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

FORM 10-K

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

For the fiscal year ended December 31, 2012

OR

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

For the transition period from to

Commission file number 000-31293

EQUINIX, INC.

(Exact name of registrant as specified in its charter)

Delaware	**77-0487526**
(State of incorporation)	**(IRS Employer Identification No.)**

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

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

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

Title of each class	Name of each exchange on which registered
Common Stock, $0.001	**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: None

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

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

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

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

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

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates computed by reference to the price at which the common stock was last sold as of the last business day of the registrant's most recently completed second fiscal quarter was approximately $8.4 billion. As of January 31, 2013, a total of 48,803,656 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III – Portions of the registrant's definitive proxy statement to be issued in conjunction with the registrant's 2013 Annual Meeting of Stockholders, which is expected to be filed not later than 120 days after the registrant's fiscal year ended December 31, 2012. Except as expressly incorporated by reference, the registrant's proxy statement shall not be deemed to be a part of this report on Form 10-K.

EQUINIX, INC.

FORM 10-K

DECEMBER 31, 2012

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PART I

ITEM 1. BUSINESS

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

Overview

Equinix, Inc. connects more than 4,000 companies directly to their customers and partners inside the world's most networked data centers. Today, businesses leverage the Equinix interconnection platform in 31 strategic markets across the Americas, Europe, Middle East and Africa (EMEA) and Asia-Pacific.

Platform Equinix™ combines state-of-the-art International Business Exchange ® (IBX®) data centers, a global footprint and unique ecosystems. Together these components accelerate business growth for Equinix's customers by safehousing their infrastructure, locating their assets and applications closer to users to improve performance and enabling them to collaborate with the widest variety of partners and customers.

Equinix's platform offers these unique value propositions to customers:

- Global Data Centers
  - A broad footprint of 90+ IBX data centers in 15 countries on 5 continents.
  - Approximately $7.0 billion of capital invested in capacity, new markets and acquisitions since 1998.
  - Equinix delivered more than 99.999% of uptime across its footprint in 2012.
- Connected
  - More than 900 networks and approximately 110,000 cross connects in Equinix sites.
  - Equinix provides less than 10 milliseconds latency to over 90 percent of the population of North America and Europe, as well as key population centers throughout Latin America and Asia-Pacific.
- Partners, Customers and Prospects
  - Equinix sites house a blue-chip customer base of 4,000+ global businesses.
  - These customers represent a who's who of network, digital media, financial services, cloud/IT and enterprise leaders.
- Opportunity
  - Equinix data centers contain a dynamic estimated $5.5 billion marketplace for communications services, interconnecting businesses, networks, carriers and content providers to potential suppliers, customers and partners.
  - More than 4,000 potential partners to deploy world-class solutions.

Equinix has established a critical mass of customers that continues to drive new and existing customer growth and bookings. Our network-neutral business model also contributes to our success in the market. We offer customers direct interconnection to an aggregation of bandwidth providers, rather than focusing on selling a particular network. The providers in our sites include the world's top carriers, Internet Service Providers (ISPs), broadband access networks (DSL / cable) and international carriers. Neutrality also means our customers can choose to buy from, or partner with, leading companies across our five targeted verticals. These include:

- Network and Mobility Providers (AT&T, British Telecom, Comcast, Level 3 Communications, NTT, Qwest, SingTel, Syniverse, Verizon Business)
- Cloud and IT Services (Amazon.com, Box.net, Carpathia, Citrix, IBM, Microsoft, Salesforce.com, Voxel.net, WebEx)
- Content Providers (eBay, DIRECTV, facebook, Hulu, Priceline, SONY, Yahoo!, Zynga)
- Enterprise (Barnes & Noble, Bechtel, Booz Allen Hamilton, Deloitte, The GAP, Ingram Micro, The McGraw-Hill Companies, United Stationers Inc.)
- Financial Companies (ACTIV Financial, Bloomberg, CBOE, DirectEdge, JP Morgan Chase, Quantlab Financial, Thomson Reuters)

Equinix generates revenue by providing colocation and related interconnection and managed IT infrastructure offerings on a global platform of 90+ IBX data centers.

- Colocation offerings include operations space, storage space, cabinets and power for customers' colocation needs.
- Interconnection offerings include cross connects, as well as switch ports on the Equinix Internet Exchange and Equinix Carrier Ethernet Exchange services. These offerings provide scalable and reliable connectivity that allows customers to exchange traffic directly with the service provider of their choice or directly with each other, creating a performance optimized business ecosystem for the exchange of data between strategic partners.
- Managed IT infrastructure services allow customers to leverage Equinix's significant telecommunications expertise, maximize the benefits of our IBX data centers and optimize their infrastructure and resources.

The market for Equinix's offerings has historically been served by large telecommunications carriers which have bundled their telecommunications and managed services with their colocation offerings. In addition, some Equinix customers, such as Microsoft, build and operate their own data centers for their large infrastructure deployments, called server farms. However, these customers rely upon Equinix IBX data centers for many of their critical interconnection relationships. The need for large, wholesale outsourced data centers is also being addressed by providers that build large data centers to meet customers' needs for standalone data centers, a different customer segment than Equinix serves.

Due to the increasing cost and complexity of the power and cooling requirements of today's data center equipment, Equinix has gained many customers that have outgrown their existing data centers or that have realized the benefits of a network-neutral model and the ability to create their own optimized business ecosystems for the exchange of data. Strategically, we will continue to look at attractive opportunities to grow market share and selectively expand our footprint and offerings. We continue to leverage our global reach and depth to differentiate based upon our ability to support truly global customer requirements in all our markets.

Several factors contribute to the growth in demand for data center offerings, including:

- The continuing growth of consumer Internet traffic from new bandwidth-intensive services, such as video, voice over IP (VoIP), social media, mobile data, gaming, data-rich media, Ethernet and wireless services.

- Significant increases in power and cooling requirements for today's data center equipment. New generations of servers continue to concentrate processing capability, with associated power consumption and cooling load, into smaller footprints and many legacy-built data centers are unable to accommodate these new power and cooling demands.
- The adoption of cloud computing technology services, the growth of enterprise applications delivered across communications networks, such as Software-as-a-Service (SaaS), and disaster recovery services.
- The financial services market is experiencing tremendous growth due to electronic trading and the increased volume of peak messages (transactions per second), requiring optimized data exchange through business ecosystems.
- The growth of "proximity communities" that rely on immediate physical colocation and interconnection with their strategic partners and customers, such as financial exchange ecosystems for electronic trading and settlement.
- The high capital costs associated with building and maintaining "in-sourced" data centers creates an opportunity for capital savings by leveraging an outsourced colocation model.

Industry Background

The Internet is a collection of numerous independent networks interconnected to form a network of networks. Users on different networks are able to communicate with each other through interconnection between these networks. For example, when a person sends an email to someone who uses a different provider for his or her connectivity (e.g., Comcast versus Verizon), the email must pass from one network to the other in order to get to its final destination. Equinix provides a physical point at which that interconnection can occur.

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

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

To accommodate Internet traffic growth, the largest of these networks left the NAPs and began trading traffic by placing private circuits between each other. Peering, which once occurred at the NAP locations, was moved to these private circuits. Over the years, these circuits became expensive to expand and could not be built quickly enough to accommodate traffic growth. This led to a need by the large carriers to find a more efficient way to peer. Today, many customers satisfy their requirements for peering through data center providers like Equinix because it permits them to peer with the networks they require within one location, using simple direct connections. Their ability to peer within a data center or across a data center campus, instead of across a metro area, has increased the scalability of their operations while decreasing network costs.

The interconnection model has further evolved over the years to include new services offerings. Starting with the peering and network communities, interconnection has since been used for new network services

including carrier Ethernet, multiprotocol label switching (MPLS), virtual private networks (VPNs) and mobility services, in addition to traditional international private line and voice services. The industry continues to evolve with a set of new offerings where interconnection is often used to solve the network-to-network interconnection challenges.

In addition, the enterprise customer segment is also evolving. In the past, most enterprises opted to keep their data center requirements in house. However, several recent trends have led more and more enterprise CIOs to consider and/or choose to outsource some or all of their data center requirements. The combination of globalization, the proliferation of bandwidth intensive Internet-facing applications and rich media content, the rise of virtualization and cloud computing, business continuity and disaster recovery needs, plus tight corporate IT budgets mean that enterprise CIOs must do more with less. Meanwhile, the biggest challenge for data center and operations managers are constraints on space and power in aging facilities. With limited optical fiber availability, many CIOs struggle to find the necessary capital to build out and connect their existing facilities. Industry analysts forecast growth in the colocation market to be approximately 10% per year over the next four years.

Equinix Value Proposition

More than 4,000 companies, including a diversified mix of cloud and IT service providers, content providers, enterprises, financial companies, and network and mobility service providers, currently operate within Equinix IBX data centers. These companies derive specific value from the following elements of the Equinix service offering:

- ***Comprehensive global solution:*** With 90+ IBX data centers in 31 markets in the Americas, EMEA and Asia-Pacific, Equinix offers a consistent global solution.
- ***Premium data centers:*** Equinix IBX data centers feature advanced design, security, power and cooling elements to provide customers with industry-leading reliability. While others in the market have business models that include additional offerings, Equinix is focused on colocation and interconnection as our core competencies.
- ***Dynamic business ecosystems:*** Equinix's network-neutral model has enabled us to attract a critical mass of networks and cloud and IT services providers and that, in turn, attracts other businesses seeking to interconnect within a single location. This ecosystem model, versus connecting to multiple partners in disparate locations, reduces costs and optimizes the performance of data exchange. As Equinix grows and attracts an even more diversified base of customers, the value of Equinix's IBX data center offering increases.
- ***Improved economics:*** Customers seeking to outsource their data center operations rather than build their own capital-intensive data centers enjoy significant capital cost savings in this credit-challenged economic environment. Customers also benefit from improved economics on account of the broad access to networks that Equinix provides. Rather than purchasing costly local loops from multiple transit providers, customers can connect directly to more than 900 networks inside Equinix's IBX data centers.
- ***Leading insight:*** With more than 14 years of industry experience, Equinix has a specialized staff of industry experts and solutions architects who helped build and shape the interconnection infrastructure of the Internet. This specialization and industry knowledge base offer customers a unique consultative value and a competitive advantage.

Our Strategy

Our objective is to expand our global leadership position as the premier network neutral data center platform for cloud and IT services providers, content providers, financial companies, enterprises and network and mobility services providers. Key components of our strategy include the following:

Improve customer performance through interconnection. We have assembled a critical mass of premier network providers and content companies and have become one of the core hubs of the information-driven world. This critical mass is a key selling point for companies that want to connect with a diverse set of networks to provide the best connectivity to their end-customers and network companies that want to sell bandwidth to companies and interconnect with other networks in the most efficient manner available. Currently, we house more than 900 unique networks, including all of the top tier networks, allowing our customers to directly interconnect with providers that best meet their unique global and regional price and performance needs. We have a growing mass of key players in the cloud and IT services, and in enterprise and financial sectors, such as Bloomberg, Facebook, The GAP, IBM, Salesforce.com, SONY and others. We expect these segments will continue to grow as they seek to leverage our critical mass of network providers and interconnect directly with each other to improve performance.

Streamline ease of doing business globally. Data center reliability, power availability and network choice are the most important attributes considered by our customers when they are choosing a data center provider in a particular location. We have long been recognized as a leader in these areas and our performance continues to improve against these criteria. Our power infrastructure delivered 99.999% uptime globally in 2012.

In 2012, more than half of our revenue came from customers with deployments across two or more of our global regions, and as globalization continues, seamless global solutions will become an increasingly important data center selection criteria. We continue to focus on strategic acquisitions to expand our market coverage and global product standardization, pricing and contracts harmonization initiatives to meet these global demands.

Deepen existing and grow new ecosystems. As networks, cloud and IT services providers, content providers, financial services providers and enterprises locate in our IBX data centers, it benefits their suppliers and business partners to do so as well to gain the full economic and performance benefits of direct interconnection for their business ecosystems. These partners, in turn, pull in their business partners, creating a “network effect” of customer adoption. Our interconnection offerings enable scalable, reliable and cost-effective interconnection and optimized traffic exchange thus lowering overall cost and increasing flexibility. The ability to directly interconnect with a wide variety of companies is a key differentiator for us in the market. We are rolling out efficient and innovative Internet and Ethernet exchange platforms to accelerate commercial growth in our sites and accelerate this network effect.

Expand vertical go-to-market plan. We plan to continue to focus our go-to-market efforts on customer segments and business applications that value the Equinix value proposition of reliability, global reach and ecosystem collaboration opportunities. Today we have identified these segments as cloud services, content and digital media, financial services, enterprises and IT services and network and mobility service providers. As digital business evolves, we will continue to identify and focus our go-to-market efforts on industry segments that need our value proposition.

Accelerate global reach and scale. We continue to evaluate expansion opportunities in select markets based on customer demand. In 2012, we successfully acquired ancotel GmbH in Frankfurt, Germany and Asia Tone in Hong Kong to expand our market reach in central and eastern Europe and Shanghai, China, respectively. Also in 2012, Equinix entered into a partnership with PT DCI to enter the Jakarta, Indonesia market and an alliance with Emirates Integrated Telecommunications Company PJSC to expand into Dubai, United Arab Emirates.

Our strategy is to continue to grow in select existing markets and possibly expand to additional markets where demand and financial return potential warrant. We expect to execute this expansion strategy in a cost-

effective and disciplined manner through a combination of acquiring existing data centers through lease or purchase, acquiring or investing in local data center operators and building new IBX data centers based on key criteria, such as demand and potential financial return, in each market.

Our Customers

Our customers include carriers, mobility and other bandwidth providers, cloud and IT services providers, content providers, financial companies and global enterprises. We provide each customer access to a choice of business partners and solutions based on their colocation, interconnection and managed IT service needs. As of December 31, 2012, we had more than 4,000 customers worldwide.

Typical customers in our five key customer categories include the following:

Cloud and IT Services	Content Providers	Enterprise	Financial Companies	Network and Mobility Services
Amazon.com	eBay	Barnes & Noble	ACTIV Financial	AT&T
Box.net	DIRECTV	Bechtel	Bloomberg	BT
Citrix	facebook	Booz Allen Hamilton	CBOE	Comcast
IBM	Hulu	Deloitte	DirectEdge	Level 3 Communications
Microsoft	Priceline	Ingram Micro	NYSE Technologies	NTT
Salesforce.com	SONY	The GAP	JP Morgan Chase	SingTel
Voxel.net	Yahoo!	The McGraw-Hill Companies	Quantlab Financial	Syniverse
WebEx	Zynga	United Stationers Inc.	Thomson Reuters	Verizon Business

Customers typically sign renewable contracts of one or more years in length. No single customer accounted for 10% or more of our revenues for the years ended December 31, 2012, 2011 and 2010.

Our Offerings

Equinix provides a choice of data center offerings primarily comprised of colocation, interconnection solutions and managed IT infrastructure services.

Colocation and Related Offerings

Our IBX data centers provide our customers with secure, reliable and fault-tolerant environments that are necessary for optimum Internet commerce interconnection. Many of our IBX data centers include multiple layers of physical security, scalable cabinet space availability, on-site trained staff 24 hours per day, 365 days a year, dedicated areas for customer care and equipment staging, redundant AC/DC power systems and multiple other redundant and fault-tolerant infrastructure systems. Some specifications or offerings provided may differ based on original facility design or market.

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

Cabinets. Our customers have several choices for colocating their networking, server and storage equipment. They can place the equipment in one of our shared or private cages or customize their space. In certain select markets, customers can purchase their own private "suite" which is walled off from the rest of the data center. As customers' colocation requirements increase, they can expand within their original cage (or suite) or upgrade into a cage that meets their expanded requirements. Customers buy the hardware they place in our IBX data centers directly from their chosen vendors. Cabinets (or suites) are priced with an initial installation fee and an ongoing recurring monthly charge.

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

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

Interconnection Solutions

Our interconnection solutions enable scalable, reliable and cost-effective interconnection and traffic exchange between Equinix customers. These interconnection solutions are either on a one-to-one basis with direct cross connects or one-to-many through one of our Equinix Exchange solutions. In the peering community, we provide an important industry leadership role by acting as the relationship broker between parties who would like to interconnect within our IBX data centers. Our staff holds or has held significant positions in many leading industry groups, such as the North American Network Operators' Group, or NANOG, and the Internet Engineering Task Force, or IETF. Members of our staff have published industry-recognized white papers and strategy documents in the areas of peering and interconnection, many of which are used by other institutions worldwide in furthering the education and promotion of this important set of solutions. We expect to continue to develop additional solutions in the area of traffic exchange that will allow our customers to leverage the critical mass of networks, cloud services providers, and many important financial services and e-commerce industry leaders now available in our IBX data centers. Our current exchange solutions are comprised of the following:

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

Equinix Internet Exchange. Customers may choose to connect to and peer through the central switching fabric of our Equinix Internet Exchange rather than purchase a direct physical cross connection. With a connection to this switch, a customer can aggregate multiple interconnects over one physical connection with up to multiple, linked 10 gigabit ports of capacity instead of purchasing individual physical cross connects. The offering is priced per IBX data center with an initial installation fee and an ongoing monthly recurring charge. Individual IBX data center prices increase as the number of participants on the exchange service grows.

Equinix Metro Connect. Customers who are located in one IBX data center may need to interconnect with networks or other customers located in an adjacent or nearby IBX data center in the same metro area. Metro Connect allows customers to seamlessly interconnect between IBX data centers at capacities up to an OC-192, or 10 gigabits per second level. Metro Connect offerings are priced with an initial installation fee and an ongoing monthly recurring charge dependent on the capacity the customer purchases.

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

Ethernet Exchange Services. The Ethernet Exchange offering which is similar to the Equinix Internet Exchange, and we offer it in 17 markets so that customers can connect via a central switching fabric to interconnect between multiple Carrier Ethernet Providers rather than creating individual Network to Network interfaces (NNIs) between individual carriers. The offering builds on the benefits of the Internet community and extends the ability to interconnect to the high growth Ethernet industry. The offering is priced per IBX data center with an initial fee and a monthly recurring charge.

Managed IT Infrastructure Services

With the continued growth in Internet traffic, networks, cloud providers, service providers, enterprises and content providers are challenged to deliver fast and reliable service, while lowering costs. With more than 900 Internet Service Providers (ISPs), fixed and mobile carriers located in our IBX data centers, we leverage the value of network choice with our set of multi-network management and other outsourced IT services, including:

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

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

Sales and Marketing

Sales. We use a direct sales force and channel marketing program to market our offerings to global enterprises, content providers, financial companies and mobility and network service providers. We organize our sales force by customer type as well as by establishing a sales presence in diverse geographic regions, which enables efficient servicing of the customer base from a network of regional offices. In addition to our worldwide headquarters located in Silicon Valley, we have established an Asia-Pacific regional headquarters in Hong Kong, and a European regional headquarters in London. Our Americas sales offices are located in Boston, Chicago, Los Angeles, New York, Reston, Virginia and Silicon Valley, and sales offices in Brazil operate out of data centers in Sao Paulo and Rio de Janeiro. Our EMEA sales offices are located in Amsterdam, Dubai, Dusseldorf, Enschede, Frankfurt, Geneva, London, Munich, Paris, Zurich, and Zwolle. Our Asia-Pacific sales offices are located in Beijing, Hong Kong, Jakarta, Shanghai, Singapore, Sydney and Tokyo.

Our sales team works closely with each customer to foster the natural network effect of our IBX model, resulting in access to a wider potential customer base via our existing customers. As a result of the IBX interconnection model, IBX data center participants often encourage their customers, suppliers and business partners to also locate in our IBX data centers. These customers, suppliers and business partners, in turn, encourage their business partners to locate in our IBX data centers resulting in additional customer growth. This network effect significantly reduces our new customer acquisition costs. In addition, large network providers or managed service providers may refer customers to Equinix as a part of their total customer solution. Equinix also focuses vertical sales specialists selling to support specific industry requirements for network, mobility and content providers, financial services, cloud computing and systems integrators and enterprise customer segments.

Marketing. To support our sales effort and to actively promote our brand in the Americas, Asia-Pacific and EMEA, we conduct comprehensive marketing programs. Our marketing strategies include active public relations and ongoing customer communications programs. Our marketing efforts are focused on major business and trade publications, online media outlets, industry events and sponsored activities. Our staff holds leadership positions

in key networking organizations, and we participate in a variety of Internet, Carrier Ethernet, computer and financial industry conferences, placing our officers and employees in keynote speaking engagements at these conferences. We also regularly measure customer satisfaction levels and host key customer forums to ensure customer needs are understood and incorporated in product and service planning efforts. From a brand perspective, we build recognition through sponsoring or leading industry technical forums, participating in Internet industry standard-setting bodies and through advertising and online campaigns. We continue to develop and host industry educational forums focused on peering technologies and practices for ISPs and content providers.

Our Competition

While a large number of enterprises own their own data centers, many others outsource some or all of their requirements to multi-tenant Internet data center facilities, such as those operated by Equinix. With the current challenging economic environment, we believe that the outsourcing trend is likely to not only continue but also to grow in the coming years. It is estimated that Equinix is one of over 650 companies that provide Internet data center offerings around the world, ranging in size from firms with a single data center in a single market to firms in over 20 markets. Equinix competes with these firms, which vary in terms of their data center offerings, including:

Colocation Providers

Colocation data centers are a type of Internet data center that can also be referred to as “retail” data center space. Typically, colocation data center space is offered on the basis of individual racks/cabinets or cages ranging from 500 to 10,000 square feet in size. Typical customers of colocation providers include:

- Large enterprises with significant IT expertise and requirements
- Small and medium businesses looking to outsource data center requirements
- Internet application providers
- Major Internet content, entertainment and social networking providers
- Shared, dedicated and managed hosting providers
- Mobility and network service providers
- Content delivery networks

Full facility maintenance and systems, including fire suppression, security, power backup and HVAC, are routinely included in managed colocation offerings. A variety of additional services are typically available in colocation facilities, including remote hands technician services and network monitoring services.

In addition to Equinix, providers that offer colocation both globally and locally include firms such as AT&T, CenturyLink, COLT, CyrusOne, Level 3 Communications, NTT, Qwest and Verizon Business.

Carrier-Neutral Colocation Providers

In addition to data center space and power, colocation providers also offer interconnection. Certain of these providers, known as network or carrier-neutral colocation providers, can offer customers the choice of hundreds of network service providers, or ISPs, to choose from. Typically, customers use interconnection to buy Internet connectivity, connect VoIP telephone networks, perform financial exchange and settlement functions or perform business-to-business e-commerce. Carrier-neutral data centers are often located in key network hubs around the world like New York; Ashburn, Virginia; London; Amsterdam; Singapore, and Hong Kong. Two types of data center facilities offering carrier-neutral colocation are used for many network-to-network interconnections:

- A Meet Me Room (MMR) is typically a smaller space, generally 5,000 square feet or less, located in a major carrier hotel and often found in a wholesale data center facility.

- A carrier-neutral data center is generally larger than an MMR and may be a stand-alone building separate from existing carrier hotels.

In addition to Equinix, other providers that we believe could be defined as offering carrier-neutral colocation include CoreSite, Global Switch, Interxion, Telecity Group, Telx, Telehouse and Verizon Terremark.

Wholesale Data Center Providers

Wholesale data center providers lease data center space that is typically offered in cells or pods (i.e., individual white-space rooms) ranging in size from 10,000 to 20,000 square feet, or larger. Wholesale data center offerings are targeted to both enterprises and to colocation providers. These data centers primarily provide space and power without additional services like technicians, remote hands services or network monitoring (although other tenants might offer such services).

Sample wholesale data center providers include Digital Realty Trust, DuPont Fabros Technology, e-Shelter and Sentrum.

Managed Hosters

Managed hosting services are provided by several firms that also provide data center colocation services. Typically, managed hosting providers can manage server hardware that is owned by either the hosting provider or the customer. They can also provide a combination of comprehensive systems administration, database administration and sometimes application management services. Frequently, this results in managed hosting providers "running" the customer's servers, although such administration is frequently shared. The provider may manage such functions as operating systems, databases, security and patch management, while the customer will maintain management of the applications riding on top of those systems.

The full list of potential services that can be offered as part of managed hosting is substantial and includes services such as remote management, custom applications, helpdesk, messaging, databases, disaster recovery, managed storage, managed virtualization, managed security, managed networks and systems monitoring. Managed hosting services are typically used for:

- Application hosting by organizations of any size, including large enterprises
- Hosted or managed messaging, including Microsoft Exchange and other complex messaging applications
- Complex or highly scalable web hosting or e-commerce websites
- Managed storage solutions (including large drive arrays or backup robots)
- Server disaster recovery and business continuity, including clustering and global server load balancing
- Database servers, applications and services

Examples of managed hosters include AT&T, CenturyLink, NaviSite, Rackspace, SunGard, Verizon Business and Verizon Terremark.

Unlike other providers whose core businesses are bandwidth or managed services, we focus on neutral interconnection hubs for cloud and IT service providers, content providers, financial companies, enterprises and network service providers. As a result, we do not have the limited choices found commonly at other hosting/colocation companies. We compete based on the quality of our IBX data centers, our ability to provide a one-stop global solution in our Americas, EMEA and Asia-Pacific locations, the performance and diversity of our network-neutral strategy, and the economic benefits of the aggregation of top network and business ecosystems under one roof. We expect to continue to benefit from several industry trends including the need for contracting

with multiple networks due to the uncertainty in the telecommunications market, customers' increasing power requirements, enterprise customers' increased use of virtualization and outsourcing, the continued growth of broadband and significant growth in Ethernet as a network alternative, and the growth in mobile applications.

Our Business Segment Financial Information

We currently operate in three reportable segments, comprised of our Americas, EMEA and Asia-Pacific geographic regions. Information attributable to each of our reportable segments is set forth in Note 16 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Employees

As of December 31, 2012, we had 3,153 employees. We had 1,821 employees based in the Americas, 811 employees based in EMEA and 521 employees based in Asia-Pacific. Of those employees, 1,478 were in engineering and operations, 617 were in sales and marketing and 1,058 were in management, finance and administration.

Potential Real Estate Investment Trust ("REIT") Conversion

On September 13, 2012, we announced that our board of directors approved a plan for Equinix to pursue conversion to a REIT (the "REIT conversion"). We have begun implementation of the REIT conversion, and we plan to make a tax election for REIT status for the taxable year beginning January 1, 2015. Any REIT election made by us must be effective as of the beginning of a taxable year; therefore, as a calendar year taxpayer, if we are unable to convert to a REIT by January 1, 2015, the next possible conversion date would be January 1, 2016.

If we are able to convert to and qualify as a REIT, we will generally be permitted to deduct from federal income taxes the dividends we pay to our stockholders. The income represented by such dividends would not be subject to federal taxation at the entity level but would be taxed, if at all, at the stockholder level. Nevertheless, the income of our domestic taxable REIT subsidiaries ("TRS"), which will hold our U.S. operations that may not be REIT-compliant, will be subject, as applicable, to federal and state corporate income tax. Likewise, our foreign subsidiaries will continue to be subject to foreign income taxes in jurisdictions in which they hold assets or conduct operations, regardless of whether held or conducted through TRS or through qualified REIT subsidiaries ("QRS"). We will also be subject to a separate corporate income tax on any gains recognized during a specified period (generally 10 years) following the REIT conversion that are attributable to "built-in" gains with respect to the assets that we own on the date we convert to a REIT.

Our ability to qualify as a REIT will depend upon our continuing compliance following our REIT conversion with various requirements, including requirements related to the nature of our assets, the sources of our income and the distributions to our stockholders. If we fail to qualify as a REIT, we will be subject to federal income tax at regular corporate rates. Even if we qualify for taxation as a REIT, we may be subject to some federal, state, local and foreign taxes on our income and property. In particular, while state income tax regimes often parallel the federal income tax regime for REITs described above, many states do not completely follow federal rules and some may not follow them at all.

The REIT conversion implementation currently includes seeking a private letter ruling ("PLR") from the U.S. Internal Revenue Service ("IRS"). Our PLR request has multiple components, and the conversion to a REIT will require favorable rulings from the IRS on numerous technical tax issues, including classification of our data center assets as qualified real estate assets. We submitted the PLR request to the IRS in 2012, but the IRS may not provide a PLR until late in 2013 or at all.

We currently estimate that we will incur approximately $50.0 to $80.0 million in costs to support the REIT conversion, in addition to related tax liabilities associated with a change in our method of depreciating and

amortizing various data center assets for tax purposes from our current method to methods that are more consistent with the characterization of such assets as real property for REIT purposes. The total recapture of depreciation and amortization expenses across all relevant assets is expected to result in federal and state tax liability of approximately $340.0 to $420.0 million, which amount will be payable in the four-year period starting in 2012 even if we abandon the REIT conversion for any reason, including the failure to receive the PLR we are seeking. Prior to the decision to convert to a REIT, our balance sheet reflected our income tax liability as a non-current deferred tax liability. As a result of the decision to convert to a REIT, our non-current tax liability will be gradually and proportionally reclassified from non-current to current over the four-year period, which started in the third quarter of 2012. The current liability reflects the tax liability that relates to additional taxable income expected to be recognized within the twelve-month period from the date of the balance sheet. If the REIT conversion is successful, we also expect to incur an additional $5.0 to $10.0 million in annual compliance costs in future years. We expect to pay between $175.0 to $250.0 million in cash taxes during 2013.

In accordance with tax rules applicable to REIT conversions, we expect to issue special distributions to our stockholders of undistributed accumulated earnings and profits of approximately $700.0 million to $1.1 billion (the "E&P distribution"), which we expect to pay out in a combination of up to 20% in cash and at least 80% in the form of our common stock. We expect to make the E&P distribution only after receiving a favorable PLR from the IRS and anticipate making a significant portion of the E&P distribution before 2015, with the balance distributed in 2015. In addition, following the completion of the REIT conversion, we intend to declare regular distributions to our stockholders.

Available Information

We were incorporated in Delaware in June 1998. We are required to file reports under the Securities Exchange Act of 1934, as amended, with the Securities and Exchange Commission. You may read and copy our materials on file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information regarding the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website at http://www.sec.gov that contains reports, proxy and information statements and other information.

You may also obtain copies of our annual reports on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K, and any amendments to such reports, free of charge by visiting the Investor Relations page on our website, www.equinix.com. These reports are available as soon as reasonably practical after we file them with the SEC. Information contained on our website is not part of this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

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

Risks Related to REIT Conversion

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

In September 2012, our board of directors approved a plan for us to convert to a REIT. There are significant implementation and operational complexities to address before we can convert to a REIT, including obtaining a favorable private letter ruling, or PLR, from the IRS, completing internal reorganizations, modifying accounting, information technology and real estate systems, receiving stockholder approvals and making required stockholder payouts. Further, changes in legislation, federal tax rules and interpretations thereof could adversely impact our ability to convert to a REIT. Similarly, even if we are able to satisfy the existing REIT requirements, the tax laws, regulations and interpretations governing REITs may change at any time in ways that could be disadvantageous to us.

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

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

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

We may not qualify or remain qualified as a REIT.

Although, if we convert to a REIT, we plan to operate in a manner consistent with the REIT qualification rules, we cannot provide assurance that we will, in fact, qualify as a REIT or remain so qualified. REIT qualification involves the application of highly technical and complex provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), to our operations as well as various factual determinations concerning matters and circumstances not entirely within our control. There are limited judicial or administrative interpretations of these provisions. Changes in legislation, federal tax rules and interpretations thereof could also prevent us from converting to a REIT or remaining qualified as a REIT.

If we fail to qualify as a REIT in any taxable year after the REIT conversion, we will be subject to U.S. federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates with respect to each such taxable year for which the statute of limitations remains open. In addition, we will be subject to monetary penalties for the failure. This treatment would significantly reduce our net earnings and cash flow because of our additional tax liability and the penalties for the years involved, which could significantly impact our financial condition.

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

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

As such, compliance with REIT tests may hinder our ability to make certain attractive investments, including the purchase of significant nonqualifying assets and the material expansion of non-real estate activities.

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

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

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

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

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

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

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

We have provided an estimated range of our tax and other costs to convert to a REIT, including estimated tax liabilities associated with a change in our method of depreciating and amortizing various assets and annual compliance costs. Our estimate of these taxes and other costs, however, may not be accurate, and such costs may actually be higher than our estimates due to unanticipated outcomes in the process of obtaining a PLR, changes in

our business support functions and support costs, the unsuccessful execution of internal planning, including restructurings and cost reduction initiatives, or other factors.

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

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

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

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

Other Risks

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

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

- the possible disruption of our ongoing business and diversion of management's attention by acquisition, transition and integration activities;
- our potential inability to successfully pursue or realize some or all of the anticipated revenue opportunities associated with an acquisition or investment;
- the possibility that we may not be able to successfully integrate acquired businesses, or businesses in which we invest, or achieve anticipated operating efficiencies or cost savings;
- the possibility that announced acquisitions may not be completed, due to failure to satisfy the conditions to closing or for other reasons;
- the dilution of our existing stockholders as a result of our issuing stock in transactions, such as our acquisition of Switch and Data, where 80% of the consideration payable to Switch and Data's stockholders consisted of shares of our common stock;
- the possibility of customer dissatisfaction if we are unable to achieve levels of quality and stability on par with past practices;
- the possibility that our customers may not accept either the existing equipment infrastructure or the "look-and-feel" of a new or different IBX data center;

- the possibility that additional capital expenditures may be required or that transaction expenses associated with acquisitions may be higher than anticipated;
- the possibility that required financing to fund an acquisition may not be available on acceptable terms or at all;
- the possibility that we may be unable to obtain required approvals from governmental authorities under antitrust and competition laws on a timely basis or at all, which could, among other things, delay or prevent us from completing an acquisition, limit our ability to realize the expected financial or strategic benefits of an acquisition or have other adverse effects on our current business and operations;
- the possible loss or reduction in value of acquired businesses;
- the possibility that future acquisitions may present new complexities in deal structure, related complex accounting and coordination with new partners;
- the possibility that future acquisitions may be in geographies, and regulatory environments, to which we are unaccustomed;
- the possibility that carriers may find it cost-prohibitive or impractical to bring fiber and networks into a new IBX data center;
- the possibility of litigation or other claims in connection with, or as a result of, an acquisition, including claims from terminated employees, customers, former stockholders or other third parties; and
- the possibility of pre-existing undisclosed liabilities, including but not limited to lease or landlord related liability, environmental liability or asbestos liability, for which insurance coverage may be insufficient or unavailable.

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

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

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

We have a significant amount of debt. Notwithstanding our intention to become adjusted free cash flow positive in 2013, excluding REIT-related cash costs and tax liabilities, we may not achieve such goal and may need to incur additional debt to support our growth. Additional debt may also be incurred to fund future acquisitions, the E&P distribution or the other cash outlays associated with conversion to a REIT. As of December 31, 2012, our total indebtedness was approximately $3.0 billion, our stockholders' equity was $2.3 billion and our cash and investments totaled $546.5 million. In addition, as of December 31, 2012, we had approximately $528.2 million of additional liquidity available to us as a result of a $750.0 million credit facility agreement entered into with a group of lenders in the U.S. as more fully described in Note 9 to Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. Some of our debt contains covenants which may limit our operating flexibility or may limit our ability to operate as a REIT. In addition to our substantial debt, we lease a majority of our IBX centers and certain equipment under non-cancellable lease agreements, the majority of which are accounted for as operating leases. As of December 31, 2012, our total minimum operating lease commitments under those lease agreements, excluding potential lease renewals, was approximately $926.3 million, which represents off-balance sheet commitments.

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

- require us to dedicate a substantial portion of our cash flow from operations to make interest and principal payments on our debt and in respect of other off-balance sheet arrangements, reducing the availability of our cash flow to fund future capital expenditures, working capital, execution of our expansion strategy and other general corporate requirements;
- make it more difficult for us to satisfy our obligations under our various debt instruments;
- increase our vulnerability to general adverse economic and industry conditions and adverse changes in governmental regulations;
- limit our flexibility in planning for, or reacting to, changes in our business and industry, which may place us at a competitive disadvantage compared with our competitors;
- limit our operating flexibility through covenants with which we must comply, such as limiting our ability to repurchase shares of our common stock;
- limit our ability to borrow additional funds, even when necessary to maintain adequate liquidity, which would also limit our ability to further expand our business; and
- make us more vulnerable to increases in interest rates because of the variable interest rates on some of our borrowings to the extent we have not entirely hedged such variable rate debt.

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

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

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

The varying pace of global economic recovery continues to create uncertainty and unpredictability and add risk to our future outlook. Sovereign debt issues and economic uncertainty in Europe and around the world raise concerns in markets where we operate and which are important to our business. Issues in Europe, such as increased Euro currency exchange rate volatility, the negative impact of the crisis and related austerity measures on European economic growth, potential negative spillover effects to additional countries in Europe and the rest of the world, the possibility that one or more countries may leave the Euro zone and re-introduce their individual currencies, and, in more extreme circumstances, the possible dissolution of the Euro currency, could be disruptive to our operations. A global economic downturn could also result in churn in our customer base, reductions in revenues from our offerings, longer sales cycles, slower adoption of new technologies and increased price competition, adversely affecting our liquidity. If customers in EMEA have difficulty paying us, due to the current European debt crisis or a global economic downturn generally, we may also be required to further increase our allowance for doubtful accounts, which would negatively impact our results. The uncertain economic environment could also have an impact on our foreign exchange forward contracts if our counterparties' credit deteriorates further or they are otherwise unable to perform their obligations. Finally, our ability to access the capital markets may be severely restricted at a time when we would like, or need, to do so which could have an impact on our flexibility to pursue additional expansion opportunities and maintain our desired level of revenue growth in the future.

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

Since January 1, 2012, the closing sale price of our common stock on the NASDAQ Global Select Market has ranged from $100.90 to $226.00 per share. The market price of the shares of our common stock has been and may continue to be highly volatile. General economic and market conditions, and market conditions for telecommunications stocks in general, may affect the market price of our common stock.

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

- our operating results or forecasts;
- new issuances of equity, debt or convertible debt by us;
- changes to our capital allocation, tax planning or business strategy;
- our planned conversion to a REIT;
- a stock repurchase program;
- developments in our relationships with corporate customers;
- announcements by our customers or competitors;
- changes in regulatory policy or interpretation;
- governmental investigations;
- changes in the ratings of our debt or stock by rating agencies or securities analysts;
- our purchase or development of real estate and/or additional IBX data centers;
- our acquisitions of complementary businesses; or
- the operational performance of our IBX data centers.

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

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

Our capital expenditures, together with ongoing operating expenses, obligations to service our debt and the cash outlays associated with our REIT conversion, will be a substantial drain on our cash flow and may decrease our cash balances. Additional debt or equity financing may not be available when needed or, if available, may not be available on satisfactory terms. Our inability to obtain additional debt and/or equity financing or to generate sufficient cash from operations may require us to prioritize projects or curtail capital expenditures which could adversely affect our results of operations.

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

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

Although we currently undertake, and may decide in the future to further undertake, foreign exchange hedging transactions to reduce foreign currency transaction exposure, we do not currently intend to eliminate all foreign currency transaction exposure. Therefore, any weakness of the U.S. dollar may have a positive impact on our consolidated results of operations because the currencies in the foreign countries in which we operate may translate into more U.S. dollars. However, if the U.S. dollar strengthens relative to the currencies of the foreign countries in which we operate, our consolidated financial position and results of operations may be negatively impacted as amounts in foreign currencies will generally translate into fewer U.S. dollars. For additional information on foreign currency risk, refer to our discussion of foreign currency risk in "Quantitative and Qualitative Disclosures About Market Risk" included in Item 7A of this Annual Report on Form 10-K.

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

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

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

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

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

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

Our business depends on providing customers with highly reliable solutions. We must safehouse our customers' infrastructure and equipment located in our IBX data centers. We own certain of our IBX data centers, but others are leased by us, and we rely on the landlord for basic maintenance of our leased IBX data

centers. If such landlord has not maintained a leased property sufficiently, we may be forced into an early exit from the center which could be disruptive to our business. Furthermore, we continue to acquire IBX data centers not built by us. If we discover that these IBX data centers and their infrastructure assets are not in the condition we expected when they were acquired, we may be required to incur substantial additional costs to repair or upgrade the centers.

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

- human error;
- equipment failure;
- physical, electronic and cybersecurity breaches;
- fire, earthquake, hurricane, flood, tornado and other natural disasters;
- extreme temperatures;
- water damage;
- fiber cuts;
- power loss;
- terrorist acts;
- sabotage and vandalism; and
- failure of business partners who provide our resale products.

Problems at one or more of our IBX data centers, whether or not within our control, could result in service interruptions or significant equipment damage. We have service level commitment obligations to certain of our customers, including our significant customers. As a result, service interruptions or significant equipment damage in our IBX data centers could result in difficulty maintaining service level commitments to these customers and potential claims related to such failures. Because our IBX data centers are critical to many of our customers' businesses, service interruptions or significant equipment damage in our IBX data centers could also result in lost profits or other indirect or consequential damages to our customers. We cannot guarantee that a court would enforce any contractual limitations on our liability in the event that one of our customers brings a lawsuit against us as a result of a problem at one of our IBX data centers. In addition, any loss of service, equipment damage or inability to meet our service level commitment obligations could reduce the confidence of our customers and could consequently impair our ability to obtain and retain customers, which would adversely affect both our ability to generate revenues and our operating results.

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

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

We carry liability, property, business interruption and other insurance policies to cover insurable risks to our company. We select the types of insurance, the limits and the deductibles based on our specific risk profile, the cost of the insurance coverage versus its perceived benefit and general industry standards. Our insurance policies contain industry standard exclusions for events such as war and nuclear reaction. We purchase minimal levels of earthquake insurance for certain of our IBX data centers, but for most of our data centers, including many in

California, we have elected to self-insure. The earthquake and flood insurance that we do purchase would be subject to high deductibles and any of the limits of insurance that we purchase could prove to be inadequate, which could materially and adversely impact our business, financial condition and results of operations.

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

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

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

Environmental regulations may impose upon us new or unexpected costs.

We are subject to various federal, state, local and international environmental and health and safety laws and regulations, including those relating to the generation, storage, handling and disposal of hazardous substances and wastes. Certain of these laws and regulations also impose joint and several liability, without regard to fault, for investigation and cleanup costs on current and former owners and operators of real property and persons who have disposed of or released hazardous substances into the environment. Our operations involve the use of hazardous substances and materials such as petroleum fuel for emergency generators, as well as batteries, cleaning solutions and other materials. In addition, we lease, own or operate real property at which hazardous substances and regulated materials have been used in the past. At some of our locations, hazardous substances or regulated materials are known to be present in soil or groundwater, and there may be additional unknown hazardous substances or regulated materials present at sites we own, operate or lease. At some of our locations, there are land use restrictions in place relating to earlier environmental cleanups that do not materially limit our use of the sites. To the extent any hazardous substances or any other substance or material must be cleaned up or removed from our property, we may be responsible under applicable laws, regulations or leases for the removal or cleanup of such substances or materials, the cost of which could be substantial.

In addition, we are subject to environmental, health and safety laws regulating air emissions, storm water management and other issues arising in our business. While these obligations do not normally impose material costs upon our operations, unexpected events, equipment malfunctions and human error, among other factors, can lead to violations of environmental laws, regulations or permits. Furthermore, environmental laws and regulations change frequently and may require additional investment to maintain compliance. Noncompliance with existing, or adoption of more stringent, environmental or health and safety laws and regulations or the discovery of previously unknown contamination could require us to incur costs or become the basis of new or increased liabilities that could be material.

Fossil fuel combustion creates greenhouse gas (“GHG”) emissions that are linked to global climate change. Regulations to limit GHG emissions are in force in the European Union in an effort to prevent or reduce climate

change. In the U.S., the U.S. Environmental Protection Agency ("EPA") regulates GHG emissions from major stationary sources under the Clean Air Act. Current regulations apply to large sources of GHGs, such as, for example, fossil-fueled electricity generating facilities, the construction of new facilities that emit 100,000 tons per year or more of carbon dioxide equivalent ("CO2e", a unit of measurement for GHGs) and the modification of any existing facility that results in an increase of GHG emissions by 75,000 tons per year of CO2e. A small source exception applies to our existing and anticipated facilities, which exempts sources emitting below 50,000 tons per year of CO2e or any modification resulting in an increase of less than 50,000 tons per year of CO2e, from permitting requirements until at least April 30, 2016. The EPA may develop permitting requirements for smaller sources of GHGs after April 30, 2016, which could potentially affect our facilities. We will continue to monitor the developments of this regulatory program to evaluate its impact on our facilities and business.

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

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

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

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

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

We must be able to differentiate our IBX data centers and product offerings from those of our competitors. In addition to competing with other neutral colocation providers, we compete with traditional colocation providers, including telecommunications companies, carriers, internet service providers, managed services providers and large REITs who also operate in our market and may enjoy a cost advantage in providing offerings similar to those provided by our IBX data centers. We may experience competition from our landlords which could also reduce the amount of space available to us for expansion in the future. Rather than leasing available space in our buildings to large single tenants, they may decide to convert the space instead to smaller square foot units designed for multi-tenant colocation use, blurring the line between retail and wholesale space. We may also face competition from existing competitors or new entrants to the market seeking to replicate our global IBX data center concept by building or acquiring data centers, offering colocation on neutral terms or by replicating our

strategy and messaging. Finally, customers may also decide it is cost-effective for them to build out their own data centers. Once customers have an established data center footprint, either through a relationship with one of our competitors or through in-sourcing, it may be extremely difficult to convince them to relocate to our IBX data centers.

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

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

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

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

Power outages, such as those relating to the earthquake and tsunami in Japan in 2011 or Superstorm Sandy, which hit the U.S. east coast in 2012, could harm our customers and our business. We attempt to limit our exposure to system downtime by using backup generators and power supplies; however, we may not be able to limit our exposure entirely even with these protections in place. Some of our IBXs are located in leased buildings where, depending upon the lease requirements and number of tenants involved, we may or may not control some or all of the infrastructure including generators and fuel tanks. As a result, in the event of a power outage, we may be dependent upon the landlord, as well as the utility company, to restore the power.

In addition, global fluctuations in the price of power can increase the cost of energy, and although contractual price increase clauses exist in the majority of our customer agreements, we may not always choose to pass these increased costs on to our customers.

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

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

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

Our most recent evaluation of our controls resulted in our conclusion that, as of December 31, 2012, in compliance with Section 404 of the Sarbanes-Oxley Act of 2002, our internal controls over financial reporting were effective. Our ability to manage our operations and growth, and to successfully implement our proposed REIT conversion and other systems upgrades designed to support our growth, will require us to develop our

controls and reporting systems and implement or adopt new controls and reporting systems. If in the future our internal control over financial reporting is found to be ineffective, or if a material weakness is identified in our controls over financial reporting, our financial results may be adversely affected. Investors may also lose confidence in the reliability of our financial statements which could adversely affect our stock price.

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

For the years ended December 31, 2012, 2011 and 2010, we recognized approximately 44%, 41% and 38%, respectively, of our revenues outside the U.S. We currently operate outside of the U.S. in Canada, Brazil, EMEA and Asia-Pacific.

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

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

- the costs of customizing IBX data centers for foreign countries;
- protectionist laws and business practices favoring local competition;
- greater difficulty or delay in accounts receivable collection;
- difficulties in staffing and managing foreign operations, including negotiating with foreign labor unions or workers' councils;
- difficulties in managing across cultures and in foreign languages;
- political and economic instability;
- fluctuations in currency exchange rates;
- difficulties in repatriating funds from certain countries;
- our ability to obtain, transfer, or maintain licenses required by governmental entities with respect to our business;
- unexpected changes in regulatory, tax and political environments;
- our ability to secure and maintain the necessary physical and telecommunications infrastructure;
- compliance with the Foreign Corrupt Practices Act; and
- compliance with evolving governmental regulation with which we have little experience.

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

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

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

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

Some customers have increased their use of high-density-power equipment, such as blade servers, in our IBX data centers which has increased the demand for power on a per cabinet basis. Because many of our IBX data centers were built a number of years ago, the current demand for power may exceed the designed electrical capacity in these centers. As power, not space, is a limiting factor in many of our IBX data centers, our ability to fully utilize those IBX data centers may be limited. The ability to increase the power capacity of an IBX data center, should we decide to, is dependent on several factors including, but not limited to, the local utility's ability to provide additional power; the length of time required to provide such power; and/or whether it is feasible to upgrade the electrical infrastructure of an IBX data center to deliver additional power to customers. Although we are currently designing and building to a higher power specification than that of many of our older IBX data centers, there is a risk that demand will continue to increase and our IBX data centers could become underutilized sooner than expected.

We expect our operating results to fluctuate.

