by any means it considers appropriate for the safety of customers and protection of the Building.

33. Customer and all Authorized Persons of Customer shall comply with Equinix's security requirements, including sign in and identification procedures. Customer immediately shall notify Equinix of any change (including dismissals) of any Authorized Persons and of any lost, stolen or misplaced badges or security codes. No visitors shall be granted access unless escorted by an Authorized Person of Customer. Customer shall notify Equinix of any security violations of which Customer becomes aware.
34. Any alterations, additions, deletions, modifications or utility installations in, of or to the improvements contained within the IBXflex Unit(s) initiated by Customer or third parties acting on behalf of Customer (collectively, "Alterations") shall be installed at Customer's expense and only in accordance with detailed plans and specifications, construction methods, and all appropriate permits and licenses, all of which have been previously submitted to and approved in writing by Equinix, and by a professionally qualified and licensed contractor and subcontractors approved by Equinix. No Alterations in or to the IBXflex Unit(s) may be made without Equinix's prior written consent, which shall not be unreasonably withheld. Equinix will not be deemed to unreasonably withhold its consent to any Alteration that violates any applicable law, may affect or be incompatible with the Building's structure or its HVAC, plumbing, life-safety, electrical, mechanical or other basic systems, or the appearance of the Building. All Alterations made in or upon the IBXflex Unit(s) shall, (i) at Equinix's option, either be removed by Customer prior to the end of the Term (and Customer shall restore the portion of the IBXflex Unit(s) affected to its condition existing immediately prior to such Alteration), or shall remain on the IBXflex Unit(s) at the end of the Term, (ii) be constructed, maintained, insured and used by Customer, at its risk and expense, in a, good and workmanlike manner, and in accordance with all laws.
35. Customer shall not do or permit anything to be done in, about or with respect to the licensed IBXflex Unit(s) which would (a) injure the IBXflex Unit(s) or (b) vibrate, shake, overload, or impair the efficient operation of the IBXflex Unit(s) or the building systems located therein. The IBXflex license is a personal right conferred only upon Customer and may not be assigned or transferred, in whole or in part, except with Equinix's prior written consent, which may be granted or withheld in its sole and absolute discretion.

Equinix reserves the right to make such other and reasonable rules and regulations as in its judgment may from time to time be needed for safety and security, for care and cleanliness of the Building and for the preservation of good order therein. Customer agrees to abide by all such Rules herein stated and any additional rules and regulations which are adopted and provided to Customer in writing.

All capitalized terms used in but not defined herein shall have the same meaning as in the Agreement, unless such terms are expressly modified herein. For the purposes of these Rules, the following terms have the meanings set forth below:

"Authorized Person" notwithstanding anything in the contrary in the Agreement and for purposes of these Rules, means a third party authorized by Customer to enter the IBXflex Area(s) and or IBXflex Unit(s)

"Building" or "Buildings" means the building or buildings in which IBXflex Areas are located.

"IBXflex Areas" means the areas (as determined by Equinix in its sole discretion) in which Equinix makes IBXflex Units available for its customers who have obtained a license to use IBX Space in particular IBX Centers. IBXflex Areas may be located in an IBX Center or in areas in reasonable proximity to an IBX Center.

"IBXflex Customers" means customers of Equinix (including Customer) to whom Equinix has granted a license to use IBXflex Units.

"IBXflex Unit" or "IBXflex Units" means, individually or collectively as the case may be, one or more OPSflex Units, STORflex Units, or TECHflex Units, in each case as designated in one or more Sales Orders signed and delivered by Equinix and Customer.

"OPSflex Unit" means an IBXflex Unit designed for use by Customer as a network operating center and for general office uses to support Customer's use of IBX Space.

"Shared Areas" means conference rooms, kitchenettes, restrooms, lounges, break rooms, corridors, stairways, elevators, and any other areas within any IBXflex Area that are provided by Equinix for the general convenience of IBXflex Customers, as designated by Equinix from time to time.

"STORflex Unit" means, unless otherwise agreed to by the parties in writing, an IBXflex Unit consisting of approximately 125 gross square feet of space (a "STORflex 125 Unit"), approximately 75 gross square feet of space (a "STORflex 75 Unit"), or approximately 50 gross square feet of space (a "STORflex 50 Unit"), in each case to be used solely for staging and storage (but not occupancy) of Equipment used by Customer in its IBX Space.

"TECHflex Unit" means an IBXflex Unit designed for use by Customer for temporary office uses to support Customer's use of its colocation space, which is available on a daily or weekly basis as specified in a Sales Order. abandoned.

These Rules are incorporated by reference into the Agreement and shall apply to Customer's use of IBXflex Unit(s) ordered by Customer in the past and in the future. In the event of a conflict between this these Rules and the Agreement, the terms of these Rules shall govern with respect to Customer's use of the IBXflex Units.

Customer to complete:

Equinix to Complete:

The individual executing this Agreement on on behalf of Customer has been duly authorized to execute this Agreement on behalf of Customer.

The individual executing this Agreement of on behalf Equinix has been duly authorized to execute this Agreement on behalf of Equinix.