We have experienced fluctuations in our results of operations on a quarterly and annual basis. The fluctuations in our operating results may cause the market price of our common stock to be volatile. We may experience significant fluctuations in our operating results in the foreseeable future due to a variety of factors, including, but not limited to:

- fluctuations of foreign currencies in the markets in which we operate;
- the timing and magnitude of depreciation and interest expense or other expenses related to the acquisition, purchase or construction of additional IBX data centers or the upgrade of existing IBX data centers;
- demand for space, power and services at our IBX data centers;
- changes in general economic conditions, such as an economic downturn, or specific market conditions in the telecommunications and Internet industries, both of which may have an impact on our customer base;
- charges to earnings resulting from past acquisitions due to, among other things, impairment of goodwill or intangible assets, reduction in the useful lives of intangible assets acquired, identification of additional assumed contingent liabilities or revised estimates to restructure an acquired company's operations;
- the duration of the sales cycle for our offerings and our ability to ramp our newly-hired sales persons to full productivity within the time period we have forecasted;

- restructuring charges or reversals of existing restructuring charges, which may be necessary due to revised sublease assumptions, changes in strategy or otherwise;
- acquisitions or dispositions we may make;
- the financial condition and credit risk of our customers;
- the provision of customer discounts and credits;
- the mix of current and proposed products and offerings and the gross margins associated with our products and offerings;
- the timing required for new and future centers to open or become fully utilized;
- competition in the markets in which we operate;
- conditions related to international operations;
- increasing repair and maintenance expenses in connection with aging IBX data centers;
- lack of available capacity in our existing IBX data centers to generate new revenue or delays in opening up new or acquired IBX data centers that delay our ability to generate new revenue in markets which have otherwise reached capacity;
- changes in rent expense as we amend our IBX data center leases in connection with extending their lease terms when their initial lease term expiration dates approach or changes in shared operating costs in connection with our leases, which are commonly referred to as common area maintenance expenses;
- the timing and magnitude of other operating expenses, including taxes, expenses related to the expansion of sales, marketing, operations and acquisitions, if any, of complementary businesses and assets;
- the cost and availability of adequate public utilities, including power;
- changes in employee stock-based compensation;
- overall inflation;
- increasing interest expense due to any increases in interest rates and/or potential additional debt financings;
- a stock repurchase program;
- our proposed REIT conversion, including the timing of expenditures associated with the REIT conversion;
- changes in our tax planning strategies or failure to realize anticipated benefits from such strategies;
- changes in income tax benefit or expense; and
- changes in or new generally accepted accounting principles (“GAAP”) in the U.S. as periodically released by the Financial Accounting Standards Board (“FASB”).

Any of the foregoing factors, or other factors discussed elsewhere in this report, could have a material adverse effect on our business, results of operations and financial condition. Although we have experienced growth in revenues in recent quarters, this growth rate is not necessarily indicative of future operating results. Prior to 2008, we had generated net losses every fiscal year since inception. It is possible that we may not be able to generate net income on a quarterly or annual basis in the future. In addition, a relatively large portion of our expenses are fixed in the short-term, particularly with respect to lease and personnel expenses, depreciation and amortization and interest expenses. Therefore, our results of operations are particularly sensitive to fluctuations in revenues. As such, comparisons to prior reporting periods should not be relied upon as indications of our future performance. In addition, our operating results in one or more future quarters may fail to meet the expectations of securities analysts or investors.

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

As of December 31, 2012, our accumulated deficit was $110.4 million. Although we have generated net income for each fiscal year since 2008, which was our first full year of net income since our inception, we are also currently investing heavily in our future growth through the build out of multiple additional IBX data centers and IBX data center expansions as well as acquisitions of complementary businesses. As a result, we will incur higher depreciation and other operating expenses, as well as acquisition costs and interest expense, that may negatively impact our ability to sustain profitability in future periods unless and until these new IBX data centers generate enough revenue to exceed their operating costs and cover our additional overhead needed to scale our business for this anticipated growth. The current global financial crisis may also impact our ability to sustain profitability if we cannot generate sufficient revenue to offset the increased costs of our recently-opened IBX data centers or IBX data centers currently under construction. In addition, costs associated with the acquisition and integration of any acquired companies, as well as the additional interest expense associated with debt financing we have undertaken to fund our growth initiatives, may also negatively impact our ability to sustain profitability. Finally, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase profitability on a quarterly or annual basis.

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

While we own certain of our IBX data centers, others are leased under long-term arrangements with lease terms expiring at various dates through 2035. These leased centers have all been subject to significant development by us in order to convert them from, in most cases, vacant buildings or warehouses into IBX data centers. Most of our IBX data center leases have renewal options available to us. However, many of these renewal options provide for the rent to be set at then-prevailing market rates. To the extent that then-prevailing market rates are higher than present rates, these higher costs may adversely impact our business and results of operations.

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

The presence of diverse telecommunications carriers' fiber networks in our IBX data centers is critical to our ability to retain and attract new customers. We are not a telecommunications carrier, and as such we rely on third parties to provide our customers with carrier services. We believe that the availability of carrier capacity will directly affect our ability to achieve our projected results. We rely primarily on revenue opportunities from the telecommunications carriers' customers to encourage them to invest the capital and operating resources required to connect from their centers to our IBX data centers. Carriers will likely evaluate the revenue opportunity of an IBX data center based on the assumption that the environment will be highly competitive. We cannot provide assurance that each and every carrier will elect to offer its services within our IBX data centers or that once a carrier has decided to provide Internet connectivity to our IBX data centers that it will continue to do so for any period of time.

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

If the establishment of highly diverse Internet connectivity to our IBX data centers does not occur, is materially delayed or is discontinued, or is subject to failure, our operating results and cash flow will be adversely affected.

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

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

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

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

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

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

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

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

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

We are subject to various legal proceedings as described in Note 14 to Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. In addition, we may, in the future, be subject to other litigation. For example, securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities. Litigation can be lengthy, expensive, and divert management's attention and resources. Results cannot be predicted with certainty and an adverse outcome in litigation could result in monetary damages or injunctive relief that could seriously harm our business, results of operations, financial condition or cash flows.

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

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

Government regulation may adversely affect our business.

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

It also may take years to determine whether and how existing laws, such as those governing intellectual property, privacy, libel, telecommunications services and taxation, apply to the Internet and to related offerings such as ours, and substantial resources may be required to comply with regulations or bring any non-compliant business practices into compliance with such regulations. In addition, the development of the market for online commerce and the displacement of traditional telephony service by the Internet and related communications services may prompt an increased call for more stringent consumer protection laws or other regulation both in the U.S. and abroad that may impose additional burdens on companies conducting business online and their service providers.

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

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

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

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

The continued threat of terrorist activity and other acts of war or hostility contribute to a climate of political and economic uncertainty. Due to existing or developing circumstances, we may need to incur additional costs in the future to provide enhanced security, including cybersecurity, which would have a material adverse effect on our business and results of operations. These circumstances may also adversely affect our ability to attract and retain customers, our ability to raise capital and the operation and maintenance of our IBX data centers.

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

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

ITEM 2. PROPERTIES

Our executive offices are located in Redwood City, California, and we also have sales offices in several cities throughout the U.S. Our Asia-Pacific headquarters office is located in Hong Kong and we also have office space in Shanghai, China; Singapore; Tokyo, Japan; and Sydney, Australia, which is contained in one of our IBX data centers there. Our EMEA headquarters office is located in London, United Kingdom and our regional sales offices in EMEA are based in our IBX data centers in EMEA. We have entered into leases for certain of our IBX data centers in Atlanta, Georgia; New York, New York; Dallas, Texas; Chicago, Illinois; Englewood, Colorado; Los Angeles, Palo Alto, San Jose, Santa Clara and Sunnyvale, California; Miami, Florida; Newark, North Bergen and Secaucus, New Jersey; Philadelphia, Pennsylvania; Reston and Vienna, Virginia; Seattle, Washington; Toronto, Canada; Waltham, Massachusetts and Rio De Janeiro and Sao Paolo, Brazil in the Americas region; Shanghai, China; Hong Kong; Singapore; Sydney, Australia and Tokyo, Japan in the Asia-Pacific region; Dubai, U.A.E.; London, United Kingdom; Paris, France; Frankfurt, Munich and Dusseldorf, Germany; Zurich and Geneva, Switzerland and Enschede and Zwolle, the Netherlands in the EMEA region. We own certain of our IBX data centers in Ashburn, Virginia; Chicago, Illinois; Los Angeles and San Jose, California; Paris, France; Frankfurt, Germany and Amsterdam, the Netherlands. We own campuses in Ashburn, Virginia, Silicon Valley and Frankfurt, Germany that house some of our IBX data centers mentioned in the preceding sentence.

ITEM 3. LEGAL PROCEEDINGS

Alleged Class Action and Shareholder Derivative Actions

On March 4, 2011, an alleged class action entitled Cement Masons & Plasterers Joint Pension Trust v. Equinix, Inc., et al., No. CV-11-1016-SC, was filed in the United States District Court for the Northern District

of California, against Equinix and two of our officers. The suit asserts purported claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 for allegedly misleading statements regarding our business and financial results. The suit is purportedly brought on behalf of purchasers of our common stock between July 29, 2010 and October 5, 2010, and seeks compensatory damages, fees and costs. Defendants filed a motion to dismiss on November 7, 2011. On March 2, 2012, the Court granted defendants' motion to dismiss without prejudice and gave plaintiffs thirty days in which to amend their complaint. Pursuant to stipulation and order of the court entered on March 16, 2012, the parties agreed that plaintiffs would have up to and through May 2, 2012 to file a Second Amended Complaint. On May 2, 2012 plaintiffs filed a Second Amended Complaint asserting the same basic allegations as in the prior complaint. On June 15, 2012, defendants moved to dismiss the Second Amended Complaint. On September 19, 2012, the Court took the hearing on defendants' motion to dismiss the Second Amended Complaint off calendar and notified the parties that it would make its decision on the pleadings. Subsequently, on September 24, 2012 the Court requested the parties submit supplemental briefing on or before October 9, 2012. The supplemental briefing was submitted on October 9, 2012. On December 5, 2012, the Court granted defendants' motion to dismiss the Second Amended Complaint without prejudice and on January 15, 2013, Plaintiffs filed their Third Amended Complaint. Defendants' response is due by February 26, 2013.

On March 8, 2011, an alleged shareholder derivative action entitled Rikos v. Equinix, Inc., et al., No. CGC-11-508940, was filed in California Superior Court, County of San Francisco, purportedly on behalf of Equinix, and naming Equinix (as a nominal defendant), the members of our board of directors, and two of our officers as defendants. The suit is based on allegations similar to those in the federal securities class action and asserts causes of action against the individual defendants for breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets and unjust enrichment. By agreement and order of the court, this case has been temporarily stayed pending proceedings in the class action, and, pursuant to that agreement, defendants need not respond to the complaint at this time.

On May 20, 2011, an alleged shareholder derivative action entitled Stopa v. Clontz, et al., No. CV-11-2467-SC, was filed in the U.S. District Court for the Northern District of California, purportedly on behalf of Equinix, naming Equinix (as a nominal defendant) and the members of our board of directors as defendants. The suit is based on allegations similar to those in the federal securities class action and the state court derivative action and asserts causes of action against the individual defendants for breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement and waste of corporate assets. On June 10, 2011, the Court signed an order relating this case to the federal securities class action. Plaintiffs filed an amended complaint on December 14, 2011. By agreement and order of the court, this case has been temporarily stayed pending proceedings in the class action, and, pursuant to that agreement, defendants need not respond to the complaint at this time.

We make a provision for a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. Unless otherwise specifically disclosed here or in Note 14 to Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, we have determined that no provision for liability nor disclosure is required related to any claim against us because: (a) there is not a reasonable possibility that a loss exceeding amounts already recognized, if any, may be incurred with respect to such claim; (b) a reasonably possible loss or range of loss cannot be estimated; or (c) such estimate is immaterial.

Due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of these matters, and are unable at this time to determine whether the outcome of the litigation would have a material impact on our results of operations, financial condition or cash flows.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

PART II

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

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

	Low	High
Fiscal 2012:		
Fourth Fiscal Quarter	$172.90	$ 206.20
Third Fiscal Quarter	161.37	206.05
Second Fiscal Quarter	147.70	175.65
First Fiscal Quarter	100.90	157.45
Fiscal 2011:		
Fourth Fiscal Quarter	$ 84.27	$ 104.21
Third Fiscal Quarter	82.03	105.87
Second Fiscal Quarter	91.42	101.40
First Fiscal Quarter	82.00	92.43

As of January 31, 2013, we had 48,803,656 shares of our common stock outstanding held by approximately 208 registered holders.

We have never declared or paid any cash dividends on our common stock. However, if we are successful in pursuing our planned REIT conversion, we expect to become a dividend-paying company in the future. Until such time that we complete all significant actions necessary to qualify as a REIT, we intend to retain our earnings, if any, for future growth.

During the year ended December 31, 2012, we did not issue or sell any securities on an unregistered basis.

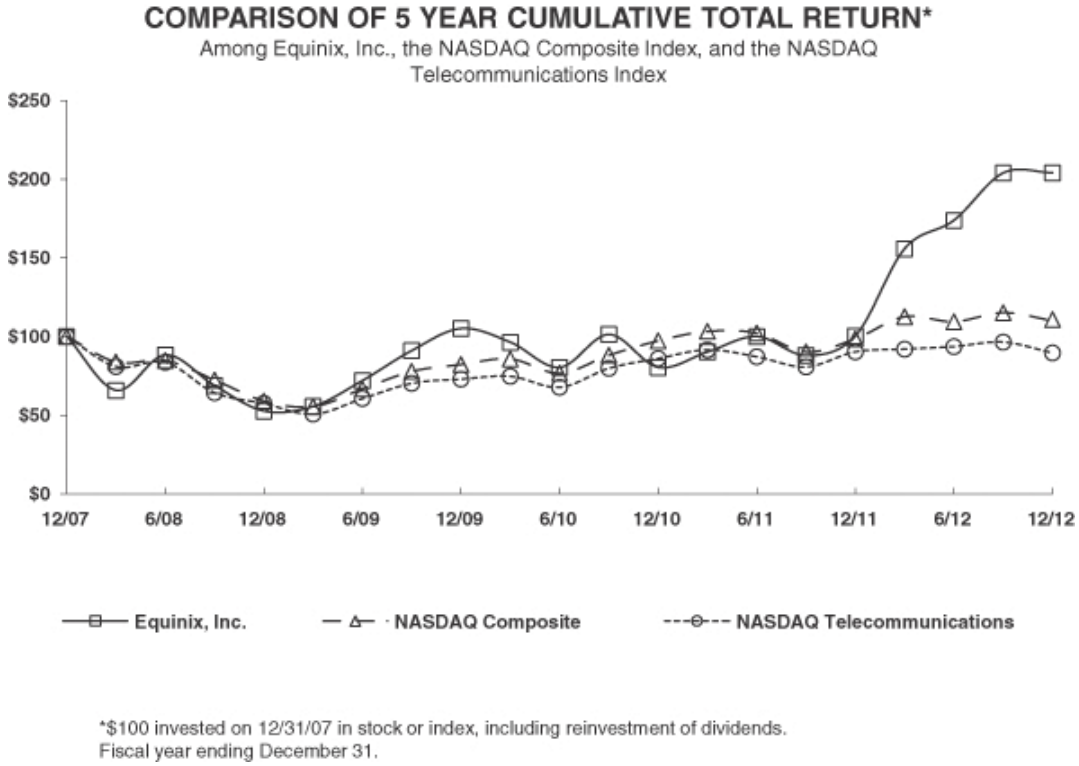
Purchases of Equity Securities by Issuer

In November 2011, our board of directors approved a share repurchase program to repurchase up to $250.0 million in value of our common stock in the open market or private transactions through December 31, 2012. There were no share repurchases during the three months ended December 31, 2012. The share repurchase program expired on December 31, 2012, and the unused balance under the share repurchase program was $150.0 million. For additional information, see "Share Repurchase Program" in Note 11 of our Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Stock Performance Graph

The graph set forth below compares the cumulative total stockholder return on Equinix's common stock between December 31, 2007 and December 31, 2012 with the cumulative total return of (i) The NASDAQ Composite Index and (ii) The NASDAQ Telecommunications Index. This graph assumes the investment of $100.00 on December 31, 2007 in Equinix's common stock, in The NASDAQ Composite Index, and in The NASDAQ Telecommunications Index, and assumes the reinvestment of dividends, if any.

Equinix cautions that the stock price performance shown in the graph below is not indicative of, nor intended to forecast, the potential future performance of Equinix's common stock.



*$100 invested on 12/31/07 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

Notwithstanding anything to the contrary set forth in any of Equinix's previous or future filings under the Securities Act of 1933, as amended, or Securities Exchange Act of 1934, as amended, that might incorporate this Annual Report on Form 10-K or future filings made by Equinix under those statutes, the stock performance graph shall not be deemed filed with the Securities and Exchange Commission and shall not be deemed incorporated by reference into any of those prior filings or into any future filings made by Equinix under those statutes.

ITEM 6. SELECTED FINANCIAL DATA

The following consolidated statement of operations data for the five years ended December 31, 2012 and the consolidated balance sheet data as of December 31, 2012, 2011, 2010, 2009 and 2008 have been derived from our audited consolidated financial statements and the related notes. Our historical results are not necessarily indicative of the results to be expected for future periods. The following selected consolidated financial data for the three years ended December 31, 2012 and as of December 31, 2012 and 2011, should be read in conjunction with our audited consolidated financial statements and the related notes in Item 8 of this Annual Report on Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this Annual Report on Form 10-K. In addition, we completed an acquisition of a Dubai IBX data center in November 2012 and acquisitions of Asia Tone Limited and ancotel GmbH in July 2012, an acquisition of an indirect controlling interest in ALOG Data Centers do Brasil S.A. in April 2011 and an acquisition of Switch and Data Facilities Company, Inc. in April 2010. We sold 16 of our IBX data centers located throughout the U.S. in November 2012. For further information on these acquisitions and our discontinued operations, refer to Notes 2 and 4, respectively, of our Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

	Years ended December 31,				
	2012	2011	2010	2009	2008
	(dollars in thousands, except per share data)				
Consolidated Statement of Operations Data:					
Revenues	$ 1,895,744	$1,569,784	$1,196,214	$882,509	$ 704,680
Costs and operating expenses:					
Cost of revenues	943,995	833,851	652,156	483,420	414,799
Sales and marketing	202,914	158,347	110,765	63,584	66,913
General and administrative	329,399	265,554	220,618	155,324	146,564
Restructuring charges	—	3,481	6,734	(6,053)	3,142
Impairment charges	9,861	—	—	—	—
Acquisition costs	8,822	3,297	12,337	5,155	—
Total costs and operating expenses	1,494,991	1,264,530	1,002,610	701,430	631,418
Income from continuing operations	400,753	305,254	193,604	181,079	73,262
Interest income	3,466	2,280	1,515	2,384	8,940
Interest expense	(200,328)	(181,303)	(140,475)	(74,232)	(61,677)
Other-than-temporary impairment (loss) recovery on investments	—	—	3,626	(2,590)	(1,527)
Other income (loss)	(2,208)	2,821	692	2,387	1,307
Loss on debt extinguishment and interest rate swaps, net	(5,204)	—	(10,187)	—	—
Income from continuing operations before income taxes	196,479	129,052	48,775	109,028	20,305
Income tax benefit (expense)	(61,783)	(37,451)	(12,562)	(39,597)	87,619
Net income from continuing operations	134,696	91,601	36,213	69,431	107,924
Net income from discontinued operations, net of tax	13,086	1,009	668	—	—
Net income	147,782	92,610	36,881	69,431	107,924
Net (income) loss attributable to redeemable non-controlling interests	(3,116)	1,394	—	—	—
Net income attributable to Equinix	$ 144,666	$ 94,004	$ 36,881	$ 69,431	$ 107,924

	Years ended December 31,				
	2012	2011	2010	2009	2008
	(dollars in thousands, except per share data)				
Earnings per share ("EPS")attributable to Equinix:					
Basic EPS from continuing operations	$ 2.74	$ 1.74	$ 0.83	$ 1.80	$ 2.91
Basic EPS from discontinued operations	0.27	0.02	0.01	—	—
Basic EPS	$ 3.01	$ 1.76	$ 0.84	$ 1.80	$ 2.91
Weighted average shares—basic	48,004	46,956	43,742	38,488	37,120
Diluted EPS from continuing operations	$ 2.67	$ 1.70	$ 0.81	$ 1.75	$ 2.79
Diluted EPS from discontinued operations	0.25	0.02	0.01	—	—
Diluted EPS	$ 2.92	$ 1.72	$ 0.82	$ 1.75	$ 2.79
Weighted average shares—diluted	51,816	47,898	44,810	39,676	41,582

	Years ended December 31,				
	2012	2011	2010	2009	2008
	(dollars in thousands)				
Other Financial Data (1):					
Net cash provided by operating activities	$ 632,026	$ 587,609	$ 392,872	$ 355,492	$267,558
Net cash used in investing activities	(442,873)	(1,499,444)	(600,969)	(558,178)	(478,040)
Net cash provided by (used in) financing activities	(222,721)	748,728	309,686	323,598	145,106

(1) For a discussion of our primary non-GAAP financial metric, adjusted EBITDA, see our non-GAAP financial measures discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this Annual Report on Form 10-K.

	As of December 31,				
	2012	2011	2010	2009	2008
	(dollars in thousands)				
Consolidated Balance Sheet Data:					
Cash, cash equivalents and short-term and long-term investments	$ 546,524	$ 1,076,345	$ 592,839	$ 604,367	$ 307,945
Accounts receivable, net	163,840	139,057	116,358	64,767	66,029
Property, plant and equipment, net	3,918,999	3,225,912	2,650,953	1,808,115	1,492,830
Total assets	6,132,964	5,785,324	4,448,009	3,038,150	2,434,736
Capital lease and other financing obligations, excluding current portion	545,853	390,269	253,945	154,577	133,031
Mortgage and loans payable, excluding current portion	188,802	168,795	100,337	371,322	386,446
Senior notes	1,500,000	1,500,000	750,000	—	—
Convertible debt, excluding current portion	708,726	694,769	916,337	893,706	608,510
Redeemable non-controlling interests	84,178	67,601	—	—	—
Total stockholders' equity	2,335,273	1,952,212	1,880,515	1,182,483	916,661

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

The following commentary should be read in conjunction with the financial statements and related notes contained elsewhere in this Annual Report on Form 10-K. The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, the words "believes," "anticipates," "plans," "expects," "intends" and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a discrepancy include, but are not limited to, those discussed in "Liquidity and Capital Resources" and "Risk Factors" elsewhere in this Annual Report on Form 10-K. All forward-looking statements in this document are based on information available to us as of the date hereof and we assume no obligation to update any such forward-looking statements.

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

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

In November 2012, as more fully described in Note 2 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, we entered into an alliance agreement with Emirates Integrated Telecommunications Company PJSC, commercially branded and referred to as du, to deliver colocation and interconnection offerings to customers in the Middle East. We entered into an asset sale and purchase agreement with E-Hosting DataFort FZ, LLC, referred to as EHDF, for a substantially completed data center located in Dubai for cash consideration of approximately $22.9 million. We also entered a lease agreement with Tecom Investment FZ, LLC, referred to as Tecom, for the underlying building space where the data center assets that were acquired by the Company from EHDF are located. Our IBX data center in Dubai opened for business in early 2013. We refer to this series of transactions collectively as the Dubai IBX data center acquisition.

In November 2012, as more fully described in Note 4 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, we sold 16 of our IBX data centers located throughout the U.S. for net proceeds of approximately $76.5 million, which resulted in an after-tax gain on disposal of discontinued operations of approximately $11.9 million. We refer to this transaction as the divestiture.

In September 2012, we announced that our board of directors approved a plan to pursue conversion to a real estate investment trust, which is referred to as a REIT. We refer to this conversion plan as the REIT conversion. If we are ultimately successful in converting to a REIT, we expect to elect REIT status for our taxable year beginning January 1, 2015. Please see "Potential REIT Conversion" in the below "Overview."

In July 2012, as more fully described in Note 2 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, we acquired certain assets and operations of Asia Tone Limited, referred to as

Asia Tone, a privately-owned company headquartered in Hong Kong, for gross cash consideration of approximately $230.5 million. We refer to this transaction as the Asia Tone acquisition. We agreed to pay net cash consideration of $202.4 million as a result of adjustments to the purchase price included in the purchase and sale agreement. Asia Tone operates six data centers and one disaster recovery center across locations in Hong Kong, Shanghai and Singapore. The Asia Tone acquisition included one data center under construction in Shanghai. The combined company operates under the Equinix name.

In July 2012, as more fully described in Note 2 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, we acquired 100% of the issued and outstanding share capital of ancotel GmbH, referred to as ancotel, a privately-owned company headquartered in Frankfurt, Germany for cash consideration of approximately $85.7 million. We refer to this transaction as the ancotel acquisition. ancotel operates one data center in Frankfurt and edge nodes in Hong Kong and London. The combined company operates under the Equinix name.

In June 2012, as more fully described in Note 9 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, we entered into a credit agreement with a group of lenders for a $750.0 million credit facility, comprised of a $200.0 million term loan facility, referred to as the U.S. term loan, and a $550.0 million multicurrency revolving credit facility, referred to as the U.S. revolving credit line. We refer to this transaction as the U.S. financing. In July 2012, we fully utilized the U.S. term loan and used the funds to prepay and terminate the Asia-Pacific financing.

Overview

Equinix provides global data center services that protect and connect the world's most valued information assets. Global enterprises, financial services companies, and content and network service providers rely upon Equinix's leading insight and data centers in 31 markets around the world for the safehousing of their critical IT equipment and the ability to directly connect to the networks that enable today's information-driven economy. Equinix offers the following solutions: (i) premium data center colocation, (ii) interconnection and (iii) exchange and outsourced IT infrastructure services. As of December 31, 2012, we operated or had partner IBX data centers in the Atlanta, Boston, Chicago, Dallas, Denver, Los Angeles, Miami, New York, Philadelphia, Rio De Janeiro, Sao Paulo, Seattle, Silicon Valley, Toronto and Washington, D.C. metro areas in the Americas region; France, Germany, Italy, the Netherlands, Switzerland and the United Kingdom in the EMEA region; and Australia, Hong Kong, Japan, China and Singapore in the Asia-Pacific region.

We leverage our global data centers in 31 markets around the world as a global platform which houses more than 90% of the world's Internet routes and allows our customers to increase information and application delivery performance while significantly reducing costs. Based on our global platform and the quality of our IBX data centers, we believe we have established a critical mass of customers. As more customers locate in our IBX data centers, it benefits their suppliers and business partners to colocate as well in order to gain the full economic and performance benefits of our offerings. These partners, in turn, pull in their business partners, creating a "marketplace" for their services. Our global platform enables scalable, reliable and cost-effective colocation, interconnection and traffic exchange thus lowering overall cost and increasing flexibility. Our focused business model is based on our critical mass of customers and the resulting "marketplace" effect. This global platform, combined with our strong financial position, continues to drive new customer growth and bookings as we drive scale into our global business.

Historically, our market has been served by large telecommunications carriers who have bundled their telecommunications products and services with their colocation offerings. The data center market landscape has evolved to include cloud computing/utility providers, application hosting providers and systems integrators, managed infrastructure hosting providers and colocation providers with over 350 companies providing data center solutions in the U.S. alone. Each of these data center solutions providers can bundle various colocation, interconnection and network offerings, and outsourced IT infrastructure services. We are able to offer our

customers a global platform that supports global reach to 15 countries, proven operational reliability, improved application performance and network choice, and a highly scalable set of offerings.

Excluding Asia Tone and ancotel, our customer count increased to approximately 6,093 as of December 31, 2012 versus approximately 5,538 as of December 31, 2011, an increase of 9%. This increase was due to organic growth in our business. Our utilization rate represents the percentage of our cabinet space billing versus net sellable cabinet space available, taking into account power limitations. Excluding Asia Tone and ancotel, our utilization rate decreased to approximately 76% as of December 31, 2012 versus approximately 80% as of December 31, 2011; however, excluding the impact of our IBX data center expansion projects that have opened during the last 12 months, our utilization rate would have increased to approximately 84% as of December 31, 2012. Our utilization rate varies from market to market among our IBX data centers across the Americas, EMEA and Asia-Pacific regions. We continue to monitor the available capacity in each of our selected markets. To the extent we have limited capacity available in a given market it may limit our ability for growth in that market. We perform demand studies on an ongoing basis to determine if future expansion is warranted in a market. In addition, power and cooling requirements for most customers are growing on a per unit basis. As a result, customers are consuming an increasing amount of power per cabinet. Although we generally do not control the amount of power our customers draw from installed circuits, we have negotiated power consumption limitations with certain of our high power demand customers. This increased power consumption has driven the requirement to build out our new IBX data centers to support power and cooling needs twice that of previous IBX data centers. We could face power limitations in our centers even though we may have additional physical cabinet capacity available within a specific IBX data center. This could have a negative impact on the available utilization capacity of a given center, which could have a negative impact on our ability to grow revenues, affecting our financial performance, operating results and cash flows.

Strategically, we will continue to look at attractive opportunities to grow our market share and selectively improve our footprint and offerings. As was the case with our recent expansions and acquisitions, our expansion criteria will be dependent on a number of factors such as demand from new and existing customers, quality of the design, power capacity, access to networks, capacity availability in the current market location, amount of incremental investment required by us in the targeted property, lead-time to break-even on a free cash flow basis and in-place customers. Like our recent expansions and acquisitions, the right combination of these factors may be attractive to us. Depending on the circumstances, these transactions may require additional capital expenditures funded by upfront cash payments or through long-term financing arrangements in order to bring these properties up to Equinix standards. Property expansion may be in the form of purchases of real property, long-term leasing arrangements or acquisitions. Future purchases, construction or acquisitions may be completed by us or with partners or potential customers to minimize the outlay of cash, which can be significant.

Our business is based on a recurring revenue model comprised of colocation and related interconnection and managed infrastructure offerings. We consider these offerings recurring because our customers are generally billed on a fixed and recurring basis each month for the duration of their contract, which is generally one to three years in length. Our recurring revenues have comprised more than 90% of our total revenues during the past three years. In addition, during the past three years, in any given quarter, greater than half of our monthly recurring revenue bookings came from existing customers, contributing to our revenue growth.

Our non-recurring revenues are primarily comprised of installation services related to a customer’s initial deployment and professional services that we perform. These services are considered to be non-recurring because they are billed typically once and upon completion of the installation or professional services work performed. The majority of these non-recurring revenues are typically billed on the first invoice distributed to the customer in connection with their initial installation. However, revenues from installation services are deferred and recognized ratably over the longer of the term of the related contract or expected life of the services. Additionally, revenue from contract settlements, when a customer wishes to terminate their contract early, is recognized when no remaining performance obligations exist and collectability is reasonably assured, to the extent that the revenue has not previously been recognized. As a percentage of total revenues, we expect non-recurring revenues to represent less than 10% of total revenues for the foreseeable future.

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

The largest components of our cost of revenues are depreciation, rental payments related to our leased IBX data centers, utility costs, including electricity and bandwidth, IBX data center employees' salaries and benefits, including stock-based compensation, repairs and maintenance, supplies and equipment and security services. A substantial majority of our cost of revenues is fixed in nature and should not vary significantly from period to period, unless we expand our existing IBX data centers or open or acquire new IBX data centers. However, there are certain costs which are considered more variable in nature, including utilities and supplies, that are directly related to growth in our existing and new customer base. We expect the cost of our utilities, specifically electricity, will generally increase in the future on a per-unit or fixed basis in addition to the variable increase related to the growth in consumption by the customer. In addition, the cost of electricity is generally higher in the summer months as compared to other times of the year. To the extent we incur increased utility costs, such increased costs could materially impact our financial condition, results of operations and cash flows. Furthermore, to the extent we incur increased electricity costs as a result of either climate change policies or the physical effects of climate change, such increased costs could materially impact our financial condition, results of operations and cash flows.

Sales and marketing expenses consist primarily of compensation and related costs for sales and marketing personnel, including stock-based compensation, sales commissions, marketing programs, public relations, promotional materials and travel, as well as bad debt expense and amortization of customer contract intangible assets.

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

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

Potential REIT Conversion

On September 13, 2012, we announced that our board of directors approved a plan for Equinix to pursue conversion to a REIT. We have begun implementation of the REIT conversion, and we plan to make a tax election for REIT status for the taxable year beginning January 1, 2015. Any REIT election made by us must be effective as of the beginning of a taxable year; therefore, as a calendar year taxpayer, if we are unable to convert to a REIT by January 1, 2015, the next possible conversion date would be January 1, 2016.

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

The REIT conversion implementation currently includes seeking a PLR from the IRS. Our PLR request has multiple components, and the conversion to a REIT will require favorable rulings from the IRS on numerous technical tax issues, including classification of our data center assets as qualified real estate assets. We submitted the PLR request to the IRS in 2012, but the IRS may not provide a PLR until late in 2013 or at all.

We currently estimate that we will incur approximately $50.0 to $80.0 million in costs to support the REIT conversion, in addition to related tax liabilities associated with a change in our method of depreciating and amortizing various data center assets for tax purposes from our current method to methods that are more consistent with the characterization of such assets as real property for REIT purposes. The total recapture of depreciation and amortization expenses across all relevant assets is expected to result in federal and state tax liability of approximately $340.0 to $420.0 million, which amount will be payable in the four-year period starting in 2012 even if we abandon the REIT conversion for any reason, including the failure to receive the PLR we are seeking. Prior to the decision to convert to a REIT, our balance sheet reflected our income tax liability as a non-current deferred tax liability. As a result of the decision to convert to a REIT, our non-current tax liability will be gradually and proportionally reclassified from non-current to current over the four-year period, which started in the third quarter of 2012. The current liability reflects the tax liability that relates to additional taxable income expected to be recognized within the twelve-month period from the date of the balance sheet. If the REIT conversion is successful, we also expect to incur an additional $5.0 to $10.0 million in annual compliance costs in future years. We expect to pay between $175.0 to $250.0 million in cash taxes during 2013.

Results of Operations

Our results of operations for year ended December 31, 2012 include the operations of the Dubai IBX data center acquisition from November 9, 2012, Asia Tone from July 4, 2012 and ancotel from July 3, 2012. Our results of operations for the year ended December 31, 2011 include the operations of ALOG from April 25, 2011. Our results of operations for the year ended December 31, 2010 include the operations of Switch & Data Facilities Company, Inc., which is referred to as Switch and Data, from May 1, 2010.

Discontinued Operations

We present the results of operations associated with 16 of our IBX centers that we sold as net income from discontinued operations in our consolidated statements of operations. Our results of operations have been reclassified to reflect our discontinued operations for all periods presented. Unless otherwise stated, the results of operations discussed herein refer to our continuing operations.

Constant Currency Presentation

Our revenues and certain operating expenses (cost of revenues, sales and marketing and general and administrative expenses) from our international operations have represented and will continue to represent a significant portion of our total revenues and certain operating expenses. As a result, our revenues and certain operating expenses have been and will continue to be affected by changes in the U.S. dollar against major international currencies such as the Brazilian reais, British pound, Canadian dollar, Euro, Swiss franc, Australian dollar, Chinese Yuan, Hong Kong dollar, Japanese yen and Singapore dollar. In order to provide a framework for assessing how each of our business segments performed excluding the impact of foreign currency fluctuations, we present period-over-period percentage changes in our revenues and certain operating expenses on a constant currency basis in addition to the historical amounts as reported. Presenting constant currency results of operations is a non-GAAP financial measure and is not meant to be considered in isolation or as an alternative to GAAP results of operations. However, we have presented this non-GAAP financial measure to provide investors with an additional tool to evaluate our operating results. To present this information, our current and comparative prior period revenues and certain operating expenses from entities reporting in currencies other than the U.S. dollar are converted into U.S. dollars at constant exchange rates rather than the actual exchange rates in effect during the respective periods (i.e. average rates in effect for the year ended December 31, 2011 are used as exchange rates for the year ended December 31, 2012 when comparing the year ended December 31, 2012 with the year ended December 31, 2011, and average rates in effect for the year ended December 31, 2010 are used as exchange rates for the year ended December 31, 2011 when comparing the year ended December 31, 2011 with the year ended December 31, 2010).

Years Ended December 31, 2012 and 2011

Revenues. Our revenues for the years ended December 31, 2012 and 2011 were generated from the following revenue classifications and geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2012	%	2011	%	Actual	Constant currency
Americas:						
Recurring revenues	$1,114,579	59%	$ 959,907	61%	16%	16%
Non-recurring revenues	45,895	2%	35,808	2%	28%	30%
	1,160,474	61%	995,715	63%	17%	17%
EMEA:						
Recurring revenues	400,002	21%	328,355	21%	22%	28%
Non-recurring revenues	33,448	2%	29,867	2%	12%	19%
	433,450	23%	358,222	23%	21%	27%
Asia-Pacific:						
Recurring revenues	284,662	15%	204,152	13%	39%	39%
Non-recurring revenues	17,158	1%	11,695	1%	47%	46%
	301,820	16%	215,847	14%	40%	39%
Total:						
Recurring revenues	1,799,243	95%	1,492,414	95%	21%	22%
Non-recurring revenues	96,501	5%	77,370	5%	25%	28%
	$1,895,744	100%	$1,569,784	100%	21%	22%

Americas Revenues. Growth in Americas revenues was primarily due to (i) $27.2 million of incremental revenue from ALOG ($74.1 million of full-year revenue contributions from ALOG during the year ended December 31, 2012 as compared to $46.9 million of partial-year revenue contributions during the year ended December 31, 2011), (ii) $26.5 million of revenue generated from our recently-opened IBX data centers and IBX

data center expansions in the Dallas, Miami, New York and Washington, D.C. metro areas and (iii) an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our customer count and utilization rate, as discussed above. We expect that our Americas revenues will continue to grow in future periods as a result of continued growth through recently-opened IBX data center expansions and additional IBX data center expansions currently taking place in the Chicago, Seattle, Toronto and Washington, D.C. metro areas, which are expected to open during 2013 and 2014. Our estimates of future revenue growth take account of expected changes in recurring revenues attributable to customer bookings, customer churn or changes or amendments to customers' contracts.

EMEA Revenues. During the years ended December 31, 2012 and 2011, our revenues from the United Kingdom, the largest revenue contributor in the EMEA region for the period, represented approximately 38% and 36%, respectively, of the regional revenues. Our EMEA revenue growth was due to (i) $11.5 million of additional revenue resulting from the ancotel acquisition, (ii) $31.8 million of revenue from our recently-opened IBX data center expansions in the Amsterdam, Frankfurt, London and Paris metro areas and (iii) an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our customer count and utilization rate, as discussed above, in both our new and existing IBX data centers. During the year ended December 31, 2012, the U.S. dollar was generally stronger relative to the British pound, Euro and Swiss Franc than during the year ended December 31, 2011, resulting in approximately $22.8 million of unfavorable foreign currency impact to our EMEA revenues during the year ended December 31, 2012 on a constant currency basis. We expect that our EMEA revenues will continue to grow in future periods as a result of the ancotel acquisition and our continued growth through recently-opened IBX data center expansions and additional IBX data center expansions currently taking place in the Dubai, Frankfurt and Zurich metro areas, which are expected to open during 2013. Our estimates of future revenue growth take into account expected changes in recurring revenues attributable to customer bookings, customer churn or changes or amendments to customers' contracts.

Asia-Pacific Revenues. Our revenues from Singapore, the largest revenue contributor in the Asia-Pacific region, represented approximately 37% and 40%, respectively, of the regional revenues for the years ended December 31, 2012 and 2011. Our Asia-Pacific revenue growth was due to (i) $23.1 million of additional revenue resulting from the Asia Tone acquisition, (ii) $9.5 million of revenue generated from our recently-opened IBX center expansions in the Hong Kong, Shanghai, Singapore and Sydney metro areas and (iii) an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our customer count and utilization rate, as discussed above, in both our new and existing IBX data centers. For the year ended December 31, 2012, the impact of foreign currency fluctuations on our Asia-Pacific revenues was not significant on a constant currency basis. We expect that our Asia-Pacific revenues will continue to grow in future periods as a result of the Asia Tone acquisition and our continued growth through recently-opened IBX data center expansions and additional IBX data center expansions currently taking place in the Shanghai, Singapore and Tokyo metro areas, which are expected to open during 2013. Our estimates of future revenue growth take into account expected changes in recurring revenues attributable to customer bookings, or changes or amendments to customers' contracts.

Cost of Revenues. Our cost of revenues for the years ended December 31, 2012 and 2011 were split among the following geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2012	%	2011	%	Actual	Constant currency
Americas.	$532,691	57%	$ 491,460	59%	8%	8%
EMEA	230,239	24%	212,967	26%	8%	15%
Asia-Pacific	181,065	19%	129,424	15%	40%	40%
Total	$943,995	100%	$ 833,851	100%	13%	15%

	Years ended December 31,	
	2012	2011
Cost of revenues as a percentage of revenues:		
Americas .	46%	49%
EMEA	53%	5 9%
Asia-Pacific	60%	60%
Total	50%	53%

Americas Cost of Revenues. Our Americas cost of revenues for the years ended December 31, 2012 and 2011 included $196.1 million and $178.6 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to both our organic IBX data center expansion activity and acquisitions. Excluding depreciation expense, the increase in our Americas cost of revenues was primarily due to (i) $9.4 million of incremental Americas cost of revenues resulting from the ALOG acquisition, (ii) $7.0 million of higher compensation costs, including general salaries, bonuses and stock-based compensation cost and (iii) $5.9 million of higher costs associated with certain revenues from offerings provided to customers. We expect Americas cost of revenues to increase as we continue to grow our business.

EMEA Cost of Revenues. EMEA cost of revenues for the years ended December 31, 2012 and 2011 included $69.4 million and $67.0 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to both our organic IBX data center expansion activity and acquisitions. Excluding depreciation expense, the increase in EMEA cost of revenues was primarily due to (i) $4.4 million of additional cost of revenues resulting from the ancotel acquisition, (ii) an increase of $6.5 million in utility costs arising from increased customer installations and revenues attributed to customer growth and (iii) $3.2 million of higher costs associated with costs of equipment sales. During the year ended December 31, 2012, the U.S. dollar was generally stronger relative to the British pound, Euro and Swiss franc than during the year ended December 31, 2011, resulting in approximately $13.7 million of favorable foreign currency impact to our EMEA cost of revenues during the year ended December 31, 2012 on a constant currency basis. We expect EMEA cost of revenues to increase as we continue to grow our business including costs related to the Dubai IBX data center acquisition.

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues for the years ended December 31, 2012 and 2011 included $71.8 million and $46.7 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to both our organic IBX data center expansion activity and the Asia Tone acquisition. Excluding depreciation expense, the increase in Asia-Pacific cost of revenues was primarily due to (i) $10.1 million of additional cost of revenues resulting from the Asia Tone acquisition, (ii) $10.7 million in higher utility costs and (iii) $2.9 million of higher compensation expense, including general salaries, bonuses and headcount growth (192 Asia-Pacific employees as of December 31, 2012 versus 153 as of December 31, 2011). For the year ended December 31, 2012, the impact of foreign currency fluctuations on our Asia-Pacific cost of revenues was not significant on a constant currency basis. We expect Asia-Pacific cost of revenues to increase as we continue to grow our business.

Sales and Marketing Expenses. Our sales and marketing expenses for the years ended December 31, 2012 and 2011 were split among the following geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2012	%	2011	%	Actual	Constant currency
Americas.	$122,970	61%	$ 103,435	6 5%	19%	19%
EMEA	52,595	26%	36,528	23%	44%	49%
Asia-Pacific	27,349	13%	18,384	12%	49%	48%
Total	$ 202,914	100%	$158,347	100%	28%	29%

	Years ended December 31,	
	2012	2011
Sales and marketing expenses as a percentage of revenues:		
Americas	11%	10%
EMEA	12%	10%
Asia-Pacific	9%	9%
Total	11%	10%

Americas Sales and Marketing Expenses. The increase in our Americas sales and marketing expenses was due to (i) $3.8 million of incremental sales and marketing expenses resulting from the ALOG acquisition, (ii) $11.4 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (256 Americas sales and marketing employees as of December 31, 2012 versus 241 as of December 31, 2011) and (iii) $3.4 million of professional fees to support our growth. Over the past several years, we have been investing in our Americas sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts and, as a result, our Americas sales and marketing expenses as a percentage of revenues have increased. Although we anticipate that we will continue to invest in Americas sales and marketing initiatives, we believe our Americas sales and marketing expenses as a percentage of revenues will remain at approximately current levels over the next year but should ultimately decrease as we continue to grow our business.

EMEA Sales and Marketing Expenses. The increase in our EMEA sales and marketing expenses was primarily due to (i) $4.6 million of additional sales and marketing expenses resulting from the ancotel acquisition and (ii) $7.7 million of higher compensation costs, including sales compensation, general salaries, bonuses and stock-based compensation expense and headcount growth (148 EMEA sales and marketing employees as of December 31, 2012 versus 117 as of December 31, 2011). For the year ended December 31, 2012, the impact of foreign currency fluctuations on our EMEA sales and marketing expenses was not significant on a constant currency basis. Over the past several years, we have been investing in our EMEA sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts and, as a result, our EMEA sales and marketing expenses as a percentage of revenues have increased. Although we anticipate that we will continue to invest in EMEA sales and marketing initiatives, we believe our EMEA sales and marketing expenses as a percentage of revenues will remain at approximately current levels over the next year or two but should ultimately decrease as we continue to grow our business.

Asia-Pacific Sales and Marketing Expenses. The increase in our Asia-Pacific sales and marketing expenses was primarily due to (i) $1.9 million of additional sales and marketing expenses resulting from the Asia Tone acquisition and (ii) $6.3 million of higher compensation costs, including sales compensation, general salaries, bonuses and headcount growth (95 Asia-Pacific sales and marketing employees as of December 31, 2012 versus 70 as of December 31, 2011). For the year ended December 31, 2012, the impact of foreign currency fluctuations on our Asia-Pacific sales and marketing expenses was not significant on a constant currency basis. Over the past several years, we have been investing in our Asia-Pacific sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts and, as a result, our Asia-Pacific sales and marketing expenses have increased. Although we anticipate that we will continue to invest in Asia-Pacific sales and marketing initiatives, we believe our Asia-Pacific sales and marketing expenses as a percentage of revenues will remain at approximately current levels over the next year or two but should ultimately decrease as we continue to grow our business.

General and Administrative Expenses. Our general and administrative expenses for the years ended December 31, 2012 and 2011 were split among the following geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2012	%	2011	%	Actual	Constant currency
Americas	$ 239,311	73%	$ 191,439	72%	25%	25%
EMEA	57,093	17%	48,936	18%	17%	20%
Asia-Pacific	32,995	10%	25,179	10%	31%	30%
Total	$329,399	100%	$265,554	100%	24%	25%

	Years ended December 31,	
	2012	2011
General and administrative expenses as a percentage of revenues:		
Americas .	21%	19%
EMEA	13%	14%
Asia-Pacific	11%	12%
Total	17%	17%

Americas General and Administrative Expenses. Our Americas general and administrative expenses, which include general corporate expenses, included $1.6 million of additional general and administrative expenses resulting from the ALOG acquisition. Excluding the ALOG acquisition, the increase in our Americas general and administrative expenses was primarily due to (i) $22.4 million of higher compensation costs, including general salaries, bonuses, stock-based compensation and headcount growth (605 Americas general and administrative employees as of December 31, 2012 versus 577 as of December 31, 2011), (ii) $15.4 million of higher professional fees to support our growth and our REIT conversion process and (iii) $4.8 million of higher depreciation expense as a result of our ongoing efforts to support our growth, such as investments in systems. Over the course of the past year, we have been investing in our Americas general and administrative functions to scale this region effectively for growth, which has included additional investments into improving our back office systems. We expect our current efforts to improve our back office systems will continue over the next several years. Going forward, although we are carefully monitoring our spending given the current economic environment, we expect Americas general and administrative expenses to increase as we continue to further scale our operations to support our growth, including this investment in our back office systems and the REIT conversion process.

EMEA General and Administrative Expenses. The increase in our EMEA general and administrative expenses was primarily due to $3.2 million of additional general and administrative expenses resulting from the ancotel acquisition and (ii) $5.9 million of higher compensation costs, including general salaries, bonuses and headcount growth (196 EMEA general and administrative employees as of December 31, 2012 versus 180 as of December 31, 2011), partially offset by $3.7 million of lower professional fees. For the year ended December 31, 2012, the impact of foreign currency fluctuations on our EMEA general and administrative expenses was not significant on a constant currency basis. Over the course of the past year, we have been investing in our EMEA general and administrative functions as a result of our ongoing efforts to scale this region effectively for growth. Going forward, although we are carefully monitoring our spending given the current economic environment, we expect our EMEA general and administrative expenses to increase in future periods as we continue to scale our operations to support our growth; however, as a percentage of revenues, we generally expect them to decrease.

Asia-Pacific General and Administrative Expenses. The increase in our Asia-Pacific general and administrative expenses was primarily due to $5.4 million of higher compensation costs, including general salaries, bonuses and headcount growth (166 Asia-Pacific general and administrative employees as of December 31, 2012 versus 153 as of December 31, 2011). For the year ended December 31, 2012, the impact of

foreign currency fluctuations on our Asia-Pacific general and administrative expenses was not significant on a constant currency basis. Going forward, although we are carefully monitoring our spending given the current economic environment, we expect Asia-Pacific general and administrative expenses to increase as we continue to scale our operations to support our growth; however, as a percentage of revenues, we generally expect them to decrease.

Restructuring Charges. During the year ended December 31, 2012, we did not record any restructuring charges. During the year ended December 31, 2011, we recorded restructuring charges totaling $3.5 million primarily related to revised sublease assumptions on our excess leased space in the New York metro area. Our excess leased space in the New York metro area remains abandoned and continues to carry a restructuring charge. For additional information, see "Restructuring Charges" in Note 17 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Impairment Charges. During the year ended December 31, 2012, we recorded impairment charges totaling $9.9 million as a result of the fair values of certain long-lived assets being lower than their carrying values due to our decision to abandon two properties in the Americas and Asia-Pacific regions. For additional information, see "Impairment of Long-Lived Assets" in Note 1 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. During the year ended December 31, 2011, no impairment charges were recorded.

Acquisition Costs. During the year ended December 31, 2012, we recorded acquisition costs totaling $8.8 million primarily attributed to the ancotel and Asia Tone acquisitions. During the year ended December 31, 2011, we recorded acquisition costs totaling $3.3 million primarily related to the ALOG acquisition.

Interest Income. Interest income increased to $3.5 million for the year ended December 31, 2012 from $2.3 million for the year ended December 31, 2011. Interest income increased primarily due to higher yields on invested balances. The average yield for the year ended December 31, 2012 was 0.43% versus 0.33% for the year ended December 31, 2011. We expect our interest income to remain at these low levels for the foreseeable future due to the impact of a continued low interest rate environment and a portfolio more weighted towards short-term securities.

Interest Expense. During the years ended December 31, 2012 and 2011, we recorded interest expense of $200.3 million and $181.3 million, respectively. This increase was primarily due to the impact of our $750.0 million 7.00% senior notes offering in July 2011, which resulted in an approximately $28.6 million increase in interest expense, and additional financings such as various capital lease and other financing obligations to support our expansion projects. This increase was partially offset by our settlement of the $250.0 million 2.50% convertible subordinated notes in April 2012, which resulted in an approximately $13.7 million decrease in interest expense. During the years ended December 31, 2012 and 2011, we capitalized $30.6 million and $13.6 million, respectively, of interest expense to construction in progress. Going forward, we expect our interest expense to increase by approximately $5.0 million annually as a result of our drawdown of the ALOG financing in July 2012. However, we may begin taking drawdowns from the U.S. revolving credit line under the U.S. financing or incur additional indebtedness to support our growth, resulting in further increases to our interest expense.

Other Income (Expense). For the year ended December 31, 2012, we recorded $2.2 million of other expense compared to $2.8 million of other income for the year ended December 31, 2011, primarily due to foreign currency exchange gains (losses) during the periods.

Loss on debt extinguishment. During the year ended December 31, 2012, we recorded $5.2 million of loss on debt extinguishment due to the repayment and termination of the Asia-Pacific financing. During the year ended December 31, 2011, no loss on debt extinguishment was recorded.

Income Taxes. During the year ended December 31, 2012, we recorded $61.8 million of income tax expense. The income tax expense recorded during the year ended December 31, 2012 was primarily a result of

applying the effective statutory tax rates to our operating income adjusted for permanent tax adjustments for the period and the assessments of valuation allowances of $5.4 million against the net deferred tax assets with certain foreign operating entities. During the year ended December 31, 2011, we recorded $37.5 million of income tax expense. The income tax expense recorded during the year ended December 31, 2011 was primarily a result of applying the effective statutory tax rates to our operating income adjusted for permanent tax adjustments for the period, partially offset by an income tax benefit due to the release of a valuation allowance of $2.5 million associated with certain foreign operating entities. The cash taxes for 2012 and 2011 were primarily for state and foreign income taxes.

In connection with the planned REIT Conversion, we changed our method of depreciating and amortizing various data center assets for tax purposes to methods more consistent with the characterization of such assets as real property for REIT purposes. As a result of this decision, we reclassified $89.2 million of non-current deferred tax liabilities to current deferred tax liabilities as of December 31, 2012 associated with taxes that are expected to be paid in the next 12 months. The change in depreciation and amortization method also increased our taxable income for 2012, resulting in an acceleration of the usage of our operating and windfall employee equity award net operating loss carryforwards. As a result of the tax depreciation method change, the taxable gain recognized in the divestiture and the level of operating profits, we utilized most of our net operating losses in the U.S. for which a deferred tax asset had been previously recognized and most of our windfall tax losses in the U.S. for which a deferred tax asset had not been previously recognized. We recorded excess income tax benefits of $84.7 million from stock-based compensation in our consolidated balance sheets.

Commencing with certain reorganization activities that we started during the fourth quarter of 2012, we will reassess the long-term profitability of certain of our operations that are currently incurring losses in EMEA. The reassessment may result in releases of valuation allowances that are currently assessed against the net deferred tax assets with these operations, which will affect our effective tax rate favorably at the time when such a benefit is recognized.

Net Income from Discontinued Operations. For the year ended December 31, 2012, our net income from discontinued operations was $13.1 million, consisting of $11.9 million from the gain on sale of discontinued operations, net of income tax, and $1.2 million of net income from discontinued operations. For the year ended December 31, 2011, our net income from discontinued operations was $1.0 million. For additional information, see “Discontinued Operations” in Note 4 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Years Ended December 31, 2011 and 2010

Revenues. Our revenues for the years ended December 31, 2011 and 2010 were generated from the following revenue classifications and geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2011	%	2010	%	Actual	Constant currency
Americas:						
Recurring revenues	$ 959,907	61%	$ 725,015	61%	32%	32%
Non-recurring revenues	35,808	2%	27,040	2%	32%	32%
	995,715	63%	752,055	63%	32%	32%
EMEA:						
Recurring revenues	328,355	21%	256,570	22%	28%	22%
Non-recurring revenues	29,867	2%	25,223	2%	18%	13%
	358,222	23%	281,793	24%	27%	21%
Asia-Pacific:						
Recurring revenues	204,152	13%	155,200	13%	32%	24%
Non-recurring revenues	11,695	1%	7,166	0%	63%	54%
	215,847	14%	162,366	13%	33%	25%
Total:						
Recurring revenues	1,492,414	95%	1,136,785	96%	31%	29%
Non-recurring revenues	77,370	5%	59,429	4%	30%	27%
	$1,569,784	100%	$1,196,214	100%	31%	29%

Americas Revenues. Growth in Americas revenues was primarily due to (i) additional revenues resulting from acquisitions, including $85.1 million of incremental revenue from Switch and Data ($214.0 million of full-year revenue contributions from Switch and Data during the year ended December 31, 2011 as compared to $128.8 million of partial-year revenue contributions during the year ended December 31, 2010) and $46.9 million of additional revenue resulting from the ALOG acquisition, (ii) $8.9 million of revenues generated from the IBX data centers we opened during the period and the IBX data centers we expanded during the period in the Chicago and Dallas metro areas and (iii) an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our customer count and utilization rate, as discussed above.

The following table presents our Americas revenues excluding the impact of acquisitions (dollars in thousands):

	Years ended December 31,		Change	
	2011	2010	$	%
Americas:				
Recurring revenues	$706,462	$598,860	$ 107,602	18%
Non-recurring revenues	28,430	24,355	4,075	17%
	$ 734,892	$ 623,215	$111,677	18%

EMEA Revenues. During the year ended December 31, 2011, our revenues from the United Kingdom, the largest revenue contributor in the EMEA region for the period, represented approximately 36% of the regional revenues. During the year ended December 31, 2010, our revenues from Germany, the largest revenue contributor in the EMEA region for the period, represented approximately 36% of the regional revenues. Our EMEA revenue growth was due to (i) $30.0 million of revenue from our recently-opened IBX data center

expansions in the Amsterdam, London and Paris metro areas and (ii) an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our customer count and utilization rate, as discussed above, in both our new and existing IBX data centers. During the year ended December 31, 2011, the U.S. dollar was generally weaker relative to the British pound, Euro and Swiss Franc than during the year ended December 31, 2010, resulting in approximately $17.3 million of favorable foreign currency impact to our EMEA revenues during the year ended December 31, 2011 on a constant currency basis.

Asia-Pacific Revenues. Our revenues from Singapore, the largest revenue contributor in the Asia-Pacific region, represented approximately 40% and 38%, respectively, of the regional revenues for the years ended December 31, 2011 and 2010. Our Asia-Pacific revenue growth was due to an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our customer count and utilization rate, as discussed above, in both our new and existing IBX data centers. During the year ended December 31, 2011, we recorded approximately $13.0 million of revenue generated from our recently-opened IBX center expansions in the Hong Kong, Singapore, Sydney and Tokyo metro areas. During the year ended December 31, 2011, the U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the year ended December 31, 2010, resulting in approximately $16.2 million of favorable foreign currency impact to our Asia-Pacific revenues during the year ended December 31, 2011 on a constant currency basis.

Cost of Revenues. Our cost of revenues for the years ended December 31, 2011 and 2010 were split among the following geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2011	%	2010	%	Actual	Constant currency
Americas.	$ 491,460	59%	$ 386,258	59%	27%	27%
EMEA	212,967	26%	176,937	27%	20%	13%
Asia-Pacific	129,424	15%	88,961	14%	45%	35%
Total	$ 833,851	100%	$652,156	100%	28%	24%

	Years ended December 31,	
	2011	2010
Cost of revenues as a percentage of revenues:		
Americas .	49%	51%
EMEA	59%	63%
Asia-Pacific	60%	55%
Total	53%	55%

Americas Cost of Revenues. Our Americas cost of revenues for the years ended December 31, 2011 and 2010 included $178.6 million and $140.8 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to both our organic IBX data center expansion activity and acquisitions. Excluding depreciation expense, the increase in our Americas cost of revenues was primarily due to (i) additional Americas cost of revenues resulting from the impact of acquisitions, such as $35.5 million of incremental cost of revenues from Switch and Data and $25.2 million of additional cost of revenues resulting from the ALOG acquisition, and (ii) an increase of $5.4 million in utility costs as a result of increased customer installations.

EMEA Cost of Revenues. EMEA cost of revenues for the years ended December 31, 2011 and 2010 included $67.0 million and $53.7 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to our IBX center expansion activity. Excluding depreciation expense, the increase in EMEA cost of revenues was primarily the result of costs associated with our expansion projects and overall growth in costs to support our revenue growth, such as (i) an increase of $8.8 million in utility costs arising from increased customer installations and revenues attributed to customer growth, (ii) $3.6 million of higher compensation

expense, including general salaries, bonuses and headcount growth (273 EMEA employees as of December 31, 2011 versus 231 as of December 31, 2010), (iii) $3.1 million increase in property taxes and rent and facility costs , (iv) $2.4 million of higher third-party services such as security and various consulting services and (v) $2.2 million of higher repair and maintenance costs. During the year ended December 31, 2011, the U.S. dollar was generally weaker relative to the British pound, Euro and Swiss franc than during the year ended December 31, 2010, resulting in approximately $11.2 million of unfavorable foreign currency impact to our EMEA cost of revenues during the year ended December 31, 2011 on a constant currency basis.

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues for the years ended December 31, 2011 and 2010 included $46.7 million and $28.1 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to our IBX center expansion activity. Excluding depreciation expense, the increase in Asia-Pacific cost of revenues was primarily the result of costs associated with our expansion projects and overall growth in costs to support our revenue growth, such as (i) $8.7 million in higher utility costs, (ii) an increase of $5.2 million of rent and facility costs, (iii) $2.7 million of higher compensation expense, including general salaries, bonuses and headcount growth (153 Asia-Pacific employees as of December 31, 2011 versus 104 as of December 31, 2010) and (iv) $2.3 million of higher costs related to customer installations. During the year ended December 31, 2011, the U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the year ended December 31, 2010, resulting in approximately $9.6 million of unfavorable foreign currency impact to our Asia-Pacific cost of revenues during the year ended December 31, 2011 on a constant currency basis.

Sales and Marketing Expenses. Our sales and marketing expenses for the years ended December 31, 2011 and 2010 were split among the following geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2011	%	2010	%	Actual	Constant currency
Americas	$ 103,435	65%	$ 72,605	65%	42%	42%
EMEA	36,528	23%	24,071	22%	52%	45%
Asia-Pacific	18,384	12%	14,089	13%	30%	24%
Total	$158,347	100%	$110,765	100%	43%	41%

	Years ended December 31,	
	2011	2010
Sales and marketing expenses as a percentage of revenues:		
Americas	10%	10%
EMEA	10%	9%
Asia-Pacific	9%	9%
Total	10%	9%

Americas Sales and Marketing Expenses. Our Americas sales and marketing expenses included $6.4 million of additional sales and marketing expenses from the ALOG acquisition. Excluding the impact of the ALOG acquisition, the increase in our Americas sales and marketing expenses was due to (i) $17.2 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (241 Americas sales and marketing employees as of December 31, 2011 versus 190 as of December 31, 2010), (ii) $2.9 million of higher bad debt expense, which is partially due to the revenue growth as discussed above and (iii) $2.4 million of higher recruiting costs and advertising and promotion costs.

EMEA Sales and Marketing Expenses. The increase in our EMEA sales and marketing expenses was primarily due to $8.2 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation expense and headcount growth (117 EMEA sales and marketing employees as of December 31, 2011 versus 87 as of December 31, 2010). During the year ended December 31, 2011, the U.S. dollar was generally weaker relative to the British pound, Euro and Swiss Franc than during the year ended

December 31, 2010, resulting in approximately $1.7 million of unfavorable foreign currency impact to our EMEA sales and marketing expenses during the year ended December 31, 2011 on a constant currency basis.

Asia-Pacific Sales and Marketing Expenses. The increase in our Asia-Pacific sales and marketing expenses was primarily due to $2.7 million of higher compensation costs, including sales compensation, general salaries, bonuses and headcount growth (70 Asia-Pacific sales and marketing employees as of December 31, 2011 versus 51 as of December 31, 2010). For the year ended December 31, 2011, the impact of foreign currency fluctuations on our Asia-Pacific sales and marketing expenses was not significant on a constant currency basis.

General and Administrative Expenses. Our general and administrative expenses for the years ended December 31, 2011 and 2010 were split among the following geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2011	%	2010	%	Actual	Constant currency
Americas	$ 191,439	72%	$155,353	71%	23%	23%
EMEA	48,936	18%	44,791	20%	9%	4%
Asia-Pacific	25,179	10%	20,474	9%	23%	15%
Total	$265,554	100%	$220,618	100%	20%	19%

	Years ended December 31,	
	2011	2010
General and administrative expenses as a percentage of revenues:		
Americas	19%	21%
EMEA	14%	16%
Asia-Pacific	12%	13%
Total	17%	18%

Americas General and Administrative Expenses. Our Americas general and administrative expenses, which include general corporate expenses, included $6.0 million of additional general and administrative expenses resulting from the ALOG acquisition. Excluding the ALOG acquisition, the increase in our Americas general and administrative expenses was primarily due to (i) $17.0 million of higher compensation costs, including general salaries, bonuses, stock-based compensation and headcount growth (577 Americas general and administrative employees as of December 31, 2011 versus 487 as of December 31, 2010), (ii) $6.2 million of higher depreciation expense as a result of our ongoing efforts to support our growth, such as investments in systems and (iii) $3.9 million of higher professional fees to support our growth.

EMEA General and Administrative Expenses. The increase in our EMEA general and administrative expenses was primarily due to $3.5 million of higher compensation costs, including general salaries, bonuses and headcount growth (180 EMEA general and administrative employees as of December 31, 2011 versus 167 as of December 31, 2010). During the year ended December 31, 2011, the U.S. dollar was generally weaker relative to the British pound, Euro and Swiss Franc than during the year ended December 31, 2010, resulting in approximately $2.2 million of unfavorable foreign currency impact to our EMEA general and administrative expenses during the year ended December 31, 2011 on a constant currency basis.

Asia-Pacific General and Administrative Expenses. The increase in our Asia-Pacific general and administrative expenses was primarily due to $3.1 million of higher compensation costs, including general salaries, bonuses and headcount growth (153 Asia-Pacific general and administrative employees as of December 31, 2011 versus 128 as of December 31, 2010). During the year ended December 31, 2011, the U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the year ended December 31, 2010, resulting in approximately $1.6 million of unfavorable foreign currency impact to our Asia-Pacific general and administrative expenses during the year ended December 31, 2011 on a constant currency basis.

Restructuring Charges. During the year ended December 31, 2011, we recorded restructuring charges totaling $3.5 million primarily related to revised sublease assumptions on our excess leased space in the New York metro area. Our excess space lease in the New York metro area remains abandoned and continues to carry a restructuring charge. During the year ended December 31, 2010, we recorded restructuring charges totaling $6.7 million comprised of $5.3 million related to one-time termination benefits attributed to certain Switch and Data employees and $1.4 million related to revised sublease assumptions on our excess leased space in the New York metro area. For additional information, see "Restructuring Charges" in Note 17 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Acquisition Costs. During the year ended December 31, 2011, we recorded acquisition costs totaling $3.3 million primarily related to the ALOG acquisition. During the year ended December 31, 2010, we recorded acquisition costs totaling $12.3 million primarily related to the Switch and Data acquisition.

Interest Income. Interest income increased to $2.3 million for the year ended December 31, 2011 from $1.5 million for the year ended December 31, 2010. Interest income increased primarily due to higher yields on invested balances. The average yield for the year ended December 31, 2011 was 0.33% versus 0.18% for the year ended December 31, 2010.

Interest Expense. Interest expense increased to $181.3 million for the year ended December 31, 2011 from $140.5 million for the year ended December 31, 2010. This increase in interest expense was primarily due to the impact of our $750.0 million 7.00% senior notes offering, additional financings such as capital lease and other financing obligations to support our expansion projects and additional advances from our Asia-Pacific financing. During the years ended December 31, 2011 and 2010, we capitalized $13.6 million and $10.3 million, respectively, of interest expense to construction in progress.

Other-Than-Temporary Impairment Recovery (Loss) On Investments. During the year ended December 31, 2011, no other-than-temporary impairment recovery (loss) on investments was recorded. During the year ended December 31, 2010, we recorded a $3.6 million other-than-temporary impairment recovery on investments due to additional distributions from one of our money market accounts as more fully described in Note 5 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Other Income (Expense). For the years ended December 31, 2011 and 2010, we recorded $2.8 million and $692,000 of other income, respectively, primarily due to foreign currency exchange gains during the periods.

Loss on debt extinguishment and interest rate swaps, net. During the year ended December 31, 2011, no loss on debt extinguishment and interest rate swaps, net, was recorded. During the year ended December 31, 2010, we recorded a $10.2 million loss on debt extinguishment and interest rate swaps, net. For additional information, see "Loss on Debt Extinguishment and Interest Rate Swaps, Net" in Note 9 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Income Taxes. During the year ended December 31, 2011, we recorded $37.5 million of income tax expense. The income tax expense recorded during the year ended December 31, 2011 was primarily a result of applying the effective statutory tax rates to our operating income adjusted for permanent tax adjustments for the period, partially offset by an income tax benefit due to the release of a valuation allowance of $2.5 million associated with our certain foreign operating entities. During the year ended December 31, 2010, we recorded $12.6 million of income tax expense. The income tax expense recorded during the year ended December 31, 2010 was primarily a result of applying the effective statutory tax rates to our operating income adjusted for permanent tax adjustments for the period, partially offset by income tax benefits due to the release of valuation allowances of $7.3 million associated with certain of our foreign operating entities.

Net Income from Discontinued Operations. For the years ended December 31, 2011 and 2010, our net income from discontinued operations was $1.0 million and $668,000, respectively. For additional information,

see “Discontinued Operations” in Note 4 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Non-GAAP Financial Measures

We provide all information required in accordance with generally accepted accounting principles (GAAP), but we believe that evaluating our ongoing operating results from continuing operations may be difficult if limited to reviewing only GAAP financial measures. Accordingly, we use non-GAAP financial measures, primarily adjusted EBITDA, to evaluate our continuing operations. We also use adjusted EBITDA as a metric in the determination of employees' annual bonuses and vesting of restricted stock units that have both a service and performance condition. In presenting adjusted EBITDA, we exclude certain items that we believe are not good indicators of our current or future operating performance. These items are depreciation, amortization, accretion of asset retirement obligations and accrued restructuring charges, stock-based compensation, restructuring charges, impairment charges and acquisition costs. Legislative and regulatory requirements encourage the use of and emphasis on GAAP financial metrics and require companies to explain why non-GAAP financial metrics are relevant to management and investors. We exclude these items in order for our lenders, investors, and industry analysts, who review and report on us, to better evaluate our operating performance and cash spending levels relative to our industry sector and competitors.

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

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

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

of the business and its ability to perform in subsequent periods. We believe that if we did not provide such non-GAAP financial information, investors would not have all the necessary data to analyze Equinix effectively.

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

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

	Years ended December 31,		
	2012	2011	2010
Income from continuing operations	$ 400,753	$305,254	$ 193,604
Depreciation, amortization and accretion expense	392,353	337,378	253,352
Stock-based compensation expense	83,868	71,137	67,243
Restructuring charges	—	3,481	6,734
Impairment charges	9,861	—	—
Acquisition costs	8,822	3,297	12,337
Adjusted EBITDA	$895,657	$720,547	$ 533,270

The geographic split of our adjusted EBITDA is presented below (dollars in thousands):

	Years ended December 31,		
	2012	2011	2010
Americas:			
Income from continuing operations	$ 258,620	$ 203,286	$ 120,011
Depreciation, amortization and accretion expense	235,391	213,464	163,599
Stock-based compensation expense	64,896	55,819	50,720
Restructuring charges	—	3,481	6,734
Impairment charges	6,972	—	—
Acquisition costs	(90)	2,614	11,094
Adjusted EBITDA	$565,789	$478,664	$ 352,158
EMEA:			
Income from continuing operations	$ 89,544	$ 59,420	$ 34,929
Depreciation, amortization and accretion expense	80,249	74,486	60,291
Stock-based compensation expense	10,370	8,869	9,397
Acquisition costs	3,979	371	1,065
Adjusted EBITDA	$ 184,142	$ 143,146	$ 105,682
Asia-Pacific:			
Income from continuing operations	$ 52,589	$ 42,548	$ 38,664
Depreciation, amortization and accretion expense	76,713	49,428	29,462
Stock-based compensation expense	8,602	6,449	7,126
Impairment charges	2,889	—	—
Acquisition costs	4,933	312	178
Adjusted EBITDA	$ 145,726	$ 98,737	$ 75,430

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

Liquidity and Capital Resources

As of December 31, 2012, our total indebtedness was comprised of (i) convertible debt principal totaling $769.7 million from our 3.00% convertible subordinated notes and our 4.75% convertible subordinated notes (gross of discount) and (ii) non-convertible debt and financing obligations totaling $2.3 billion consisting of (a) $1.5 billion of principal from our 8.125% senior notes and our 7.00% senior notes, (b) $241.0 million of principal from our loans payable and (c) $561.1 million from our capital lease and other financing obligations. In April 2012, virtually all of the holders of the 2.50% convertible subordinated notes converted their notes. We settled the $250.0 million in aggregate principal amount of the $250.0 million 2.50% convertible subordinated notes, plus accrued interest, in $253.1 million of cash and 622,867 shares of our common stock, which were issued from our treasury stock. In July 2012, we fully utilized the $200.0 million U.S. term loan to prepay and terminate the Asia-Pacific financing and fully-utilized the ALOG financing to prepay and terminate the existing outstanding ALOG loans payable and to fund ALOG operations. In November 2012, we received net proceeds of approximately $76.5 million upon the close of the divestiture.

We believe we have sufficient cash, coupled with anticipated cash generated from operating activities, to meet our operating requirements, including repayment of the current portion of our debt as it becomes due, payment of tax liabilities related to the decision to convert to a REIT (see below) and completion of our publicly-announced expansion projects. As of December 31, 2012, we had $546.5 million of cash, cash equivalents and short-term and long-term investments, of which approximately $363.2 million was held in the U.S. We believe that our current expansion activities in the U.S. can be funded with our U.S.-based cash and cash equivalents and investments. Besides our investment portfolio, additional liquidity available to us from the U.S. financing and any further financing activities we may pursue, customer collections are our primary source of cash. While we believe we have a strong customer base and have continued to experience relatively strong collections, if the current market conditions were to deteriorate, some of our customers may have difficulty paying us and we may experience increased churn in our customer base, including reductions in their commitments to us, all of which could have a material adverse effect on our liquidity. Additionally, approximately 18% of our gross trade receivables are attributable to our EMEA region, and due to the risks posed by the current European debt crisis and credit downgrade, our EMEA-based customers may have difficulty paying us. As a result, our liquidity could be adversely impacted by the possibility of increasing trade receivable aging and higher allowances for doubtful accounts.

As of December 31, 2012, we had a total of approximately $528.2 million of additional liquidity available to us under the U.S. financing. While we believe we have sufficient liquidity and capital resources to meet our current operating requirements and to complete our publicly-announced IBX expansion plans, we may pursue additional expansion opportunities, primarily the build out of new IBX data centers, in certain of our existing markets which are at or near capacity within the next year, as well as potential acquisitions, as well as our conversion to a REIT (see below). While we expect to fund these expansion plans with our existing resources, additional financing, either debt or equity, may be required to pursue certain new or unannounced additional expansion plans, including acquisitions. However, if current market conditions were to deteriorate, we may be unable to secure additional financing or any such additional financing may only be available to us on unfavorable terms. An inability to pursue additional expansion opportunities will have a material adverse effect on our ability to maintain our desired level of revenue growth in future periods.

Impact of REIT Conversion

In accordance with tax rules applicable to REIT conversions, we expect to issue special distributions to our stockholders of undistributed accumulated earnings and profits of approximately $700.0 million to $1.1 billion, which is collectively referred to as the E&P distribution, which we expect to pay out in a combination of up to 20% in cash and at least 80% in the form of our common stock. We expect to make the E&P distribution only after receiving a favorable PLR from the IRS and anticipate making a significant portion of the E&P distribution before 2015, with the balance distributed in 2015. In addition, following the completion of the REIT conversion, we intend to declare regular distributions to our stockholders.

There are significant tax and other costs associated with implementing the REIT conversion, and certain tax liabilities may be incurred regardless of the whether we ultimately succeed in converting to a REIT. We currently estimate that we will incur approximately $50.0 to $80.0 million in costs to support the REIT conversion, in addition to related tax liabilities associated with a change in our method of depreciating and amortizing various data center assets for tax purposes from our current method to methods that are more consistent with the characterization of such assets as real property for REIT purposes. The total recapture of depreciation and amortization expenses across all relevant assets is expected to result in federal and state tax liability of approximately $340.0 to $420.0 million, which amount will be payable in the four-year period starting in 2012 even if we abandon the REIT conversion for any reason, including the failure to receive the PLR we are seeking. We utilized all our net operating loss carryforwards for federal and state income tax purposes in 2012. If the REIT conversion is successful, we also expect to incur an additional $5.0 to $10.0 million in annual compliance costs in future years.

Sources and Uses of Cash

	Years ended December 31,		
	2012	2011	2010
		(in thousands)	
Net cash provided by operating activities	$ 632,026	$ 587,609	$ 392,872
Net cash used in investing activities	(442,873)	(1,499,444)	(600,969)
Net cash provided (used in) by financing activities	(222,721)	748,728	309,686

Operating Activities

The increase in net cash provided by operating activities during 2012 compared to 2011 and 2010 was primarily due to improved operating results and growth in customer installations. Although our collections remain strong, it is possible for some large customer receivables that were anticipated to be collected in one quarter to slip to the next quarter. For example, some large customer receivables that were anticipated to be collected in December 2012 were instead collected in January 2013, which negatively impacted cash flows from operating activities for the year ended December 31, 2012. We expect that we will continue to generate cash from our operating activities throughout 2013 and beyond; however, we expect to pay an increased amount of income taxes until such time that we become a REIT, which will negatively impact the cash we generate from operating activities.

Investing Activities

The decrease in net cash used in investing activities during 2012 compared to 2011 and 2010 was primarily due to lower purchases of investments, which were $442.9 million during 2012 as compared to $1.3 billion and $744.8 million during 2011 and 2010, respectively, partially offset by higher capital expenditures and acquisitions. During 2013, we expect that our IBX expansion construction activity will be less than our 2012 levels. However, if the opportunity to expand is greater than planned and we have sufficient funding to pursue such expansion opportunities, we may increase the level of capital expenditures to support this growth as well as pursue additional acquisitions or joint ventures.

Financing Activities

The net cash used in financing activities for 2012 was primarily due to the repayment of the Asia-Pacific financing and the settlement of the $250.0 million 2.50% convertible subordinated notes, partially offset by proceeds from the U.S. financing and the ALOG financing. The net cash provided by financing activities for 2011 was primarily due to our $750.0 million 7.00% senior notes offering in July 2011, partially offset by $86.7 million purchases of treasury stock and $33.3 million repayment of our debt. The net cash provided by financing activities for the year ended December 31, 2010 was primarily due to our $750.0 million 8.125% senior notes offering in February 2010 and approximately $63.4 million of incremental net proceeds from the Asia-Pacific financing, which replaced our previous Asia-Pacific financing and Singapore financing, partially offset by $328.6 million of repayments of various other debt facilities. Going forward, we expect that our financing activities will consist primarily of repayment of our debt and additional financings needed to support expansion opportunities, additional acquisitions or joint ventures, or our conversion to a REIT.

Debt Obligations—Convertible Debt

4.75% Convertible Subordinated Notes. In June 2009, we issued $373.8 million aggregate principal amount of 4.75% convertible subordinated notes due June 15, 2016. Interest is payable semi-annually on June 15 and December 15 of each year and commenced on December 15, 2009. The initial conversion rate is 11.8599 shares of common stock per $1,000 principal amount of 4.75% convertible subordinated notes, subject to adjustment. This represents an initial conversion price of approximately $84.32 per share of common stock. Upon conversion, holders will receive, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock. As of December 31, 2012, the 4.75% convertible subordinated notes were convertible into 4.4 million shares of our common stock.

Holders of the 4.75% convertible subordinated notes were eligible to convert their notes during fiscal quarters ended June 30, September 30 and December 31, 2012, since the sale price of our common stock, for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of those fiscal quarters, was greater than 130% of the conversion price per share of common stock on such last trading day.

Upon conversion, if we elected to pay a sufficiently large portion of the conversion obligation in cash, additional consideration beyond the $373.8 million of gross proceeds received would be required. However, to minimize the impact of potential dilution upon conversion of the 4.75% convertible subordinated notes, we entered into capped call transactions, which are referred to as the capped call, separate from the issuance of the 4.75% convertible subordinated notes, for which we paid a premium of $49.7 million. The capped call covers a total of approximately 4.4 million shares of our common stock, subject to adjustment. Under the capped call, we effectively raised the conversion price of the 4.75% convertible subordinated notes from $84.32 to $114.82. Depending upon our stock price at the time the 4.75% convertible subordinated notes are converted, the capped call will return up to 1.2 million shares of our common stock to us; however, we will receive no benefit from the capped call if our stock price is $84.32 or lower at the time of conversion and will receive less shares for share prices in excess of $114.82 at the time of conversion than we would have received at a share price of $114.82 (our benefit from the capped call is capped at $114.82, and no additional benefit is received beyond this price).

We do not have the right to redeem the 4.75% convertible subordinated notes at our option.

We separately accounted for the liability and equity components of our 4.75% convertible subordinated notes in accordance with the accounting standard for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement). For additional information, see “4.75% Convertible Subordinated Notes” in Note 9 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

3.00% Convertible Subordinated Notes. In September 2007, we issued $396.0 million aggregate principal amount of 3.00% Convertible Subordinated Notes due October 15, 2014. Interest is payable semi-annually on April 15 and October 15 of each year and commenced in April 2008.

Holders of the 3.00% convertible subordinated notes may convert their notes at their option on any day up to and including the business day immediately preceding the maturity date into shares of our common stock. The base conversion rate is 7.436 shares of common stock per $1,000 principal amount of 3.00% convertible subordinated notes, subject to adjustment. This represents a base conversion price of approximately $134.48 per share of common stock. If, at the time of conversion, the applicable stock price of our common stock exceeds the base conversion price, the conversion rate will be determined pursuant to a formula resulting in the receipt of up to 4.4616 additional shares of common stock per $1,000 principal amount of the 3.00% convertible subordinated notes, subject to adjustment. However, in no event would the total number of shares issuable upon conversion of the 3.00% convertible subordinated notes exceed 11.8976 per $1,000 principal amount of 3.00% convertible subordinated notes, subject to anti-dilution adjustments, or the equivalent of $84.05 per share of our common stock or a total of 4.7 million shares of our common stock. As of December 31, 2012, the 3.00% convertible subordinated notes were convertible into 3.6 million shares of our common stock.

We do not have the right to redeem the 3.00% convertible subordinated notes at our option.

Debt Obligations—Non-Convertible Debt

Senior Notes

7.00% Senior Notes. In July 2011, we issued $750.0 million aggregate principal amount of 7.00% senior notes due July 15, 2021, which are referred to as the 7.00% senior notes. Interest is payable semi-annually in arrears on January 15 and July 15 of each year and commenced on January 15, 2012.

The 7.00% senior notes are unsecured and rank equal in right of payment to our existing or future senior debt and senior in right of payment to our existing and future subordinated debt. The 7.00% senior notes are effectively junior to any of our existing and future secured indebtedness and any indebtedness of our subsidiaries. The 7.00% senior notes are also structurally subordinated to all debt and other liabilities (including trade payables) of our subsidiaries and will continue to be subordinated to the extent that these subsidiaries do not guarantee the 7.00% senior notes in the future.

The 7.00% Senior Notes are governed by an indenture which contains covenants that limit the Company's ability and the ability of its subsidiaries to, among other things:

- incur additional debt;
- pay dividends or make other restricted payments;
- purchase, redeem or retire capital stock or subordinated debt;
- make asset sales;
- enter into transactions with affiliates;
- incur liens;
- enter into sale-leaseback transactions;
- provide subsidiary guarantees;
- make investments; and
- merge or consolidate with any other person.

At any time prior to July 15, 2014, we may on any one or more occasions redeem up to 35% of the aggregate principal amount of the 7.00% senior notes outstanding at a redemption price equal to 107.000% of the principal amount of the 7.00% senior notes to be redeemed, plus accrued and unpaid interest to, but not including, the redemption date, with the net cash proceeds of one or more equity offerings, provided that (i) at

least 65% of the aggregate principal amount of the 7.00% senior notes issued remains outstanding immediately after the occurrence of such redemption and (ii) the redemption must occur within 90 days of the date of the closing of such equity offerings. On or after July 15, 2016, we may redeem all or a part of the 7.00% senior notes, on any one or more occasions, at the redemption prices set forth below plus accrued and unpaid interest thereon, if any, up to, but not including, the applicable redemption date, if redeemed during the twelve-month period beginning on July 15 of the years indicated below:

	Redemption price of the Senior Notes
2016	103.500%
2017	102.333%
2018	101.167%
2019 and thereafter	100.000%

In addition, at any time prior to July 15, 2016, we may also redeem all or a part of the 7.00% senior notes at a redemption price equal to 100% of the principal amount of the 7.00% senior notes redeemed plus a premium, which is referred to as the applicable premium, and accrued and unpaid interest, if any, to, but not including, the date of redemption, which is referred to as the redemption date. The applicable premium means the greater of:

- 1.0% of the principal amount of the 7.00% senior notes to be redeemed; and
- the excess of: (a) the present value at such redemption date of (i) the redemption price of the 7.00% senior notes to be redeemed at July 15, 2016 as shown in the above table, plus (ii) all required interest payments due on these 7.00% senior notes through July 15, 2016 (excluding accrued but unpaid interest, if any, to, but not including the redemption date), computed using a discount rate equal to the yield to maturity as of the redemption date of the U.S. Treasury securities with a constant maturity most nearly equal to the period from the redemption date to July 15, 2016, plus 0.50%; over (b) the principal amount of the 7.00% senior notes to be redeemed.

Upon a change in control, we will be required to make an offer to purchase each holder's 7.00% senior notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of purchase.

Debt issuance costs related to the 7.00% senior notes, net of amortization, were $12.1 million as of December 31, 2012.

8.125% Senior Notes. In February 2010, we issued $750.0 million aggregate principal amount of 8.125% senior notes due March 1, 2018, which are referred to as the senior notes. Interest is payable semi-annually on March 1 and September 1 of each year and commenced on September 1, 2010.

The senior notes are unsecured and rank equal in right of payment to our existing or future senior debt and senior in right of payment to our existing and future subordinated debt. The senior notes will be effectively junior to any of our existing and future secured indebtedness and any indebtedness of our subsidiaries.

The senior notes are governed by an indenture which contains covenants that limit our ability and the ability of our subsidiaries to, among other things:

- incur additional debt;
- pay dividends or make other restricted payments;
- purchase, redeem or retire capital stock or subordinated debt;
- make asset sales;
- enter into transactions with affiliates;
- incur liens;

- enter into sale-leaseback transactions;
- provide subsidiary guarantees;
- make investments; and
- merge or consolidate with any other person.

At any time prior to March 1, 2013, we may on any one or more occasions redeem up to 35% of the aggregate principal amount of the senior notes outstanding at a redemption price equal to 108.125% of the principal amount of the senior notes to be redeemed, plus accrued and unpaid interest to, but not including, the redemption date, with the net cash proceeds of one or more equity offerings, provided that (i) at least 65% of the aggregate principal amount of the senior notes remains outstanding immediately after the occurrence of such redemption and (ii) the redemption must occur within 90 days of the date of the closing of such equity offerings. On or after March 1, 2014, we may redeem all or a part of the 8.125% senior notes, on any one or more occasions, at the redemption prices set forth below plus accrued and unpaid interest thereon, if any, to, but not including, the applicable redemption date, if redeemed during the one-year period beginning on March 1 of the years indicated below:

	Redemption price of the senior notes
2014	104.0625%
2015	102.0313%
2016 and thereafter	100.0000%

In addition, at any time prior to March 1, 2014, we may also redeem all or a part of the senior notes at a redemption price equal to 100% of the principal amount of the senior notes redeemed plus an applicable premium plus accrued and unpaid interest, if any, to, but not including, the date of redemption.

Upon a change in control, we will be required to make an offer to purchase each holder's senior notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of purchase.

Debt issuance costs related to the 8.125% senior notes, net of amortization, were $9.4 million as of December 31, 2012.

Loans Payable

U.S. Financing. In June 2012, we entered into a credit agreement with a group of lenders for a $750.0 million credit facility, referred to as the U.S. financing, comprised of a $200.0 million term loan facility, referred to as the U.S. term loan, and a $550.0 million multicurrency revolving credit facility, referred to as the U.S. revolving credit line. The U.S. financing contains several financial covenants with which we must comply on a quarterly basis, including a maximum senior leverage ratio covenant, a minimum fixed charge coverage ratio covenant and a minimum tangible net worth covenant. The U.S. financing is guaranteed by certain of our domestic subsidiaries and is secured by our and the guarantors' accounts receivable as well as pledges of the equity interests of certain of our direct and indirect subsidiaries. The U.S. term loan and U.S. revolving credit line both have a five-year term, subject to the satisfaction of certain conditions with respect to our outstanding convertible subordinated notes. We are required to repay the principal balance of the U.S. term loan in equal quarterly installments over the term. The U.S. term loan bears interest at a rate based on LIBOR or, at our option, the base rate, which is defined as the highest of (a) the Federal Funds Rate plus 1/2 of 1%, (b) the Bank of America prime rate and (c) one-month LIBOR plus 1.00%, plus, in either case, a margin that varies as a function of our senior leverage ratio in the range of 1.25%-2.00% per annum if we elect to use the LIBOR index and in the range of 0.25%-1.00% per annum if we elect to use the base rate index. In July 2012, we fully utilized the U.S. term loan and used the funds to prepay the outstanding balance of and terminate the Asia-Pacific financing (see below). As of December 31, 2012, we had $180.0 million outstanding under the U.S. term loan with an effective interest rate of 2.36% per annum.

The U.S. revolving credit line allows us to borrow, repay and reborrow over the term. The U.S. revolving credit line provides a sublimit for the issuance of letters of credit of up to $150.0 million at any one time. We may use the U.S. revolving credit line for working capital, capital expenditures, issuance of letters of credit, and other general corporate purposes. Borrowings under the U.S. revolving credit line bear interest at a rate based on LIBOR or, at our option, the base rate, as defined above, plus, in either case, a margin that varies as a function of our senior leverage ratio in the range of 0.95%-1.60% per annum if we elect to use the LIBOR index and in the range of 0.00%-0.60% per annum if we elect to use the base rate index. We are required to pay a quarterly letter of credit fee on the face amount of each letter of credit, which fee is based on the same margin that applies from time to time to LIBOR-indexed borrowings under the U.S. revolving credit line. We are also required to pay a quarterly facility fee ranging from 0.30%-0.40% per annum of the U.S. revolving credit line, regardless of the amount utilized, which fee also varies as a function of our senior leverage ratio. In June 2012, the outstanding letters of credit issued under the senior revolving credit line (see below) were assumed under the U.S. revolving credit line and the senior revolving credit line was terminated. As of December 31, 2012, we had 14 irrevocable letters of credit totaling $21.8 million issued and outstanding under the U.S. revolving credit line. As a result, the amount available to us to borrow under the U.S. revolving credit line was $528.2 million as of December 31, 2012. As of December 31, 2012, we were in compliance with all covenants of the U.S. financing. Debt issuance costs related to the U.S. financing, net of amortization, were $8.0 million as of December 31, 2012.

ALOG Financing. In June 2012, ALOG completed a 100.0 million Brazilian real credit facility agreement, or approximately $48.8 million, referred to as the ALOG financing. The ALOG financing has a five-year term with semi-annual principal payments beginning in the third year of its term and quarterly interest payments during the entire term. The ALOG financing bears an interest rate of 2.75% above the local borrowing rate. The ALOG financing contains financial covenants, which ALOG must comply with annually, consisting of a leverage ratio and a fixed charge coverage ratio. As of December 31, 2012, we were in compliance with all financial covenants under the ALOG financing. The ALOG financing is not guaranteed by ALOG or us. The ALOG financing is not secured by ALOG's or our assets. The ALOG financing has a final maturity date of June 2017. In September 2012, ALOG fully utilized the ALOG financing and used a portion of the funds to prepay and terminate ALOG loans payable outstanding. As of December 31, 2012, the effective interest rate under the ALOG financing was 10.21% per annum.

Paris 4 IBX Financing. In March 2011, we entered into two agreements with two unrelated parties to purchase and develop a building that became our fourth IBX data center in the Paris metro area, which opened for business in August 2012. The first agreement, as amended, allowed us the right to purchase the property for a total fee of approximately $19.8 million, payable to a company that held exclusive rights (including power rights) to the property and was already in the process of developing the property into a data center and has, instead, become the anchor tenant in the Paris 4 IBX data center once it opened for business. The second agreement was entered into with the developer of the property and allowed us to take immediate title to the building and associated land and also requires the developer to construct the data center to our specifications and deliver the completed data center to us in July 2012 for a total fee of approximately $101.5 million. Both agreements include extended payment terms. We made payments under both agreements totaling approximately $78.3 million and $35.9 million during the years ended December 31, 2012 and 2011, respectively, and the remaining payments due are payable on various dates through June 2013, which is referred to as the Paris 4 IBX financing. Of the amounts paid or payable under the Paris 4 IBX financing, a total of approximately $14.8 million was allocated to land and building assets, $3.4 million was allocated to a deferred charge, which is being netted against revenue associated with the anchor tenant of the Paris 4 IBX data center over the term of the customer contract, and the remainder totaling $103.1 million was or will be allocated to construction costs inclusive of interest charges. We have imputed an interest rate of 7.86% per annum on the Paris 4 IBX financing as of December 31, 2012. The Paris 4 IBX financing also required us to post approximately $89.5 million of cash into a restricted cash account to ensure liquidity for the developer during the construction period. Payments due to the developer of the property during the year ended December 31, 2012 were paid from the restricted cash account. As a result, our current restricted cash balances have decreased.

Capital Lease and Other Financing Obligations

We have numerous capital lease and other financing obligations with maturity dates ranging from 2015 to 2030 under which a total principal balance of $561.1 million remained outstanding as of December 31, 2012 with a weighted average effective interest rate of 8.62%. For further information on our capital leases and other financing obligations, see "Capital Leases and Other Financing Obligations" in Note 8 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Contractual Obligations and Off-Balance-Sheet Arrangements

We lease a majority of our IBX data centers and certain land and equipment under non-cancelable lease agreements expiring through 2035. The following represents our contractual obligations as of December 31, 2012 (in thousands):

	2013	2014	2015	2016	2017	Thereafter	Total
Convertible debt (1)	$ —	$395,986	$ —	$ 373,730	$ —	$ —	$ 769,716
Senior notes (1)	—	—	—	—	—	1,500,000	1,500,000
U.S. term loan (1)	40,000	40,000	40,000	40,000	20,000	—	180,000
ALOG financing (1)	—	13,945	13,945	13,945	6,972	—	48,807
Paris 4 IBX financing (2)	8,071	—	—	—	—	—	8,071
Interest (3)	151,583	147,923	136,252	125,111	114,054	240,638	915,561
Capital lease and other financing obligations (4)	55,512	60,885	63,922	63,875	62,916	473,754	780,864
Operating leases under accrued restructuring charges (5)	2,453	2,459	1,444	—	—	—	6,356
Operating leases (6)	114,736	110,400	92,199	81,048	117,965	409,979	926,327
Other contractual commitments (7)	251,997	58,953	30,024	111	—	—	341,085
Asset retirement obligations (8)	225	5,856	8,380	465	6,480	41,744	63,150
ALOG acquisition contingent consideration (9)	17,571	—	—	—	—	—	17,571
Redeemable non-controlling interests	—	84,178	—	—	—	—	84,178
	$ 642,148	$920,585	$386,166	$698,285	$ 328,387	$2,666,115	$5,641,686

(1) Represents principal only.
(2) Represents total payments to be made under two agreements to purchase and develop the Paris 4 IBX center.
(3) Represents interest on ALOG financing, convertible debt, senior notes and U.S. term loan based on their approximate interest rates as of December 31, 2012.
(4) Represents principal and interest.
(5) Excludes any subrental income.
(6) Represents minimum operating lease payments, excluding potential lease renewals.
(7) Represents off-balance sheet arrangements. Other contractual commitments are described below.
(8) Represents liability, net of future accretion expense.
(9) Represents an off-balance sheet arrangement for the ALOG acquisition contingent consideration, subject to reduction for any post-closing balance sheet adjustments and any claims for indemnification, and includes the portion of the contingent consideration that will be funded by Riverwood Capital L.P., who has an indirect, non-controlling equity interest in ALOG.

In connection with certain of our leases, we entered into 14 irrevocable letters of credit totaling $21.8 million under the U.S. revolving credit line. These letters of credit were provided in lieu of cash deposits under

the revolving credit line. If the landlords for these IBX leases decide to draw down on these letters of credit triggered by an event of default under the lease, we will be required to fund these letters of credit either through cash collateral or borrowing under the senior revolving credit line. These contingent commitments are not reflected in the table above.

We had accrued liabilities related to uncertain tax positions totaling approximately $19.4 million as of December 31, 2012. These liabilities, which are reflected on our balance sheet, are not reflected in the table above since it is unclear when these liabilities will be paid.

Primarily as a result of our various IBX expansion projects, as of December 31, 2012, we were contractually committed for $78.9 million of unaccrued capital expenditures, primarily for IBX equipment not yet delivered and labor not yet provided in connection with the work necessary to complete construction and open these IBX data centers prior to making them available to customers for installation. This amount, which is expected to be paid during 2013 and thereafter, is reflected in the table above as "other contractual commitments."

We had other non-capital purchase commitments in place as of December 31, 2012, such as commitments to purchase power in select locations and other open purchase orders, which contractually bind us for goods or services to be delivered or provided during 2013 and beyond. Such other purchase commitments as of December 31, 2012 which total $262.2 million are also reflected in the table above as "other contractual commitments."

In addition, although we are not contractually obligated to do so, we expect to incur additional capital expenditures of approximately $180 million to $220 million, in addition to the $78.9 million in contractual commitments discussed above as of December 31, 2012, in our various IBX expansion projects during 2013 and thereafter in order to complete the work needed to open these IBX data centers. These non-contractual capital expenditures are not reflected in the table above. If we so choose, whether due to economic factors or other considerations, we could delay these non-contractual capital expenditure commitments to preserve liquidity.

Other Off-Balance-Sheet Arrangements

In November 2012, we entered into a lease for land and a building that we and the landlord would jointly develop to meet our needs and which we would ultimately convert into an IBX data center in the Toronto, Canada metro area. We refer to this transaction as the Toronto lease. The Toronto lease was contingent on the landlord's ability to obtain construction financing, which occurred in February 2013. The Toronto lease has a fixed term of 15 years, with options to renew, and a total cumulative minimum rent obligation of approximately $141.7 million, exclusive of renewal periods.

We have various guarantor arrangements with both our directors and officers and third parties, including customers, vendors and business partners. As of December 31, 2012, there were no significant liabilities recorded for these arrangements. For additional information, see "Guarantor Arrangements" in Note 14 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the U.S. ("GAAP"). The preparation of our financial statements requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates the accounting policies, assumptions, estimates and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with GAAP. Management bases its assumptions, estimates and judgments on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. However, because future events and their effects cannot be determined with certainty, actual results may differ from these assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 1 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. Management believes that the following critical accounting policies and estimates, among others, are the most critical to aid in fully understanding and evaluating our consolidated financial statements, and they require significant judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain:

- Accounting for income taxes;
- Accounting for business combinations;
- Accounting for impairment of goodwill; and
- Accounting for property, plant and equipment.

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Accounting for Income Taxes. Deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences that exist between the financial statement carrying value of assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards on a taxing jurisdiction basis. We measure deferred tax assets and liabilities using enacted tax rates that will apply in the years in which we expect the temporary differences to be recovered or paid. The accounting standard for income taxes requires a reduction of the carrying amounts of deferred tax assets by recording a valuation allowance if, based on the available evidence, it is more likely than not (defined by the accounting standard as a likelihood of more than 50%) such assets will not be realized. A tax benefit from an uncertain income tax position may be recognized in the financial statements only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority's widely understood administrative practices and precedents.	The valuation of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns. Our accounting for deferred tax consequences represents our best estimate of those future events. In assessing the need for a valuation allowance, we consider both positive and negative evidence related to the likelihood of realization of the deferred tax assets. If, based on the weight of available evidence, it is more likely than not the deferred tax assets will not be realized, we record a valuation allowance. The weight given to the positive and negative evidence is commensurate with the extent to which the evidence may be objectively verified. This assessment, which is completed on a taxing jurisdiction basis, takes into account a number of types of evidence, including the following: 1) the nature, frequency and severity of current and cumulative financial reporting losses, 2) sources of future taxable income and 3) tax planning strategies. In assessing the tax benefit from an uncertain income tax position, the tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information.	As of December 31, 2012 and 2011, we had total net deferred tax liabilities of $38.6 million and $58.7 million, respectively. As of December 31, 2012 and 2011, we had a total valuation allowance of $43.8 million and $39.6 million, respectively. During the year ended December 31, 2012, we decided to provide a full valuation allowance against the net deferred tax assets associated with certain foreign operating entities, which resulted in an income tax expense of $5.4 million in our results of operations. During the year ended December 31, 2011, we decided to release the valuation allowance associated with certain foreign operating entities which resulted in an income tax benefit of $2.5 million in our results of operations. Our decisions to release our valuation allowances were based on our belief that the operations of these regions had achieved a sufficient level of profitability and will sustain a sufficient level of profitability in the future to support the release of these valuation allowances based on relevant facts and circumstances. However, if our assumptions on the future performance of these jurisdictions prove not to be correct and these jurisdictions are not able to sustain a sufficient level of profitability to support the associated deferred tax assets on our consolidated balance sheet, we will have to impair our deferred tax assets through an additional valuation allowance, which would impact our financial position and results of operations in the period such a determination is made.