Customer Name: _____

Submitted By: _____
(Authorized Signature)

Submitted By: _____
(Authorized Signature)

Printed Name: _____

Printed Name: _____

Date Signed: _____

Date Signed: _____

Title: _____

Title: _____

AGREEMENT FOR TERMINATION OF LEASE
AND VOLUNTARY SURRENDER OF PREMISES

This Agreement for Termination of Lease and Voluntary Surrender of Premises (this "Agreement") is made and entered into as of the 12th day of July, 2002, by and between ARE-2425.2400/2450 Garcia Bayshore LLC, a Delaware limited liability company ("Landlord") and Equinix Operating Co., Inc., a Delaware corporation ("Tenant") with reference to the following:

RECITALS

A. Landlord and Tenant have entered into that certain Lease (the "Lease") dated as of March 20, 2000 (the "Lease"), wherein Landlord leased to Tenant certain premises (the "Premises") located at 2425 Garcia Avenue, Mountain View, California, and more particularly described in the Lease. All initially capitalized terms not defined specifically herein shall have the meanings set forth in the Lease.

B. Tenant has entered into that certain Sublease dated as of December 12, 2001 (the "Sublease") with Google, Inc., a California corporation ("Subtenant").

C. Tenant desires to terminate the Lease, which termination will be earlier than the date of termination set forth in the Lease.

D. Landlord is willing to agree to the early termination of the Lease as set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing, in further consideration of the mutual promises made herein, and for other good and valuable consideration, receipt of which is acknowledged, Landlord and Tenant agree as follows:

1. Termination Date. Landlord and Tenant hereby agree to terminate the Lease, subject to Tenant's satisfaction or Landlord's waiver of the terms and conditions set forth herein. The termination of the Lease shall be effective as of July 31, 2002 (the "Termination Date").

2. Termination and Surrender. Tenant voluntarily surrenders all rights of possession of the Premises as of the Termination Date. After the Termination Date, Tenant shall have no rights of any kind with respect to the Premises.

3. No Further Obligations. Landlord and Tenant agree that Landlord and Tenant are excused as of the Termination Date from any further obligations with respect to the Lease, excepting only such obligations under the Lease which are, by their terms, intended to survive termination of the Lease, and as otherwise provided herein. In addition, nothing herein shall be deemed to limit or terminate any common law or statutory rights Landlord may have with respect to Tenant in connection any Hazardous Substances (as defined in the Lease) or for violations of any governmental requirements or any requirements of applicable law. Nothing herein shall excuse Tenant from its obligations under the Lease prior to the Termination Date.

4. Removal of Personal Property. Tenant shall have no obligation to Landlord for any personal property of Subtenant in the Premises. Landlord acknowledges that Subtenant is using the personal property of Tenant in the Premises. Any personal property of Tenant remaining in the Premises as of the date that the Sublease terminates shall be deemed to be abandoned by Tenant, and may be disposed of by Landlord, in Landlord's sole discretion, without obligation or liability to Tenant.

5. Surrender of Subtenant's Security Deposit. The termination of the Lease shall be subject to the condition precedent that as of the Termination Date, Tenant shall have refunded to Subtenant its security deposit, or shall have delivered the full amount of the security deposit of Subtenant to Landlord as directed by Subtenant.

6. No Assignment or Subletting. Tenant represents and warrants that, except for the Sublease, Tenant has not assigned, mortgaged, pledged, encumbered or otherwise transferred any interest in the Lease and that Tenant holds the interest in the Premises set forth in the Lease as of the date of this Agreement.

7. No Further Modification/Counterparts/Authorization. This Agreement may not be modified or terminated except in writing signed by all parties. This Agreement may be executed in counterparts which, taken together, will constitute one agreement binding on the parties. The persons signing below represent and warrant that they are duly authorized to execute this Agreement.

8. Successors and Assigns. The covenants and agreements herein contained shall inure to the benefit and be binding upon the parties and their respective successors and assigns.

9. Attorneys' Fees. In the event of a dispute between the parties, the prevailing party shall be entitled to have its reasonable attorneys' fees and costs paid by the other party.

10. Conflict of Laws. This Agreement shall be governed by the laws of the state in which the Premises are located.

11. Headings. Section headings in this Agreement are for convenience of reference only, and shall not be construed to affect or modify the substantive meaning of any Section hereof.

12. Tenant's Acknowledgment. Tenant acknowledges that it has read the foregoing provisions, understands them, and is bound by them. Time is of the essence in this Agreement.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

LANDLORD:

ARE-2425/2400/2450 GARCIA BAYSHORE, LLC,
a Delaware limited liability company

By: ALEXANDRIA REAL ESTATE EQUITIES, L.P.,
a Delaware limited partnership,
managing member

By: ARE-QRS CORP.,
a Maryland corporation,
general partner

By: /s/ Joel S. Marcus

Name: Joel S. Marcus

Title: CEO

TENANT:

EQUINIX OPERATING CO., INC.

a Delaware corporation

By: /s/ Renee F Lanam

Name: Renee F Lanam

Title: Chief Financial Officer and General Counsel

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Equinix, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter F. Van Camp, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ PETER F. VANCAMP

Peter F. VanCamp
Chief Executive Officer

August 14, 2002

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Equinix, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Renée F. Lanam, 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/ RENÉE F. LANAM

Renée F. Lanam
Chief Financial Officer

August 14, 2002