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
		Our remaining valuation allowances as of December 31, 2012 total $43.8 million and primarily relates to certain of our subsidiaries outside of the U.S. If and when we release our remaining valuation allowances, it will have a favorable impact to our financial position and results of operations in the periods such determinations are made. We will continue to assess the need for our valuation allowances, by country or location, in the future. As of December 31, 2012 and 2011, we had unrecognized tax benefits of $25.0 million and $34.0 million, respectively, exclusive of interest and penalties. During the year ended December 31, 2012, the unrecognized tax benefits decreased by $9.0 million primarily resulting from the settlement of a tax audit and the lapse of statute of limitations in our foreign operations. During the year ended December 31, 2011, the unrecognized tax benefits increased by $17.5 million primarily resulting from the ALOG acquisition. The unrecognized tax benefits of $25.0 million as of December 31, 2012, if subsequently recognized, will affect our effective tax rate favorably at the time when such benefits are recognized.
Accounting for Business Combinations In accordance with the accounting standard for business combinations, we allocate the purchase price of an acquired business to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the fair value of the assets acquired and liabilities assumed, if any, is recorded as goodwill. We use all available information to estimate fair values. We typically engage outside appraisal firms to assist in the fair value determination of identifiable intangible assets such as customer contracts, leases and any other significant assets or liabilities and contingent consideration. We adjust the preliminary purchase price allocation, as necessary, up to one year after the acquisition closing date if we obtain more information regarding asset valuations and liabilities assumed.	Our purchase price allocation methodology contains uncertainties because it requires assumptions and management's judgment to estimate the fair value of assets acquired and liabilities assumed at the acquisition date. Management estimates the fair value of assets and liabilities based upon quoted market prices, the carrying value of the acquired assets and widely accepted valuation techniques, including discounted cash flows and market multiple analyses. Our estimates are inherently uncertain and subject to refinement. Unanticipated events or circumstances may occur which could affect the accuracy of our fair value estimates, including assumptions regarding industry economic factors and business strategies.	During the last three years, we have completed several business combinations, including the Dubai IBX data center acquisition in November 2012, the Asia Tone and ancotel acquisitions in July 2012, ALOG acquisition in April 2011 and Switch and Data acquisition in April 2010. Our measurement period for the Asia Tone and ancotel acquisitions will remain open through the third quarter of 2013. The purchase price allocation for the ALOG and the Switch and Data acquisitions was completed in the second quarter of 2012 and the second quarter of 2011, respectively. We do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions we used to complete the purchase price allocations and the fair value of assets acquired and liabilities assumed. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to losses or gains that could be material, which would be recorded in our statements of operations commencing in 2013.

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Accounting for Impairment of Goodwill In accordance with the accounting standard for goodwill and other intangible assets, we perform goodwill impairment reviews annually, or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. During the fourth quarter of 2011, we early adopted the accounting standard update for testing goodwill for impairment. The accounting standard update provides companies with the option to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, after assessing the qualitative factors, a company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying value, then performing the two-step impairment test is unnecessary. However, if a company concludes otherwise, then it is required to perform the first step of the two-step goodwill impairment test. During the year ended December 31, 2012, we completed annual goodwill impairment reviews of the Americas reporting unit, the EMEA reporting unit and the Asia-Pacific reporting unit and concluded that there was no impairment as the fair value of these reporting units exceeded their carrying value.	When we elect to perform the first step of the two-step goodwill impairment test, we use both the income and market approach. Under the income approach, we develop a five-year cash flow forecast and use our weighted-average cost of capital applicable to our reporting units as discount rates. This requires assumptions and estimates derived from a review of our actual and forecasted operating results, approved business plans, future economic conditions and other market data. When we elect to perform the goodwill impairment test by assessing qualitative factors determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value requires assumptions and estimates, the assessment also requires assumptions and estimates derived from a review of our actual and forecasted operating results, approved business plans, future economic conditions and other market data. These assumptions require significant management judgment and are inherently subject to uncertainties.	Future events, changing market conditions and any changes in key assumptions may result in an impairment charge. While we have never recorded an impairment charge against our goodwill to date, the development of adverse business conditions in our Americas, EMEA or Asia-Pacific reporting units, such as higher than anticipated customer churn or significantly increased operating costs, or significant deterioration of our market comparables that we use in the market approach, could result in an impairment charge in future periods. As of December 31, 2012, goodwill attributable to the Americas reporting unit, the EMEA reporting unit and the Asia-Pacific reporting unit was $482.8 million, $423.5 million and $136.3 million, respectively. Any potential impairment charge against our goodwill would not exceed the amounts recorded on our consolidated balance sheets.
Accounting for Property, Plant and Equipment We have a substantial amount of property, plant and equipment recorded on our consolidated balance sheet. The vast majority of our property, plant and equipment represent the costs incurred to build out or acquire our IBX data centers. Our IBX data centers are long-lived assets. The majority of our IBX data centers are in properties that are leased. We depreciate our property, plant and equipment using the straight-line method over the estimated useful lives of the respective assets (subject to the term of the lease in the case of leased assets or leasehold improvements).	While there are numerous judgments and uncertainties involved in accounting for property, plant and equipment that are significant, arriving at the estimated useful life of an asset requires the most critical judgment for us and changes to these estimates would have the most significant impact to our financial position and results of operations. When we lease a property for our IBX data centers, we generally enter into long-term arrangements with initial lease terms of at least 8-10 years and with renewal options generally available to us. During the next several years, a number of leases for our IBX data centers will come up for renewal. As we start approaching the end of these initial lease terms, we will need to reassess the estimated useful lives of our property, plant and equipment. In addition, we	During the quarter ended December 31, 2012, we revised the estimated useful lives of certain of our property, plant and equipment. As a result, we recorded approximately $5.0 million of lower depreciation expense for the quarter ended December 31, 2012 due to extending the estimated useful lives of certain of our property, plant and equipment. We undertook this review due to our determination that we were generally using certain of our existing assets longer than originally anticipated and, therefore, the estimated useful lives of certain of our property, plant and equipment has been lengthened. This change was accounted for as a change in accounting estimate on a prospective basis effective October 1, 2012 under the accounting standard for change in accounting estimates.

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Accounting for property, plant and equipment involves a number of accounting issues including determining the appropriate period in which to depreciate such assets, making assessments for leased properties to determine whether they are capital or operating leases, assessing such assets for potential impairment, capitalizing interest during periods of construction and assessing the asset retirement obligations required for certain leased properties that require us to return the leased properties back to their original condition at the time we decide to exit a leased property.	may find that our estimates for the useful lives of non-leased assets may also need to be revised periodically. In many cases, we arrived at these estimates during 1999 when we opened our first three IBX data centers. We periodically review the estimated useful lives of certain of our property, plant and equipment and changes in these estimates in the future are possible. Another area of judgment for us in connection with our property, plant and equipment is related to lease accounting. Most of our IBX data centers are leased. Each time we enter into a new lease or lease amendment for one of our IBX data centers, we analyze each lease or lease amendment for the proper accounting. This requires certain judgments on our part such as establishing the lease term to include in a lease test, establishing the remaining estimated useful life of the underlying property or equipment and estimating the fair value of the underlying property or equipment. All of these judgments are inherently uncertain. Different assumptions or estimates could result in a different accounting treatment for a lease. The assessment of long-lived assets for impairment requires assumptions and estimates of undiscounted and discounted future cash flows. These assumptions and estimates require significant judgment and are inherently uncertain.	Additionally, during the year ended December 31, 2012, we recorded impairment charges totaling $9.9 million associated with certain long-lived assets, of which $7.0 million was associated with property, plant and equipment. No impairment charges were recorded during the years ended December 31, 2011 and 2010. As of December 31, 2012 and 2011, we had property, plant and equipment of $3.9 billion and $3.2 billion, respectively. During the years ended December 31, 2012, 2011 and 2010, we recorded depreciation expense of $365.9 million, $328.6 million and $246.5 million, respectively. Further changes in our estimated useful lives of our property, plant and equipment could have a significant impact to our results of operations.

Recent Accounting Pronouncements

See “Recent Accounting Pronouncements” in Note 1 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

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

We employ foreign currency forward exchange contracts for the purpose of hedging certain specifically-identified exposures. The use of these financial instruments is intended to mitigate some of the risks associated with fluctuations in currency exchange rates, but does not eliminate such risks. We do not use financial instruments for trading or speculative purposes.

Investment Portfolio Risk

We maintain an investment portfolio of various holdings, types, and maturities. All of our marketable securities are designated as available-for-sale and, therefore, are recorded on our Consolidated Balance Sheets at fair value with unrealized gains or losses reported as a component of other comprehensive income, net of tax. We consider various factors in determining whether we should recognize an impairment charge for our securities, including the length of time and extent to which the fair value has been less than our cost basis and our intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery. The Company anticipates that it will recover the entire cost basis of these securities and has determined that no other-than-temporary impairments associated with credit losses were required to be recognized during the year ended December 31, 2012.

As of December 31, 2012, our investment portfolio of cash equivalents and marketable securities consisted of money market fund investments, U.S. government and agency obligations, commercial paper and certificates of deposits, corporate bonds, and asset backed securities. Excluding the U.S. government holdings, which carry a lower risk and lower return in comparison to other securities in the portfolio, the remaining amount in our investment portfolio that could be susceptible to market risk totaled $343.6 million.

Interest Rate Risk

Our primary objective for holding fixed income securities is to achieve an appropriate investment return consistent with preserving principal and managing risk. At any time, a sharp rise in interest rates or credit spreads could have a material adverse impact on the fair value of our fixed income investment portfolio. Securities with longer maturities are subject to a greater interest rate risk than those with shorter maturities. As of December 31, 2012 the average duration of our portfolio was less than one year. An immediate hypothetical shift in the yield curves of plus or minus 50 basis points from their position as of December 31, 2012, could decrease or increase the fair value of our investment portfolio by approximately $1.0 million. This sensitivity analysis assumes a parallel shift of all interest rates, however, interest rates do not always move in such a manner and actual results may differ materially. We monitor our interest rate and credit risk, including our credit exposures to specific rating categories and to individual issuers. There were no impairment charges on our cash equivalents and fixed income securities during the year ended December 31, 2012.

An immediate 10% increase or decrease in current interest rates from their position as of December 31, 2012 would not have a material impact on our debt obligations due to the fixed nature of the majority of our debt obligations. However, the interest expense associated with our U.S. financing and ALOG financing, which bear interest at variable rates could be affected. For every 100 basis point change in interest rates, our annual interest expense could increase or decrease by a total of approximately $2.3 million based on the total balance of our primary borrowings under the U.S. term loan and the ALOG financing as of December 31, 2012. As of December 31, 2012, we had not employed any interest rate derivative products to manage our debt obligations. However, we may enter into interest rate hedging agreements in the future to mitigate our exposure to interest rate risk.

The fair value of our long-term fixed interest rate debt is subject to interest rate risk. Generally, the fair 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 value of the fixed interest rate debt but do not impact our earnings or cash flows. The fair value of our convertible debt, which is traded in the market, is based on quoted market prices. The fair value of our loans payable, which are not traded in the market, is estimated by considering our credit rating, current rates available to us for debt of the same remaining maturities and the terms of the debt. The following table represents the carrying value and estimated fair value of our loans payable, senior notes and convertible debt as of (in thousands):

	December 31, 2012		December 31, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loans payable	$ 240,962	$ 238,793	$ 256,235	$ 269,451
Convertible debt	708,726	1,144,568	941,084	1,057,801
Senior Notes	1,500,000	1,661,400	1,500,000	1,612,287

Foreign Currency Risk

The majority of our revenue is denominated in U.S. dollars, generated mostly from customers in the U.S. However, approximately 44% of both our revenues and operating costs are attributable to Brazil, Canada and the EMEA and Asia-Pacific regions and a large portion of those revenues and costs are denominated in a currency other than the U.S. dollar, primarily the Brazilian Reais, Canadian dollar, British pound, Euro, Swiss franc, Australian dollar, Chinese Yuan, Hong Kong dollar, Japanese yen and Singapore dollar. As a result, our operating results and cash flows are impacted by currency fluctuations relative to the U.S. dollar. To protect against certain reductions in value caused by changes in currency exchange rates, we have established a risk management program to offset some of the risk of carrying assets and liabilities denominated in foreign currencies. As a result, we enter into foreign currency forward contracts to manage the risk associated with certain foreign currency-denominated assets and liabilities. Our risk management program reduces, but does not entirely eliminate, the impact of currency exchange rate movements and its impact on the consolidated statements of operations. As of December 31, 2012, the outstanding foreign currency forward contracts had maturities of less than one year.

For the foreseeable future, we anticipate that approximately 40-50% of our revenues and operating costs will continue to be generated and incurred outside of the U.S. in currencies other than the U.S. dollar. While we hedge certain of our balance sheet foreign currency assets and liabilities, we currently do not hedge revenue. During fiscal 2012, the U.S. dollar was generally strong relative to certain of the currencies of the foreign countries in which we operate. This overall strength of the U.S. dollar had a negative impact on our consolidated results of operations because the foreign denominations translated into less U.S. dollars. In future periods, the volatility of the U.S. dollar as compared to the other currencies in which we do business could have a significant impact on our consolidated financial position and results of operations including the amount of revenue that we report in future periods.

We may enter into additional hedging activities in the future to mitigate our exposure to foreign currency risk as our exposure to foreign currency risk continues to increase due to our growing foreign operations; however, we do not currently intend to eliminate all foreign currency transaction exposure.

Commodity Price Risk

Certain operating costs incurred by us are subject to price fluctuations caused by the volatility of underlying commodity prices. The commodities most likely to have an impact on our results of operations in the event of price changes are electricity, supplies and equipment used in our IBX data centers. We closely monitor the cost of electricity at all of our locations. We have entered into several power contracts to purchase power at fixed prices during 2013 and beyond in certain locations in the U.S., Australia, Brazil, France, Germany, Japan, the Netherlands, Singapore and the United Kingdom.

In addition, as we are building new, or expanding existing, IBX data centers, we are subject to commodity price risk for building materials related to the construction of these IBX data centers, such as steel and copper. In addition, the lead-time to procure certain pieces of equipment, such as generators, is substantial. Any delays in procuring the necessary pieces of equipment for the construction of our IBX data centers could delay the anticipated openings of these new IBX data centers and, as a result, increase the cost of these projects.

We do not currently employ forward contracts or other financial instruments to address commodity price risk other than the power contracts discussed above.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

There is no disclosure to report pursuant to Item 9.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

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

Management's Report on Internal Control Over Financial Reporting

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

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

Based on our evaluation under the framework in *Internal Control—Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2012. There were no significant changes in internal control over financial reporting during the quarter ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of December 31, 2012 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein on page F-1 of this Annual Report on Form 10-K.

Limitations on the Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed and operated to be effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in

part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal controls over financial reporting during the fourth quarter of fiscal 2012 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

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

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2013 Annual Meeting of Stockholders.

We have adopted a Code of Ethics applicable for the Chief Executive Officer and Senior Financial Officers and a Code of Business Conduct. This information is incorporated by reference to the Equinix proxy statement for the 2013 Annual Meeting of Stockholders and is also available on our website, www.equinix.com.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2013 Annual Meeting of Stockholders.

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

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2013 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2013 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2013 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements:

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

(a)(3) Exhibits:

		Incorporated by Reference			
Exhibit Number	Exhibit Description	Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended to date.	10-K/A	12/31/02	3.1	
3.2	Certificate of Amendment of the Restated Certificate of Incorporation	8-K	6/14/11	3.1	
3.3	Certificate of Designation of Series A and Series A-1 Convertible Preferred Stock.	10-K/A	12/31/02	3.3	
3.4	Amended and Restated Bylaws of the Registrant.	8-K	6/7/12	3.2	
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3 and 3.4.				
4.2	Indenture dated September 26, 2007 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	9/26/07	4.4	
4.3	Form of 3.00% Convertible Subordinated Note Due 2014 (see Exhibit 4.2).				
4.4	Indenture dated June 12, 2009 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	6/12/09	4.1	
4.5	Form of 4.75% Convertible Subordinated Note Due 2016 (see Exhibit 4.4).				
4.6	Indenture dated March 3, 2010 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	10-Q	3/31/10	4.8	
4.7	Form of 8.125% Senior Note Due 2018 (see Exhibit 4.6).				
4.8	Indenture dated July 13, 2011 by and between Equinix, Inc. and U.S. Bank National Association as trustee	8-K	7/13/11	4.1	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date/ Period End Date	Exhibit	
4.9	Form of 7.00% Senior Note due 2021 (see Exhibit 4.8)	8-K	7/13/11	4.2	
10.1	Form of Indemnification Agreement between the Registrant and each of its officers and directors.	S-4 (File No. 333-93749)	12/29/99	10.5	
10.2	2000 Equity Incentive Plan, as amended.	10-Q	3/31/12	10.2	
10.3	2000 Director Option Plan, as amended.	10-K	12/31/07	10.4	
10.4	2001 Supplemental Stock Plan, as amended.	10-K	12/31/07	10.5	
10.5	Equinix, Inc. 2004 Employee Stock Purchase Plan, as amended.	S-8 (File No. 333-165033)	2/23/10	99.3	
10.6	Form of Restricted Stock Agreements for Stephen M. Smith under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	3/31/07	10.45	
10.7	Letter Agreement, dated April 22, 2008, by and between Eric Schwartz and Equinix Operating Co., Inc.	10-Q	6/30/08	10.34	
10.8	Severance Agreement by and between Stephen Smith and Equinix, Inc. dated December 18, 2008.	10-K	12/31/08	10.31	
10.9	Severance Agreement by and between Peter Van Camp and Equinix, Inc. dated December 10, 2008.	10-K	12/31/08	10.32	
10.10	Severance Agreement by and between Keith Taylor and Equinix, Inc. dated December 19, 2008.	10-K	12/31/08	10.33	
10.11	Severance Agreement by and between Peter Ferris and Equinix, Inc. dated December 17, 2008.	10-K	12/31/08	10.34	
10.12	Change in Control Severance Agreement by and between Eric Schwartz and Equinix, Inc. dated December 19, 2008.	10-K	12/31/08	10.35	
10.13	Confirmation for Base Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Deutsche Bank AG, London Branch.	8-K	6/12/09	10.1	
10.14	Confirmation for Additional Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Deutsche Bank AG, London Branch.	8-K	6/12/09	10.2	
10.15	Master Terms and Conditions for Capped Call Transactions dated as of June 9, 2009 between Equinix, Inc. and Deutsche Bank AG, London Branch.	8-K	6/12/09	10.3	
10.16	Confirmation for Base Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch.	8-K	6/12/09	10.4	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date/ Period End Date	Exhibit	
10.17	Confirmation for Additional Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch.	8-K	6/12/09	10.5	
10.18	Master Terms and Conditions for Capped Call Transactions dated as of June 9, 2009 between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch.	8-K	6/12/09	10.6	
10.19	Confirmation for Base Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Goldman, Sachs & Co.	8-K	6/12/09	10.7	
10.20	Confirmation for Additional Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Goldman, Sachs & Co.	8-K	6/12/09	10.8	
10.21	Master Terms and Conditions for Capped Call Transactions dated as of June 9, 2009 between Equinix, Inc. and Goldman, Sachs & Co.	8-K	6/12/09	10.9	
10.22	Addendum to international assignment letter agreement by and between Eric Schwartz and Equinix Operating Co., Inc., dated February 17, 2010.	10-Q	3/31/10	10.42	
10.23	Switch & Data 2007 Stock Incentive Plan.	S-1/A (File No. 333-137607) filed by Switch & Data Facilities Company, Inc.	2/5/07	10.9	
10.24	Offer Letter from Equinix, Inc. to Charles Meyers dated September 28, 2010.	10-Q	9/30/10	10.40	
10.25	Restricted Stock Unit Agreement for Charles Meyers under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	9/30/10	10.41	
10.26	Change in Control Severance Agreement by and between Charles Meyers and Equinix, Inc. dated September 30. 2010.	10-Q	9/30/10	10.42	
10.27	Form of amendment to existing severance agreement between the Registrant and each of Messrs. Ferris, Meyers, Smith, Taylor and Van Camp.	10-K	12/31/10	10.33	
10.28	Letter amendment, dated December 14, 2010, to Change in Control Severance Agreement, dated December 18, 2008, and letter agreement relating to expatriate benefits, dated April 22, 2008, as amended, by and between the Registrant and Eric Schwartz.	10-K	12/31/10	10.34	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date/ Period End Date	Exhibit	
10.29	Form of Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/11	10.34	
10.30	Form of Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/11	10.35	
10.31*	English Translation of Shareholders Agreement, dated as of April 25, 2011, among Equinix South America Holdings, LLC, RW Brasil Fundo de Investimento em Participações and Zion RJ Participações S.A., and, for the limited purposes set forth therein, Sidney Victor da Costa Breyer, Antonio Eduardo Zago de Carvalho, Equinix, Inc., Riverwood Capital L.P., Riverwood Capital Partners L.P. and Riverwood Capital Partners (Parallel – A) L.P.	10-Q	6/30/11	10.36	
10.32	Lease Agreement between 2020 Fifth Avenue LLC and Switch & Data WA One LLC, dated October 13, 2011.	10-Q	9/30/11	10.37	
10.33	Equinix, Inc. 2012 Incentive Plan	10-Q	3/31/12	10.37	
10.34	Form of 2012 Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/12	10.38	
10.35	Form of 2012 Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/12	10.39	
10.36	Form of 2012 TSR Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/12	10.40	
10.37	Form of 2012 TSR Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/12	10.41	
10.38	Credit Agreement, by and among Equinix, Inc., as borrower, Equinix Operating Co., Inc., Equinix Pacific, Inc., Switch & Data Facilities Company, Inc., Switch & Data Holdings, Inc. and Equinix Services, Inc., as guarantors, the Lenders (defined therein), Bank of America, N.A., as administrative agent, a Lender and L/C issuer, Wells Fargo Bank, National Association, as syndication agent, the Co-Documentation Agents (defined therein) and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as sole lead arranger and sole book manager, dated June 28, 2012.	10-Q	6/30/12	10.39	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date/ Period End Date	Exhibit	
10.39	English Translation of Shareholders' Agreement, dated as of October 31, 2012, among Equinix South America Holdings, LLC, RW Brasil Fundo de Investimento em Participações, Sidney Victor da Costa Breyer and Antonio Eduardo Zago de Carvalho, and as intervening party, Alog Soluções de Tecnologia em Informática s.a., and, for the limited purposes set forth herein, Equinix, Inc., Riverwood Capital L.P., Riverwood Capital Partners L.P., Riverwood Capital Partners (Parallel – A) L.P. and Riverwood Capital Partners (Parallel – B) L.P.				X
10.40	Lease Agreement, by and between 271 Front Inc. and Equinix Canada Ltd., dated November 30, 2012.				X
10.41	Indemnity Agreement, by Equinix, Inc. in favor of 271 Front Inc., dated November 30, 2012.				X
10.42	International Long-Term Assignment Extension Letter, by and between Equinix Operating Co., Inc. and Eric Schwartz, dated December 21, 2012.				X
18.1	Preferable Accounting Principles Letter from Pricewaterhouse Coopers LLP, Independent Registered Public Accounting Firm, dated July 26, 2010.	10-Q	6/30/10	18.1	
21.1	Subsidiaries of Equinix, Inc.				X
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.				X
31.1	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Chief Executive Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2	Chief Financial Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS**	XBRL Instance Document.				X
101.SCH**	XBRL Taxonomy Extension Schema Document.				X

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date/ Period End Date	Exhibit	
101.CAL**	XBRL Taxonomy Extension Calculation Document.				X
101.DEF**	XBRL Taxonomy Extension Definition Document.				X
101.LAB**	XBRL Taxonomy Extension Labels Document.				X
101.PRE**	XBRL Taxonomy Extension Presentation Document.				X

* 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.

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

(b) Exhibits.

See (a) (3) above.

(c) Financial Statement Schedule.

See (a) (2) above.

SIGNATURES

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

EQUINIX, INC.
(Registrant)

February 26, 2013

By /s/ STEPHEN M. SMITH
Stephen M. Smith
President and Chief Executive Officer

POWER OF ATTORNEY

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

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

Signature	Title	Date
/S/ STEPHEN M. SMITH **Stephen M. Smith**	President and Chief Executive Officer (Principal Executive Officer)	February 26, 2013
/s/ KEITH D. TAYLOR **Keith D. Taylor**	Chief Financial Officer (Principal Financial and Accounting Officer)	February 26, 2013
/s/ PETER F. VAN CAMP **Peter F. Van Camp**	Executive Chair	February 26, 2013
/s/ STEVEN T. CLONTZ **Steven T. Clontz**	Director	February 26, 2013
/s/ GARY F. HROMADKO **Gary F. Hromadko**	Director	February 26, 2013
/s/ SCOTT G. KRIENS **Scott G. Kriens**	Director	February 26, 2013
/s/ WILLIAM LUBY **William Luby**	Director	February 26, 2013

Signature	Title	Date
/s/ IRVING F. LYONS, III **Irving F. Lyons, III**	Director	February 26, 2013
/s/ CHRISTOPHER B. PAISLEY **Christopher B. Paisley**	Director	February 26, 2013

INDEX TO EXHIBITS

Exhibit Number	Description of Document
10.39	English Translation of Shareholders' Agreement, dated as of October 31, 2012, among Equinix South America Holdings, LLC, RW Brasil Fundo de Investimento em Participações, Sidney Victor da Costa Breyer and Antonio Eduardo Zago de Carvalho, and as intervening party, Alog Soluções de Tecnologia em Informática s.a., and, for the limited purposes set forth herein, Equinix, Inc., Riverwood Capital L.P., Riverwood Capital Partners L.P., Riverwood Capital Partners (Parallel – A) L.P. and Riverwood Capital Partners (Parallel – B) L.P.
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101.SCH**	XBRL Taxonomy Extension Schema Document.
101.CAL**	XBRL Taxonomy Extension Calculation Document.
101.DEF**	XBRL Taxonomy Extension Definition Document.
101.LAB**	XBRL Taxonomy Extension Labels Document.
101. PRE**	XBRL Taxonomy Extension Presentation Document.

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Report of Independent Registered Public Accounting Firm

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

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Equinix, Inc. (the "Company") and its subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the Management's Reporting on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

/s/ PricewaterhouseCoopers LLP
San Jose, CA
February 26, 2013

EQUINIX, INC.

Consolidated Balance Sheets
(in thousands, except share and per share data)

	December 31, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 252,213	$ 278,823
Short-term investments	166,492	635,721
Accounts receivable, net of allowance for doubtful accounts of $3,716 and $4,635	163,840	139,057
Other current assets	57,206	182,156
Total current assets	639,751	1,235,757
Long-term investments	127,819	161,801
Property, plant and equipment, net	3,918,999	3,225,912
Goodwill	1,042,564	866,495
Intangible assets, net	201,562	148,635
Other assets	202,269	146,724
Total assets	$ 6,132,964	$ 5,785,324
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 268,853	$ 229,043
Accrued property, plant and equipment	63,509	93,224
Current portion of capital lease and other financing obligations	15,206	11,542
Current portion of loans payable	52,160	87,440
Current portion of convertible debt	—	246,315
Other current liabilities	139,561	57,690
Total current liabilities	539,289	725,254
Capital lease and other financing obligations, less current portion	545,853	390,269
Loans payable, less current portion	188,802	168,795
Convertible debt	708,726	694,769
Senior notes	1,500,000	1,500,000
Other liabilities	230,843	286,424
Total liabilities	3,713,513	3,765,511
Redeemable non-controlling interests (Note 10)	84,178	67,601
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, $0.001 par value per share; 100,000,000 shares authorized in 2012 and 2011; zero shares issued and outstanding in 2012 and 2011	—	—
Common stock, $0.001 par value per share; 300,000,000 shares authorized in 2012 and 2011; 49,139,851 issued and 48,776,108 outstanding in 2012 and 47,541,620 issued and 46,671,199 outstanding in 2011	49	48
Additional paid-in capital	2,583,371	2,437,623
Treasury stock, at cost; 363,743 shares in 2012 and 870,421 shares in 2011	(36,676)	(86,666)
Accumulated other comprehensive loss	(101,042)	(143,698)
Accumulated deficit	(110,429)	(255,095)
Total stockholders' equity	2,335,273	1,952,212
Total liabilities, redeemable non-controlling interests and stockholders' equity	$ 6,132,964	$ 5,785,324

See accompanying notes to consolidated financial statements.

EQUINIX, INC.

Consolidated Statements of Operations
(in thousands, except per share data)

	Years ended December 31,		
	2012	2011	2010
Revenues	$1,895,744	$1,569,784	$1,196,214
Costs and operating expenses:			
Cost of revenues	943,995	833,851	652,156
Sales and marketing	202,914	158,347	110,765
General and administrative	329,399	265,554	220,618
Restructuring charges	—	3,481	6,734
Impairment charges	9,861	—	—
Acquisition costs	8,822	3,297	12,337
Total costs and operating expenses	1,494,991	1,264,530	1,002,610
Income from continuing operations	400,753	305,254	193,604
Interest income	3,466	2,280	1,515
Interest expense	(200,328)	(181,303)	(140,475)
Other-than-temporary impairment recovery on investments	—	—	3,626
Other income (expense)	(2,208)	2,821	692
Loss on debt extinguishment and interest rate swaps, net	(5,204)	—	(10,187)
Income from continuing operations before income taxes	196,479	129,052	48,775
Income tax expense	(61,783)	(37,451)	(12,562)
Net income from continuing operations	134,696	91,601	36,213
Discontinued operations, net of tax (Note 4):			
Net income from discontinued operations	1,234	1,009	668
Gain on sale of discontinued operations	11,852	—	—
Net income	147,782	92,610	36,881
Net (income) loss attributable to redeemable non-controlling interests	(3,116)	1,394	—
Net income attributable to Equinix	$ 144,666	$ 94,004	$ 36,881
Earnings per share ("EPS") attributable to Equinix (Note 3):			
Basic EPS from continuing operations	$ 2.74	$ 1.74	$ 0.83
Basic EPS from discontinued operations	0.27	0.02	0.01
Basic EPS	$ 3.01	$ 1.76	$ 0.84
Weighted-average shares	48,004	46,956	43,742
Diluted EPS from continuing operations	$ 2.67	$ 1.70	$ 0.81
Diluted EPS from discontinued operations	0.25	0.02	0.01
Diluted EPS	$ 2.92	$ 1.72	$ 0.82
Weighted-average shares	51,816	47,898	44,810

See accompanying notes to consolidated financial statements.

EQUINIX, INC.

Consolidated Statements of Comprehensive Income
(in thousands)

	Years ended December 31,		
	2012	2011	2010
Net income	$ 147,782	$ 92,610	$ 36,881
Other comprehensive income (loss), net of tax:			
Foreign currency translation gain (loss)	36,194	(38,776)	(19,502)
Unrealized loss on available for sale securities	(23)	(14)	(211)
Settlement of interest rate swaps	—	—	4,933
	36,171	(38,790)	(14,780)
Comprehensive income, net of tax	183,953	53,820	22,101
Net (income) loss attributable to redeemable non-controlling interests	(3,116)	1,394	—
Other comprehensive loss attributable to non-controlling interests	6,485	7,110	—
Comprehensive income attributable to Equinix	$ 187,322	$ 62,324	$ 22,101

See accompanying notes to consolidated financial statements.

EQUINIX, INC.

Consolidated Statements of Stockholders' Equity and Other Comprehensive Income
For the Three Years Ended December 31, 2012
(in thousands, except share data)

	Common stock		Treasury stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount				
Balances as of December 31, 2009	39,315,250	$ 39	—	$ —	$1,665,662	$ (97,238)	$ (385,980)	$ 1,182,483
Net income attributable to Equinix	—	—	—	—	—	—	36,881	36,881
Other comprehensive loss attributable to Equinix	—	—	—	—	—	(14,780)	—	(14,780)
Issuance of common stock for employee equity awards	1,393,026	1	—	—	39,817	—	—	39,818
Issuance of common stock for the Switch and Data acquisition	5,458,413	6	—	—	549,383	—	—	549,389
Stock-based compensation assumed in the Switch and Data acquisition	—	—	—	—	16,508	—	—	16,508
Stock-based compensation, net of estimated forfeitures	—	—	—	—	70,216	—	—	70,216
Balances as of December 31, 2010	46,166,689	46	—	—	2,341,586	(112,018)	(349,099)	1,880,515
Net income attributable to Equinix	—	—	—	—	—	—	94,004	94,004
Other comprehensive loss attributable to Equinix	—	—	—	—	—	(31,680)	—	(31,680)
Issuance of common stock for employee equity awards	1,374,931	2	—	—	38,891	—	—	38,893
Common shares repurchased	—	—	(870,421)	(86,666)	—	—	—	(86,666)
Change in redemption value of redeemable non-controlling interests	—	—	—	—	(11,476)	—	—	(11,476)
Tax benefit from employee stock plans	—	—	—	—	81	—	—	81
Stock-based compensation, net of estimated forfeitures	—	—	—	—	68,541	—	—	68,541
Balances as of December 31, 2011	47,541,620	48	(870,421)	(86,666)	2,437,623	(143,698)	(255,095)	1,952,212
Net income attributable to Equinix	—	—	—	—	—	—	144,666	144,666
Other comprehensive income attributable to Equinix	—	—	—	—	—	42,656	—	42,656
Issuance of common stock for employee equity awards	1,598,231	1	15,069	1,504	59,323	—	—	60,828
Issuance of common stock upon conversions of convertible debt	—	—	623,098	61,850	(61,838)	—	—	12
Common shares repurchased	—	—	(131,489)	(13,364)	—	—	—	(13,364)
Change in redemption value of redeemable non-controlling interests	—	—	—	—	(21,270)	—	—	(21,270)
Tax benefit from employee stock plans	—	—	—	—	84,740	—	—	84,740
Stock-based compensation, net of estimated forfeitures	—	—	—	—	84,793	—	—	84,793
Balances as of December 31, 2012	49,139,851	$ 49	(363,743)	$ (36,676)	$ 2,583,371	$ (101,042)	$ (110,429)	$ 2,335,273

See accompanying notes to consolidated financial statements.

EQUINIX, INC.

Consolidated Statements of Cash Flows
(in thousands)

	Years ended December 31,		
	2012	2011	2010
Cash flows from operating activities:			
Net income	$ 147,782	$ 92,610	$ 36,881
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	374,716	328,610	246,544
Stock-based compensation	84,158	71,532	67,489
Excess tax benefits from stock-based compensation	(72,631)	(81)	—
Restructuring charges	—	3,481	6,734
Impairment charges	9,861	—	—
Amortization of intangible assets	23,575	19,064	13,632
Accretion of asset retirement obligation and accrued restructuring charges	3,395	4,720	3,128
Amortization of debt issuance costs and debt discounts	23,365	32,172	27,915
Provision for allowance for doubtful accounts	4,186	4,987	2,056
Loss on debt extinguishment and interest rate swaps, net	5,204	—	10,187
Gain on sale of discontinued operations	(11,852)	—	—
Other items	2,704	5,146	2,254
Changes in operating assets and liabilities:			
Accounts receivable	(26,601)	(23,061)	(39,886)
Income taxes, net	27,308	24,865	1,992
Other assets	1,334	(30,956)	(11,855)
Accounts payable and accrued expenses	31,282	41,973	35,175
Accrued restructuring charges	(2,556)	(3,079)	(4,426)
Other liabilities	6,796	15,626	(4,948)
Net cash provided by operating activities	632,026	587,609	392,872
Cash flows from investing activities:			
Purchases of investments	(442,870)	(1,268,574)	(744,798)
Sales of investments	362,266	125,674	25,174
Maturities of investments	579,855	495,865	827,540
Purchase of Asia Tone, net of cash acquired	(202,338)	—	—
Purchase of ancotel, net of cash acquired	(84,236)	—	—
Purchase of Dubai IBX data center, net of cash acquired	(22,918)	—	—
Purchase of ALOG, net of cash acquired	—	(41,954)	—
Purchase of Switch and Data, net of cash acquired	—	—	(113,289)
Purchases of real estate	(24,656)	(28,066)	(14,861)
Purchases of other property, plant and equipment	(764,500)	(685,675)	(579,397)
Proceeds from the sale of discontinued operations	76,458	—	—
Increase in restricted cash	(8,696)	(97,724)	(1,582)
Release of restricted cash	88,762	1,000	244
Other investing activities, net	—	10	—
Net cash used in investing activities	(442,873)	(1,499,444)	(600,969)
Cash flows from financing activities:			
Purchases of treasury stock	(13,364)	(86,666)	—
Proceeds from employee equity awards	56,137	38,893	39,817
Excess tax benefits from stock-based compensation	72,631	81	—
Proceeds from senior notes	—	750,000	750,000
Proceeds from loans payable	262,591	95,336	121,581
Repayment of convertible debt	(250,007)	—	—
Repayment of mortgage and loans payable	(329,111)	(22,829)	(558,007)
Repayment of capital lease and other financing obligations	(12,378)	(10,426)	(16,133)
Debt issuance costs	(9,220)	(15,661)	(23,124)
Debt extinguishment costs	—	—	(4,448)
Net cash provided by (used in) financing activities	(222,721)	748,728	309,686
Effect of foreign currency exchange rates on cash and cash equivalents	6,958	(911)	(4,804)
Net increase (decrease) in cash and cash equivalents	(26,610)	(164,018)	96,785
Cash and cash equivalents at beginning of year	278,823	442,841	346,056
Cash and cash equivalents at end of year	$ 252,213	$ 278,823	$ 442,841
Supplemental cash flow information:			
Cash paid for taxes	$ 36,711	$ 9,157	$ 11,043
Cash paid for interest	$ 185,321	$ 129,129	$ 97,943

See accompanying notes to consolidated financial statements.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Equinix, Inc. ("Equinix" or the "Company") was incorporated in Delaware on June 22, 1998. Equinix provides colocation space and related services. Global enterprises, content providers, financial companies and network service providers rely upon Equinix's insight and expertise to safehouse and connect their most valued information assets. The Company operates International Business Exchange ("IBX") data centers, or IBX data centers, across 31 markets in the Americas; Europe, Middle East and Africa ("EMEA") and Asia-Pacific geographic regions where customers directly interconnect with a network ecosystem of partners and customers. More than 900 network service providers offer access to more than 90% of the world's Internet routes inside the Company's IBX data centers. This access to Internet routes provides Equinix customers improved reliability and streamlined connectivity while significantly reducing costs by reaching a critical mass of networks within a centralized physical location.

In September 2012, the Company announced that its board of directors approved a plan to pursue conversion to a real estate investment trust ("REIT") (the "REIT Conversion"). The Company plans to make a tax election for REIT status for the taxable year beginning January 1, 2015.

Basis of Presentation, Consolidation and Foreign Currency

The accompanying consolidated financial statements include the accounts of Equinix and its subsidiaries, including the operations of the alliance with Emirates Integrated Telecommunications Company PJSC ("du") from November 9, 2012, and the acquisitions of Asia Tone Limited ("Asia Tone") from July 4, 2012, ancotel GmbH ("ancotel") from July 3, 2012, ALOG Data Centers do Brasil S.A. and its subsidiaries ("ALOG") from April 25, 2011 and Switch & Data Facilities Company, Inc. ("Switch and Data") from April 30, 2010. All significant intercompany accounts and transactions have been eliminated in consolidation. Foreign exchange gains or losses resulting from foreign currency transactions, including intercompany foreign currency transactions, that are anticipated to be repaid within the foreseeable future, are reported within other income (expense) on the Company's accompanying consolidated statements of operations. For additional information on the impact of foreign currencies to the Company's consolidated financial statements, see "Accumulated Other Comprehensive Income (Loss)" in Note 11 below.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. On an ongoing basis, the Company evaluates its estimates, including, but not limited to, those related to the allowance for doubtful accounts, fair values of financial instruments, intangible assets and goodwill, useful lives of intangible assets and property, plant and equipment, assets acquired and liabilities assumed from acquisitions, asset retirement obligations, restructuring charges, redemption value of redeemable non-controlling interests and income taxes. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable.

Discontinued Operations

Assets and liabilities to be disposed of that meet all of the criteria to be classified as held for sale as set forth in the accounting standard for impairment or disposal of long-lived assets are reported at the lower of their carrying amounts or fair values less costs to sell. Assets are not depreciated or amortized while they are classified

as held for sale. Assets and liabilities held for sale that have operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company's assets and liabilities are reported in discontinued operations when (a) it is determined that the operations and cash flows will be eliminated from the Company's continuing operations and (b) the Company will not have any significant continuing involvement in the operations of the assets and liabilities after the disposal transaction.

The Company's consolidated statements of operations have been reclassified to reflect its discontinued operations for all periods presented. For further information on the Company's discontinued operations, see Note 4.

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

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

Financial Instruments and Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents and short-term and long-term investments and accounts receivable. Risks associated with cash, cash equivalents and short-term and long-term investments are mitigated by the Company's investment policy, which limits the Company's investing to only those marketable securities rated at least A-1/P-1 and A-/A3, as determined by independent credit rating agencies. Risk to the Company's investment portfolio is further mitigated by its heavy weighting in U.S. government securities.

A significant portion of the Company's customer base is comprised of businesses throughout the Americas. However, a portion of the Company's revenues are derived from the Company's EMEA and Asia-Pacific operations. The following table sets forth percentages of the Company's revenues by geographic regions for the years ended December 31:

	2012	2011	2010
Americas	61%	63%	63%
EMEA	23%	23%	23%
Asia-Pacific	16%	14%	14%

No single customer accounted for greater than 10% of accounts receivable or revenues as of or for the years ended December 31, 2012, 2011 and 2010.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Property, Plant and Equipment

Property, plant and equipment are stated at the Company's original cost or fair value for acquired property, plant and equipment. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements and assets acquired under capital leases are amortized over the shorter of the lease term or the estimated useful life of the asset or improvement, unless they are considered integral equipment, in which case they are amortized over the lease term. Leasehold improvements acquired in a business combination are amortized over the shorter of the useful life of the assets or a term that includes required lease periods and renewals that are deemed to be reasonably assured at the date of acquisition and leasehold improvements that are placed into service significantly after and not contemplated at or near the beginning of the lease term are amortized over the shorter of the useful life of the assets or a term that includes required lease periods and renewals that are deemed to be reasonably assured at the date the leasehold improvements are purchased.

The Company's estimated useful lives of its property, plant and equipment are as follows (in years):

IBX plant and machinery	5-30
Leasehold improvements	10-40
Site improvements	10-40
Buildings	20-50
IBX equipment	2.5-10
Computer equipment and software	3-5
Furniture and fixtures	7-10

During the three months ended December 31, 2012, the Company reassessed the estimated useful lives of certain of its property, plant and equipment as part of a review of the related assumptions. As a result, the Company recorded approximately $4,968,000 of lower depreciation expense for the quarter ended December 31, 2012.

Construction in Progress

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

Asset Retirement Costs

The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred. The associated retirement costs are capitalized and included as part of the carrying value of the long-lived asset and amortized over the useful life of the asset. Subsequent to the initial measurement, the Company accretes the liability in relation to the asset retirement obligations over time and the accretion expense is recorded as a cost of revenue. The Company's asset retirement obligations are primarily related to its IBX data centers, of which the majority are leased under long-term arrangements, and, in certain cases, are required to be returned to the landlords in their original condition. The majority of the Company's IBX data center leases have been subject to significant development by the Company in order to convert them from, in most cases, vacant buildings or

warehouses into IBX data centers. The majority of the Company's IBX data centers' initial lease terms expire at various dates ranging from 2013 to 2035 and most of them enable the Company to extend the lease terms.

Goodwill and Other Intangible Assets

The Company has three reportable segments comprised of the 1) Americas, 2) EMEA and 3) Asia-Pacific geographic regions, which the Company also determined are its reporting units. As of December 31, 2012, the Company had goodwill attributable to its Americas reporting unit, EMEA reporting unit and Asia-Pacific reporting unit. Commencing in 2010, the Company changed its method of applying the accounting principle related to annual goodwill impairment tests by conforming the testing of goodwill for all three reporting units to November 30th of each year.

In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2011-08, Testing Goodwill for Impairment. This ASU provides companies with the option to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, after assessing the qualitative factors, a company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying value, then performing the two-step impairment test is unnecessary. However, if a company concludes otherwise, then it is required to perform the first step of the two-step goodwill impairment test. If the carrying value of a reporting unit exceeds its fair value, then a company is required to perform the second step of the two-step goodwill impairment test. This guidance is effective for goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company early adopted this standard during the fourth quarter of 2011.

The Company elected to perform the first step of the two-step goodwill impairment test for its Americas reporting unit, EMEA reporting unit and Asia-Pacific reporting unit during the year ended December 31, 2012, as this was the first year that the Americas reporting unit excluded goodwill from the sale of 16 of the Company's IBX data centers located throughout the U.S., the EMEA reporting unit included goodwill from the acquisition of ancotel and the Dubai IBX Data Center Acquisition and the Asia-Pacific reporting unit included goodwill from the acquisition of Asia Tone. In order to determine the fair value of each reporting unit, the Company utilizes the discounted cash flow and market methods. The Company has consistently utilized both methods in its goodwill impairment tests and weighs both results equally. The Company uses both methods in its goodwill impairment tests as it believes both methods, in conjunction with each other, provide a reasonable estimate of the determination of fair value of each reporting unit – the discounted cash flow method being specific to anticipated future results of the reporting unit and the market method, which is based on the Company's market sector including its competitors. The assumptions supporting the discounted cash flow method, including the discount rate, which was assumed to be 10.0% for the Americas reporting unit and EMEA reporting unit and 13.0% for the Asia-Pacific reporting unit, was determined using the Company's best estimates as of the date of the impairment review. As of November 30, 2012, the Company concluded that its goodwill attributed to the Company's Americas reporting unit, EMEA reporting unit and Asia-Pacific reporting unit was not impaired as the fair value of each reporting unit exceeded the carrying value of its respective reporting unit, including goodwill. In addition, the Company concluded that no events occurred or circumstances changed subsequent to November 30, 2012 through December 31, 2012 that would more likely than not reduce the fair value of the Americas, EMEA and Asia-Pacific reporting units below its carrying value. The Company has performed various sensitivity analyses on certain of the assumptions used in the discounted cash flow method, such as forecasted revenues and discount rate, and notes that no reasonably possible changes would reduce the fair value of the reporting unit to such a level that would cause an impairment charge.

Impairment assessments inherently involve judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may

impact the Company's assumptions as to prices, costs, growth rates or other factors that may result in changes in the Company's estimates of future cash flows. Although the Company believes the assumptions it used in testing for impairment are reasonable, significant changes in any one of the Company's assumptions could produce a significantly different result. Indicators of potential impairment that might lead the Company to perform interim goodwill impairment assessments include significant and unforeseen customer losses, a significant adverse change in legal factors or in the business climate, a significant adverse action or assessment by a regulator, a significant stock price decline or unanticipated competition.

For further information on goodwill and other intangible assets, see Note 5 below.

Derivatives and Hedging Activities

The Company recognizes all derivatives on the consolidated balance sheet at fair value. The accounting for changes in the value of a derivative depends on whether the contract is for trading purposes or has been designated and qualifies for hedge accounting. In order to qualify for hedge accounting, a derivative must be considered highly effective at reducing the risk associated with the exposure being hedged. In order for a derivative to be designated as a hedge, there must be documentation of the risk management objective and strategy, including identification of the hedging instrument, the hedged item and the risk exposure, and how effectiveness is to be assessed prospectively and retrospectively. Foreign currency gains or losses are recorded within other income (expense), net in the Company's consolidated statements of operations, with the exception of foreign currency embedded derivatives contained in certain of the Company's customer contracts (see "Revenue Recognition" below), which are recorded within revenues in the Company's consolidated statements of operations.

To assess effectiveness, the Company uses a regression analysis. The extent to which a hedging instrument has been and is expected to continue to be effective at achieving offsetting changes in cash flows is assessed and documented at least quarterly. Any ineffectiveness is reported in current-period earnings. If it is determined that a derivative is not highly effective at hedging the designated exposure, hedge accounting is discontinued. For qualifying cash flow hedges, the effective portion of the change in the fair value of the derivative is recorded in other comprehensive income (loss) and recognized in the consolidated statements of operations when the hedged cash flows affect earnings. The ineffective portions of cash flow hedges are immediately recognized in earnings. If the hedge relationship is terminated, then the change in fair value of the derivative recorded in other comprehensive income (loss) is recognized in earnings when the cash flows that were hedged occur, consistent with the original hedge strategy. For hedge relationships discontinued because the forecasted transaction is not expected to occur according to the original strategy, any related derivative amounts recorded in other comprehensive income (loss) are immediately recognized in earnings. The Company does not use derivatives for speculative or trading purposes.

For further information on derivatives and hedging activities, see Note 6 below.

Fair Value of Financial Instruments

The carrying value of the Company's cash and cash equivalents, short-term and long-term investments represent their fair value, while the Company's accounts receivable, accounts payable and accrued expenses and accrued property, plant and equipment approximate their fair value due primarily to the short-term maturity of the related instruments. The fair value of the Company's debt, which is traded in the public debt market, is based on quoted market prices. The fair value of the Company's debt, which is not publicly traded, is estimated by considering the Company's credit rating, current rates available to the Company for debt of the same remaining maturities and terms of the debt.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Fair Value Measurements

The Company measures and reports certain financial assets and liabilities at fair value on a recurring basis, including its investments in money market funds and available-for-sale debt investments in other public companies, governmental units and other agencies and derivatives.

The Company also follows the accounting standard for the measurement of fair value for nonfinancial assets and liabilities on a nonrecurring basis. These include:

- Non-financial assets and non-financial liabilities initially measured at fair value in a business combination or other new basis event, but not measured at fair value in subsequent reporting periods;
- Reporting units and non-financial assets and non-financial liabilities measured at fair value for goodwill impairment test;
- Indefinite-lived intangible assets measured at fair value for impairment assessment;
- Non-financial long-lived assets or asset groups measured at fair value for impairment assessment or disposal;
- Asset retirement obligations initially measured at fair value but not subsequently measured at fair value; and
- Non-financial liabilities associated with exit or disposal activities initially measured at fair value but not subsequently measured at fair value.

For further information on fair value measurements, see Note 7 below.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable such as a significant decrease in market price of a long-lived asset, a significant adverse change in legal factors or business climate that could affect the value of a long-lived asset or a continuous deterioration of the Company's financial condition. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated discounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

During the year ended December 31, 2012, the Company determined that the fair values of certain long-lived assets in two properties were lower than their carrying values. As a result, the Company recorded impairment charges totaling $9,861,000 in the Americas and Asia-Pacific regions comprised of $7,029,000 of property, plant and equipment and $2,832,000 of intangible assets. The Company did not record any impairment charges related to its long-lived assets during the years ended December 31, 2011 and 2010.

Revenue Recognition

Equinix derives more than 90% of its revenues from recurring revenue streams, consisting primarily of (1) colocation, which includes the licensing of cabinet space and power; (2) interconnection services, such as cross connects and Equinix Exchange ports; (3) managed infrastructure services and (4) other revenues consisting of rental income from tenants or subtenants. The remainder of the Company's revenues are from non-recurring revenue streams, such as from the recognized portion of deferred installation revenues,

professional services, contract settlements and equipment sales. Revenues from recurring revenue streams are generally billed monthly and recognized ratably over the term of the contract, generally one to three years for IBX data center space customers. Non-recurring installation fees, although generally paid in a lump sum upon installation, are deferred and recognized ratably over the expected life of the installation. Professional service fees are recognized in the period in which the services were provided and represent the culmination of a separate earnings process as long as they meet the criteria for separate recognition under the accounting standard related to revenue arrangements with multiple deliverables. Revenue from bandwidth and equipment sales is recognized on a gross basis in accordance with the accounting standard related to reporting revenue gross as a principal versus net as an agent, primarily because the Company acts as the principal in the transaction, takes title to products and services and bears inventory and credit risk. To the extent the Company does not meet the criteria for recognizing bandwidth and equipment services as gross revenue, the Company records the revenue on a net basis. Revenue from contract settlements, when a customer wishes to terminate their contract early, is generally recognized on a cash basis, when no remaining performance obligations exist, to the extent that the revenue has not previously been recognized.

The Company occasionally guarantees certain service levels, such as uptime, as outlined in individual customer contracts. To the extent that these service levels are not achieved, the Company reduces revenue for any credits given to the customer as a result. The Company generally has the ability to determine such service level credits prior to the associated revenue being recognized, and historically, these credits have generally not been significant. There were no significant service level credits issued during the years ended December 31, 2012, 2011 and 2010.

Revenue is recognized only when the service has been provided and when there is persuasive evidence of an arrangement, the fee is fixed or determinable and collection of the receivable is reasonably assured. It is the Company's customary business practice to obtain a signed master sales agreement and sales order prior to recognizing revenue in an arrangement. Taxes collected from customers and remitted to governmental authorities are reported on a net basis and are excluded from revenue.

As a result of certain customer agreements being priced in currencies different from the functional currencies of the parties involved, under applicable accounting rules, the Company is deemed to have foreign currency forward contracts embedded in these contracts. The Company refers to these as foreign currency embedded derivatives (see Note 6). These instruments are separated from their host contracts and held on the Company's balance sheet at their fair value. The majority of these foreign currency embedded derivatives arise in certain of the Company's subsidiaries where the local currency is the subsidiary's functional currency and the customer contract is denominated in U.S. dollar. Changes in their fair values are recognized within revenues in the Company's consolidated statements of operations.

The Company assesses collectability based on a number of factors, including past transaction history with the customer and the credit-worthiness of the customer. The Company generally does not request collateral from its customers although in certain cases the Company obtains a security interest in a customer's equipment placed in its IBX data centers or obtains a deposit. If the Company determines that collection of a fee is not reasonably assured, the fee is deferred and revenue is recognized at the time collection becomes reasonably assured, which is generally upon receipt of cash. In addition, the Company also maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments for which the Company had expected to collect the revenues. If the financial condition of the Company's customers were to deteriorate or if they became insolvent, resulting in an impairment of their ability to make payments, greater allowances for doubtful accounts may be required. Management specifically analyzes accounts receivable and current economic news and trends, historical bad debts, customer concentrations, customer credit-worthiness and changes in customer payment terms when evaluating revenue recognition and the adequacy of the Company's reserves. A

specific bad debt reserve of up to the full amount of a particular invoice value is provided for certain problematic customer balances. An additional reserve is established for all other accounts based on the age of the invoices and an analysis of historical credits issued. Delinquent account balances are written-off after management has determined that the likelihood of collection is not probable.

Income Taxes

Income taxes are accounted for under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts that are expected more likely than not to be realized in the future.

The REIT conversion, expected to be effective as of January 1, 2015, will not be considered a change in tax status for the Company's U.S. operations. Rather, the effect of the REIT conversion will be reflected in the Company's consolidated statement of operations in the period that includes the date the Company completes all significant actions necessary to qualify as a REIT, signifying its commitment to that course of action.

The Company recognizes interest and penalties related to unrecognized tax benefits within income tax benefit (expense) in the consolidated statements of operations.

Stock-Based Compensation

Stock-based compensation cost is measured at the grant date for all stock-based awards made to employees and directors based on the fair value of the award and is recognized as expense over the requisite service period, which is generally the vesting period.

The Company grants restricted stock units to its employees and these equity awards generally have only a service condition. The Company grants restricted stock units to its executives and these awards generally have a service and performance condition or a service and market condition. To date, any performance conditions contained in an equity award are tied to the financial performance of the Company or a specific region of the Company. The Company assesses the probability of meeting these performance conditions on a quarterly basis. The majority of the Company's equity awards vest over four years, although certain of the equity awards for executives vest over a range of two to four years. The valuation of restricted stock units with only a service condition or a service and performance condition requires no significant assumptions as the fair value for these types of equity awards is based solely on the fair value of the Company's stock price on the date of grant. The Company uses a Monte Carlo simulation option-pricing model to determine the fair value of restricted stock units with a service and market condition.

To the extent that the Company grants stock options to its employees, it uses the Black-Scholes option-pricing model to determine the fair value of stock options. The Company also uses Black-Scholes option-pricing model to determine the fair value of its employee stock purchase plan. The determination of the fair value of stock options or shares purchased under the employee stock purchase plan is affected by assumptions regarding a number of complex and subjective variables including the Company's expected stock price volatility over the term of the awards and actual and projected employee stock option exercise or purchase behaviors. The Company estimated the expected volatility by using the average historical volatility of its common stock that it believed was the best representative of future volatility. The risk-free interest rate used was based on U.S. Treasury zero-coupon issues

with remaining terms similar to the expected term of the equity awards. The expected dividend rate used was zero as the Company did not anticipate paying dividends. The expected term of the equity award used was calculated by taking the average of the vesting or purchase window term and the contractual term of the equity award.

The accounting standard for stock-based compensation does not allow the recognition of unrealized tax benefits associated with the tax deductions in excess of the compensation recorded (excess tax benefit) until the excess tax benefit is realized (i.e. reduces taxes payable). The Company recognizes the benefit from stock-based compensation in equity when the excess tax benefit is realized by following the "with-and-without" approach. The Company recorded the excess tax benefits of approximately $84,740,000 and $81,000, respectively, during the years ended December 31, 2012 and 2011. The Company did not record any excess tax benefits during the year ended December 31, 2010.

For further information on stock-based compensation, see Note 12 below.

Foreign Currency Translation

The financial position of foreign subsidiaries is translated using the exchange rates in effect at the end of the period, while income and expense items are translated at average rates of exchange during the period. Gains or losses from translation of foreign operations where the local currency is the functional currency are included as other comprehensive income (loss). The net gains and losses resulting from foreign currency transactions are recorded in net income (loss) in the period incurred and reported within other income and expense. Certain inter-company balances are designated as long-term. Accordingly, exchange gains and losses associated with these long-term inter-company balances are recorded as a component of other comprehensive income (loss), along with translation adjustments. How the U.S. dollar performs against certain of the currencies of the foreign countries in which the Company operates can have a significant impact to the Company. Strengthening and weakening of the U.S. dollar against theses currencies has significantly impacted the Company's consolidated balance sheets (as evidenced in the Company's foreign currency translation loss), as well as its consolidated statements of operations as amounts denominated in foreign currencies can increase or decrease the Company's revenues and expenses. To the extent that the U.S. dollar strengthens or weakens further, this will continue to impact the Company's consolidated balance sheets and consolidated statements of operations including the amount of revenue that the Company reports in future periods.

Earnings Per Share

The Company computes its EPS using the two-class method as prescribed by the accounting standard for earnings per share. The two-class method is an earnings allocation method for computing EPS when an entity's capital structure includes either two or more classes of common stock or includes common stock and participating securities. The two-class method calculates EPS based on distributed earnings (i.e., adjustments to redeemable non-controlling interests) and undistributed earnings. Undistributed losses are not allocated to participating securities under the two-class method unless the participating security has a contractual obligation to share in losses on a basis that is objectively determinable. Common shares of ALOG (see Note 2) are considered participating securities in which the Company has indirect controlling equity interests.

Basic EPS is computed using net income (loss) attributable to the Company and the weighted-average number of common shares outstanding. Diluted EPS is computed using net income attributable to the Company, adjusted for interest expense as a result of the assumed conversion of the Company's 2.50% Convertible Subordinated Notes, 3.00% Convertible Subordinated Notes and 4.75% Convertible Subordinated Notes, if dilutive, and the weighted-average number of common shares outstanding plus any dilutive potential common shares outstanding. Dilutive potential common shares include the assumed exercise, vesting and issuance activity of employee equity awards using the treasury stock method, as well as warrants and shares issuable upon the

conversion of the 2.50% Convertible Subordinated Notes, 3.00% Convertible Subordinated Notes and 4.75% Convertible Subordinated Notes. The Company computes basic and diluted EPS for net income (loss) attributable to the Company, net income (loss) from continuing operations and net income (loss) from discontinued operations.

Redeemable Non-Controlling Interests

Non-controlling interests in subsidiaries that are redeemable for cash or other assets outside of the Company's control are classified as mezzanine equity, outside of equity and liabilities, and are adjusted to fair value on each balance sheet date. The resulting changes in fair value of the estimated redemption amount, increases or decreases, are recorded with corresponding adjustments against retained earnings or, in the absence of retained earnings, additional paid-in-capital.

For further information on redeemable non-controlling interests, see Note 10 below.

Treasury Stock

The Company accounts for treasury stock under the cost method. When treasury stock is re-issued at a higher price than its cost, the difference is recorded as a component of additional paid-in capital to the extent that there are gains to offset the losses. If there are no treasury stock gains in additional paid-in capital, the losses are recorded as a component of accumulated deficit.

Recent Accounting Pronouncements

In May 2011, the FASB issued ASU 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards ("IFRS"), which amends ASC 820, Fair Value Measurement. ASU 2011-04 does not extend the use of fair value, but provides guidance on how it should be applied where its use is already required or permitted by other standards within U.S. GAAP or IFRS. ASU 2011-04 changes the wording used to describe many requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Additionally, ASU 2011-04 clarifies the FASB's intent about the application of existing fair value measurements. ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. During the three months ended March 31, 2012, the Company adopted ASU 2011-04 and the adoption did not have a material impact to its consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05, Presentation of Comprehensive Income. This ASU is intended to increase the prominence of other comprehensive income in financial statements by presenting the components of net income and other comprehensive income in one continuous statement, referred to as the statement of comprehensive income, or in two separate, but consecutive statements. The new guidance eliminated the option to report other comprehensive income and its components in the statement of changes in stockholders' equity. This new guidance is effective for fiscal years and interim periods beginning after December 15, 2011. While the new guidance changes the presentation of comprehensive income, there are no changes to the components that are recognized in net income or other comprehensive income under current accounting guidance. During the three months ended March 31, 2012, the Company adopted ASU 2011-05 and the adoption did not have a material impact to its consolidated financial statements other than the addition of the consolidated statements of comprehensive income.

In December 2011, the FASB issued ASU 2011-12, Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU 2011-05. This ASU defers the requirement that companies present reclassification adjustments for each component of

accumulated other comprehensive income in both net income and other comprehensive income on the face of the financial statements. This new guidance is effective for fiscal years and interim periods beginning after December 15, 2011. During the three months ended March 31, 2012, the Company adopted ASU 2011-12 and the adoption did not have any material impact to its consolidated financial statements.

In December 2011, the FASB issued ASU 2011-11, Disclosures about Offsetting Assets and Liabilities. This ASU requires companies to disclose both gross information and net information about instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. This new guidance is effective for interim and annual periods beginning on or after January 1, 2013 and retrospective disclosure is required for all comparative periods presented. The Company is currently evaluating the impact that the adoption of this standard will have to its consolidated financial statements, if any.

In February 2013, the FASB issued ASU 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. This ASU requires companies to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income when applicable or to cross-reference the reclassifications with other disclosures that provide additional detail about the reclassifications made when the reclassifications are not made to net income. This ASU is effective for fiscal years and interim periods, beginning after December 15, 2012. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements since this ASU is an enhancement to currently required disclosures.

2. Acquisitions

Dubai IBX Data Center Acquisition

On November 6, 2012, the Company entered into an alliance agreement with Emirates Integrated Telecommunications Company PJSC (“du”) to deliver data center and interconnection solutions to customers in the Middle East. On November 8, 2012 (the “Dubai IBX Data Center Acquisition Date”), the Company entered into an asset sale and purchase agreement with e-Hosting DataFort FZ, LLC (“EHDF”) for a substantially completed data center located in Dubai for cash consideration of approximately $22,918,000. The data center opened for business in early 2013. The Company also entered into a lease agreement with Tecom Investment FZ, LLC (“Tecom”), the 100% owner of EHDF, for the underlying building space where the data center assets that were acquired by the Company from EHDF are located. The Company accounted for the above agreements as a single arrangement and the alliance agreement, asset sale and purchase agreement and lease agreement are collectively referred to as the Dubai IBX Data Center Acquisition.

The Dubai IBX Data Center Acquisition was accounted for using the acquisition method of accounting. The Dubai IBX Data Center Acquisition was not significant to the Company; therefore, the Company does not present its purchase price allocation or pro forma combined results of operations.

The Company continues to evaluate certain assets and liabilities related to the Dubai IBX Data Center Acquisition. Additional information, which existed as of the Dubai IBX Data Center Acquisition Date but was unknown to the Company at that time, may become known to the Company during the remainder of the measurement period, a period not to exceed 12 months from the Dubai IBX Data Center Acquisition Date. Changes to the assets and liabilities recorded may result in a corresponding adjustment to goodwill.

Asia Tone Acquisition

On July 3, 2012 (the “Asia Tone Acquisition Date”), the Company acquired certain assets and operations of Asia Tone, a privately-owned company headquartered in Hong Kong, for gross cash consideration of

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

$230,500,000 (the "Asia Tone Acquisition"). The Company agreed to pay net cash consideration of approximately $202,445,000 as a result of adjustments to the purchase price included in the purchase and sale agreement. Asia Tone operates six data centers and one disaster recovery center in Hong Kong, Shanghai and Singapore. The Asia Tone Acquisition included one data center under construction in Shanghai. The combined company operates under the Equinix name.

The Company included Asia Tone's results of operations from July 4, 2012 and the estimated fair value of assets acquired and liabilities assumed in its consolidated balance sheets beginning July 3, 2012. The Company incurred acquisition costs of $4,887,000 for the year ended December 31, 2012 related to the Asia Tone Acquisition.

Purchase Price Allocation

The Asia Tone Acquisition was accounted for using the acquisition method of accounting. Under the acquisition method of accounting, the total purchase price was allocated to Asia Tone's net tangible and intangible assets based upon their fair value as of the Asia Tone Acquisition Date. Based upon the purchase price and the valuation of Asia Tone, the preliminary purchase price allocation was as follows (in thousands):

Accounts receivable	$ 1,595
Other current assets	595
Property, plant and equipment	142,450
Goodwill	115,223
Intangible assets	29,155
Other non-current assets	784
Total assets acquired	289,802
Accounts payable and accrued expenses	(1,304)
Accrued property, plant and equipment	(27,031)
Loans payable	(20,661)
Capital leases and other financing obligations	(10,630)
Other current liabilities	(3,666)
Deferred tax liabilities	(15,190)
Other non-current liabilities	(8,875)
Net assets acquired	$ 202,445

The Company continues to evaluate certain assets and liabilities related to the Asia Tone Acquisition. Additional information, which existed as of the Asia Tone Acquisition Date but was unknown to the Company at that time, may become known to the Company during the remainder of the measurement period, a period not to exceed 12 months from the Asia Tone Acquisition Date. Changes to the assets and liabilities recorded may result in a corresponding adjustment to goodwill.

The following table presents certain information on the acquired identifiable intangible assets (dollars in thousands):

Intangible assets	Fair value	Estimated useful lives (years)	Weighted-average estimated useful lives (years)
Customer contracts	$14,900	6 – 20	17.2
Customer relationships	13,800	7 – 11	8.7
Other	455	2 – 5	4.0

The fair value of customer contracts and customer relationships was estimated by applying an income approach. The fair value was determined by calculating the present value of estimated future operating cash flows generated from existing customers less costs to realize the revenue. The Company applied a weighted-average discount rate of approximately 14.4%, which reflects the nature of the assets as it relates to the estimated future operating cash flows. Other significant assumptions used to estimate the fair value of the customer contracts and customer relationships include projected revenue growth, customer attrition rates, sales and marketing expenses and operating margins. The fair value of the other acquired identifiable intangible assets were estimated by applying an income or cost approach as appropriate. The fair value measurements were based on significant inputs that are not observable in the market and thus represent Level 3 measurements as defined in the accounting standard for fair value measurements.

The Company determined the fair value of the loans payable assumed in the Asia Tone Acquisition by estimating Asia Tone's debt rating and reviewed market data with a similar debt rating and other characteristics of the debt, including the maturity date and security type. The book value of Asia Tone's loans payable approximated their fair value as of the Asia Tone Acquisition Date. During the year ended December 31, 2012, the Company prepaid and terminated these loans payable.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. The goodwill is not expected to be deductible for local tax purposes. Goodwill will not be amortized and will be tested for impairment at least annually. Goodwill recorded as a result of the Asia Tone Acquisition is attributable to the Company's Asia-Pacific reportable segment (see Note 16) and reporting unit (see Note 5).

For the year ended December 31, 2012, Asia Tone recognized revenues of $23,083,000 and had a net income of $1,604,000, which were included in the Company's consolidated statements of operations. The Asia Tone Acquisition was not material to the Company's consolidated balance sheets and results of operations; therefore, the Company does not present unaudited pro forma combined consolidated financial information.

ancotel Acquisition

On July 2, 2012 (the "ancotel Acquisition Date"), the Company acquired 100% of the issued and outstanding share capital of ancotel, a privately-owned company headquartered in Frankfurt, Germany, for cash consideration of approximately $85,714,000 (the "ancotel Acquisition"). ancotel operates one data center in Frankfurt and edge nodes in Hong Kong and London. The combined company operates under the Equinix name.

The Company included ancotel's results of operations from July 3, 2012 and the estimated fair value of assets acquired and liabilities assumed in its consolidated balance sheets beginning July 2, 2012. The Company incurred acquisition costs of approximately $1,365,000 for the year ended December 31, 2012 related to the ancotel Acquisition.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Purchase Price Allocation

The ancotel Acquisition was accounted for using the acquisition method of accounting. Under the acquisition method of accounting, the total purchase price was allocated to ancotel's net tangible and intangible assets based upon their fair value as of the ancotel Acquisition Date. Based upon the purchase price and the valuation of ancotel, the preliminary purchase price allocation was as follows (in thousands):

Cash and cash equivalents	$ 1,478
Accounts receivable	332
Other current assets	2,702
Property, plant and equipment	17,460
Goodwill	55,689
Intangible assets	42,781
Other non-current assets	381
Total assets acquired	120,823
Accounts payable and accrued expenses	(5,310)
Accrued property, plant and equipment	(1,216)
Current portion of loans payable	(2,548)
Capital leases and other financing obligations	(5,516)
Other current liabilities	(5,035)
Deferred tax liabilities	(13,280)
Other non-current liabilities	(2,204)
Net assets acquired	$ 85,714

The Company continues to evaluate certain assets and liabilities related to the ancotel Acquisition. Additional information, which existed as of the ancotel Acquisition Date but was unknown to the Company at that time, may become known to the Company during the remainder of the measurement period, a period not to exceed 12 months from the ancotel Acquisition Date. Changes to the assets and liabilities recorded may result in a corresponding adjustment to goodwill.

The following table presents certain information on the acquired identifiable intangible assets (dollars in thousands):

Intangible assets	Fair value	Estimated useful lives (years)	Weighted-average estimated useful lives (years)
Customer contracts	$38,604	7	7.0
Trade names	4,177	5 – 10	9.4

The fair value of customer contracts was estimated by applying an income approach. The fair value was determined by calculating the present value of estimated future operating cash flows generated by existing customer relationships less costs to realize the revenue. The Company applied a discount rate of approximately 12.8%, which reflects the nature of the assets as it relates to the estimated future operating cash flows. Other significant assumptions used to estimate the fair value of the customer contracts include projected revenue growth, customer attrition rates, sales and marketing expenses and operating margins. The fair value of trade names were estimated using the income approach. The fair value measurements were based on significant inputs that are not observable in the market and thus represent Level 3 measurements as defined in the accounting standard for fair value measurements.

The Company determined the fair value of the loans payable assumed in the ancotel Acquisition by estimating ancotel's debt rating and reviewed market data with a similar debt rating and other characteristics of

the debt, including the maturity date and security type. The book value of ancotel's loans payable approximated their fair value as of the ancotel Acquisition Date. During the three months ended September 30, 2012, the Company prepaid and terminated these loans payable.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. The goodwill is not expected to be deductible for local tax purposes. Goodwill will not be amortized and will be tested for impairment at least annually. Goodwill recorded as a result of the ancotel Acquisition is attributable to the Company's EMEA reportable segment (see Note 16) and reporting unit (see Note 5).

For the year ended December 31, 2012, ancotel recognized revenues of $11,494,000 and had a net loss of $3,281,000, which were included in the Company's consolidated statements of operations.

ALOG Acquisition

On April 25, 2011 (the "ALOG Acquisition Date"), the Company and RW Brasil Fundo de Investimento em Participações, a subsidiary of Riverwood Capital L.P. ("Riverwood"), completed the acquisition of approximately 90% of the outstanding capital stock of ALOG. As a result, the Company acquired an approximate 53% controlling equity interest in ALOG (the "ALOG Acquisition"). The Company paid a total of approximately 82,194,000 Brazilian reais in cash on the closing date, or approximately $51,723,000, to purchase the ALOG capital stock. An additional 36,000,000 Brazilian reais, or approximately $17,571,000, is payable in April 2013, subject to reduction for any post-closing balance sheet adjustments and any claims for indemnification (the "Contingent Consideration"). The Company's portion of the Contingent Consideration is 19,080,000 Brazilian reais, or approximately $9,312,000. ALOG operates three data centers in Brazil and is headquartered in Rio de Janeiro. ALOG will continue to operate under the ALOG trade name. There were no historical transactions between Equinix, Riverwood and ALOG.

Beginning in April 2014 and ending in May 2016, Equinix will have the right to purchase all of Riverwood's interest in ALOG at a price equal to the greater of (i) its then current fair market value and (ii) a net purchase price that implies a compounded internal rate of return in U.S. dollars ("IRR") for Riverwood's investment of 12%. If Equinix exercises its right to purchase Riverwood's shares, Equinix also will have the right, and under certain circumstances may be required, to purchase the remaining approximate 10% of shares of ALOG that the Company and Riverwood do not own, which are held by ALOG management (collectively, the "Call Options"). If Equinix purchases all of Riverwood's interest in ALOG at a price equal to its then current fair market value, the purchase price of the remaining approximate 10% of shares that are held by ALOG management will be equal to its then current fair market value. If Equinix purchases all of Riverwood's interest in ALOG at a net purchase price that implies an IRR for Riverwood's investment of 12%, the purchase price per share of the remaining approximate 10% of shares that are held by ALOG management will be equal to the greater of (i) 50% of the purchase price per share of capital stock of ALOG in the ALOG Acquisition and (ii) a purchase price per share that implies an IRR equal to the sum of the IRR implied by the fair market value of the capital stock of ALOG plus 2%, declining over time.

Also beginning in April 2014 and ending in May 2016, Riverwood will have the right to require Equinix to purchase all of Riverwood's interests in ALOG at a price equal to the greater of (i) its then current fair market value and (ii) a net purchase price that implies an IRR for Riverwood's investment of 8%, declining over time. If Riverwood exercises its right to require Equinix to purchase Riverwood's shares, Equinix will have the right, and under certain circumstances may be required, to purchase the remaining approximate 10% of shares of ALOG that the Company and Riverwood do not own, which are held by ALOG management (collectively, the "Put Options"). If Equinix purchases all of Riverwood's interest in ALOG at a price equal to its then current fair

market value, the purchase price of the remaining approximate 10% of shares that are held by ALOG management will be equal to its then current fair market value. If Equinix purchases all of Riverwood's interest in ALOG at a net purchase price that implies an IRR for Riverwood's investment of 8%, declining over time, the purchase price per share of the remaining approximate 10% of shares that are held by ALOG management will be equal to the greater of (i) 50% of the purchase price per share of capital stock of ALOG in the ALOG Acquisition and (ii) a purchase price per share that implies an IRR equal to the sum of the IRR implied by the fair market value of the capital stock of ALOG plus 2%, declining over time.

As the Company has an approximate 53% controlling equity interest in ALOG, it began consolidating the results of ALOG's operations on the ALOG Acquisition Date. Upon consolidation, all amounts pertaining to the approximate 10% of ALOG that the Company does not own, as well as Riverwood's interest in ALOG, are reported as redeemable non-controlling interests in the Company's consolidated financial statements. The Company included ALOG's results of operations from April 25, 2011 and the estimated fair value of assets acquired and liabilities assumed in its consolidated balance sheets beginning April 25, 2011. The Company incurred acquisition costs of $2,307,000 for the year ended December 31, 2011 related to ALOG, which were included in the consolidated statements of operations.

Purchase Price Allocation

The ALOG Acquisition was accounted for using the acquisition method of accounting. Under the acquisition method of accounting, the total purchase price was allocated to ALOG's net tangible and intangible assets based upon their fair value as of the ALOG Acquisition Date. Based upon the purchase price and the valuation of ALOG, the purchase price allocation was as follows (in thousands):

Cash and cash equivalents	$ 9,769
Accounts receivable	6,756
Prepaid expense and other current assets	575
Property, plant and equipment	52,542
Goodwill	106,572
Intangible assets	19,295
Other non-current assets	5,214
Total assets acquired	200,723
Accounts payable and accrued expenses	(49,965)
Debt	(25,669)
Other current liabilities	(4,643)
Other non-current liabilities	(1,946)
Redeemable non-controlling interests	(66,777)
Net assets acquired	$ 51,723

The following table presents certain information on the acquired identifiable intangible assets (dollars in thousands):

Intangible assets	Fair value	Estimated useful lives (years)	Weighted-average estimated useful lives (years)
Customer contracts	$17,093	5 – 7	5.9
Other	2,202	3 – 6	4.3

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The fair value of customer contracts was estimated by applying an income approach. The fair value was determined by calculating the present value of estimated future operating cash flows generated from exisiting customers less costs to realize the revenue. The Company applied a discount rate of approximately 15.6%, which reflects the nature of the asset as it relates to the estimated future operating cash flows. Other significant assumptions used to estimate the fair value of the customer contracts include projected revenue growth, customer attrition rates, sales and marketing expenses and operating margins. The fair value of the other acquired identifiable intangible assets were estimated by applying an income or cost approach as appropriate. The fair value measurements were based on significant inputs that are not observable in the market and thus represent Level 3 measurements as defined in the accounting standard for fair value measurements.

The Company determined the fair value of the loans payable assumed in the ALOG Acquisition by estimating ALOG's debt rating and reviewed market data with a similar debt rating and other characteristics of the debt, including the maturity date and security type. The Company determined that the book value approximated the fair value as of the ALOG Acquisition Date.

The Company determined the fair value of the redeemable non-controlling interests assumed in the ALOG Acquisition based on the consideration transferred, which included the values ascribed to the Call Options and Put Options. The Company records an adjustment each reporting period to these redeemable non-controlling interests such that the carrying value of the redeemable non-controlling interests equals the greater of fair value or a minimum IRR as outlined in the Put Options.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. Goodwill is attributable to the workforce of ALOG and the significant synergies expected to arise after the ALOG Acquisition. A portion of the goodwill is expected to be deductible for local tax purposes. Goodwill will not be amortized and will be tested for impairment at least annually. Goodwill recorded as a result of the ALOG Acquisition is attributable to the Company's Americas reportable segment (see Note 16) and reporting unit (see Note 5).

For the year ended December 31, 2011, ALOG recognized revenues of $46,870,000 and had $4,605,000 of net loss, which were included in the Company's consolidated statements of operations. The ALOG Acquisition was not material to the Company's consolidated balance sheets and results of operations; therefore, the Company does not present unaudited pro forma combined consolidated financial information.

Switch and Data Acquisition

On April 30, 2010 (the "Switch and Data Acquisition Date"), the Company acquired 100% of the issued and outstanding share capital of Switch and Data, a publicly-held company headquartered in Tampa, Florida. Switch and Data operated 34 data centers in the U.S. and Canada. The combined company operates under the Equinix name. There were no historical transactions between Equinix and Switch and Data.

The Company included Switch and Data's results of operations from May 1, 2010 and estimated the fair value of assets acquired and liabilities assumed in its consolidated balance sheets beginning April 30, 2010. The Company incurred acquisition costs of $11,094,000 and $4,091,000, respectively, for the years ended December 31, 2010 and 2009 related to the Switch and Data Acquisition which were included in the consolidated statements of operations.

Additionally, as a result of the Switch and Data Acquisition, the Company incurred restructuring charges during the years ended December 31, 2011 and 2010 (see Note 17).

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Fair Value of Consideration Transferred

Under the final terms of the Switch and Data Acquisition, each stock-electing share received 0.19409 shares of Equinix common stock, each cash-electing share received $19.06 in cash, and each non-electing share received 0.11321688 shares of Equinix common stock and $7.94189104 in cash, in each case subject to the terms of the merger agreement. Additionally, the Company assumed Switch and Data's outstanding employee equity awards. The following table presents the fair value of consideration transferred to acquire Switch and Data at the Switch and Data Acquisition Date (dollars in thousands):

Cash (1)	$ 134,007
Common stock (2)	549,389
Switch and Data employee equity awards (3)	16,508
Total	$699,904

(1) Represents payment for approximately 20% of Switch and Data's total common stock outstanding as of the Switch and Data Acquisition Date.

(2) Fair value of 5,458,413 shares of the Company's common stock issued in exchange for approximately 80% of Switch and Data's total common stock outstanding as of the Switch and Data Acquisition Date. The value of the Company's common stock issued was determined based on the Company's closing share price on the Switch and Data Acquisition Date, or $100.65 per share.

(3) Represents fair value attributed to vested shares of Switch and Data employee equity awards which the Company assumed. The Company issued 476,943 options to purchase the Company's common stock and 98,509 restricted stock units of the Company's common stock to Switch and Data employees with an aggregate fair value of $35,395,000 in exchange for their options to purchase shares of and restricted stock units of Switch and Data, of which $16,508,000 was included as part of the consideration and the remaining $18,887,000 is expected to be amortized to stock-based compensation expense over a weighted-average period of 2.14 years.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Purchase Price Allocation

The Switch and Data Acquisition was accounted for using the acquisition method of accounting. Under the acquisition method of accounting, the total purchase price was allocated to Switch and Data's net tangible and intangible assets based upon their fair value as of the Switch and Data Acquisition Date. During the quarter ended December 31, 2010, the Company finalized its purchase accounting after adjustments were made to the preliminary purchase price to reflect the finalization of liabilities acquired, deferred taxes and fair value of property, plant and equipment acquired and residual goodwill. The adjustments to the preliminary purchase allocation, in aggregate, had an insignificant impact to the Company's financial statements as of and for the eight months ended December 31, 2010. Based upon the purchase price and the valuation of Switch and Data, the purchase price allocation was as follows (in thousands):

Cash and cash equivalents	$ 20,718
Accounts receivable	12,763
Other current assets	2,125
Property, plant and equipment	460,474
Goodwill	408,730
Intangible assets	115,970
Other non-current assets	1,472
Total assets acquired	1,022,252
Accounts payable and accrued expenses	(21,656)
Accrued property, plant and equipment	(10,363)
Current portion of capital leases	(10,402)
Current portion of loan payable	(138,938)
Other current liabilities	(12,157)
Capital leases, less current portion	(38,998)
Unfavorable leases	(2,580)
Deferred tax liability	(66,460)
Other non-current liabilities	(20,794)
Net assets acquired	$ 699,904

The following table presents certain information on the acquired identifiable intangible assets (dollars in thousands):

Intangible assets	Fair value	Estimated useful lives (years)	Weighted-average estimated useful lives (years)
Customer contracts	$98,920	11	11
Favorable leases	13,680	3 – 16	8.6
Other	3,370	0 – 10	4.9
Unfavorable leases	(2,580)	3 – 15	8.3

The fair value of customer contracts was estimated by applying an income approach. The fair value was determined by calculating the present value of estimated future operating cash flows generated from exisiting customers less costs to realize the revenue. The Company applied a discount rate of approximately 14%, which reflects the nature of the asset, to the estimated future operating cash flows. Other significant assumptions used to estimate the fair value of the customer contracts include projected revenue growth, customer attrition rates, sales and marketing expenses and operating margins. The fair values of favorable and unfavorable leases were estimated by applying an income approach. The fair value was determined by calculating the difference between

the discounted cash flows over the remaining term of each lease using contractual lease rates and market lease rates. The Company applied a discount rate ranging from 8.25% to 11.5% depending on the type, location and duration of each lease. Another significant assumption used in estimating the fair values of the favorable and unfavorable leases was the market lease rates. The fair value of the other acquired identifiable intangible assets were estimated by applying an income or cost approach as appropriate. The fair value measurements were based on significant inputs that are not observable in the market and thus represent Level 3 measurements as defined in the accounting standard for fair value measurements.

The Company determined the fair value of the term loan and revolving credit facility assumed in the Switch and Data Acquisition by estimating Switch and Data's debt rating and reviewed market data with a similar debt rating and other characteristics of the debt, including the maturity date and security type. The Company determined that the book value approximated the fair value as of the Switch and Data Acquisition Date.

The Company determined the fair value of the two property capital lease liabilities assumed in the Switch and Data Acquisition by calculating the present value of future cash flows using a discount rate of approximately 8.6%, which was equal to the average yield of industrial bonds with similar remaining terms as the leases. The Company determined that the fair value of the equipment capital lease liability assumed in the Switch and Data Acquisition was equal to the fair value of the underlying assets as of the Switch and Data Acquisition Date because the lease contained a bargain purchase option and the title of the leased property is expected to be transferred to the Company at the end of the lease term.

Goodwill recorded as a result of the Switch and Data Acquisition is attributable to the Company's Americas reportable segment and reporting unit. Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. Goodwill is attributable to the workforce of Switch and Data and the significant synergies expected to arise after the Switch and Data Acquisition. Goodwill is not expected to be deductible for tax purposes. Goodwill will not be amortized and will be tested for impairment at least annually.

For the year ended December 31, 2010, Switch and Data recognized revenues of $152,961,000 and had $1,147,000 of net loss, which were included in the Company's consolidated statements of operations.

Unaudited Pro Forma Combined Consolidated Statements of Operations

The following unaudited pro forma combined consolidated financial information has been prepared to give effect to the Asia Tone and ancotel acquisitions by the Company using the acquisition method of accounting. The unaudited pro forma combined consolidated financial information reflect certain adjustments related to the Asia Tone and ancotel acquisitions, such as additional depreciation and amortization expense on assets acquired from Asia Tone and ancotel. These pro forma statements were prepared as if the Asia Tone and ancotel Acquisitions had been completed as of the beginning of each period presented.

The unaudited pro forma combined consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the results of operations that would have actually been reported had the acquisition occurred on January 1, 2011, nor is it necessarily indicative of the future results of operations of the combined company.

The following table sets forth the unaudited pro forma consolidated combined results of operations for the years ended December 31 (in thousands):

	2012	2011
Revenues	$1,923,009	$1,623,907
Net income attributable to Equinix	141,849	88,174

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

3. Earnings Per Share

The following table sets forth the computation of basic and diluted EPS for the years ended December 31 (in thousands, except per share amounts):

	2012	2011	2010
Net income from continuing operations	$134,696	$ 91,601	$36,213
Net (income) loss attributable to redeemable non-controlling interests	(3,116)	1,394	—
Adjustments attributable to redemption value of redeemable non-controlling interests	—	(11,476)	—
Net income from continuing operations attributable to Equinix, basic	131,580	81,519	36,213
Effect of assumed conversion of debt:			
Interest expense, net of tax	6,789	—	—
Net income from continuing operations attributable to Equinix, diluted	$138,369	$81,519	$36,213
Weighted-average shares to compute basic EPS	48,004	46,956	43,742
Effect of dilutive securities:			
Convertible debt	2,945	—	—
Equity awards	867	942	1,068
Total dilutive potential shares	3,812	942	1,068
Weighted-average shares to compute diluted EPS	51,816	47,898	44,810
EPS from continuing operations attributable to Equinix:			
EPS from continuing operations, basic	$ 2.74	$ 1.74	$ 0.83
EPS from continuing operations, diluted	$ 2.67	$ 1.70	$ 0.81

The following table sets forth potential shares of common stock that are not included in the diluted EPS calculation above because to do so would be anti-dilutive for the years ended December 31 (in thousands):

	2012	2011	2010
Shares reserved for conversion of convertible 2.50% convertible subordinated notes	652	2,232	2,232
Shares reserved for conversion of convertible 3.00% convertible subordinated notes	—	2,945	2,945
Shares reserved for conversion of convertible 4.75% convertible subordinated notes	4,432	4,433	4,433
Common stock related to employee equity awards	113	452	843
	5,197	10,062	10,453

4. Discontinued Operations

In August 2012, the Company entered into an agreement to sell 16 of the Company's IBX data centers located throughout the U.S. to an investment group including 365 Main, Crosslink Capital, Housatonic Partners and Brightwood Capital for net proceeds of $76,458,000 (the "Divestiture"). The Divestiture was closed in November 2012. Nine of the 16 data centers were in markets that the Company exited with the close of the Divestiture. Those markets include Buffalo, Cleveland, Detroit, Indianapolis, Nashville, Phoenix, Pittsburg, St. Louis and Tampa. The remaining seven data centers were in markets where the Company retains a presence.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Those markets include Chicago, Dallas, New York, Philadelphia, Seattle, Silicon Valley and the Washington D.C. metro area. Subsequent to the close of the Divestiture, the investment group runs and manages the 16 IBX Data Centers.

The Company's consolidated statements of operations have been reclassified to reflect its discontinued operations associated with the 16 IBX Data Centers for all periods presented. The Company's operating results from its discontinued operations, which includes the results of operations subsequent to April 30, 2010, the acquisition date of the 16 IBX Data Centers, through November 1, 2012, the closing date of the Divestiture, consisted of the following for the years ended December 31 (in thousands):

	2012	2011	2010
Revenues	$ 29,640	$ 37,058	$ 24,120
Cost of revenues	(23,956)	(33,790)	(22,511)
Operating expenses	(3,422)	(1,359)	(504)
Income taxes	(1,028)	(900)	(437)
Gain on sale of discontinued operations, net of tax of $13,973	11,852	—	—
Net income from discontinued operations	$ 13,086	$ 1,009	$ 668

5. Balance Sheet Components

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

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

	2012	2011
Cash and cash equivalents:		
Cash	$ 150,864	$ 74,101
Cash equivalents:		
Money markets	98,340	198,931
U.S. government securities	3,009	—
Certificates of deposit	—	4,500
Commercial paper	—	1,000
Corporate bonds	—	291
Total cash and cash equivalents	252,213	278,823
Marketable securities:		
U.S. government securities	126,941	573,277
U.S. government agencies securities	72,979	129,235
Certificates of deposit	48,386	24,472
Corporate bonds	37,975	64,308
Asset-backed securities	6,037	947
Commercial paper	1,993	—
Foreign government securities	—	5,283
Total marketable securities	294,311	797,522
Total cash, cash equivalents and short-term and long-term investments	$546,524	$1,076,345

As of December 31, 2012 and 2011, cash and cash equivalents included investments which were readily convertible to cash and had original maturity dates of 90 days or less. The maturities of securities classified as

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

short-term investments were one year or less as of December 31, 2012 and 2011. The maturities of securities classified as long-term investments were greater than one year and less than three years as of December 31, 2012 and 2011.

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

	December 31, 2012		December 31, 2011	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$166,445	$166,492	$635,697	$635,721
Due after one year through three years	127,795	127,819	161,714	161,801
Total	$ 294,240	$ 294,311	$ 797,411	$797,522

In January 2010 and July 2010, the Company received additional distributions totaling $3,626,000 from its investment in a money market fund, the Reserve Primary Fund (the "Reserve"), which was written off to other-than-temporary impairment losses during the years ended December 31, 2008 and 2009. As a result, during the year ended December 31, 2010, the Company recorded other-than-temporary impairment recovery on investments, which is included in the Company's accompanying consolidated statement of operations.

As of December 31, 2012, the Company's net unrealized gains (losses) on its available-for-sale securities were comprised of the following (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government securities	$126,938	$ 40	$ (37)	$126,941
U.S. government agencies securities	72,948	68	(37)	72,979
Certificates of deposit	48,373	18	(5)	48,386
Corporate bonds	37,954	29	(8)	37,975
Asset-backed securities	6,036	2	(1)	6,037
Commercial paper	1,991	2	—	1,993
Total	$ 294,240	$ 159	$ (88)	$ 294,311

None of the securities held at December 31, 2012 were other-than-temporarily impaired.

While certain marketable securities carry unrealized losses, the Company expects that it will receive both principal and interest according to the stated terms of each of the securities and that the increase or decline in market value is primarily due to changes in the interest rate environment from the time the securities were purchased as compared to interest rates at December 31, 2012.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes the fair value and gross unrealized losses related to 51 available-for-sale securities, aggregated by type of investment and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2012 (in thousands):

	Securities in a loss position for less than 12 months	
	Fair value	Gross unrealized losses
U.S. government securities	$ 37,104	$ (37)
Corporate bonds	16,733	(8)
U.S. government agencies securities	13,308	(37)
Certificates of deposit	7,001	(5)
Asset-backed securities	4,139	(1)
	$78,285	$ (88)

As of December 31, 2012, the Company did not have any securities in a loss position for more than 12 months.

While the Company does not believe it holds investments that are other-than-temporarily impaired and believes that the Company's investments will mature at par as of December 31, 2012, the Company's investments are subject to a low interest rate environment. If market conditions were to deteriorate, the Company could sustain other-than-temporary impairments to its investment portfolio which could result in additional realized losses being recorded in interest income, net or securities markets could become inactive which could affect the liquidity of the Company's investments.

As of December 31, 2011, the Company's net unrealized gains (losses) on its available-for-sale securities were comprised of the following (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government securities	$ 573,232	$ 91	$ (46)	$ 573,277
U.S. government agencies securities	129,159	104	(28)	129,235
Corporate bonds	64,364	51	(107)	64,308
Certificates of deposit	24,471	3	(2)	24,472
Foreign government securities	5,295	—	(12)	5,283
Asset-backed securities	890	57	—	947
Total	$ 797,411	$ 306	$ (195)	$797,522

None of the securities held at December 31, 2011 were other-than-temporarily impaired.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes the fair value and gross unrealized losses related to 71 available-for-sale securities, aggregated by type of investment and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2011 (in thousands):

	Securities in a loss position for less than 12 months	
	Fair value	Gross unrealized losses
U.S. government securities	$ 51,325	$ (46)
U.S. government agencies securities	29,329	(28)
Corporate bonds	26,191	(108)
Certificates of deposit	11,007	(2)
Foreign government securities	5,283	(11)
	$123,135	$ (195)

The Company did not have any securities in a loss position for 12 months or more as of December 31, 2011.

Accounts Receivable

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

	2012	2011
Accounts receivable	$ 290,326	$ 250,211
Unearned revenue	(122,770)	(106,519)
Allowance for doubtful accounts	(3,716)	(4,635)
	$ 163,840	$ 139,057

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

The following table summarizes the activity of the Company's allowance for doubtful accounts (in thousands):

Balance as of December 31, 2009	$ 1,720
Provision for allowance for doubtful accounts	2,056
Recoveries (write-offs)	28
Impact of foreign currency exchange	4
Balance as of December 31, 2010	3,808
Provision for allowance for doubtful accounts	4,987
Recoveries (write-offs)	(4,129)
Impact of foreign currency exchange	(31)
Balance as of December 31, 2011	4,635
Provision for allowance for doubtful accounts	4,186
Recoveries (write-offs)	(5,127)
Impact of foreign currency exchange	22
Balance as of December 31, 2012	$ 3,716

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Other Current Assets

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

	2012	2011
Prepaid expenses	$ 21,349	$ 19,441
Restricted cash, current	9,380	88,279
Taxes receivable	8,829	24,313
Deferred tax assets, net	8,107	42,743
Other receivables	3,428	2,999
Derivative instruments	3,205	—
Other current assets	2,908	4,381
	$57,206	$182,156

Restricted cash, current has decreased as a result of the Paris 4 IBX Financing (see Note 9).

Property, Plant and Equipment

Property, plant and equipment consisted of the following as of December 31 (in thousands):

	2012	2011
IBX plant and machinery	$ 2,304,360	$ 1,833,834
Leasehold improvements	1,078,834	958,391
Buildings	754,139	509,359
IBX equipment	410,456	368,530
Site improvements	352,367	305,169
Computer equipment and software	150,382	138,147
Land	98,007	91,314
Furniture and fixtures	21,982	18,144
Construction in progress	379,750	330,780
	5,550,277	4,553,668
Less accumulated depreciation	(1,631,278)	(1,327,756)
	$3,918,999	$ 3,225,912

Leasehold improvements, IBX plant and machinery, computer equipment and software and buildings recorded under capital leases aggregated $141,923,000 and $132,245,000 at December 31, 2012 and 2011, respectively.

Amortization on the assets recorded under capital leases is included in depreciation expense and accumulated depreciation on such assets totaled $42,272,000 and $33,790,000 as of December 31, 2012 and 2011, respectively.

During the year ended December 31, 2012, the Company recorded impairment charges totaling $7,029,000 related to its property, plant and equipment (see Note 1, “Impairment of Long-Lived Assets”).

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Goodwill and Other Intangibles

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

	2012	2011
Goodwill:		
Americas	$ 482,765	$ 499,455
EMEA	423,529	347,018
Asia-Pacific	136,270	20,022
	$ 1,042,564	$ 866,495
Intangible assets:		
Intangible asset—customer contracts	$ 222,571	$ 171,230
Intangible asset—favorable leases	37,182	18,315
Intangible asset—others	9,889	5,245
	269,642	194,790
Accumulated amortization	(68,080)	(46,155)
	$ 201,562	$ 148,635

Changes in the carrying amount of goodwill by geographic regions are as follows (in thousands):

	Americas	EMEA	Asia-Pacific	Total
Balance at December 31, 2010	$ 408,730	$ 345,486	$ 20,149	$ 774,365
ALOG acquisition (see Note 2)	106,572	—	—	106,572
Impact of foreign currency exchange	(15,847)	1,532	(127)	(14,442)
Balance at December 31, 2011	499,455	347,018	20,022	866,495
Asia Tone acquisition (see Note 2)	—	—	115,223	115,223
ancotel acquisition (see Note 2)	—	55,689	—	55,689
Dubai IBX Data Center Acquisition (see Note 2)	—	3,273	—	3,273
Written-off in sale of discontinued operations	(8,320)	—	—	(8,320)
Impact of foreign currency exchange	(8,370)	17,549	1,025	10,204
Balance at December 31, 2012	$ 482,765	$ 423,529	$ 136,270	$ 1,042,564

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Changes in the gross book value of intangible assets by geographic regions are as follows (in thousands):

	Americas	EMEA	Asia-Pacific	Total
Intangible assets, gross at December 31, 2010	$118,439	$ 59,950	$ —	$ 178,389
Switch and Data acquisition (see Note 2)	19,295	—	—	19,295
Impact of foreign currency exchange	(3,060)	166	—	(2,894)
Intangible assets, gross at December 31, 2011	134,674	60,116	—	194,790
Asia Tone acquisition (see Note 2)	—	—	29,155	29,155
ancotel acquisition (see Note 2)	—	42,781	—	42,781
Dubai IBX Data Center Acquisition (see Note 2)	—	9,400	—	9,400
Written-off in sale of discontinued operations	(5,913)	—	—	(5,913)
Impairment charge	(2,832)	—	—	(2,832)
Impact of foreign currency exchange	(2,319)	4,406	174	2,261
Intangible assets, gross at December 31, 2012	$123,610	$116,703	$ 29,329	$269,642

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

For the years ended December 31, 2012, 2011 and 2010, the Company recorded amortization expense of $23,641,000, $18,998,000 and $13,714,000, respectively, associated with its intangible assets. Estimated future amortization expense related to these intangibles is as follows (in thousands):

Year ending:	
2013	$ 27,658
2014	27,318
2015	26,832
2016	26,330
2017	24,736
Thereafter	68,688
Total	$201,562

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Other Assets

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

	2012	2011
Deferred tax assets, net	$ 85,232	$ 16,980
Debt issuance costs, net	36,704	41,320
Prepaid expenses, non-current	34,478	59,075
Deposits	27,069	24,304
Restricted cash, non-current	8,131	4,382
Other assets, non-current	10,655	663
	$202,269	$146,724

Accounts Payable and Accrued Expenses

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

	2012	2011
Accrued compensation and benefits	$ 85,619	$ 66,330
Accrued interest	48,436	50,916
Accrued taxes	47,477	43,539
Accounts payable	27,659	23,268
Accrued utilities and security	24,974	21,456
Accrued professional fees	6,699	4,783
Accrued repairs and maintenance	2,938	3,458
Accrued other	25,051	15,293
	$268,853	$229,043

Other Current Liabilities

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

	2012	2011
Deferred tax liabilities, net	$ 69,689	$ 394
Deferred installation revenue	38,187	35,700
Customer deposits	12,927	13,669
Deferred recurring revenue	8,910	2,918
Deferred rent	5,410	1,582
Accrued restructuring charges	2,379	2,565
Asset retirement obligations	—	344
Derivative instruments	207	—
Other current liabilities	1,852	518
	$139,561	$57,690

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Other Liabilities

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

	2012	2011
Asset retirement obligations, non-current	$ 63,150	$ 56,243
Deferred tax liabilities, net	62,292	117,995
Deferred rent, non-current	41,951	48,372
Deferred installation revenue, non-current	26,086	24,281
Accrued taxes, non-current	19,373	22,226
Customer deposits, non-current	6,185	4,209
Deferred recurring revenue, non-current	5,381	5,472
Accrued restructuring charges, non-current	3,300	5,255
Other liabilities	3,125	2,371
	$230,843	$ 286,424

The following table summarizes the activity of the Company's asset retirement obligation liability (in thousands):

Asset retirement obligations as of December 31, 2009	$ 17,710
Additions (1)	27,046
Adjustments	(1,010)
Accretion expense	2,825
Impact of foreign currency exchange	196
Asset retirement obligations as of December 31, 2010	46,767
Additions	5,804
Accretion expense	4,343
Impact of foreign currency exchange	(327)
Asset retirement obligations as of December 31, 2011	56,587
Additions (2)	14,879
Adjustments	252
Accretion expense	2,980
Written-off in sale of discontinued operations	(12,314)
Impact of foreign currency exchange	766
Asset retirement obligations as of December 31, 2012	$ 63,150

(1) Includes $20,262 assumed in connection with the Switch and Data Acquisition.
(2) Includes $5,795 assumed in connection with the ancotel and Asia Tone acquisitions.

6. Derivative and Hedging Instruments

The Company has employed interest rate swaps in the past to partially offset its exposure to variability in interest payments due to fluctuations in interest rates for certain of its variable-rate debt in the past; however, as of December 31, 2012 and 2011, the Company had no outstanding interest rate swaps. The Company employs foreign currency forward contracts to partially offset its business exposure to foreign exchange risk for certain existing foreign currency-denominated assets and liabilities.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Other Derivatives—Not Designated as Hedges

Embedded Derivative Instruments. The Company is deemed to have foreign currency embedded derivatives in certain of the Company's customer agreements that are priced in currencies different from the functional currencies of the parties involved. These instruments are separated from their host contracts and held on the Company's balance sheet at their fair value. The majority of these embedded derivatives arise as a result of U.S. dollar pricing by the Company's foreign subsidiaries.

The Company has not designated these foreign currency embedded derivatives as hedging instruments under the accounting standard for derivatives and hedging. Gains and losses on these contracts are included within revenues in the Company's consolidated statements of operations and gains (losses) from these foreign currency embedded derivatives were not significant during the years ended December 31, 2012, 2011 and 2010.

Foreign Currency Forward Contracts. The Company uses foreign currency forward contracts to manage the foreign exchange risk associated with certain foreign currency-denominated assets and liabilities. As a result of foreign currency fluctuations, the U.S. dollar equivalent values of the foreign currency-denominated assets and liabilities change. Foreign currency forward contracts represent agreements to exchange the currency of one country for the currency of another country at an agreed-upon price on an agreed-upon settlement date.

The Company has not designated the foreign currency forward contracts as hedging instruments under the accounting standard for derivatives and hedging. Gains and losses on these contracts are included in other income (expense), net, along with those foreign currency gains and losses of the related foreign currency-denominated assets and liabilities associated with these foreign currency forward contracts. The Company entered into various foreign currency forward contracts during the years ended December 31, 2012, 2011 and 2010 and gains (losses) from these foreign currency forward contracts were not significant during these periods.

7. Fair Value Measurements

The Company's financial assets and liabilities measured at fair value on a recurring basis at December 31, 2012 were as follows (in thousands):

	Fair Value at December 31, 2012	Fair value measurement using	
		Level 1	Level 2
Assets:			
Cash	$ 150,864	$150,864	$ —
U.S. government securities	129,950	—	129,950
Money market and deposit accounts	98,340	98,340	—
U.S. government agency securities	72,979	—	72,979
Certificates of deposit	48,386	—	48,386
Corporate bonds	37,975	—	37,975
Asset-backed securities	6,037	—	6,037
Commercial paper	1,993	—	1,993
Derivative instruments (1)	3,205	—	3,205
	$549,729	$ 249,204	$ 300,525
Liabilities:			
Derivative instruments (1)	$ 207	$ —	$ 207

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

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Company's financial assets and liabilities measured at fair value on a recurring basis at December 31, 2011 were as follows (in thousands):

	Fair Value at December 31, 2011	Fair value measurement using	
		Level 1	Level 2
Assets:			
U.S. government securities	$ 573,277	$ —	$ 573,277
Money market and deposit accounts	198,931	198,931	—
U.S. government agency securities	129,235	—	129,235
Cash	74,101	74,101	—
Corporate bonds	64,599	—	64,599
Certificates of deposit	28,972	—	28,972
Foreign government securities	5,283	—	5,283
Commercial paper	1,000	—	1,000
Asset-backed securities	947	—	947
Derivative instruments (1)	13	—	13
	$1,076,358	$ 273,032	$ 803,326

(1) Amounts, which are comprised of foreign currency forward contracts, are included within other current assets in the Company's accompanying consolidated balance sheet.

The Company did not have any Level 3 financial assets or financial liabilities during the years ended December 31, 2012 and 2011.

Valuation Methods

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

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

The Company determined that the major security types held as of December 31, 2012 were primarily cash and money market funds, U.S. government and agency securities, corporate bonds, certificate of deposits,

commercial paper and asset-backed securities. The Company uses the specific identification method in computing realized gains or losses. Short-term and long-term investments are classified as available-for-sale and are carried at fair value with unrealized gains and losses reported in stockholders' equity as a component of other comprehensive income or loss, net of any related tax effect. The Company reviews its investment portfolio quarterly to determine if any securities may be other-than-temporarily impaired due to increased credit risk, changes in industry or sector of a certain instrument or ratings downgrades over an extended period of time.

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

During the years ended December 31, 2012 and 2011, the Company did not have any nonfinancial assets or liabilities measured at fair value on a recurring basis.

8. Leases

Capital Lease and Other Financing Obligations

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

	2012	2011
Dallas IBX financing	$ 105,008	$ —
Paris 3 IBX capital lease	56,045	56,052
Singapore 1 IBX financing	44,397	43,020
U.S. headquarters capital leases	39,095	30,757
Hong Kong 2 IBX financing	39,131	39,339
Los Angeles IBX financing	35,640	36,344
Seattle 3 IBX financing	30,928	8,097
Washington, D.C. metro area IBX capital lease	24,477	26,625
New Jersey capital lease	22,485	23,357
New York 5 IBX lease	20,865	20,542
London IBX financing	17,561	16,424
DC 10 IBX financing	17,429	16,420
Sunnyvale capital lease	14,063	14,718
Zurich IBX financing	12,190	12,210
Sydney 3 IBX financing	11,729	11,468
San Jose IBX equipment & fiber financing	11,711	12,509
Other capital lease and financing obligations	58,305	33,929
	$561,059	$401,811

Dallas IBX Financing

In December 2012, the Company began construction to physically connect the spaces included in multiple individual leases within the same property in Dallas to meet the Company's needs. Pursuant to the accounting standard for lessee's involvement in asset construction, the Company is considered the owner of the assets during the construction phase due to the building work that the Company is undertaking. As a result, the Company

recorded a building asset totaling approximately $98,825,000 and a corresponding financing obligation liability totaling approximately $105,008,000 as of December 31, 2012 (the "Dallas IBX Financing"). Monthly payments under the Dallas IBX Financing will be made through December 2029 at a weighted-average effective interest rate of 7.91% per annum.

Paris 3 IBX Capital Lease

In September 2008, the Company entered into a capital lease for a space within a warehouse building in the Paris, France metro area adjacent to one of its existing Paris IBX data centers, which became the Company's third IBX data center in the Paris metro area (the "Paris 3 IBX Capital Lease"). The Company took possession of this property in the fourth quarter of 2008. In April 2010, the Paris 3 IBX Capital Lease was amended to take on additional space effective July 2010, which the Company used to expand its Paris 3 IBX data center. Monthly payments under the Paris 3 IBX Capital Lease commenced in October 2010 and will be made through September 2020 at an effective interest rate of 8.46% per annum.

Singapore 1 IBX Financing

In March 2011, the Company entered into a lease amendment to add space to its existing IBX data center in Singapore (the "Singapore IBX Expansion Project" and the "Singapore 1 IBX Lease"). The Company exercised an option to convert part of the space within the Singapore IBX Expansion Project to meet the Company's needs. The Singapore 1 IBX Lease commenced in April 2011 and has a remaining term of 6.1 years. The Company began construction in July 2011. Pursuant to the accounting standard for lessee's involvement in asset construction, the Company is considered the owner of the building during the construction phase due to the building work that the Company is undertaking. As a result, the Company recorded a building asset during the construction period and a related financing liability (the "Singapore 1 IBX Financing"). Monthly payments under the Singapore 1 IBX Financing commenced in July 2011 and will be made through April 2017 at an effective interest rate of 3.98% per annum.

In July 2012, the Company acquired a lease for data center space in the same building as the Company's Singapore 1 IBX in connection with the Asia Tone Acquisition. The leased space that was included in the Asia Tone Acquisition became a part of the Company's Singapore 1 IBX and the Company entered a lease amendment to extend the lease term of that space to be coterminous with the Company's Singapore 1 IBX Lease. As a result, the Company increased its building asset and relating financing liability balance for the additional lease spaced during the year ended December 31, 2012.

Hong Kong 2 IBX Financing

In August 2010, the Company entered into a lease agreement for rental of space which became its second IBX data center in Hong Kong. Additionally, in December 2010, the Company entered into a license agreement with the same Landlord to obtain the right to make structural changes to the leased space (the "Hong Kong 2 IBX Financing"). The Hong Kong 2 IBX Financing has a term of 12 years. Pursuant to the accounting standard for lessee's involvement in asset construction, the Company was considered the owner of the leased space during the construction phase due to the structural work that the Company undertook, which commenced in January 2011. Monthly payments under the Hong Kong 2 IBX Financing commenced in March 2012 and will be made through October 2022 at an effective interest rate of 6.92% per annum.

Los Angeles IBX Financing

In December 2005, the Company recorded the Los Angeles IBX Financing. Monthly payments under the Los Angeles IBX Financing commenced in January 2006 and will be made through December 2025 at an effective interest rate of 7.75% per annum.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Seattle 3 IBX Financing

In October 2011, the Company entered into a lease for a building that the Company and the landlord is in the process of developing to meet the Company's needs and which the Company is in the process of converting into its third IBX data center in the Seattle area (the "SE3 IBX Expansion Project" and the "SE3 Lease"). The SE3 Lease has a term of 15 years commencing from the date the landlord delivers the completed building to the Company, which occurred in early 2013. Monthly payments under the SE3 Lease will commence two months after the date the landlord delivers the completed building to the Company and will be made through the end of the lease term at an effective interest rate of 17.94%. The SE3 Lease has a total cumulative rent obligation of approximately $110,420,000. The landlord began construction of the building to the Company's specifications in November 2011. Pursuant to the accounting standard for lessee's involvement in asset construction, the Company is considered the owner of the building during the construction phase due to the building work that the landlord and the Company are undertaking. As a result, the Company recorded a building asset during the construction period and a related financing liability (the "SE3 IBX Building Financing"), while the underlying land was considered an operating lease.

Washington, D.C. Metro Area IBX Capital Lease

In November 2004, the Company recorded the Washington, D.C. Metro Area IBX Capital Lease. Monthly payments under the Washington, D.C. Metro Area IBX Capital Lease commenced in November 2004 and will be made through October 2019 at an effective interest rate of 8.50% per annum.

U.S. Headquarters Capital Leases

In May 2010, the Company entered into a lease for a building for the Company's new headquarters, which is located at One Lagoon Drive, Redwood City, California (the "U.S. Headquarters Capital Lease"). The Company took possession of this property in July 2010. In 2011 and 2012, the Company amended the U.S. Headquarters Capital Lease to add additional office spaces (the "U.S. Headquarters Capital Leases"). Monthly payments under the U.S. Headquarters Capital Leases will be made through September 2030 at a weighted-average effective interest rate of 7.46%.

New Jersey Capital Lease

In April 2010, the Company assumed a New Jersey capital lease in connection with the Switch and Data Acquisition related to a property in North Bergen, New Jersey (the "New Jersey Capital Lease"). The New Jersey Capital Lease is payable monthly and will be made through July 2023 at an effective interest rate of 8.60% per annum.

DC 10 IBX Financing

In December 2010, the Company entered into a lease for a building that the Company and the landlord is jointly developing to meet the Company's needs and which the Company converted into its 10th IBX data center in the Washington, D.C. metro area (the "DC 10 IBX Expansion Project" and the "DC 10 Lease"). Monthly payments under the DC 10 Lease commenced in June 2012 and will be made through November 2023 at an effective interest rate of 10.96%. Pursuant to the accounting standard for lessee's involvement in asset construction, the Company was considered the owner of the building during the construction phase due to the building work that the landlord and the Company undertook. As a result, the Company recorded a building asset during the construction period and a related financing liability (the "DC 10 IBX Financing"), while the underlying land is considered an operating lease.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

London IBX Financing

In October 2008, the Company recorded the London IBX Financing. Monthly payments under the London IBX Financing commenced in January 2011 and will be made through January 2030 at an effective interest rate of 11.96% per annum.

Sunnyvale Capital Lease

In April 2010, the Company assumed a Sunnyvale capital lease in connection with the Switch and Data Acquisition related to a property in Sunnyvale, California (the "Sunnyvale Capital Lease"). The Sunnyvale Capital Lease is payable monthly and will be made through July 2022 at an effective interest rate of 8.60% per annum.

San Jose IBX Equipment & Fiber Financing

In February 2005, the Company recorded the San Jose IBX Equipment & Fiber Financing. Monthly payments under the San Jose IBX Equipment & Fiber Financing commenced in February 2005 and will be made through May 2020 at an effective interest rate of 8.50% per annum.

Zurich 4 IBX Financing

In June 2009, the Company entered into a lease for building space within a multi-floor, multi-tenant building that the Company has converted into its fourth IBX data center in Zurich, Switzerland (the "Zurich 4 IBX Financing"). The Zurich 4 IBX Financing has a fixed term of 10 years, with options to extend for up to an additional 10 years, in five-year increments. Monthly payments under the Zurich 4 IBX Financing commenced in July 2009 and will be made through April 2019 at an effective interest rate of 4.49%.

New York 5 IBX Lease

In May 2011, the Company entered into a lease amendment for two buildings that the Company developed into its eighth IBX data center in the New York metro area (the "NY 5 IBX Expansion Project" and the "NY 5 Lease Amendment"). Under the NY 5 Lease Amendment, the Company exercised its first five year renewal option available in the original lease agreement, which was entered into in April 2010. The NY 5 Lease Amendment commenced in May 2011 and has a remaining term of 16.7 years. Monthly payments under the NY 5 Lease Amendment will be made through December 2027 at an effective interest rate of 13.38%. The Company began the specified construction for one of the two buildings in June 2011. Pursuant to the accounting standard for lessee's involvement in asset construction, the Company was considered the owner of the building during the construction phase due to the structural building work that the Company undertook. As a result, the Company recorded a building asset during the construction period and a related financing liability (the "NY 5 IBX Financing"), while the underlying land is considered an operating lease. The other building is being accounted for as a capital lease.

Sydney 3 IBX Financing

In June 2010, the Company entered into a lease for a building that the Company and the landlord jointly developed to meet the Company's needs and which the Company converted into its third IBX data center in Sydney, Australia (the "Sydney 3 IBX Expansion Project" and the "Sydney 3 Lease"). The Sydney 3 Lease commenced in September 2010 and has a term of 15 years. Monthly payments under the Sydney 3 Lease commenced in March 2012 and will be made through January 2030 at an effective interest rate of 2.80%.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Pursuant to the accounting standard for lessee's involvement in asset construction and for leasing transactions involving special-purpose entities, the Company was considered the owner of the building during the construction phase due to the structural building work that the landlord undertook on the Company's behalf.

Other Capital Lease and Financing Obligations

The Company has numerous other capital lease and financing obligations with maturity dates ranging from 2015 to 2030 with a weighted-average effective interest rate of 10.26%.

Maturities of Capital Lease and Other Financing Obligations

The Company's capital lease and other financing obligations are summarized as follows as of December 31, 2012 (dollars in thousands):

	Capital lease obligations	Other financing obligations	Total
2013	$ 21,207	$ 34,305	$ 55,512
2014	21,750	39,135	60,885
2015	21,766	42,156	63,922
2016	20,338	43,537	63,875
2017	20,522	42,394	62,916
Thereafter	124,561	349,193	473,754
Total minimum lease payments	230,144	550,720	780,864
Plus amount representing residual property value	—	294,352	294,352
Less estimated building costs	(702)	—	(702)
Less amount representing interest	(82,871)	(430,584)	(513,455)
Present value of net minimum lease payments	146,571	414,488	561,059
Less current portion	(10,332)	(4,874)	(15,206)
	$ 136,239	$ 409,614	$ 545,853

Operating Leases

The Company currently leases the majority of its IBX data centers and certain equipment under noncancelable operating lease agreements. The majority of the Company's operating leases for its land and IBX data centers expire at various dates through 2035 with renewal options available to the Company. The lease agreements typically provide for base rental rates that increase at defined intervals during the term of the lease. In addition, the Company has negotiated some rent expense abatement periods for certain leases to better match the phased build out of its IBX data centers. The Company accounts for such abatements and increasing base rentals using the straight-line method over the life of the lease. The difference between the straight-line expense and the cash payment is recorded as deferred rent (see Note 5, "Other Current Liabilities" and "Other Liabilities").

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Minimum future operating lease payments, excluding operating leases covered under restructuring charges (see Note 17), as of December 31, 2012 are summarized as follows (in thousands):

Year ending:	
2013	$ 114,736
2014	110,400
2015	92,199
2016	81,048
2017	117,965
Thereafter	409,979
Total	$ 926,327

Total rent expense was approximately $113,338,000, $111,787,000 and $98,771,000 for the years ended December 31, 2012, 2011 and 2010, respectively.

In November 2012, the Company entered into a contingent lease for land and a building that the Company and the landlord would jointly develop to meet its needs and which it would ultimately convert into an IBX data center in the Toronto, Canada metro area (the "Toronto Lease"). The Toronto Lease was contingent on the landlord's ability to obtain construction financing, which occurred in February 2013. The Toronto Lease has a fixed term of 15 years, with options to renew, and a total cumulative minimum rent obligation of approximately $141,700,000, exclusive of renewal periods.

9. Debt Facilities

Loans Payable

The Company's non-convertible debt consisted of the following as of December 31 (in thousands):

	2012	2011
U.S. term loan	$ 180,000	$ —
ALOG financing	48,807	—
Paris 4 IBX financing	8,071	52,104
Asia-Pacific financing	—	193,843
ALOG loans payable	—	10,288
Other loans payable	4,084	—
	240,962	256,235
Less current portion	(52,160)	(87,440)
	$ 188,802	$168,795

U.S. Financing

In June 2012, the Company entered into a credit agreement with a group of lenders for a $750,000,000 credit facility (the "U.S. Financing"), comprised of a $200,000,000 term loan facility (the "U.S. Term Loan") and a $550,000,000 multicurrency revolving credit facility (the "U.S. Revolving Credit Line"). The U.S. Financing contains several financial covenants with which the Company must comply on a quarterly basis, including a maximum senior leverage ratio covenant, a minimum fixed charge coverage ratio covenant and a minimum tangible net worth covenant. The U.S. Financing is guaranteed by certain of the Company's domestic subsidiaries

and is secured by the Company's and guarantors' accounts receivable as well as pledges of the equity interests of certain of the Company's direct and indirect subsidiaries. The U.S. Term Loan and U.S. Revolving Credit Line both have a five-year term, subject to the satisfaction of certain conditions with respect to the Company's outstanding convertible subordinated notes. The Company is required to repay the principal balance of the U.S. Term Loan in equal quarterly installments over the term. The U.S. Term Loan bears interest at a rate based on LIBOR or, at the option of the Company, the Base Rate (defined as the highest of (a) the Federal Funds Rate plus 1/2 of 1%, (b) the Bank of America prime rate and (c) one-month LIBOR plus 1.00%) plus, in either case, a margin that varies as a function of the Company's senior leverage ratio in the range of 1.25%-2.00% per annum if the Company elects to use the LIBOR index and in the range of 0.25%-1.00% per annum if the Company elects to use the Base Rate index. In July 2012, the Company fully utilized the U.S. Term Loan and used the funds to prepay the outstanding balance of and terminate the Asia-Pacific Financing (see below). As of December 31, 2012, the effective interest rate under the U.S. Term Loan was 2.36% per annum.

The U.S. Revolving Credit Line allows the Company to borrow, repay and reborrow over the term. The U.S. Revolving Credit Line provides a sublimit for the issuance of letters of credit of up to $150,000,000 at any one time. The Company may use the U.S. Revolving Credit Line for working capital, capital expenditures, issuance of letters of credit, and other general corporate purposes. Borrowings under the U.S. Revolving Credit Line bear interest at a rate based on LIBOR or, at the option of the Company, the Base Rate (defined above) plus, in either case, a margin that varies as a function of the Company's senior leverage ratio in the range of 0.95%-1.60% per annum if the Company elects to use the LIBOR index and in the range of 0.00%-0.60% per annum if the Company elects to use the Base Rate index. The Company is required to pay a quarterly letter of credit fee on the face amount of each letter of credit, which fee is based on the same margin that applies from time to time to LIBOR-indexed borrowings under the U.S. Revolving Credit Line. The Company is also required to pay a quarterly facility fee ranging from 0.30%-0.40% per annum of the U.S. Revolving Credit Line (regardless of the amount utilized), which fee also varies as a function of the Company's senior leverage ratio. In June 2012, the outstanding letters of credit issued under the Senior Revolving Credit Line (see below "Senior Revolving Credit Line") were assumed under the U.S. Revolving Credit Line and the Senior Revolving Credit Line was terminated. As of December 31, 2012, the Company had 14 irrevocable letters of credit totaling $21,829,000 issued and outstanding under the U.S. Revolving Credit Line. As a result, the amount available to the Company to borrow under the U.S. Revolving Credit Line was $528,171,000 as of December 31, 2012. As of December 31, 2012, the Company was in compliance with all covenants of the U.S. Financing.

Debt issuance costs related to the U.S. Financing, net of amortization, were $8,039,000 as of December 31, 2012.

ALOG Financing

In June 2012, ALOG completed a 100,000,000 Brazilian real credit facility agreement, or approximately $48,807,000 (the "ALOG Financing"). The ALOG Financing has a five-year term with semi-annual principal payments beginning in the third year of its term and quarterly interest payments during the entire term. The ALOG Financing bears an interest rate of 2.75% above the local borrowing rate. The ALOG Financing contains financial covenants, which ALOG must comply with annually, consisting of a leverage ratio and a fixed charge coverage ratio. As of December 31, 2012, the Company was in compliance with all financial covenants under the ALOG Financing. The ALOG Financing is not guaranteed by ALOG or the Company. The ALOG Financing is not secured by ALOG's or the Company's assets. The ALOG Financing has a final maturity date of June 2017. During the three months ended September 30, 2012, ALOG fully utilized the ALOG Financing and used a portion of the funds to prepay and terminate ALOG loans payable outstanding. As of December 31, 2012, the effective interest rate under the ALOG Financing was 10.21% per annum.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Asia-Pacific Financing

In May 2010, five wholly-owned subsidiaries of the Company, located in Australia, Hong Kong, Japan and Singapore, completed a multi-currency credit facility agreement for approximately $223,636,000 (the "Asia-Pacific Financing"), comprising 79,153,000 Australian dollars, 370,433,000 Hong Kong dollars, 99,434,000 Singapore dollars and 1,513,400,000 Japanese yen. The Asia-Pacific Financing had a five-year term with semi-annual principal payments and quarterly debt service and consisted of two tranches: (i) Tranche A totaling approximately $90,810,000 was available for immediate drawing upon satisfaction of certain conditions precedent and (ii) Tranche B totaling approximately $132,826,000 was available for drawing in Australian, Hong Kong and Singapore dollars only for up to 24 months following the effective date of the Asia-Pacific Financing. The Asia Pacific Financing bore an interest rate of 3.50% above the local borrowing rates for the first 12 months and interest rates between 2.50%-3.50% above the local borrowing rates thereafter, depending on the leverage ratio within these five subsidiaries of the Company. The Asia-Pacific Financing contained four financial covenants, which the Company and its five subsidiaries had to comply with quarterly, consisting of two leverage ratios, an interest coverage ratio and a debt service ratio. The Asia-Pacific Financing was guaranteed by the parent, Equinix, Inc., and was secured by most of the Company's five subsidiaries' assets and share pledges. As of December 31, 2011, the Company's five subsidiaries had fully utilized Tranche A and Tranche B under the Asia-Pacific Financing. The loans payable under the Asia-Pacific Financing had a final maturity date of March 2015. In July 2012, the Company fully repaid and terminated the Asia-Pacific Financing. As a result, the Company wrote off outstanding unamortized debt issuance costs associated with the Asia-Pacific Financing and recorded a loss on debt extinguishment (see below "Loss on Debt Extinguishment and Interest Rate Swaps, Net").

Senior Revolving Credit Line

In September 2011, the Company entered into a $150,000,000 senior unsecured revolving credit facility (the "Senior Revolving Credit Line") with a group of lenders (the "Lenders"). The Company was able to use the Senior Revolving Credit Line for working capital, capital expenditures, issuance of letters of credit, general corporate purposes and to refinance a portion of the Company's existing debt obligations. The Senior Revolving Credit Line had a five-year term and allowed the Company to borrow, repay and re-borrow over the term. The Senior Revolving Credit Line provided a sublimit for the issuance of letters of credit of up to $100,000,000 and a sublimit for swing line borrowings of up to $25,000,000. Borrowings under the Senior Revolving Credit Line carried an interest rate of US$ LIBOR plus an applicable margin ranging from 1.25%—1.75% per annum, which varied as a function of the Company's senior leverage ratio. The Company was also subject to a quarterly non-utilization fee ranging from 0.30%—0.40% per annum, the pricing of which would also vary as a function of the Company's senior leverage ratio. Additionally, the Company was able to increase the size of the Senior Revolving Credit Line at its election by up to $100,000,000, subject to approval by the Lenders and based on current market conditions. The Senior Revolving Credit Line contained several financial covenants, which the Company had to comply with quarterly, including a leverage ratio, fixed charge coverage ratio and a minimum net worth covenant. In June 2012, the Senior Revolving Credit Line was replaced by the U.S. Revolving Credit Line under the U.S. Financing (see above). As a result, issued and outstanding letters of credit were all transferred into the U.S. Revolving Credit Line and the Senior Revolving Credit Line was terminated.

Paris 4 IBX Financing

In March 2011, the Company entered into two agreements with two unrelated parties to purchase and develop a building that became the Company's fourth IBX data center in the Paris metro area, which opened for business in August 2012. The first agreement, as amended, allowed the Company the right to purchase the property for a total fee of approximately $19,782,000, payable to a company that held exclusive rights (including

power rights) to the property and was already in the process of developing the property into a data center and has, instead, become the anchor tenant in the Paris 4 IBX data center once it opened for business, which occurred in August 2012. The second agreement was entered into with the developer of the property and allowed the Company to take immediate title to the building and associated land and also required the developer to construct the data center to the Company's specifications and deliver the completed data center to the Company in July 2012 for a total fee of approximately $101,485,000. Both agreements included extended payment terms. The Company made payments under both agreements totaling approximately $78,259,000 and $35,851,000 during the years ended December 31, 2012 and 2011, respectively, and the remaining payments due are payable on various dates through June 2013 (the "Paris 4 IBX Financing"). Of the amounts paid or payable under the Paris 4 IBX Financing, a total of approximately $14,771,000 was allocated to land and building assets, $3,374,000 was allocated to a deferred charge, which is being netted against revenue associated with the anchor tenant of the Paris 4 IBX data center over the term of the customer contract, and the remainder totaling $103,122,000 was or will be allocated to construction costs inclusive of interest charges. The Company has imputed an interest rate of 7.86% per annum on the Paris 4 IBX Financing as of December 31, 2012. The Paris 4 IBX Financing also required the Company to post approximately $89,496,000 of cash into a restricted cash account to ensure liquidity for the developer during the construction period. Payments due to the developer of the property during the year ended December 31, 2012 were paid from the restricted cash account. As a result, the Company's current restricted cash balances have decreased (refer to "Other Current Assets" in Note 4).

Convertible Debt

The Company's convertible debt consisted of the following as of December 31 (in thousands):

	2012	2011
2.50% Convertible Subordinated Notes	$ —	$ 250,000
3.00% Convertible Subordinated Notes	395,986	395,986
4.75% Convertible Subordinated Notes	373,730	373,750
	769,716	1,019,736
Less amount representing debt discount	(60,990)	(78,652)
	708,726	941,084
Less current portion	—	(246,315)
	$ 708,726	$ 694,769

2.50% Convertible Subordinated Notes

In March 2007, the Company issued $250,000,000 aggregate principal amount of 2.50% Convertible Subordinated Notes due April 15, 2012 (the "2.50% Convertible Subordinated Notes"). Holders of the 2.50% Convertible Subordinated Notes were eligible to convert their notes at any time on or after March 15, 2012 through the close of business on the business day immediately preceding the maturity date. Upon conversion, holders would receive, at the Company's election, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock. However, the Company had the right at any time to irrevocably elect for the remaining term of the 2.50% Convertible Subordinated Notes to satisfy its obligation in cash up to 100% of the principal amount of the 2.50% Convertible Subordinated Notes converted, with any remaining amount to be satisfied, at the Company's election, in shares of its common stock or a combination of cash and shares of its common stock. Upon conversion, due to the conversion formulas associated with the 2.50% Convertible Subordinated Notes, if the Company's stock was trading at levels exceeding $112.03 per share, and if the Company elected to pay any portion of the consideration in cash,

additional consideration beyond the $250,000,000 of gross proceeds received would be required. However, in no event would the total number of shares issuable upon conversion of the 2.50% Convertible Subordinated Notes exceed 11.6036 per $1,000 principal amount of 2.50% Convertible Subordinated Notes, subject to anti-dilution adjustments, or the equivalent of $86.18 per share of common stock or a total of 2,900,900 shares of the Company's common stock.

In April 2012, virtually all of the holders of the 2.50% Convertible Subordinated Notes converted their notes. The Company settled the $250,000,000 in aggregate principal amount of the 2.50% Convertible Subordinated Notes, plus accrued interest, in $253,132,000 of cash and 622,867 shares of the Company's common stock that were issued from its treasury stock. The total value of the shares of the Company's common stock issued by the Company was $95,915,000, which is based on the closing price of the Company's common stock on April 16, 2012, the date the shares were issued. The number of shares issued to the holders of the 2.50% Convertible Subordinated Notes was based on the volume weighted average price per share of the Company's common stock for each of the 10 consecutive trading days during the period beginning on the 12 th scheduled trading day immediately preceding the maturity date.

Issuance and transaction costs incurred at the time of the issuance of the 2.50% Convertible Subordinated Notes with third parties were allocated to the liability and equity components in proportion to the allocation of proceeds and accounted for as debt issuance costs and equity issuance costs, respectively. The 2.50% Convertible Subordinated Notes consisted of the following as of December 31 (in thousands):

	2011
Equity component (1)	$ 52,263
Liability component :	
Principal	$ 250,000
Less: debt discount, net (2)	(3,685)
Net carrying amount	$246,315

(1) Included in the consolidated balance sheets within additional paid-in capital.
(2) Included in the consolidated balance sheets within convertible debt and is amortized over the remaining life of the 2.50% Convertible Subordinated Notes.

The following table sets forth total interest expense recognized related to the 2.50% Convertible Subordinated Notes during the year ended December 31 (in thousands):

	2012	2011
Contractual interest expense	$ 1,823	$ 6,250
Amortization of debt issuance costs	356	1,228
Amortization of debt discount	3,685	12,130
Total interest expense	$5,864	$19,608
Effective interest rate of the liability component	8.37%	8.37%

3.00% Convertible Subordinated Notes

In September 2007, the Company issued $395,986,000 aggregate principal amount of 3.00% Convertible Subordinated Notes due October 15, 2014 (the "3.00% Convertible Subordinated Notes"). Interest is payable semi-annually on April 15 and October 15 of each year, and commenced April 15, 2008.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The 3.00% Convertible Subordinated Notes are governed by an Indenture dated as of September 26, 2007, between the Company, as issuer, and U.S. Bank National Association, as trustee (the "3.00% Convertible Subordinated Notes Indenture"). The 3.00% Convertible Subordinated Notes Indenture does not contain any financial covenants or any restrictions on the payment of dividends, the incurrence of senior debt or other indebtedness, or the issuance or repurchase of securities by the Company. The 3.00% Convertible Subordinated Notes are unsecured and rank junior in right of payment to the Company's existing or future senior debt and equal in right of payment to the Company's existing and future subordinated debt.

Holders of the 3.00% Convertible Subordinated Notes may convert their notes at their option on any day up to and including the business day immediately preceding the maturity date into shares of the Company's common stock. The base conversion rate is 7.436 shares of common stock per $1,000 principal amount of 3.00% Convertible Subordinated Notes, subject to adjustment. This represents a base conversion price of approximately $134.48 per share of common stock. If, at the time of conversion, the applicable stock price of the Company's common stock exceeds the base conversion price, the conversion rate will be determined pursuant to a formula resulting in the receipt of up to 4.4616 additional shares of common stock per $1,000 principal amount of the 3.00% Convertible Subordinated Notes, subject to adjustment. However, in no event would the total number of shares issuable upon conversion of the 3.00% Convertible Subordinated Notes exceed 11.8976 per $1,000 principal amount of 3.00% Convertible Subordinated Notes, subject to anti-dilution adjustments, or the equivalent of $84.05 per share of the Company's common stock or a total of 4,711,283 shares of the Company's common stock. As of December 31, 2012, had the holders of the 3.00% Convertible Subordinated Notes converted their notes, the 3.00% Convertible Subordinated Notes would have been convertible into 3,612,613 shares of the Company's common stock.

The conversion rates may be adjusted upon the occurrence of certain events, including for any cash dividend, but they will not be adjusted for accrued and unpaid interest. Holders of the 3.00% Convertible Subordinated Notes will not receive any cash payment representing accrued and unpaid interest upon conversion of a note. Accrued but unpaid interest will be deemed to be paid in full upon conversion rather than cancelled, extinguished or forfeited. The Company may not redeem the 3.00% Convertible Subordinated Notes at its option.

Holders of the 3.00% Convertible Subordinated Notes have the right to require the Company to purchase with cash all or a portion of the Convertible Subordinated Notes upon the occurrence of a fundamental change such as change of control at a purchase price equal to 100% of the principal amount of the 3.00% Convertible Subordinated Notes plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase. Following certain corporate transactions that constitute a change of control, the Company will increase the conversion rate for a holder who elects to convert the 3.00% Convertible Subordinated Notes in connection with such change of control in certain circumstances.

The Company has considered the accounting standard for debt with conversion and other options and for derivatives and hedging and has determined that the 3.00% Convertible Subordinated Notes do not contain a beneficial conversion feature as the fair value of the Company's common stock on the date of issuance was less than the initial conversion price outlined in the agreement.

4.75% Convertible Subordinated Notes

In June 2009, the Company issued $373,750,000 aggregate principal amount of 4.75% Convertible Subordinated Notes due June 15, 2016 (the "4.75% Convertible Subordinated Notes"). Interest is payable semi-annually on June 15 and December 15 of each year and commenced on December 15, 2009.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The 4.75% Convertible Subordinated Notes are governed by an Indenture dated as of June 12, 2009, between the Company, as issuer, and U.S. Bank National Association, as trustee (the "4.75% Convertible Subordinated Notes Indenture"). The 4.75% Convertible Subordinated Notes Indenture does not contain any financial covenants or any restrictions on the payment of dividends, the incurrence of senior debt or other indebtedness, or the issuance or repurchase of securities by the Company. The 4.75% Convertible Subordinated Notes are unsecured and rank junior in right of payment to the Company's existing or future senior debt and equal in right of payment to the Company's existing and future subordinated debt.

Upon conversion, holders will receive, at the Company's election, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock. However, the Company may at any time irrevocably elect for the remaining term of the 4.75% Convertible Subordinated Notes to satisfy its obligation in cash up to 100% of the principal amount of the 4.75% Convertible Subordinated Notes, with any remaining amount to be satisfied, at the Company's election, in shares of its common stock or a combination of cash and shares of its common stock.

The initial conversion rate is 11.8599 shares of common stock per $1,000 principal amount of 4.75% Convertible Subordinated Notes, subject to adjustment. This represents an initial conversion price of approximately $84.32 per share of common stock. Holders of the 4.75% Convertible Subordinated Notes may convert their notes at any time prior to the close of business on the business day immediately preceding the maturity date under the following circumstances:

- during any fiscal quarter (and only during that fiscal quarter) ending after December 31, 2009, if the sale price of the Company's common stock, for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the previous fiscal quarter, is greater than 130% of the conversion price per share of common stock on such last trading day, which was $109.62 per share (the "Stock Price Condition Conversion Clause");
- subject to certain exceptions, during the five business day period following any 10 consecutive trading day period in which the trading price of the 4.75% Convertible Subordinated Notes for each day of such period was less than 98% of the product of the sale price of the Company's common stock and the conversion rate (the "4.75% Convertible Subordinated Notes Parity Provision Clause");
- upon the occurrence of specified corporate transactions described in the 4.75% Convertible Subordinated Notes Indenture, such as a consolidation, merger or binding share exchange in which the Company's common stock would be converted into cash or property other than securities (the "Corporate Action Provision Clause"); or
- at any time on or after March 15, 2016.

Upon conversion, if the Company elected to pay a sufficiently large portion of the conversion obligation in cash, additional consideration beyond the $373,750,000 of gross proceeds received would be required.

Holders of the 4.75% Convertible Subordinated Notes were eligible to convert their notes during the three months ended December 31, September 30, and June 30, 2012, since the sale price of the Company's common stock, for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the three months then ended, was greater than 130% of the conversion price per share of common stock on such last trading day. As of December 31, 2012, had the holders of the 4.75% Convertible Subordinated Notes converted their notes, the 4.75% Convertible Subordinated Notes would have been convertible into a maximum of 4,432,407 shares of the Company's common stock.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The conversion rates may be adjusted upon the occurrence of certain events, including for any cash dividend, but they will not be adjusted for accrued and unpaid interest. Holders of the 4.75% Convertible Subordinated Notes will not receive any cash payment representing accrued and unpaid interest upon conversion of a note. Accrued but unpaid interest will be deemed to be paid in full upon conversion rather than cancelled, extinguished or forfeited.

The Company does not have the right to redeem the 4.75% Convertible Subordinated Notes at its option. Holders of the 4.75% Convertible Subordinated Notes have the right to require the Company to purchase with cash all or a portion of the 4.75% Convertible Subordinated Notes upon the occurrence of a fundamental change, such as a change of control at a purchase price equal to 100% of the principal amount of the 4.75% Convertible Subordinated Notes plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase. Following certain corporate transactions that constitute a change of control, the Company will increase the conversion rate for a holder who elects to convert the 4.75% Convertible Subordinated Notes in connection with such change of control in certain circumstances.

Under an accounting standard for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement), the Company separated the 4.75% Convertible Subordinated Notes into a liability component and an equity component. The carrying amount of the liability component was calculated by measuring the fair value of a similar liability (including any embedded features other than the conversion option) that does not have an associated equity component. The carrying amount of the equity component representing the embedded conversion option was determined by deducting the fair value of the liability component from the initial proceeds ascribed to the 4.75% Convertible Subordinated Notes as a whole. The excess of the principal amount of the liability component over its carrying amount is amortized to interest expense over the expected life of a similar liability that does not have an associated equity component using the effective interest method. The equity component is not remeasured as long as it continues to meet the conditions for equity classification as prescribed in the accounting standard for derivative financial instruments indexed to, and potentially settled in, an entity's own common stock and the accounting standard for determining whether an instrument (or embedded feature) is indexed to an entity's own stock.

Issuance and transaction costs incurred at the time of the issuance of the 4.75% Convertible Subordinated Notes with third parties are allocated to the liability and equity components and accounted for as debt issuance costs and equity issuance costs, respectively. The 4.75% Convertible Subordinated Notes consisted of the following as of December 31 (in thousands):

	2012	2011
Equity component (1)	$104,794	$ 104,794
Liability component :		
Principal	$ 373,730	$ 373,750
Less: debt discount, net (2)	(60,990)	(74,967)
Net carrying amount	$312,740	$298,783

(1) Included in the consolidated balance sheets within additional paid-in capital.

(2) Included in the consolidated balance sheets within convertible debt and is amortized over the remaining life of the 4.75% Convertible Subordinated Notes.

As of December 31, 2012, the remaining life of the 4.75% Convertible Subordinated Notes was 3.46 years.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table sets forth total interest expense recognized related to the 4.75% Convertible Subordinated Notes for the year ended December 31 (in thousands):

	2012	2011
Contractual interest expense	$ 17,753	$ 17,753
Amortization of debt issuance costs	1,025	1,029
Amortization of debt discount	13,977	12,617
	$ 32,755	$ 31,399
Effective interest rate of the liability component	10.88%	10.88%

To minimize the impact of potential dilution upon conversion of the 4.75% Convertible Subordinated Notes, the Company entered into capped call transactions ("the Capped Call") separate from the issuance of the 4.75% Convertible Subordinated Notes and paid a premium of $49,664,000 for the Capped Call. The Capped Call covers a total of approximately 4,432,638 shares of the Company's common stock, subject to adjustment. Under the Capped Call, the Company effectively raised the conversion price of the 4.75% Convertible Subordinated Notes from $84.32 to $114.82. Depending upon the Company's stock price at the time the 4.75% Convertible Subordinated Notes are redeemed, the Capped Call will return up to 1,177,456 shares of the Company's common stock to the Company; however, the Company will receive no benefit from the Capped Call if the Company's stock price is $84.32 or lower at the time of conversion and will receive less shares than the 1,177,456 share maximum as described above for share prices in excess of $114.82 at the time of conversion than it would have received at a share price of $114.82 (the Company's benefit from the Capped Call is capped at $114.82 and the benefit received begins to decrease above this price). In connection with the Capped Call, the Company recorded a $19,000 derivative loss in its consolidated statement of operations for the year ended December 31, 2009, and the remaining $49,645,000 was recorded in additional paid-in capital pursuant to the accounting standard for derivative financial instruments indexed to, and potentially settled in, an entity's own common stock and the accounting standard for determining whether an instrument (or embedded feature) is indexed to an entity's own stock.

Senior Notes

The Company's senior notes consisted of the following as of December 31 (in thousands):

	2012	2011
8.125% senior notes due 2018	$ 750,000	$ 750,000
7.00% senior notes due 2021	750,000	750,000
	$ 1,500,000	$ 1,500,000

8.125% Senior Notes

In February 2010, the Company issued $750,000,000 aggregate principal amount of 8.125% Senior Notes due March 1, 2018 (the "Senior Notes"). Interest is payable semi-annually on March 1 and September 1 of each year and commenced on September 1, 2010.

The Senior Notes are governed by an Indenture dated March 3, 2010 between the Company, as issuer, and U.S. Bank National Association, as trustee (the "Senior Notes Indenture"). The Senior Notes Indenture contains covenants that limit the Company's ability and the ability of its subsidiaries to, among other things:

- incur additional debt;

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

- pay dividends or make other restricted payments;
- purchase, redeem or retire capital stock or subordinated debt;
- make asset sales;
- enter into transactions with affiliates;
- incur liens;
- enter into sale-leaseback transactions;
- provide subsidiary guarantees;
- make investments; and
- merge or consolidate with any other person.

Each of these restrictions has a number of important qualifications and exceptions. The Senior Notes are unsecured and rank equal in right of payment to the Company's existing or future senior debt and senior in right of payment to the Company's existing and future subordinated debt. The Senior Notes will be effectively junior to any of the Company's existing and future secured indebtedness and any indebtedness of its subsidiaries.

At any time prior to March 1, 2013, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of the Senior Notes outstanding under the Senior Notes Indenture, at a redemption price equal to 108.125% of the principal amount of the Senior Notes to be redeemed, plus accrued and unpaid interest to, but not including, the redemption date, with the net cash proceeds of one or more equity offerings, provided that (i) at least 65% of the aggregate principal amount of the Senior Notes issued under the Senior Notes Indenture remains outstanding immediately after the occurrence of such redemption and (ii) the redemption must occur within 90 days of the date of the closing of such equity offerings. On or after March 1, 2014, the Company may redeem all or a part of the Senior Notes, on any one or more occasions, at the redemption prices set forth below plus accrued and unpaid interest thereon, if any, up to, but not including, the applicable redemption date, if redeemed during the one-year period beginning on March 1 of the years indicated below:

	Redemption price of the Senior Notes
2014	104.0625%
2015	102.0313%
2016 and thereafter	100.0000%

In addition, at any time prior to March 1, 2014, the Company may also redeem all or a part of the Senior Notes at a redemption price equal to 100% of the principal amount of the Senior Notes redeemed plus applicable premium (the "Applicable Premium") and accrued and unpaid interest, if any, to, but not including, the date of redemption (the "Redemption Date"). The Applicable Premium means the greater of:

- 1.0% of the principal amount of the Senior Notes; and
- the excess of: (a) the present value at such redemption date of (i) the redemption price of the Senior Notes at March 1, 2014 as shown in the above table, plus (ii) all required interest payments due on the Senior Notes through March 1, 2014 (excluding accrued but unpaid interest, if any, to, but not including the redemption date), computed using a discount rate equal to the yield to maturity of the U.S. Treasury securities with a constant maturity most nearly equal to the period from the redemption date to March 1, 2014, plus 0.50%; over (b) the principal amount of the Senior Notes.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Upon a change in control, the Company will be required to make an offer to purchase each holder's Senior Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of purchase.

Debt issuance costs related to the Senior Notes, net of amortization, were $9,384,000 as of December 31, 2012.

7.00% Senior Notes

In July 2011, the Company issued $750,000,000 aggregate principal amount of 7.00% Senior Notes due July 15, 2021 (the "7.00% Senior Notes"). Interest is payable semi-annually in arrears on January 15 and July 15 of each year and commenced on January 15, 2012.

The 7.00% Senior Notes are governed by an indenture dated July 6, 2011 between the Company, as issuer, and U.S. Bank National Association, as trustee (the "7.00% Senior Notes Indenture"). The 7.00% Senior Notes Indenture contains covenants that limit the Company's ability and the ability of its subsidiaries to, among other things:

- incur additional debt;
- pay dividends or make other restricted payments;
- purchase, redeem or retire capital stock or subordinated debt;
- make asset sales;
- enter into transactions with affiliates;
- incur liens;
- enter into sale-leaseback transactions;
- provide subsidiary guarantees;
- make investments; and
- merge or consolidate with any other person.

Each of these restrictions has a number of important qualifications and exceptions. The 7.00% Senior Notes are unsecured and rank equal in right of payment to the Company's existing or future senior debt and senior in right of payment to the Company's existing and future subordinated debt including the Company's convertible debt. The 7.00% Senior Notes are effectively junior to any of the Company's existing and future secured indebtedness and any secured indebtedness of its subsidiaries. The 7.00% Senior Notes are also structurally subordinated to all debt and other liabilities (including trade payables) of the Company's subsidiaries and will continue to be subordinated to the extent that these subsidiaries do not guarantee the 7.00% Senior Notes in the future.

At any time prior to July 15, 2014, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of the 7.00% Senior Notes outstanding under the 7.00% Senior Notes Indenture, at a redemption price equal to 107.000% of the principal amount of the 7.00% Senior Notes to be redeemed, plus accrued and unpaid interest to, but not including, the redemption date, with the net cash proceeds of one or more equity offerings, provided that (i) at least 65% of the aggregate principal amount of the 7.00% Senior Notes issued under the 7.00% Senior Notes Indenture remains outstanding immediately after the occurrence of such redemption and (ii) the redemption must occur within 90 days of the date of the closing of such equity offerings.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

On or after July 15, 2016, the Company may redeem all or a part of the 7.00% Senior Notes, on any one or more occasions, at the redemption prices set forth below plus accrued and unpaid interest thereon, if any, up to, but not including, the applicable redemption date, if redeemed during the twelve-month period beginning on July 15 of the years indicated below:

	Redemption price of the Senior Notes
2016	103.500%
2017	102.333%
2018	101.167%
2019 and thereafter	100.000%

In addition, at any time prior to July 15, 2016, the Company may also redeem all or a part of the 7.00% Senior Notes at a redemption price equal to 100% of the principal amount of the 7.00% Senior Notes redeemed plus an applicable premium (the "Applicable Premium") and accrued and unpaid interest, if any, to, but not including, the date of redemption (the "Redemption Date"). The Applicable Premium means the greater of:

- 1.0% of the principal amount of the 7.00% Senior Notes to be redeemed; and
- the excess of: (a) the present value at such redemption date of (i) the redemption price of the 7.00% Senior Notes to be redeemed at July 15, 2016 as shown in the above table, plus (ii) all required interest payments due on these 7.00% Senior Notes through July 15, 2016 (excluding accrued but unpaid interest, if any, to, but not including the redemption date), computed using a discount rate equal to the yield to maturity as of the redemption date of the U.S. Treasury securities with a constant maturity most nearly equal to the period from the redemption date to July 15, 2016, plus 0.50%; over (b) the principal amount of the 7.00% Senior Notes to be redeemed.

Upon a change in control, the Company will be required to make an offer to purchase each holder's 7.00% Senior Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of purchase.

Debt issuance costs related to the 7.00% Senior Notes, net of amortization, were $12,134,000 as of December 31, 2012.

Loss on Debt Extinguishment and Interest Rate Swaps, Net

As a result of the prepayment and termination of the Asia-Pacific Financing, the Company wrote off outstanding unamortized debt issuance costs associated with the Asia-Pacific Financing and recorded a loss on debt extinguishment of $5,204,000 during the year ended December 31, 2012.

Loss on debt extinguishment and interest rate swaps, net for the year ended December 31, 2010 consisted of the following (in thousands):

Debt extinguishment on loans payable	$ 2,764
Debt extinguishment on capital lease obligations	(36)
Debt extinguishment on mortgage payable	(5,356)
Loss on debt extinguishment, net	(2,628)
Loss on interest rate swaps	(7,559)
Loss on debt extinguishment and interest rate swaps, net	$(10,187)

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Maturities of Debt Facilities

The following table sets forth maturities of the Company's debt, including loans payable, convertible debt and senior notes, as of December 31, 2012 (in thousands):

Year ending:	
2013	$ 52,156
2014	449,931
2015	53,945
2016	366,684
2017	26,972
Thereafter	1,500,000
	$2,449,688

Fair Value of Debt Facilities

The following table sets forth the estimated fair values of the Company's loans payable, senior notes and convertible debt, including current maturities, as of December 31 (in thousands):

	2012	2011
Loans payable	$ 238,793	$ 269,451
Convertible debt	1,144,568	1,057,801
Senior Notes	1,661,400	1,612,287

Interest Charges

The following table sets forth total interest costs incurred and total interest costs capitalized for the years ended December 31 (in thousands):

	2012	2011	2010
Interest expense	$ 200,328	$ 181,303	$ 140,475
Interest capitalized	30,643	13,578	10,349
Interest charges incurred	$230,971	$194,881	$150,824

10. Redeemable Non-Controlling Interests

As a result of the ALOG Acquisition (Note 2), the Company recorded redeemable non-controlling interests. Given the provisions in the ALOG Acquisition related to the put options and call options, the Company adjusts its redeemable non-controlling interests to redemption value on each balance sheet date with corresponding increases/decreases recognized as adjustments to retained earnings or, in the absence of retained earnings, additional paid-in capital.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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

Balance at December 31, 2010	$ —
ALOG acquisition (Note 2)	66,777
Net loss attributable to redeemable non-controlling interests	(1,394)
Other comprehensive loss attributable to redeemable non-controlling interests	(7,110)
Change in redemption value of non-controlling interests	11,476
Impact of foreign currency exchange	(2,148)
Balance at December 31, 2011	67,601
Net income attributable to redeemable non-controlling interests	3,116
Other comprehensive loss attributable to redeemable non-controlling interests	(6,485)
Change in redemption value of non-controlling interests	21,270
Impact of foreign currency exchange	(1,324)
Balance at December 31, 2012	$ 84,178

11. Stockholders' Equity

The Company's authorized share capital is 300,000,000 shares of common stock and 100,000,000 shares of preferred stock, of which 25,000,000 is designated Series A, 25,000,000 is designated as Series A-1 and 50,000,000 is undesignated. As of December 31, 2012 and 2011, the Company had no preferred stock issued and outstanding.

Common Stock

As of December 31, 2012, the Company has reserved the following shares of authorized but unissued shares of common stock for future issuance:

Conversion of 3.00% Convertible Subordinated Notes	4,711,283
Conversion of 4.75% Convertible Subordinated Notes	4,432,407
Common stock options and restricted stock units	8,029,465
Common stock employee purchase plans	3,129,238
	20,302,393

Accumulated Other Comprehensive Income (Loss)

The components of the Company's accumulated other comprehensive loss consisted of the following as of December 31 2012 (in thousands):

	Balance as of December 31, 2011	Net change	Balance as of December 31, 2012
Foreign currency translation loss	$(150,872)	$ 36,194	$(114,678)
Unrealized gain (loss) on available for sale securities	64	(23)	41
Other comprehensive loss attributable to redeemable non-controlling interests	7,110	6,485	13,595
	$(143,698)	$42,656	$ (101,042)

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Changes in foreign currencies can have a significant impact to the Company's consolidated balance sheets (as evidenced above in the Company's foreign currency translation gain or loss), as well as its consolidated results of operations, as amounts in foreign currencies are generally translating into more U.S. dollars when the U.S. dollar weakens or less U.S. dollars when the U.S. dollar strengthens. At December 31, 2012, the U.S. dollar was generally weaker relative to certain of the currencies of the foreign countries in which the Company operates. This overall weakness of the U.S. dollar had an overall positive impact on the Company's consolidated financial position because the foreign denominations translated into more U.S. dollars as evidenced by a decrease in foreign currency translation loss for the year ended December 31, 2012 compared to the year ended December 31, 2011 as reflected in the above table. In future periods, the volatility of the U.S. dollar as compared to the other currencies in which the Company does business could have a significant impact on its consolidated financial position and results of operations including the amount of revenue that the Company reports in future periods.

Share Repurchase Program

In November 2011, the Company's Board of Directors (the "Board") approved a share repurchase program (the "Share Repurchase Program") to repurchase up to $250,000,000 in value of the Company's common stock in the open market or private transactions through December 31, 2012. The Share Repurchase Program was designed to return value to the Company's shareholders and minimize dilution from stock issuances.

During the years ended December 31, 2012 and 2011, the Company repurchased a total of 131,489 and 870,421 shares, respectively, of its common stock in the open market at an average price of $101.64 and $99.57 per share, respectively, for total consideration of $100,030,000 under the Share Repurchase Program.

During the year ended December 31, 2012, the Company re-issued a total of 638,167 shares of its treasury stock with a total value of $63,354,000, primarily related to the settlement of the 2.50% Convertible Subordinated Notes (see Note 9). The Share Repurchase Program expired on December 31, 2012, and the unused balance under the Share Repurchase Program was $149,970,000.

12. Stock-Based Compensation

ALOG Equity Awards

In July 2011, ALOG, in which the Company has an indirect controlling interest (see Note 2), granted 885,840 stock options to purchase common shares of ALOG to certain of ALOG's employees with a weighted-average exercise price of approximately $6.35 and a weighted-average fair value of approximately $1.53 (the "2011 ALOG Stock Options"). The 2011 ALOG Stock Options were cancelled in December 2012 and replaced with a new grant of stock options for 18,421,648 shares of which stock options for 4,711,808 shares were immediately vested (the "2012 ALOG Stock Options"). The 2012 ALOG Stock Options are accounted for as liability-classified awards under the accounting standard for share-based payments and will be re-measured each reporting period prospectively until the underlying shares are settled. Under certain circumstances, the 2012 ALOG Stock Options are eligible for net cash settlement by the stock option holders. The weighted-average fair value per share of the 2012 ALOG Stock Options on the date of the grant was approximately $0.11, which was computed using the Black-Scholes model with assumptions as follows:

Average exercise price	$ 0.28
Expected life (years)	1.35
Dividend yield	0%
Volatility	44%
Risk-free interest rate	7.3%

During the year ended December 31, 2012, no stock options related to the 2012 ALOG Stock Options were exercised or cancelled.

Equinix Equity Awards

Equity Compensation Plans

In May 2000, the Company's stockholders approved the adoption of the 2000 Equity Incentive Plan as the successor plan to the 1998 Stock Plan. Beginning in August 2000, the Company no longer issued additional grants under the 1998 Stock Plan, and unexercised options under the 1998 Stock Plan that cancel due to an optionee's termination may be reissued under the successor 2000 Equity Incentive Plan. Under the 2000 Equity Incentive Plan, nonstatutory stock options, restricted shares, restricted stock units, and stock appreciation rights may be granted to employees, outside directors and consultants at not less than 85% of the fair value on the date of grant, and incentive stock options may be granted to employees at not less than 100% of the fair value on the date of grant. Options granted prior to October 1, 2005 generally expire 10 years from the grant date, and equity awards granted to employees and consultants on or after October 1, 2005 will generally expire seven years from the grant date, subject to continuous service of the optionee. Equity awards granted under the 2000 Equity Incentive Plan generally vest over four years. As of December 31, 2012, the Company had reserved a total of 16,807,926, shares for issuance under the 2000 Equity Incentive Plan of which 5,382,832 were still available for grant. The plan reserve was increased on January 1 each year through January 1, 2010 by the lesser of 6% of the common stock then outstanding or 6,000,000 shares. The 2000 Equity Incentive Plan is administered by the Compensation Committee of the Board of Directors (the "Compensation Committee"), and the Compensation Committee may terminate or amend the plan, with approval of the stockholders as may be required by applicable law, at any time.

In May 2000, the Company's stockholders approved the adoption of the 2000 Director Option Plan, which was amended and restated effective January 1, 2003. Under the 2000 Director Option Plan, each non-employee board member who was not previously an employee of the Company will receive an automatic initial nonstatutory stock option grant, which vests in four annual installments. In addition, each non-employee board member will receive an annual non-statutory stock option grant on the date of the Company's regular Annual Meeting of Stockholders, provided the board member will continue to serve as a director thereafter. Such annual option grants shall vest in full on the earlier of a) the first anniversary of the grant, or b) the date of the regular Annual Meeting of Stockholders held in the year following the grant date. A new director who receives an initial option will not receive an annual option in the same calendar year. Options granted under the 2000 Director Option Plan will have an option price not less than 100% of the fair value on the date of grant and will have a 10-year contractual term, subject to continuous service of the board member. On December 18, 2008, the Company's Board of Directors passed resolutions eliminating all automatic stock option grant mechanisms under the 2000 Director Option Plan, and replaced them with an automatic restricted stock unit grant mechanism under the 2000 Equity Incentive Plan. As of December 31, 2012, the Company had reserved 593,440 shares subject to options for issuance under the 2000 Director Option Plan of which 505,938 were still available for grant. An additional 50,000 shares was added to the reserve on January 1 each year through January 1, 2010. The 2000 Director Option Plan is administered by the Compensation Committee and the Compensation Committee may terminate or amend the plan, with approval of the stockholders as may be required by applicable law, at any time.

In September 2001, the Company adopted the 2001 Supplemental Stock Plan, under which non-statutory stock options and restricted shares/restricted stock units may be granted to consultants and employees who are not executive officers or board members, at not less than 85% of the fair value on the date of grant. Options granted prior to October 1, 2005 generally expire 10 years from the grant date, and options granted on or after October 1, 2005 will generally expire seven years from the grant date, subject to continuous service of the

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

optionee. Current stock options granted under the 2001 Supplemental Stock Plan generally vest over four years. As of December 31, 2012, the Company had reserved a total of 1,493,961 shares for issuance under the 2001 Supplemental Stock Plan, of which 260,326 were still available for grant. The 2001 Supplemental Stock Plan is administered by the Compensation Committee, and the plan will continue in effect indefinitely unless the Compensation Committee decides to terminate it earlier.

The 1998 Stock Plan, 2000 Equity Incentive Plan, 2000 Director Option Plan, 2001 Supplemental Stock Plan and Switch and Data 2007 Stock Incentive Plan are collectively referred to as the "Equity Compensation Plans."

Stock Options

Stock option activity under the Equity Compensation Plans is summarized as follows:

	Number of shares outstanding	Weighted-average exercise price per share	Weighted-average remaining contractual life (years)	Aggregate intrinsic value (2) (dollars in thousands)
Stock options outstanding at December 31, 2009	1,870,971	$ 66.74		
Stock options granted (1)	476,943	55.98		
Stock options exercised	(610,896)	49.31		
Stock options canceled	(267,652)	109.18		
Stock options outstanding at December 31, 2010	1,469,366	62.77		
Stock options granted	—	—		
Stock options exercised	(478,832)	54.17		
Stock options canceled	(70,618)	92.55		
Stock options outstanding at December 31, 2011	919,916	64.96		
Stock options granted	—	—		
Stock options exercised	(615,754)	63.19		
Stock options canceled	(7,633)	63.47		
Stock options outstanding at December 31, 2012	296,529	68.68	2.16	$ 40,777
Stock options vested and expected to vest at December 31, 2012 (3)	296,434	68.69	2.15	40,761
Stock options exercisable at December 31, 2012	288,411	69.70	2.04	39,369

(1) Stock options issued in connection with the Switch and Data Acquisition (see Note 2, "Switch and Data Acquisition").
(2) The aggregate intrinsic value is calculated as the difference between the market value of the stock as of December 31, 2012 and the exercise price of the option.
(3) Includes pre-vesting estimated forfeiture rate assumptions on stock options outstanding.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes information about outstanding stock options as of December 31, 2012:

	Outstanding			Exercisable	
Range of exercise prices	Number of shares	Weighted-average remaining contractual life (years)	Weighted-average exercise price	Number of shares	Weighted-average exercise price
$0.06 to $41.93	40,197	2.72	$ 30.71	32,563	$ 30.82
$42.53 to $50.67	36,771	2.03	45.11	36,771	45.11
$52.85 to 57.42	36,026	0.63	53.48	36,026	53.48
$58.00 to $74.91	20,005	1.64	68.86	19,521	68.76
$75.38 to $75.38	57,937	1.00	75.38	57,937	75.38
$78.72 to $87.54	41,620	2.93	85.94	41,620	85.94
$89.63 to $94.98	37,152	4.41	93.80	37,152	93.80
$95.79 to $112.41	26,821	2.09	102.20	26,821	102.20
	296,529	2.16	68.68	288,411	69.70

The Company provides the following additional disclosures for stock options as of December 31 (dollars in thousands):

	2012	2011	2010
Total fair value of stock options vested	$ 1,111	$ 5,183	$15,456
Total aggregate intrinsic value of stock options exercised (1)	54,761	19,765	29,379

(1) The intrinsic value is calculated as the difference between the market value of the stock on the date of exercise and the exercise price of the option.

In July 2008, the Company began granting restricted stock units in lieu of stock options.

The Company used the Black-Scholes option-pricing model to determine the fair value of stock options granted in connection with the Switch and Data Acquisition with the following weighted average assumptions for the year ended December 31, 2010:

Dividend yield	0%
Expected volatility	37%
Risk-free interest rate	1.11%
Expected life (in years)	2.24

The weighted-average fair value of stock options per share on the date of grant was $53.42 for the year ended December 31, 2010.

Restricted Shares and Restricted Stock Units

Restricted Shares

During 2006 and 2007, the Company granted issued and outstanding restricted shares to its executive officers. At the date of the grant, the Company issued these shares into restricted book-entry escrow accounts under the names of each of the executive officers. These shares had voting rights and were considered issued and outstanding. They were released from the escrow account as they vested. However, they were subject to

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

forfeiture (and, therefore, canceled) if the individual officers did not meet the vesting requirements. The activity of these restricted shares is as follows:

	Number of shares outstanding	Weighted-average grant date fair value per share
Restricted shares outstanding, December 31, 2009	116,500	$66.09
Restricted shares released, vested	(85,166)	65.54
Restricted shares outstanding, December 31, 2010	31,334	72.30
Restricted shares released, vested	(23,834)	68.67
Restricted shares outstanding, December 31, 2011	7,500	83.84
Restricted shares released, vested	(7,500)	83.84
Restricted shares outstanding, December 31, 2012	—	—

Restricted Stock Units

Since 2008, the Company primarily grants restricted stock units to its employees, including executives and non-employee directors, in lieu of stock options. The Company generally grants restricted stock units that have a service condition only or have both a service and performance condition. Each restricted stock unit is not considered issued and outstanding and does not have voting rights until it is converted into one share of the Company's common stock upon vesting. Restricted stock unit activity is summarized as follows:

	Number of shares outstanding	Weighted-average grant date fair value per share	Weighted-average remaining contractual life (years)	Aggregate intrinsic value (2) (dollars in thousands)
Restricted stock units outstanding at December 31, 2009	1,223,552	$ 62.18		
Restricted stock units granted (1)	948,442	98.24		
Restricted stock units released, vested	(574,918)	68.70		
Restricted stock units canceled	(130,734)	87.67		
Restricted stock units outstanding at December 31, 2010	1,466,342	80.68		
Restricted stock units granted	1,039,259	88.53		
Restricted stock units released, vested	(684,259)	79.88		
Restricted stock units canceled	(143,077)	86.43		
Restricted stock units outstanding at December 31, 2011	1,678,265	85.37		
Restricted stock units granted	821,885	148.93		
Restricted stock units released, vested	(777,256)	88.44		
Restricted stock units canceled	(139,054)	103.93		
Restricted stock units outstanding at December 31, 2012	1,583,840	115.22	1.17	$326,588

(1) Includes 98,509 restricted stock units issued in connection with the Switch and Data Acquisition (see Note 2, "Switch and Data Acquisition").
(2) The intrinsic value is calculated based on the market value of the stock as of December 31, 2012.

Total fair value of restricted stock units vested during the years ended December 31, 2012, 2011 and 2010 was $68,738,000, $54,659,000 and $39,497,000.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Employee Stock Purchase Plan

In June 2004, the Company's stockholders approved the adoption of the 2004 Employee Stock Purchase Plan (the "2004 Purchase Plan") as a successor plan to a previous plan that ceased activity in 2005. A total of 500,000 shares have been reserved for issuance under the 2004 Purchase Plan, and the number of shares available for issuance under the 2004 Purchase Plan automatically increases on January 1 each year, beginning in 2005, by the lesser of 2% of the shares of common stock then outstanding or 500,000 shares. As of December 31, 2012, a total of 3,129,238 shares remained available for purchase under the 2004 Purchase Plan. The 2004 Purchase Plan permits eligible employees to purchase common stock on favorable terms via payroll deductions of up to 15% of the employee's cash compensation, subject to certain share and statutory dollar limits. Two overlapping offering periods commence during each calendar year, on each February 15 and August 15 or such other periods or dates as determined by the Compensation Committee from time to time, and the offering periods last up to 24 months with a purchase date every six months. The price of each share purchased is 85% of the lower of a) the fair value per share of common stock on the last trading day before the commencement of the applicable offering period or b) the fair value per share of common stock on the purchase date. The 2004 Purchase Plan is administered by the Compensation Committee of the Board of Directors, and such plan will terminate automatically in June 2014 unless a) the 2004 Purchase Plan is extended by the Board of Directors and b) the extension is approved within 12 months by the Company's stockholders.

The Company provides the following disclosures for employee stock purchase plan as of December 31 (dollars):

	2012	2011	2010
Weighted average purchase price per share	$78.22	$61.17	$ 46.80
Weighted average grant-date fair value per share of shares purchased	32.33	27.58	28.97

For the years ended December 31, 2012, 2011 and 2010, 220,290, 211,840 and 207,212 shares, respectively, were issued under the 2004 Purchase Plan.

The Company uses the Black-Scholes option-pricing model to determine the fair value of shares purchased under the 2004 Purchase Plan with the following weighted average assumptions for the years ended December 31:

	2012	2011	2010
Dividend yield	0%	0%	0%
Expected volatility	46%	47%	51%
Risk-free interest rate	0.40%	0.43%	1.48%
Expected life (in years)	1.25	1.25	1.25

Stock-Based Compensation Recognized in the Consolidated Statement of Operations

The Company generally recognizes stock-based compensation expense on a straight-line basis over the requisite service period of the awards. However, for awards with market conditions or performance conditions, stock-based compensation expense is recognized on a straight-line basis over the requisite service period for each vesting tranche of the award.

As of December 31, 2012, the total stock-based compensation cost related to unvested equity awards not yet recognized, net of estimated forfeitures, totaled $130,595,000 which is expected to be recognized over a weighted-average period of 1.98 years.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents, by operating expense, the Company's stock-based compensation expense recognized in the Company's consolidated statement of operations for the three years ended December 31 (in thousands):

	2012	2011	2010
Cost of revenues	$ 6,218	$ 5,569	$ 5,836
Sales and marketing	18,730	14,558	12,666
General and administrative	58,920	51,010	48,741
Restructuring charges (1)	—	—	1,488
	$ 83,868	$ 71,137	$ 68,731

(1) See note 17, "Switch and Data Restructuring Charge".

The Company's stock-based compensation recognized in the consolidated statement of operations was comprised of the following types of equity awards for the years ended December 31 (in thousands):

	2012	2011	2010
Stock options	$ 811	$ 3,604	$ 12,472
Restricted shares and restricted stock units	74,836	61,865	50,827
Employee stock purchase plans	8,221	5,668	5,432
	$83,868	$ 71,137	$68,731

During the years ended December 31, 2012, 2011 and 2010, the Company capitalized $1,743,000, $1,431,000 and $1,240,000, respectively, of stock-based compensation expense as construction in progress in property, plant and equipment.

13. Income Taxes

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

	2012	2011	2010
Domestic	$ 64,868	$ 42,254	$ (3,047)
Foreign	131,611	86,798	51,822
Income before income taxes and income (loss) attributable to redeemable non-controlling interests	$196,479	$129,052	$48,775

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The provision for income tax from continuing operations consisted of the following components for the years ended December 31 (in thousands):

	2012	2011	2010
Current:			
Federal	$ (55,064)	$ —	$ —
State and local	(21,712)	(2,183)	(138)
Foreign	(29,344)	(24,730)	(6,197)
Subtotal	(106,120)	(26,913)	(6,335)
Deferred:			
Federal	39,752	(13,162)	(2,586)
State and local	13,750	2,271	(1,187)
Foreign	(9,165)	353	(2,454)
Subtotal	44,337	(10,538)	(6,227)
Provision for income taxes	$ (61,783)	$ (37,451)	$(12,562)

The provision for income tax benefit (expense) attributable to the Company's discontinued operations is included in net income from discontinued operations and gain on sale of discontinued operations in the Company's consolidated statements of operations. State and foreign taxes not based on income are included in general and administrative expenses and the aggregated amount is insignificant for the years ended December 31, 2012, 2011 and 2010.

The Company is entitled to a deduction for federal and state tax purposes with respect to employee equity award activity. The reduction in income tax payable related to windfall tax benefits for stock based compensation awards has been reflected as an adjustment to additional paid-in capital. For the years ended December 31, 2012 and 2011, the benefits arising from employee equity award activity that resulted in an adjustment to additional paid in capital were approximately $84,740,000 and $81,000, respectively. There were no such benefits recorded for the year ended December 31, 2010.

The fiscal 2012, 2011 and 2010 income tax benefit (expense) differed from the amounts computed by applying the U.S. federal income tax rate of 35% to pre-tax income as a result of the following for the years ended December 31 (in thousands):

	2012	2011	2010
Federal tax at statutory rate	$(68,768)	$(45,168)	$ (17,071)
State and local taxes	(71)	608	(1,326)
Deferred tax assets generated in current year not benefited	(4,396)	—	(7,088)
Foreign income tax rate differential	11,587	7,796	5,098
Non-deductible expenses	(2,997)	(941)	(4,228)
Stock-based compensation expense	(832)	(943)	(560)
Change in valuation allowance	(3,503)	2,493	7,697
Foreign financing benefits	7,395	5,418	7,238
Uncertain tax positions reserve	2,449	(5,733)	(641)
Other, net	(2,647)	(981)	(1,681)
Total income tax expense	$ (61,783)	$ (37,451)	$(12,562)

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Company has not provided for deferred taxes on the excess of the financial reporting over the tax basis in its investments in foreign subsidiaries that are essentially permanent in duration because the Company intends to reinvest the earnings outside the U.S. for an indefinite period of time. The determination of the additional taxes that have not been provided is not practicable. As of December 31, 2012, certain of the Company's foreign subsidiaries had positive cumulative undistributed earnings totaling approximately $300,400,000.

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

	2012	2011
Deferred tax assets:		
Property, plant and equipment	$ 17,696	$ —
Reserves and accruals	34,352	44,316
Charitable contributions	—	142
Stock-based compensation expense	17,680	24,152
Unrealized currency losses	280	156
State tax	5,132	1,042
Operating loss carryforwards	38,798	129,929
Gross deferred tax assets	113,938	199,737
Valuation allowance	(43,854)	(39,587)
Total deferred tax assets, net	70,084	160,150
Deferred tax liabilities:		
Property, plant and equipment	—	(96,061)
Debt discount	(13,289)	(18,074)
Fixed assets fair value step-up	(32,335)	(48,802)
Intangible assets	(63,102)	(55,879)
Total deferred tax liabilities	(108,726)	(218,816)
Net deferred tax liabilities	$ (38,642)	$ (58,666)

The net deferred tax liabilities as of December 31, 2012 and 2011 are attributable to the Company's operations in the United States, Canada and certain entities in Europe.

During the year ended December 31, 2012, as a result of the Asia Tone Acquisition, the Company recognized deferred tax liabilities of approximately $12,200,000, $2,100,000 and $860,000 in Hong Kong, China and Singapore, respectively, attributable to identifiable intangibles and fixed assets fair value step-ups related to the acquisition. In addition, as a result of the ancotel Acquisition, the Company recognized a deferred tax liability of approximately $13,600,000 in Germany attributable to identifiable intangibles and fixed assets fair value step-ups related to the acquisition. During the year ended December 31, 2011, as a result of the ALOG Acquisition, the Company recognized net deferred tax assets in Brazil of $1,371,000 attributable to net operating loss carry-forwards. The Company's deferred tax assets and liabilities are included in other current assets, other current liabilities, other assets and other liabilities on the accompanying consolidated balance sheets as of December 31, 2012 and 2011.

The Company's accounting for deferred taxes involves weighing positive and negative evidence concerning the realizability of the Company's deferred tax assets in each tax jurisdiction. After considering such evidence as the nature, frequency and severity of current and cumulative financial reporting losses, and the sources of future taxable income and tax planning strategies, management concluded that a 100% valuation allowance was

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

required in certain foreign jurisdictions. A valuation allowance is provided for the deferred tax assets, net of deferred tax liabilities, associated with the Company's operations in certain jurisdictions located in the Company's Americas, EMEA and Asia-Pacific regions. The operations in these jurisdictions still have significant losses as of the end of 2012. As such, management does not believe these operations have established a sustained history of profitability and that a valuation allowance is therefore necessary.

During the year ended December 31, 2012, the Company established valuation allowances of $5,411,000 against the net deferred tax assets with certain of its foreign operating entities. These foreign operating entities have incurred losses and it is expected that the businesses will not be profitable in the foreseeable future. Management cannot conclude it is more likely than not that the deferred tax assets of the foreign operating entities will be realizable in the foreseeable future as the entities have not established a sustainable profitability history.

During the year ended December 31, 2011, the Company released the valuation allowance of $2,493,000 against the deferred tax assets with certain of its foreign operating entities. The foreign operating entities were expected to be profitable in future years. Upon evaluating the positive and negative evidence present at the time, management concluded it was more likely than not that the deferred tax assets of the entities would be fully realizable in the foreseeable future.

During the year ended December 31, 2010, the Company released the valuation allowances of $7,300,000, against the deferred tax assets of certain of its foreign operating entities. Upon evaluating the positive and negative evidence, management concluded it was more likely than not that the deferred tax assets of these entities would be fully realizable in the foreseeable future.

Changes in valuation allowance for deferred tax assets for the years ended December 31, 2012, 2011, and 2010 are as follows:

	2012	2011	2010
Beginning balance	$39,587	$ 42,040	$ 34,364
Recognized into income	3,503	(2,493)	(7,697)
Current Increase (Decrease)	2,689	(1,138)	13,438
NOL and tax credit expiration	14	(121)	(588)
Translation adjustment	(1,939)	1,299	2,523
Ending balance	$ 43,854	$39,587	$ 42,040

Federal and state tax laws, including California tax laws, impose substantial restrictions on the utilization of net operating loss and credit carryforwards in the event of an "ownership change" for tax purposes, as defined in Section 382 of the Internal Revenue Code. In 2003, the Company conducted an analysis to determine whether an ownership change had occurred due to significant stock transactions in each of the reporting years disclosed at that time. The analysis indicated that an ownership change occurred during fiscal year 2002, which resulted in an annual limitation of approximately $819,000 for net operating loss carryforwards generated prior to 2003. Therefore, the Company substantially reduced its federal and state net operating loss carryforwards for the periods prior to 2003 to approximately $16,400,000. In addition, an ownership change under Section 382 of the Internal Revenue Code was triggered in September 2007 by the issuance of 4,211,939 shares of the Company's common stock. However, the annual limitation associated with this ownership change is not meaningful due to

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

the substantial market capitalization of the Company at the time of the ownership change. The Company determined that no Section 382 ownership change occurred in 2012. In addition, the net operating loss acquired in the Switch and Data Acquisition is subject to the Section 382 limitation; however, the Company has determined that none of the acquired net operating losses will expire unused as a result of the limitation.

The Company utilized a majority of its net operating loss carryforwards that is not subject to the limitation under Section 382 as discussed above for federal and state income tax purposes in 2012. The Company's U.S. operations generated significant taxable income for the year ended December 31, 2012 primarily due to the large amount of taxable gain recognized in connection with the Divestiture and the change in the tax method for depreciation of the Company's property, plant and equipment. As the result of announcing its plan to pursue a REIT conversion, the Company changed the method of depreciating and amortizing various data center assets to methods that are more consistent with the characterization of such assets as real property for REIT purposes. The change in the depreciation method resulted in the recapture of depreciation expense deducted in prior years and a much smaller amount of depreciation expense for the current year.

The Company's net operating loss carryforwards for foreign tax purposes which expire, if not utilized, at various intervals from 2013, are outlined below (in thousands):

Expiration Date	Federal (1)	State (1)	Foreign	Total
2013 to 2015	$ —	$ —	$ 68	$ 68
2016 to 2018	—	134,846	42,665	177,511
2019 to 2021	208,826	10,126	19,497	238,449
2022 to 2024	67,966	14,900	—	82,866
2025 to 2027	13,306	6,857	—	20,163
2028 to 2030	1,268	3,967	—	5,235
Thereafter	—	390	87,705	88,095
	$291,366	$171,086	$149,935	$612,387

(1) The total amount of net operating loss carryforwards that will not be available to offset the Company's future taxable income due to Section 382 limitations was $372,130, comprising $241,766 of federal and $130,364 of state.

Approximately $5,200,000 of the total net operating loss carryforwards is attributable to excess tax deductions related to employee stock awards, the benefit from which will be credited to additional paid-in capital when subsequently utilized in future years.

The beginning and ending balances of the Company's unrecognized tax benefits are reconciled below for the years ended December 31, (in thousands):

	2012	2011	2010
Beginning balance	$ 34,105	$ 16,583	$ 1,559
Gross increases related to prior year tax positions	1,244	15,792	14,709
Gross decreases related to prior year tax positions	(6,625)	(690)	—
Gross increases related to current year tax positions	81	2,497	315
Decreases resulting from expiration of statute of limitation	(2,741)	(20)	—
Decreases resulting from settlements	(1,014)	(57)	—
Ending balance	$25,050	$ 34,105	$16,583

As a result of the ancotel Acquisition, the Company's unrecognized tax benefits for the year ended December 31, 2012 increased by $82,000 for various uncertain tax positions related to prior years. In addition, as a result of the ALOG Acquisition and Switch and Data Acquisition, the Company increased the unrecognized tax benefits, including the accrued interest and penalties as of the acquisition date by $22,918,000 during the year ended December 31, 2011 and $13,893,000 during the year ended December 31, 2010, respectively, related to the uncertain tax positions taken prior to both acquisitions.

The Company recognizes accrued interest expense related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended December 31, 2010, 2011 and 2012, the Company recognized approximately $32,000, $9,424,000 and $719,000 in interest and penalties. The Company had approximately $9,456,000 and $10,175,000 for the payment of interest and penalties accrued at December 31, 2011, and 2012, respectively. In the prior years, the Company had presented the total interest and penalties of approximately $32,000 and $9,456,000 in the unrecognized tax benefit reconciliation table for the years ended December 31, 2010 and 2011, respectively. The Company revised the prior period unrecognized tax benefit balance for each year as currently disclosed to exclude interest and penalties from the unrecognized tax benefit reconciliation table to conform the disclosure to the current year presentation.

The unrecognized tax benefits of $25,050,000 as of December 31, 2012, if subsequently recognized, will affect the Company's effective tax rate favorably at the time when such a benefit is recognized.

Due to various tax years open for examination, it is reasonably possible that the balance of unrecognized tax benefits could significantly increase or decrease over the next 12 months as the Company may be subject to either examination by tax authorities or a lapse in statute of limitations. The Company is currently unable to estimate the range of possible adjustments to the balance of unrecognized tax benefits.

The Company's income tax returns for all tax years remain open to examination by federal and state taxing authorities due to the Company's net operating loss carryforwards. In addition, the Company's tax years of 2003 through 2011 remain open and subject to examination by local tax authorities in certain foreign jurisdictions in which the Company has major operations. There was one pending income tax audit in a non-U.S. jurisdiction during the year ended December 31, 2012, which has been open since 2010; the Company received a preliminary assessment for the audits and has filed the request to appeal the assessment. The Company believes that it has a sufficient reserve for the assessment and the final outcome of the appeal will not significantly impact the Company's financial position.

14. Commitments and Contingencies

Purchase Commitments

Primarily as a result of the Company's various IBX expansion projects, as of December 31, 2012, the Company was contractually committed for $78,862,000 of unaccrued capital expenditures, primarily for IBX equipment not yet delivered and labor not yet provided, in connection with the work necessary to open these IBX data centers and make them available to customers for installation. In addition, the Company had numerous other, non-capital purchase commitments in place as of December 31, 2012, such as commitments to purchase power in select locations, primarily in select locations through 2013 and thereafter, and other open purchase orders for goods or services to be delivered or provided during 2013 and thereafter. Such other miscellaneous purchase commitments totaled $262,223,000 as of December 31, 2012.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Legal Matters

Alleged Class Action and Shareholder Derivative Actions

On March 4, 2011, an alleged class action entitled Cement Masons & Plasterers Joint Pension Trust v. Equinix, Inc., et al., No. CV-11-1016-SC, was filed in the United States District Court for the Northern District of California, against Equinix and two of its officers. The suit asserts purported claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 for allegedly misleading statements regarding the Company's business and financial results. The suit is purportedly brought on behalf of purchasers of the Company's common stock between July 29, 2010 and October 5, 2010, and seeks compensatory damages, fees and costs. Defendants filed a motion to dismiss on November 7, 2011. On March 2, 2012, the Court granted defendants' motion to dismiss without prejudice and gave plaintiffs thirty days in which to amend their complaint. Pursuant to stipulation and order of the court entered on March 16, 2012, the parties agreed that plaintiffs would have up to and through May 2, 2012 to file a Second Amended Complaint. On May 2, 2012 plaintiffs filed a Second Amended Complaint asserting the same basic allegations as in the prior complaint. On June 15, 2012, defendants moved to dismiss the Second Amended Complaint. On September 19, 2012, the Court took the hearing on defendants' motion to dismiss the Second Amended Complaint off calendar and notified the parties that it would make its decision on the pleadings. Subsequently, on September 24, 2012 the Court requested the parties submit supplemental briefing on or before October 9, 2012. The supplemental briefing was submitted on October 9, 2012. On December 5, 2012, the Court granted defendants' motion to dismiss the Second Amended Complaint without prejudice and on January 15, 2013, Plaintiffs filed their Third Amended Complaint. Defendants' response is due by February 26, 2013.

On March 8, 2011, an alleged shareholder derivative action entitled Rikos v. Equinix, Inc., et al., No. CGC-11-508940, was filed in California Superior Court, County of San Francisco, purportedly on behalf of Equinix, and naming Equinix (as a nominal defendant), the members of the Company's board of directors, and two of the Company's officers as defendants. The suit is based on allegations similar to those in the federal securities class action and asserts causes of action against the individual defendants for breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets and unjust enrichment. By agreement and order of the court, this case has been temporarily stayed pending proceedings in the class action, and, pursuant to that agreement, defendants need not respond to the complaint at this time.

On May 20, 2011, an alleged shareholder derivative action entitled Stopa v. Clontz, et al., No. CV-11-2467-SC was filed in the U.S. District Court for the Northern District of California, purportedly on behalf of Equinix, naming Equinix (as a nominal defendant) and the members of its board of directors as defendants. The suit is based on allegations similar to those in the federal securities class action and the state court derivative action, and asserts causes of action against the individual defendants for breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement and waste of corporate assets. On June 10, 2011, the Court signed an order relating this case to the federal securities class action. Plaintiffs filed an amended complaint on December 14, 2011. By agreement and order of the court, this case has been temporarily stayed pending proceedings in the class action and, pursuant to that agreement, defendants need not respond to the complaint at this time.

Due to the inherent uncertainties of litigation, the Company cannot accurately predict the ultimate outcome of the matter. The Company is unable at this time to determine whether the outcome of the litigation would have a material impact on its results of operations, financial condition or cash flows.

The Company believes that while an unfavorable outcome to this litigation is reasonably possible, a range of potential loss cannot be determined at this time. The Company has not accrued any amounts in connection with this legal matter as of December 31, 2012 as the Company concluded that an unfavorable outcome is not probable.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Estimated and Contingent Liabilities

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

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of its business activities. The Company accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. In the opinion of management, there are no pending claims for which the outcome is expected to result in a material adverse effect in the financial position, results of operations or cash flows of the Company.

Employment Agreements

The Company has entered into a severance agreement with each of its executive officers that provides for a severance payment equal to the executive officer's annual base salary and maximum bonus in the event his or her employment is terminated for any reason other than cause or he or she voluntarily resigns under certain circumstances as described in the agreement. In addition, under the agreement, the executive officer is entitled to the payment of his or her monthly health care premiums under the Consolidated Omnibus Budget Reconciliation Act for up to 12 months. For certain executive officers, these benefits are only triggered after a change-in-control of the Company.

Guarantor Arrangements

As permitted under Delaware law, the Company has agreements whereby the Company indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Company's request in such capacity. The term of the indemnification period is for the officer's or director's lifetime. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a director and officer insurance policy that limits the Company's exposure and enables the Company to recover a portion of any future amounts paid. As a result of the Company's insurance policy coverage, the Company believes the estimated fair value of these indemnification agreements is minimal. The Company has no liabilities recorded for these agreements as of December 31, 2012.

The Company enters into standard indemnification agreements in the ordinary course of business. Pursuant to these agreements, the Company indemnifies, holds harmless, and agrees to reimburse the indemnified party for losses suffered or incurred by the indemnified party, generally the Company's business partners or customers, in connection with any U.S. patent, or any copyright or other intellectual property infringement claim by any third party with respect to the Company's offerings. The term of these indemnification agreements is generally perpetual any time after execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has never incurred costs to defend lawsuits or settle claims related to these indemnification

agreements. As a result, the Company believes the estimated fair value of these agreements is minimal. The Company has no liabilities recorded for these agreements as of December 31, 2012.

The Company enters into arrangements with its business partners, whereby the business partner agrees to provide services as a subcontractor for the Company's implementations. Accordingly, the Company enters into standard indemnification agreements with its customers, whereby the Company indemnifies them for other acts, such as personal property damage, of its subcontractors. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has general and umbrella insurance policies that enable the Company to recover a portion of any amounts paid. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the estimated fair value of these agreements is minimal. The Company has no liabilities recorded for these agreements as of December 31, 2012.

The Company has service level commitment obligations to certain of its customers. As a result, service interruptions or significant equipment damage in the Company's IBX data centers, whether or not within the Company's control, could result in service level commitments to these customers. The Company's liability insurance may not be adequate to cover those expenses. In addition, any loss of services, equipment damage or inability to meet the Company's service level commitment obligations could reduce the confidence of the Company's customers and could consequently impair the Company's ability to obtain and retain customers, which would adversely affect both the Company's ability to generate revenues and the Company's operating results. The Company generally has the ability to determine such service level credits prior to the associated revenue being recognized. The Company has no significant liabilities in connection with service level credits as of December 31, 2012.

15. Related Party Transactions

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

	Years ended December 31,		
	2012	2011	2010
Revenues	$31,607	$24,280	$22,627
Costs and services	2,248	3,040	3,246

	As of December 31,	
	2012	2011
Accounts receivable	$3,595	$2,963
Accounts payable	82	—

A member of the Company's board of directors is affiliated with Crosslink Capital. Both the board member and Crosslink Capital are investors in the investment group that purchased 16 of the Company's IBX data centers located throughout the U.S. (see Note 4).

In connection with the acquisition of ALOG, the Company acquired a lease for one of the Brazilian IBX data centers in which the lessor is a member of ALOG management. This lease contains an option to purchase the underlying property for fair market value on the date of purchase. The Company accounts for this lease as a financing obligation as a result of structural building work pursuant to the accounting standard for lessee's involvement in asset construction. As of December 31, 2012, the Company had a financing obligation liability totaling approximately $4,269,000 related to this lease on its consolidated balance sheet. This amount is considered a related party liability, which is not reflected in the related party data presented above.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

16. Segment Information

While the Company has a single line of business, which is the design, build out and operation of IBX data centers, it has determined that it has three reportable segments comprised of its Americas, EMEA and Asia-Pacific geographic regions. The Company's chief operating decision-maker evaluates performance, makes operating decisions and allocates resources based on the Company's revenue and adjusted EBITDA performance both on a consolidated basis and based on these three geographic regions.

The Company provides the following segment disclosures related to its continuing operations as follows for the years ended December 31 (in thousands):

	2012	2011	2010
Total revenues:			
Americas (1)	$ 1,160,474	$ 995,715(4)	$ 752,055(5)
EMEA	433,450(2)	358,222	281,793
Asia-Pacific	301,820(3)	215,847	162,366
	$1,895,744	$1,569,784	$1,196,214
Total depreciation and amortization:			
Americas	$ 234,447	$ 211,055(4)	$ 161,795(5)
EMEA	79,702(2)	73,839	59,699
Asia-Pacific	75,350(3)	48,547	29,222
	$ 389,499	$ 333,441	$ 250,716
Income from continuing operations:			
Americas	$ 258,620	$ 203,286(4)	$ 120,011(5)
EMEA	89,544(2)	59,420	34,929
Asia-Pacific	52,589(3)	42,548	38,664
	$ 400,753	$ 305,254	$ 193,604
Income from continuing operations before income taxes:			
Americas	$ 70,439	$ 41,861(4)	$ (5,397)(5)
EMEA	90,623(2)	54,713	22,824
Asia-Pacific	35,417(3)	32,478	31,348
	$ 196,479	$ 129,052	$ 48,775
Capital expenditures:			
Americas	$ 407,750	$ 278,580(8)	$ 453,371(9)
EMEA	283,174(6)	240,014	163,664
Asia-Pacific	383,068(7)	237,101	90,512
	$1,073,992	$ 755,695	$ 707,547

(1) Includes revenues of $1,061,885, $924,663 and $738,522, respectively, attributed to the U.S. for the years ended December 31, 2012, 2011 and 2010.

(2) Includes the operations of ancotel from July 3, 2012 to December 31, 2012 and the operations of the Dubai IBX Data Center Acquisition from November 9, 2012 to December 31, 2012.

(3) Includes the operations of Asia Tone from July 4, 2012 to December 31, 2012.

(4) Includes the operations of ALOG from April 25, 2011 to December 31, 2011.

(5) Includes the operations of Switch and Data from May 1, 2010 to December 31, 2010.

(6) Includes the purchase prices for the ancotel Acquisition and the Dubai IBX Data Center Acquisition (see Note 2), net of cash acquired, totaling $84,236 and $22,918, respectively.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(7) Includes the purchase prices for the Asia Tone Acquisition (see Note 2), net of cash acquired, totaling $202,338.
(8) Includes the purchase price for the ALOG Acquisition (see Note 2), net of cash acquired, totaling $41,954.
(9) Includes the purchase price for the Switch and Data Acquisition (see Note 2), net of cash acquired, totaling $113,289.

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

	2012	2011
Americas (1)	$ 2,143,035	$1,899,769
EMEA	994,912	764,885
Asia-Pacific	781,052	561,258
	$3,918,999	$ 3,225,912

(1) Includes $2,054,123 and $1,827,081, respectively, of long-lived assets attributed to the U.S. as of December 31, 2012 and 2011.

Revenue information by category is as follows for the years ended December 31 (in thousands):

	2012	2011	2010
Colocation	$ 1,434,003	$ 1,194,872	$ 937,739
Interconnection	272,103	224,376	166,311
Managed infrastructure services	89,975	70,365	30,264
Rental	3,162	2,801	2,471
Recurring revenues	1,799,243	1,492,414	1,136,785
Non-recurring revenues	96,501	77,370	59,429
	$1,895,744	$1,569,784	$1,196,214

17. Restructuring Charges

Switch and Data Restructuring Charge

A summary of Switch and Data restructuring charges related to one-time termination benefits, primarily comprised of severance, attributed to certain Switch and Data employees as presented below (in thousands):

Accrued restructuring charge as of December 31, 2009	$ —
Severance-related expenses (1)	5,360
Cash payments	(2,837)
Non-cash payments (2)	(1,488)
Accrued restructuring charge as of December 31, 2010 (3)	1,035
Severance-related expenses (1)	391
Cash payments	(1,286)
Accrued restructuring charge as of December 31, 2011 (3)	140
Cash payments	(140)
Accrued restructuring charge as of December 31, 2012	$ —

(1) Included in the consolidated statements of operations as a restructuring charge.
(2) A stock-based compensation charge incurred as a result of modifying equity awards for one of the former Switch and Data executives to accelerate vesting.
(3) Included within other current liabilities.

2004 Restructuring Charge

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

The Company estimated the future cash payments required to exit these two leased spaces, net of any estimated sublease rental income and expense, through the remainder of these lease terms and then calculated the present value of such future cash flows in order to determine the appropriate restructuring charge to record. Subsequent to recording the initial restructuring charge, the Company records accretion expense to accrete its accrued restructuring liability up to an amount equal to the total estimated future cash payments necessary to complete the exit of these leases. Should the actual lease exit costs differ from the Company's estimates, the Company may need to adjust its restructuring charges associated with the excess lease spaces, which would impact net income in the period such determination was made.

A summary of the movement in the 2004 accrued restructuring charges during the years ended December 31, 2012 is outlined as follows (in thousands):

Accrued restructuring charge as of December 31, 2009	$ 5,919
Accretion expense	303
Restructuring charge adjustments (1)	1,374
Cash payments	(1,590)
Accrued restructuring charge as of December 31, 2010	6,006
Accretion expense	377
Restructuring charge adjustments (2)	3,090
Cash payments	(1,793)
Accrued restructuring charge as of December 31, 2011	7,680
Accretion expense	416
Cash payments	(2,417)
Accrued restructuring charge as of December 31, 2012	$ 5,679

(1) Primarily related to a reversal of accrued restructuring charges associated with the Los Angeles lease as the Company decided to utilize this space it previously abandoned in order to expand its original Los Angeles IBX data center.
(2) Recorded as a result of revised sublease assumptions on the Company's excess space in the New York metro area.

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Company's excess space in the New York metro area remains abandoned and continues to have an accrued restructuring charge. The Company reports accrued restructuring charges within other current liabilities and other liabilities on the accompanying consolidated balance sheets as of December 31, 2012 and 2011. The Company is contractually committed to this excess space lease through 2015.

The Company's minimum future payments associated with one excess space lease is as follows (in thousands):

2013	$ 2,453
2014	2,459
2015	1,444
	6,356
Less amount representing estimated sublease income and expense	(200)
	6,156
Less amount representing accretion	(477)
	5,679
Less current portion	(2,379)
	$ 3,300

18. Subsequent Events

On January 1, 2013, pursuant to the provisions of the 2004 Employee Stock Purchase Plan (see Note 12), the number of common shares in reserve automatically increased by 500,000 shares.

19. Quarterly Financial Information (Unaudited)

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

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

EQUINIX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following tables present selected quarterly information (in thousands, except per share data):

	2012			
	Quarter ended			
	March 31	June 30	September 30 (a)	December 31
Revenues	$ 443,245	$ 457,249	$ 488,730	$ 506,520
Gross profit	226,147	231,960	237,243	256,399
Net income from continuing operations attributable to Equinix	34,324	36,097	28,159	33,000
Net income from discontinued operations	199	350	679	11,858(b)
Net income attributable to Equinix	34,523	36,447	28,838	44,858
EPS attributable to Equinix:				
EPS from continuing operations, basic	0.74	0.75	0.58	0.68
Basic EPS	0.74	0.76	0.60	0.92
EPS from continuing operations, diluted	0.71	0.72	0.57	0.66
Diluted EPS	0.71	0.73	0.58	0.88

(a) Represents the first quarter of combined results since the Asia Tone and ancotel Acquisitions (see Note 2).
(b) Consists of net income from discontinued operations and gain from sale of discontinued operations (see Note 4).

	2011			
	Quarter ended			
	March 31	June 30 (a)	September 30	December 31
Revenues	$ 353,949	$ 385,511	$ 408,208	$ 422,116
Gross profit	167,340	179,264	188,484	200,845
Net income from continuing operations attributable to Equinix	24,608	30,912	19,855	17,620
Net income (loss) from discontinued operations	537	(182)	464	190
Net income attributable to Equinix	25,145	30,730	20,319	17,810
EPS attributable to Equinix:				
EPS from continuing operations, basic	0.53	0.66	0.20	0.36
Basic EPS	0.54	0.65	0.21	0.36
EPS from continuing operations, diluted	0.52	0.64	0.19	0.35
Diluted EPS	0.53	0.64	0.20	0.35

(a) Represents the first quarter of combined results since the ALOG Acquisition (see Note 2).

EXHIBIT 10.39

SHAREHOLDERS' AGREEMENT

dated as of

October 31, 2012

among

EQUINIX SOUTH AMERICA HOLDINGS, LLC

RW BRASIL FUNDO DE INVESTIMENTO EM PARTICIPAÇÕES

SIDNEY VICTOR DA COSTA BREYER

and

ANTONIO EDUARDO ZAGO DE CARVALHO

and as Intervening Party,

ALOG SOLUÇÕES DE TECNOLOGIA EM INFORMÁTICA S.A.

and, for the limited purposes set forth herein,

EQUINIX, INC.

RIVERWOOD CAPITAL L.P.

RIVERWOOD CAPITAL PARTNERS L.P.

RIVERWOOD CAPITAL PARTNERS (PARALLEL – A) L.P.

And

RIVERWOOD CAPITAL PARTNERS (PARALLEL – B) L.P.

SHAREHOLDERS AGREEMENT

AGREEMENT dated as of October 31, 2012 between (i) EQUINIX SOUTH AMERICA HOLDINGS, LLC, a limited liability company duly organized under the laws of the State of Delaware, United States of America, with headquarters at One Lagoon Drive, 4th Floor, Redwood City, California, United States of America 94065 ("**Equinix**"), (ii) RW BRASIL FUNDO DE INVESTIMENTO EM PARTICIPAÇÕES, a *fundo de investimento em participações*, duly organized under the laws of the Federative Republic of Brazil, enrolled before the National Register of Legal Entities (CNPJ/MF) under No. 13.417.743/0001-03, with headquarters at Avenida Presidente Juscelino Kubitschek No. 2041, E 2235, Bloco A (part), Vila Olímpia, City and State of São Paulo ("**RW FIP**"), (iii) SIDNEY VICTOR DA COSTA BREYER, Brazilian, [****], bearer of identity card No. [****], enrolled before the Taxpayer Registry (CPF/MF) under No. [****], resident and domiciled in the City and [****] ("**Sidney**"), (iv) ANTONIO EDUARDO ZAGO DE CARVALHO, Brazilian, [****], bearer of identity card No. [****], enrolled before the Taxpayer Registry (CPF/MF) under No. [****], resident and domiciled in the City and [****], at [****] ("**Eduardo**" and jointly with Sidney, the "**Management Shareholders**"); as intervening party, (v) ALOG SOLUÇÕES DE TECNOLOGIA EM INFORMÁTICA S.A., a *sociedade anônima* duly organized under the laws of the Federative Republic of Brazil, enrolled before the National Register of Legal Entities (CNPJ/MF) under No. 03.672.254/0001-44, with headquarters in the City and State of São Paulo, at Rua Doutor Miguel Couto No. 58, 5th floor (the "**Company**"); and, for purposes of Articles 6 and 8, (vi) EQUINIX, INC., a company duly organized under the laws of the State of Delaware, United States of America, with headquarters at One Lagoon Drive, 4th Floor, Redwood City, California, United States of America 94065 (the "**Parent**"), (vii) RIVERWOOD CAPITAL L.P., an exempted limited partnership, duly organized under the laws of the Cayman Islands, with headquarters at P.O. Box 309, Ugland House, Grand Cayman, Cayman Islands KY1-1104, (viii) RIVERWOOD CAPITAL PARTNERS L.P., an exempted limited partnership, duly organized under the laws of the Cayman Islands, with headquarters at P.O. Box 309, Ugland House, Grand Cayman, Cayman Islands KY1-1104, (ix) RIVERWOOD CAPITAL PARTNERS (PARALLEL – A) L.P., an exempted limited partnership, duly organized under the laws of the Cayman Islands, with headquarters at P.O. Box 309, Ugland House, Grand Cayman, Cayman Islands KY1-1104 and (x) RIVERWOOD CAPITAL PARTNERS (PARALLEL – B) L.P., an exempted limited partnership, duly organized under the laws of the Cayman Islands, with headquarters at P.O. Box 309, Ugland House, Grand Cayman, Cayman Islands KY1-1104 (together with Riverwood Capital L.P., Riverwood Capital Partners L.P. and Riverwood Capital Partners (Parallel – A) L.P., the "**Riverwood Sponsors**"). The terms "Equinix", "RW FIP" and "Management Shareholders" shall each also mean, if Equinix, RW FIP or any of the Management Shareholders shall have Transferred any of its Company Securities to any of its Permitted Transferees (in each case, as such terms are defined below), such Person and its Permitted Transferees, taken together, and shall include any right, obligation or action that may be exercised or taken at the election of such Person and its Permitted Transferees.

The Company, Equinix, RW FIP, Sidney, Eduardo, the Parent and each of the Riverwood Sponsors are sometimes collectively referred to herein as the "**Parties**" and individually as a "**Party**".

**** FISMA & OMB MEMORANDUM M-07-16

Equinix, RW FIP, Sidney and Eduardo collectively referred to herein as the "**Shareholders**" and individually as a "**Shareholder**."

W I T N E S S E T H:

WHEREAS (i) Equinix holds 248,705737 common shares representing 52.4595% of the outstanding capital stock of the Company; (ii) RW FIP holds 182,915,859 common shares representing 38.5824% of the outstanding capital stock of the Company; (iii) Sidney holds 40,983,844 common shares representing 8.6447% of the outstanding capital stock of the Company; and (iv) Eduardo holds 1,485,574 common shares representing 0.3134% of the outstanding capital stock of the Company; jointly holding, therefore, shares representing 100% of the outstanding capital stock of the Company;

WHEREAS, the Shareholders desire to execute this Agreement to govern certain of their rights, duties and obligations as shareholders of the Company and Parent and the Riverwood Sponsors desire to become bound to certain rights, duties and obligations provided hereunder;

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, the Parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Definitions*. (a) As used in this Agreement, the following terms have the following meanings:

"**5% Shareholder**" means a Shareholder whose Aggregate Ownership of Shares (as determined on a Common Equivalents basis) divided by the Aggregate Ownership of Shares (as determined on a Common Equivalents basis) by all Shareholders is 5% or more.

"**20% Shareholder**" means a Shareholder whose Aggregate Ownership of Shares (as determined on a Common Equivalents basis) divided by the Aggregate Ownership of Shares (as determined on a Common Equivalents basis) by all Shareholders is 20% or more.

"**Additional and Conditional Purchase Price**" has the meaning given to such term in the Share Purchase Agreement.

"**Adjusted VWAP**" means (i) the arithmetic average of the Volume Weighted Average Price per Parent Share during the 30 consecutive Trading Days during the Measurement Period divided by (ii) 1.03.

"**Affiliate**" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person; *provided* that no security holder

of the Company shall be deemed an Affiliate of the Company or any other security holder of the Company solely by reason of any investment in the Company or the existence or exercise of any rights or obligations under this Agreement or the Company Securities held by such security holder. For the purpose of this definition, the term "**control**" (including, with correlative meanings, the terms "**controlling**", "**controlled by**" and "**under common control with**"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"**Aggregate Ownership**" means, with respect to any Shareholder or group of Shareholders, the total number of Shares (as determined on a Common Equivalents basis) directly or indirectly held by such Shareholder or group of Shareholders and its or their Permitted Transferees as of the date of such calculation, calculated on a Fully-Diluted basis.

"**ALOG**" means ALOG Data Centers do Brasil S.A., a *sociedade anônima* duly organized under the laws of the Federative Republic of Brazil, enrolled before the National Register of Legal Entities (CNPJ/MF) under No. 04.819.672/0001-84, with headquarters in the City and State of São Paulo, at Rua Doutor Miguel Couto No. 58, 5th floor.

"**Board**" means the *Conselho de Administração* (board of directors) of the Company.

"**Business Day**" means (i) for purposes of Article 6 and the definition of "Trading Day", any day except a Saturday, Sunday or other day on which commercial banks in New York City, State of New York, United States are authorized by law to close and (ii) for all other purposes of this Agreement, any day except a Saturday, Sunday or other day on which commercial banks in New York City, State of New York, United States or São Paulo, State of São Paulo, Brazil are authorized by law to close.

"**Call Option Exercise Period**" means the ten Business Day period following (i) delivery by RW FIP of a Tag-Along Notice or (ii) delivery by RW FIP of a Selling Shareholder Offer Notice.

"**Charter**" means the *Estatuto Social* (bylaws) of the Company, as the same may be amended from time to time.

"**Closing Date**" means April 25, 2011.

"**Common Equivalents**" means (i) with respect to Common Stock, the number of Shares and (ii) with respect to any Company Securities that are convertible into or exchangeable for Common Stock, the number of Shares issuable in respect of the conversion or exchange of such Company Securities into Common Stock.

"**Common Stock**" means the common stock, with no par value per share, of the Company and any other security into which such Common Stock may hereafter be converted or exchanged.

"**Common Stock Purchase Price**" means R$0.49 per Share.

"**Company Securities**" means (i) the Common Stock, (ii) securities convertible into or exchangeable for Common Stock and (iii) any options, warrants or other rights to acquire Common Stock.

"**CVM**" means the *Comissão de Valores Mobiliários* (Brazilian Securities Commission).

"**Fully-Diluted**" means all outstanding Shares, all Shares issuable in respect of all outstanding securities convertible into or exchangeable for Common Stock and all Shares issuable in respect of all outstanding options, warrants and other rights to acquire Common Stock; *provided* that, if any of the foregoing Company Securities are subject to vesting, such Company Securities subject to vesting shall be included in the definition of "Fully-Diluted" only upon and to the extent of such vesting; *provided further* that any Company Securities that would vest as a result of the consummation of a Tag-Along Sale shall be deemed to be vested solely for the purpose of any calculation of "Fully-Diluted" that is made immediately prior to such Tag-Along Sale.

"**GAAP**" means generally accepted accounting principles in the United States.

"**Instrument of Assignment**" means that certain instrument of assignment, dated as of April 25, 2011, among Zion RJ Participações S.A., a *sociedade anônima* duly organized under the laws of the Federative Republic of Brazil, enrolled before the National Register of Legal Entities (CNPJ/MF) under No. 12.793.726/0001-08, with headquarters in the City and State of Rio de Janeiro, at Rua Martins Ferreira No. 91, Botafogo, RW FIP and Equinix.

"**Internal Rate of Return**" means the annual rate of return determined using (i) for the RW FIP Closing Payment and the RW FIP Additional and Conditional Payment, United States dollars and (ii) for Shares owned by the Management Shareholders, Brazilian reais, in each case based on a 365-day year with the value on the Closing Date of the aggregate cash flows equal to zero.

"**IPO**" means the initial Public Offering.

"**Majority Management Shareholder**" means the Management Shareholder(s) whose Aggregate Ownership of Shares (as determined on a Common Equivalents basis) divided by the Aggregate Ownership of Shares (as determined on a Common Equivalents basis) by all Management Shareholders is 50% or more.

"**Management Minimum Price**" means an amount equal to 50% of the Common Stock Purchase Price (as adjusted for any share dividends, share subdivisions, combinations, consolidations and similar changes, and taking into account any cash dividends, distributions, repurchases or recapitalizations).

"**Management Signing Shares**" means the Shares issued to the Management Shareholders upon the consummation of the Merger, as set forth in the recitals to this Agreement (together with any new, substituted or additional securities distributed to the Management Shareholders with respect to such Shares in any share dividend, share subdivision, combination, consolidation or similar change).

"**Market Disruption Event**" means the occurrence or existence prior to 1:00 p.m. (New York City time) on any Trading Day for the Parent Shares of an aggregate one half hour period, of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in the Parent Shares or in any options, contracts or future contracts relating to the Parent Shares.

"**Measurement Period**" means the 30 consecutive Trading Days beginning five Trading Days after RW FIP's delivery of the Default Notice.

"**Merger**" means the merger of ALOG with and into the Company, consummated on October 31, 2012.

"**Minimum Call Price**" means the sum of (i) the amount that yields an Internal Rate of Return of 12% to the RW FIP Closing Payment from the Closing Date to the date of the Call Option Exercise Notice, and (ii) the amount that yields an Internal Rate of Return of 12% to the RW FIP Additional and Conditional Payment from the date of such payment to the date of the Call Option Exercise Notice (as adjusted in each case for any share dividends, share subdivisions, combinations, consolidations and similar changes, and taking into account any cash dividends, distributions, repurchases or recapitalizations, or dispositions or transfers to Third Parties).

"**Minimum Put Price**" means (i) in 2014, the amount equal to the sum of (x) the amount that yields an Internal Rate of Return of 8% to the RW FIP Closing Payment from the Closing Date to the date of the Put Option Exercise Notice, and (y) the amount that yields an Internal Rate of Return of 8% to the RW Additional and Conditional Payment from the date of such payment to the date of the Put Option Exercise Notice, (ii) in 2015, the amount equal to the sum of (x) the amount that yields an Internal Rate of Return of 4% to the RW FIP Closing Payment from the Closing Date to the date of the Put Option Exercise Notice, and (y) the amount that yields an Internal Rate of Return of 4% to the RW Additional and Conditional Payment from the date of such payment to the date of the Put Option Exercise Notice, and (iii) in 2016, the amount equal to the sum of (x) the amount that yields an Internal Rate of Return of 0% to the RW FIP Closing Payment from the Closing Date to the date of the Put Option Exercise Notice, and (y) the amount that yields an Internal Rate of Return of 0% to the RW Additional and Conditional Payment from the date of such payment to the date of the Put Option Exercise Notice (as adjusted in each case for any share dividends, share subdivisions, combinations,

consolidations and similar changes, and taking into account any cash dividends, distributions, repurchases or recapitalizations, or dispositions or transfers to Third Parties), (each, the "**Applicable IRR**"); *provided* that, if Equinix delivers a Put Objection Notice pursuant to Section 5.02(e), the Minimum Put Price for the Option Exercise Period of the calendar year immediately succeeding the delivery of such Put Objection Notice shall be the amount that yields the Applicable IRR for the immediately preceding Option Exercise Period. For example, if Equinix delivers a Put Objection Notice in response to RW FIP's delivery of a Put Option Exercise Notice during the Option Exercise Period in April 2014, the Minimum Put Price for the Option Exercise Period in April 2015 will be the amount that yields an Applicable IRR of 8%, and the Minimum Put Price for the Option Exercise Period in April 2016 will be the amount that yields an Applicable IRR of 0%. If Equinix delivers a Put Objection Notice in response to RW FIP's delivery of a Put Option Exercise Notice during the Option Exercise Period in April 2015, the Minimum Put Price for the Option Exercise Period in April 2016 will be the amount that yields an Applicable IRR of 4%.

"**Option Exercise Period**" means each period beginning on April 1 and ending on April 30 of each of 2014, 2015 and 2016.

"**Permitted Transferee**" means: (i) in the case of Equinix, any Person that is an Affiliate of such Shareholder; (ii) in the case of RW FIP, any Person that is an Affiliate of such Shareholder, and/or any fund managed by Riverwood Capital Partners L.P., Riverwood Capital Partners (Parallel – A) L.P., Riverwood Capital Partners (Parallel – B) L.P. or any of their Affiliates; and (iii) in the case of any Management Shareholder, (A) any Person to whom Company Securities are Transferred from such Management Shareholder (1) by will or the laws of descent and distribution or (2) by gift without consideration of any kind; *provided* that, in the case of clause (2), such transferee is the spouse, the lineal descendant, sibling, parent, heir, executor, testamentary trustee, legatee or beneficiary of such Management Shareholder, (B) a trust that is for the exclusive benefit of such Management Shareholder or its Permitted Transferees under (A) above or (C) any entity in which the respective Management Shareholders holds, at least, 99% of the capital stock.

"**Person**" means an individual, corporation, limited liability company, partnership, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"**Public Offering**" means an underwritten public offering of Company Securities pursuant to a registration statement filed with and declared effective by the CVM under Brazilian law and/or the U.S. Securities and Exchange Commission (the " **SEC**") under U.S. law (other than pursuant to a registration statement on Form S-4 or Form S-8 or any similar or successor form) or pursuant to the applicable law of the jurisdiction in which the offer is made, as the case may be.

"**Put Option Exercise Period**" means the ten Business Day period following (i) the delivery by Equinix of a Tag-Along Notice indicating that Equinix proposes to sell all of its Company Securities, (ii) the delivery by Equinix of a Drag-Along Sale Notice or (iii) the decision by the Company to effect a Fundamental Transaction.

"**ROFR Portion**" means, with respect to Equinix or RW FIP and for any Offer, the product of (i) the total number of Offered Securities in such Offer and (ii) a fraction, the numerator of which is such Shareholder's Aggregate Ownership Percentage (as determined on a Common Equivalents basis) and the denominator of which is the Aggregate Ownership Percentage (as determined on a Common Equivalents basis) of Equinix and RW FIP, in each case immediately prior to the receipt by Equinix and RW FIP of the Offer Notice with respect to such Offer pursuant to Section 4.05(b).

"**RW FIP Additional and Conditional Payment**" means the amount paid in U.S. Dollars by RW FIP and/or its Affiliates in satisfaction of RW FIP's obligation to pay its portion of the Additional and Conditional Purchase Price pursuant to the Instrument of Assignment.

"**RW FIP Closing Payment**" means US$52,746,908.

"**RW FIP Closing Shares**" means the Shares issued to RW FIP upon consummation of the Merger, as set forth in the recitals to this Agreement (together with any new, substituted or additional securities distributed to RW FIP with respect to such Shares in any share dividend, share subdivision, combination, consolidation or similar change), which previously consisted (directly or indirectly held by RW FIP) of Shares that were purchased pursuant to the Share Purchase Agreement as well as Shares that were assumed in the Instrument of Assignment.

"**Shares**" means shares of Common Stock.

"**Share Purchase Agreement**" means the Share Purchase Agreement and Other Covenants entered into on February 9, 2011 among Fundo Mútuo de Investimento em Empresas Emergentes – Stratus GC, the Management ALOG Shareholders, Alexandre Guy Haegler, Marcus Moraes de Oliveira, Erik da Costa Breyer, Sandra Haegler, Bettina Alessandra Haegler, Philip Eric Haegler, Bianca Haegler, Antonio Carlos dos Santos Pina, Tecinvest Ltd., Stratus Corp., Winterpark Intl. Corp, Emanuel Gonçalves Dutra, Cristian Gallegos and Zion RJ Participações S.A.

"**Subsidiary**" means, with respect to any Person, any entity of which securities or other ownership interests at the time directly or indirectly owned by such Person, having ordinary voting power to elect a majority of (i) the board of directors, (ii) the board of officers, in the event the relevant entity does not have a board of directors, or (iii) other persons performing similar functions.

"**Tag-Along Portion**" means, with respect to any other Shareholder and for any Tag-Along Sale, (i) the number of Shares (as determined on a Common Equivalents and Fully-Diluted basis) owned by such other Shareholder immediately prior to such Tag-Along Sale *multiplied by* (ii) a fraction, the numerator of which is the number of Shares (as determined on a Common Equivalents basis) proposed

to be sold by the Tag-Along Seller in such Tag-Along Sale and the denominator of which is the Aggregate Ownership of Shares (as determined on a Common Equivalents basis) by all Shareholders immediately prior to such Tag-Along Sale.

"**Third Party**" means a prospective purchaser of Company Securities in an arm's-length transaction from a Shareholder, other than a Permitted Transferee or other Affiliate of such Shareholder.

"**Trading Day**" means a day during which (i) there is no Market Disruption Event, and (ii) the NASDAQ Global Select Market or, if the Parent Shares are not quoted on the NASDAQ Global Select Market, on the principal U.S. national or regional securities exchange on which the Parent Shares are then listed, opens for trading during its regular trading session or, if the Parent Shares are not so listed, admitted for trading or quoted, any Business Day. A "**Trading Day**" only includes those days that have a scheduled closing time of 4:00 p.m. (New York City time) or the then standard closing time for regular trading on the relevant exchange or trading system.

"**Transfer**" means, with respect to any Company Securities, (i) when used as a verb, to sell, assign, dispose of, exchange, pledge, encumber, hypothecate or otherwise transfer such Company Securities or any participation or interest therein, whether directly or indirectly (including pursuant to a derivative transaction), or agree or commit to do any of the foregoing and (ii) when used as a noun, a direct or indirect sale, assignment, disposition, exchange, pledge, encumbrance, hypothecation, or other transfer of such Company Securities or any participation or interest therein or any agreement or commitment to do any of the foregoing.

"**Volume Weighted Average Price**" per Parent Share on any Trading Day means such price as displayed on Bloomberg (or any successor service) page EQIX. UQ<Equity> VAP in respect of the period from 9:30 a.m. to 4:00 p.m., New York City time, on such Trading Day; or, if such price is not available, the "**Volume Weighted Average Price**" means the market value per Parent Share on such Trading Day as determined by a nationally recognized investment banking firm retained for this purpose by Parent.

(b) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
ALOG Shareholders Agreement	8.08
Annual Budget	2.06(b)(i)
Call Option	5.01(a)
Call Option Closing	5.01(c)
Call Option Exercise Notice	5.01(a)
Call Option on Management	5.06(a)
Call Price	5.01(d)
Call Shares	5.01(a)

Company	Preamble
Confidential Information	7.01(b)
Default	6.03(a)
Default Amount	6.02
Default Notice	6.03(a)
Default Put Closing	6.03(a)
Default Put Shares	6.03(a)
Derivative Company Securities	4.02(a)
Derivative Company Securities Exercise	4.02(a)
Derivative Company Securities Exercise Notice	4.02(a)
Drag-Along Rights	4.02(a)
Drag-Along Sale	4.02(a)
Drag-Along Sale Notice	4.02(b)
Drag-Along Sale Notice Period	4.02(c)
Drag-Along Sale Price	4.02(b)
Drag-Along Seller	4.02(a)
Drag-Along Transferee	4.02(a)
Eduardo	Preamble
Equinix	Preamble
Fair Market Value	5.03(b)
Fundamental Transaction	4.04
Guarantee Cap	6.01
Indemnitors	7.03
Management Call Option Exercise Notice	5.06(b)
Management Call Price	5.06(c)
Management Call Shares	5.06(a)
Management Option Closing	5.06(e)
Management Put Option	5.06(a)
Management Put Option Exercise Notice	5.06(b)
Management Put Price	5.06(d)
Management Put Shares	5.06(a)
Management ROFR Outside Date	4.05(f)
Management Seller	4.05(a)
Management Shareholders	Preamble
Non-Exercising Shareholder	4.05(d)
Obligations	6.01
Observer	2.09
Offer	4.05(a)
Offer Notice	4.05(a)
Offer Price	4.05(a)
Offer to the Selling Shareholder	4.06(a)

Offered Securities	4.05(a)
Offered Shareholder	4.06(a)
Original Shareholders Agreements	8.08
Parent	Preamble
Parent Shares	6.02
Parties	Preamble
Party	Preamble
Put Objection Notice	5.02(e)
Put Option	5.02(a)
Put Option Closing	5.02(c)
Put Option Exercise Notice	5.02(a)
Put Price	5.02(d)
Put Settlement	5.02(e)
Put Shares	5.02(a)
Replacement Nominee	2.03(a)
Representatives	7.01(b)
Riverwood Sponsors	Preamble
RW FIP	Preamble
RW FIP ROFR Outside Date	4.06(d)
Selling Shareholder	4.06(a)
Selling Shareholder Offer Notice	4.06(a)
Selling Shareholder Offer Price	4.06(a)
Selling Shareholder Offered Securities	4.06(a)
Share Price	6.03(b)(ii)
Sidney	Preamble
Tag-Along Notice	4.01(a)
Tag-Along Notice Period	4.01(c)
Tag-Along Offer	4.01(a)
Tag-Along Right	4.01(c)
Tag-Along Response Notice	4.01(c)
Tag-Along Sale	4.01(a)
Tag-Along Seller	4.01(a)
Tagging Person	4.01(c)
Zion	8.08
Zion Shareholders Agreement	8.08

Section 1.02. *Other Definitional and Interpretative Provisions.* The words “hereof”, “herein” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement

unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation", whether or not they are in fact followed by those words or words of like import. "Writing", "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof; *provided* that with respect to any agreement or contract listed on any schedules hereto, all such amendments, modifications or supplements must also be listed in the appropriate schedule. References to any law include all rules and regulations promulgated thereunder. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. References to "R$" and "reais" mean Brazilian reais, the lawful currency of Brazil. References to "US$" and "dollars" mean U.S. dollars, the lawful currency of the United States.

ARTICLE 2
CORPORATE GOVERNANCE

Section 2.01. *Composition of the Board.* (a) The Board shall consist of six members. (i) For so long as Equinix is a 20% Shareholder, three of the members shall be appointed by Equinix, including the Chairman of the Board, (ii) for so long as RW FIP is a 20% Shareholder, two of the members shall be appointed by RW FIP, and (iii) for so long as the Management Shareholders, together, are a 5% Shareholder, one of the members shall be appointed by the Majority Management Shareholder.

(b) Notwithstanding the foregoing, in the event that RW FIP's Aggregate Ownership of Shares (as determined on a Common Equivalents basis) exceeds Equinix's Aggregate Ownership of Shares (as determined on a Common Equivalents basis), the Shareholders agree to cast their votes at any shareholders meeting of the Company and practice all acts necessary to: (i) designate two of the members of the Board as directed by Equinix and (ii) designate three of the members of the Board as directed by RW FIP, including the Chairman of the Board.

(c) If either Equinix or RW FIP ceases to be (i) a 20% Shareholder, but remains a 5% Shareholder, the number of members of the Board to be designated by the relevant reducing Shareholder shall be reduced to one, or (ii) a 5% Shareholder, the relevant reducing Shareholder shall not have any rights to appoint a member of the Board; and, in either case, the additional member(s) previously designated by such reducing Shareholder automatically shall be removed from the Board and the size of the Board shall be reduced accordingly.

(d) If the Majority Management Shareholder shall cease to have the right to designate one member pursuant to Section 2.01(a), the member previously designated by the Majority Management Shareholder automatically shall be removed from the Board and the size of the Board shall be reduced accordingly.

(e) Each Shareholder agrees that, if at any time it is then entitled to vote for the election of members to the Board, it shall vote all of its Shares or execute proxies or written consents, as the case may be, and take all other necessary action (including causing the Company to call a special meeting of shareholders) in order to ensure that the composition of the Board is as set forth in this Section 2.01.

Section 2.02. *Removal.* Each Shareholder agrees that, if at any time it is then entitled to vote for the removal of members from the Board, it shall not vote any of its Shares or execute proxies or written consents or practice any acts, as the case may be, in favor of the removal of any member who shall have been designated pursuant to Section 2.01 or Section 2.03, unless the Person or Persons entitled to designate or nominate such member pursuant to Section 2.01 or Section 2.03 shall have consented to such removal in writing; *provided* that, if the Person or Persons entitled to designate any member pursuant to Section 2.01 or Section 2.03 shall request in writing the removal of such member, each Shareholder shall cast its votes at any shareholders meeting of the Company and practice all acts necessary in favor of such removal.

Section 2.03. *Vacancies.* If, as a result of death, disability, retirement, resignation, removal or otherwise, there shall exist or occur any vacancy on the Board:

(a) the Person or Persons entitled under Section 2.01 to designate such member whose death, disability, retirement, resignation or removal resulted in such vacancy, subject to the provisions of Section 2.01, shall have the exclusive right to designate another individual (the " **Replacement Nominee**") to fill such vacancy and serve as a member on the Board; and

(b) subject to Section 2.01, each Shareholder agrees that if it is then entitled to vote for the election of members to the Board, it shall vote all of its Shares, or execute proxies or written consents and practice all reasonable acts, as the case may be, in order to ensure that the Replacement Nominee be elected to the Board.

Section 2.04. *Meetings.* (a) The Board shall hold a regularly scheduled meeting at least once every calendar quarter. The Company shall pay all reasonable out-of-pocket expenses incurred by each member and the Observer in connection with attending regular and special meetings of the Board and any committee thereof, and any such meetings of the board of directors of any Subsidiary of the Company and any committee thereof.

(b) The Chairman of the Board shall give each member (by email or otherwise) notice and the agenda for each meeting of the Board at least ten days prior to such meeting. Each meeting of the Board

shall take place Section 1.02 in person, at the Company's headquarters or Section 1.03 by telephonic or other electronic means specified in the notice of meeting and reasonably accessible to all of the directors.

Section 2.05. *Action by the Board.* (a) A quorum of four members is necessary for the occurrence of any Board meeting, of whom at least one-half of the members must be appointees of Equinix and one member must be an appointee of RW FIP. In the absence of a quorum, a majority of the directors present may adjourn any meeting, one time and only one time, and, with notice duly given pursuant to Section 2.04(b), reconvene such meeting pursuant to Section 2.04(b); *provided,* that a quorum of the Board at any such reconvened meeting shall consist of three directors, of whom at least one-half must be appointees of Equinix and, if at least one appointee of RW FIP shall have been present at the originally convened meeting, one of whom must be an appointee of RW FIP.

(b) Subject to Section 2.06, all actions of the Board shall require Section 1.04 the affirmative vote of at least a majority of the members present at a duly-convened meeting of the Board at which a quorum for occurrence is present or Section 1.05 the unanimous written consent of the Board; *provided* that, if there is a vacancy on the Board and an individual has been nominated to fill such vacancy, the first order of business shall be to fill or ratify the fulfillment of such vacancy. Each member shall be entitled to cast one vote with respect to any matter submitted for approval of, or any action to be taken by, the Board. In the event of a tie, the Chairman of the Board or another designee of Equinix shall have a tie-breaking vote.

(c) The Board may create executive, compensation, audit and such other committees as it may determine. Each such committee shall have two members, one designated by Equinix (for so long as Equinix is a 20% Shareholder) and one by RW FIP (for so long as RW FIP is a 20% Shareholder). The designee of Equinix shall have a tie-breaking vote.

(d) Notwithstanding the foregoing, in the event that RW FIP's Aggregate Ownership of Shares (as determined on a Common Equivalents basis) exceeds Equinix's Aggregate Ownership of Shares (as determined on a Common Equivalents basis), the Shareholders agree that references in this Section 2.05 to "Equinix" shall be deemed to be references to "RW FIP" and vice versa; *provided,* that if either Equinix or RW FIP ceases to be a 20% Shareholder, the relevant reducing Shareholder shall not have any rights under this Section 1.05 with respect to the composition of a quorum or any committee created by the Board.

Section 2.06. *Shareholders' Meetings.* (a) The following matters shall be subject to deliberation at the shareholders' meeting of the Company and in order to be passed shall require the affirmative vote of (i) Equinix (for so long as Equinix is a 5% Shareholder), (ii) RW FIP (for so long as RW FIP is a 5% Shareholder) and (iii) the Majority Management Shareholder (for so long as the Management Shareholders, considered together, are a 5% Shareholder):

(i) Any transaction between the Company or any of its Subsidiaries, on the one hand, and any Shareholder or any of its respective Affiliates, on the other, other than (x) issuances of capital stock of the Company or any of its Subsidiaries, (y) any borrowings by the Company or any of its Subsidiaries from any Shareholder or any of its respective Affiliates, in each case as approved by the Board, and (z) the Board's determination of Fair Market Value pursuant to Section 5.03;

(ii) Any liquidation, dissolution, commencement of bankruptcy, reorganization or similar proceedings with respect to the Company or any of its Subsidiaries; and

(iii) Any modification of the business purpose of the Company.

(b) The following matters shall be subject to deliberation at the shareholders' meeting of the Company and in order to be passed shall require the affirmative vote of (i) Equinix (for so long as Equinix is a 20% Shareholder) and (ii) RW FIP (for so long as RW FIP is a 20% Shareholder):

(i) Approval of the annual budget of the Company and its Subsidiaries (the " **Annual Budget**");

(ii) Capital expenditures in excess of the greater of (x) the amount set forth in the Annual Budget and (y) R$20,000,000;

(iii) Any creation, incurrence or assumption of indebtedness of the Company or any of its Subsidiaries (x) in excess of R$10,000,000 in any fiscal year, or (y) such that aggregate indebtedness of the Company and its Subsidiaries on a consolidated basis, at any time outstanding, exceeds R$30,000,000;

(iv) Any issuance of capital stock of the Company or any of its Subsidiaries in excess of R$5,000,000 per annum excluding (x) the issuance of Shares upon the exercise of options issued pursuant to any plan or arrangement and (y) from and after May 1, 2016, in connection with the IPO;

(v) The establishment of any option plan or arrangement of the Company or any of its Subsidiaries;

(vi) Before May 1, 2016, the IPO;

(vii) The declaration of any dividend on or the making of any distribution with respect to, or the redemption, repurchase or other acquisition of, any securities of the Company or any of its Subsidiaries, by the Company or any of its Subsidiaries except as expressly permitted by this Agreement;

(viii) Any amendment to the Charter or any adoption of or amendment to any similar organizational document of any of the Company's Subsidiaries; or

(ix) Any acquisition or sale, transfer, lease, pledge or other disposition (whether by merger, consolidation or other business combination transaction, or other form of transaction) by the Company or any of its Subsidiaries of any assets, businesses, interests, properties or securities, in a single transaction or a series of related transactions, with a value in the aggregate in excess of R$5,000,000 (regardless of the form of such consideration), other than a Fundamental Transaction; *provided* that the Parties hereto agree that any merger or consolidation of the Company into or with any of its Subsidiaries shall require the affirmative vote of Equinix (for so long as Equinix is a 20% Shareholder) and RW FIP (for so long as RW FIP is a 20% Shareholder) regardless of the value of such transaction.

(c) From and after May 1, 2016, either Equinix, for so long as it is a 20% Shareholder, or RW FIP, for so long as it is a 20% Shareholder, may solely approve the IPO.

(d) If Equinix and RW FIP mutually approve the IPO pursuant to Section 2.06(b)(vi) or, from and after May 1, 2016, either RW FIP or Equinix approves the IPO pursuant to Section 2.06(c), the Shareholders shall cause the Company to make its officers available to prepare and make presentations at any "road shows" and before analysts and rating agencies, as the case may be, and take other actions to obtain ratings for the Company Securities to be offered and the Shareholders shall use their reasonable best efforts to cooperate as reasonably requested by the underwriters in the offering, marketing or selling of the relevant Company Securities.

Section 2.07. *Charter Provisions.* Each Shareholder agrees to vote all of its Shares or execute proxies or written consents, as the case may be, and to take all other actions necessary, to ensure that the Charter (i) facilitates, and does not at any time conflict with, any provision of this Agreement and (ii) permits each Shareholder to receive the benefits to which each such Shareholder is entitled under this Agreement.

Section 2.08. *Subsidiary Governance*. The Shareholders agree to cause the Company to vote (or cause the voting of) the shares of the capital stock of its Subsidiaries, and each Shareholder agrees to cause its representatives on the Board and the boards of any Subsidiary of the Company, subject to their fiduciary duties, to vote and take other appropriate action, in each case, to give effect to the agreements in this Article 2 in respect of each Subsidiary of the Company. All restrictions that apply to the Company pursuant to this Agreement shall apply to the Company and its Subsidiaries as a consolidated group.

Section 2.09. *RW FIP Observer*. For so long as RW FIP is a 20% Shareholder, the Company will permit a representative of RW FIP who is an employee or officer thereof or of one of its Affiliates (or any other such designee who is reasonably acceptable to Equinix) (the " **Observer**") to attend all meetings of the Board and all committees thereof (whether in person, telephonic or other) in a non-voting, observer capacity, and shall provide to the Observer, concurrently with the members of the Board, and in the same manner, notice of such meetings and a copy of all materials provided to such members.

ARTICLE 3
RESTRICTIONS ON TRANSFER

Section 3.01. *General Restrictions on Transfer*. (a) Each Shareholder agrees that it shall not Transfer any Company Securities (or solicit any offers in respect of any Transfer of any Company Securities), except in compliance with the terms and conditions of this Agreement.

(b) Any attempt to Transfer any Company Securities not in compliance with this Agreement shall be null and void, and the Company shall not, and shall cause any transfer agent not to, give any effect in the Company's stock records to such attempted Transfer.

Section 3.02. *Legends.* In addition to any other legend that may be required, the Company shall effect the registration of this Agreement in its *Livro de Registro de Ações Nominativas* (share registry book), in substantially the following form:

> *"THE SHARES HELD BY [NAME OF THE SHAREHOLDER] ARE SUBJECT TO THE RESTRICTIONS ON TRANSFER, VOTING ARRANGEMENTS AND OTHER PROVISIONS SET FORTH IN THE SHAREHOLDERS' AGREEMENT DATED OCTOBER 31, 2012. ALL TRANSFERS OF SUCH SHARES SHALL BE MADE IN ACCORDANCE WITH SUCH SHAREHOLDERS' AGREEMENT OR OTHERWISE SHALL BE CONSIDERED NULL AND VOID."*

Section 3.03. *Permitted Transferees*. (a) Notwithstanding anything in this Agreement to the contrary, any Shareholder may at any time Transfer any or all of its Company Securities to one or more of its Permitted Transferees without compliance with Sections 3.04, 3.05 or Article 4, as applicable; *provided* that such Permitted Transferee shall have agreed in writing to be bound by the terms of this Agreement in the form of Exhibit A attached hereto.

(b) If any Permitted Transferee of any Shareholder to which Company Securities have been transferred ceases to be a Permitted Transferee of such Shareholder, such Permitted Transferee shall, and such Shareholder shall cause such Permitted Transferee to, transfer back to such Shareholder (or to another Permitted Transferee of such Shareholder) any Company Securities it owns on or prior to the date that such Permitted Transferee ceases to be a Permitted Transferee of such Shareholder.

Section 3.04. *Restrictions on Transfers by the Management Shareholders.*

(a) Prior to April 1, 2014, no Management Shareholder shall Transfer any of its Company Securities, except (i) to one or more of its Permitted Transferees in accordance with Section 3.03, or (ii) in a Transfer to which both Equinix and RW FIP consent.

(b) From and after April 1, 2014, no Management Shareholder shall transfer any of its Company Securities, except (i) to one or more of its Permitted Transferees in accordance with Section 3.03, (ii) in a Transfer to which both Equinix and RW FIP consent or (iii) in a Transfer made in compliance with Sections 4.01, 4.02, 4.05 or 5.06.

Section 3.05. *Restrictions on Transfer by Equinix and RW FIP*. (a) Prior to April 1, 2014, neither Equinix nor RW FIP shall Transfer any of its Company Securities, except (i) to one or more of its Permitted Transferees in accordance with Section 3.03, or (ii) in a Transfer to which Equinix (in the case of a Transfer by RW FIP) or RW FIP (in the case of a Transfer by Equinix) consents.

(b) From and after April 1, 2014 through April 30, 2016, neither Equinix nor RW FIP shall transfer any of its Company Securities, except (iii) to one or more of its Permitted Transferees in accordance with Section 3.03, (ii) in a Transfer to which Equinix (in the case of a Transfer by RW FIP) or RW FIP (in the case of a Transfer by Equinix) consents, (iii) in an IPO or (iv) in a Transfer made in compliance with Sections 4.01, 4.02, 4.06, 5.01 or 5.02.

(c) The restrictions on Transfer set forth in Section 3.05(b) above shall terminate at 11:59 p.m. São Paulo time on April 30, 2016 and, from and after May 1, 2016, Equinix and RW FIP may freely Transfer any of their Company Securities, subject to the Tag-Along Rights of the Management Shareholders pursuant to Section 4.01.

ARTICLE 4
TAG-ALONG RIGHTS; DRAG-ALONG RIGHTS; RIGHT OF FIRST REFUSAL

Section 4.01. *Tag-Along Rights*. (a) Subject to Sections 4.01(h), 4.01(i), 4.01(j), 4.03 and 4.06, if either Equinix or RW FIP (the "**Tag-Along Seller**") proposes to Transfer any Company Securities to a Third Party (a "**Tag-Along Sale**"), the Tag-Along Seller shall provide each other Shareholder written notice of the terms and conditions of such proposed Transfer (the "**Tag-Along Notice**") and offer each other Shareholder the opportunity to participate in such Transfer in accordance with this Section 4.01 (the "**Tag-Along Offer**").

(b) The Tag-Along Notice shall identify the number and class of Company Securities proposed to be sold by the Tag-Along Seller, the consideration for which the Transfer is proposed to be made (as determined on a Common Equivalents basis), and all other material terms and conditions of the Tag-Along Offer, including the form of the proposed agreement, if any.

(c) Each other Shareholder shall have the right (a "**Tag-Along Right**"), exercisable by written notice (a "**Tag-Along Response Notice**") given to the Tag-Along Seller within five Business Days after its receipt of the Tag-Along Notice (the "**Tag-Along Notice Period**"), to request that the Tag-Along Seller include in the proposed Transfer up to a number of Company Securities (as determined on a Common Equivalents basis) representing such Shareholder's Tag-Along Portion (each such exercising Shareholder, a "**Tagging Person**"); *provided* that each Tagging Person shall be entitled to include in the

Tag-Along Sale no more than its Tag-Along Portion of Company Securities (as determined on a Common Equivalents basis) and the Tag-Along Seller shall be entitled to include the number of Company Securities (as determined on a Common Equivalents basis) proposed to be Transferred by the Tag-Along Seller as set forth in the Tag-Along Notice (reduced, to the extent necessary, so that each Tagging Person shall be able to include its Tag-Along Portion) and such additional Company Securities as permitted by Section 4.01(f). Each Tag-Along Response Notice shall include wire transfer or other instructions for payment of any consideration for the Company Securities being transferred in such Tag-Along Sale. Each Tagging Person shall also deliver to the Tag-Along Seller, together with its Tag-Along Response Notice, a notarized, limited power-of-attorney authorizing the Tag-Along Seller or its representative to Transfer such Company Securities on the terms set forth in the Tag-Along Notice. Delivery of the Tag-Along Response Notice with such limited power-of-attorney shall constitute an irrevocable acceptance of the Tag-Along Offer by such Tagging Person, subject to the provisions of this Section 4.01 and Section 4.03. If at the termination of the Tag-Along Notice Period any Shareholder shall not have elected to participate in the Tag-Along Sale, such Shareholder shall be deemed to have waived its rights under Section 4.01(a) with respect to the Transfer of its Company Securities pursuant to such Tag-Along Sale.

(d) If at the end of a 60-day period after delivery of such Tag-Along Notice (which 60-day period shall be extended if any of the transactions contemplated by the Tag-Along Offer is subject to regulatory approval until the expiration of five Business Days after all such approvals have been received, but in no event later than 90 days following receipt of the Tag-Along Notice by the Tag-Along Seller), the Tag-Along Seller has not completed the Transfer of all Company Securities proposed to be sold by the Tag-Along Seller and all Tagging Persons on substantially the same terms and conditions set forth in the Tag-Along Notice, the Tag-Along Seller shall (i) return to each Tagging Person the limited power-of-attorney that such Tagging Person delivered for Transfer pursuant to this Section 4.01 and any other documents in the possession of the Tag-Along Seller executed by the Tagging Persons in connection with the proposed Tag-Along Sale, and (ii) all the restrictions on Transfer contained in this Agreement or otherwise applicable at such time with respect to such Company Securities shall continue in effect.

(e) Promptly after the consummation of the Tag-Along Sale, the Tag-Along Seller shall (i) notify the Tagging Persons thereof, (ii) remit to each Tagging Person the total consideration for the Company Securities of such Tagging Person Transferred pursuant thereto *less* such Tagging Person's *pro rata* share of any escrows, holdbacks or adjustments in purchase price and any transaction expenses as determined in accordance with Section 4.03, with the cash portion of the purchase price paid by wire transfer of immediately available funds in accordance with the wire transfer instructions in the applicable Tag-Along Response Notice, and (iii) furnish such other evidence of the completion and the date of completion of such transfer and the terms thereof as may be reasonably requested by the Tagging Persons. The Tag-Along Seller shall promptly remit to the Tagging Persons any additional consideration payable upon the release of any escrows, holdbacks or adjustments in purchase price.

(f) If (i) any Shareholder declines to exercise its Tag-Along Rights or (ii) any Tagging Person elects to exercise its Tag-Along Rights with respect to less than such Tagging Person's Tag-Along Portion, the Tag-Along Seller shall be entitled to Transfer, pursuant to the Tag-Along Offer, a number of Company Securities held by it equal to the number of Company Securities (as determined on a Common Equivalents basis) constituting, as the case may be, the Tag-Along Portion of such Shareholder or the portion of such Tagging Person's Tag-Along Portion with respect to which Tag-Along Rights were not exercised.

(g) Notwithstanding anything contained in this Section 4.01, there shall be no liability on the part of the Tag-Along Seller to the Tagging Persons (other than the obligation to return any limited powers-of-attorney received by the Tag-Along Seller) or any other Person if the Transfer of Company Securities pursuant to this Section 4.01 is not consummated for whatever reason. Whether to effect a Transfer of Company Securities pursuant to this Section 4.01 by the Tag-Along Seller is in the sole and absolute discretion of the Tag-Along Seller. If the Tag-Along Sale is not consummated, all the restrictions on Transfer set forth in this Agreement or otherwise applicable at such time with respect to such Company Securities shall again be in full force and effect.

(h) The provisions of this Section 4.01 shall not apply to any proposed Transfer of Company Securities by the Tag-Along Seller (i) in a Public Offering, (ii) pursuant to Section 4.02, Section 4.05 or Article 5, (iii) in the case of Equnix or RW FIP as the Tag-Along Seller, to the Offered Shareholder through its exercise of its right of first refusal pursuant to Section 4.06 or (iv) to a Permitted Transferee.

(i) The Tag-Along Rights of the Management Shareholders pursuant to this Section 4.01 shall terminate upon the earlier of (i) the IPO or (ii) the consummation of a Fundamental Transaction.

(j) The Tag-Along Rights of either Equinix or RW FIP vis-à-vis the other, pursuant to this Section 4.01, shall terminate upon the earlier of (i) the IPO, (ii) the consummation of a Fundamental Transaction, or (iii) May 1, 2016.

Section 4.02. *Drag-Along Rights*. (a) Subject to Sections 4.02(g), 4.02(h), 4.02(i), 4.03 and Article 5, if Equinix (the " **Drag-Along Seller**") proposes to Transfer, in a single transaction or series of transactions, all, but not less than all, of its Shares to a Third Party (a " **Drag-Along Sale**"), the Drag-Along Seller may at its option (the "**Drag-Along Rights**") require the other Shareholders to, and the other Shareholders shall: (iv) Transfer all, but not less than all, of their Company Securities to such Third Party (the " **Drag-Along Transferee**") (and not exercise any dissenters' or appraisal rights that otherwise may be available to any such other Shareholder under applicable law) and (v) if applicable, provide written notice to the Company and to the Drag-Along Seller (the "**Derivative Company Securities Exercise Notice**"), pursuant to which such other Shareholder shall irrevocably commit and agree (A) to pay any and all amounts necessary to exercise, convert or exchange any securities convertible into or exchangeable for Common Stock and any options, warrants or other rights to acquire Common Stock (the "**Derivative Company Securities**") into Shares and to deliver any notices or documents as are required to effect any such exercise, conversion or exchange, (B) to surrender any such

Derivative Company Securities for termination without any consideration for such termination, or (C) to irrevocably cancel and terminate any right to acquire Common Stock or to convert any security into Common Stock (including, without limitation, the termination of any right applicable to any debt security to convert such security in whole or in part into Common Stock), in each case in order to effect the action set forth in clauses (A)-(C), as applicable, concurrently with the Drag-Along Sale (a "**Derivative Company Securities Exercise**"). If such Shareholder holds any Derivative Company Security and fails to deliver a Derivative Company Securities Exercise Notice no later than the fifth Business Day prior to the proposed Drag-Along Sale, then, subject to the last sentence of this Section 4.02, (x) such Shareholder shall be deemed to have elected to irrevocably terminate and cancel its right to acquire Shares or to convert any security into Common Stock and shall cease to have any right to effect a Derivative Company Securities Exercise with respect to any of its Derivative Company Securities, (y) the Third Party purchaser shall not be required to purchase any Shares issuable upon any Derivative Company Securities Exercise by such Shareholder, and (z) upon the consummation of the Drag-Along Sale, all such Derivative Company Securities (or, if applicable, the right applicable to any debt security to convert such security in whole or part into Common Stock) shall terminate automatically and without any further action by any Person. If the Drag-Along Sale is not consummated with respect to any Shares acquired upon the Derivative Company Securities Exercise, then (I) any Derivative Company Securities Exercise Notice delivered pursuant to the first sentence of this Section 4.02(a) shall be deemed to be rescinded and shall have no force and effect, and (II) the right of such Shareholder to effect Derivative Company Securities Exercises in accordance with the terms of its Derivative Company Securities and the terms hereof shall be automatically restored without any further action by any Person.

(b) If the Drag-Along Seller elects to exercise its Drag-Along Rights, the Drag-Along Seller shall provide notice of such Drag-Along Sale to the other Shareholders (a "**Drag-Along Sale Notice**") not later than 15 Business Days prior to the proposed Drag-Along Sale. The Drag-Along Sale Notice shall identify the purchaser in the Drag-Along Sale, the consideration for which a Transfer is proposed to be made (as determined on a Common Equivalents basis) (the "**Drag-Along Sale Price**") and all other material terms and conditions of the Drag-Along Sale. Each other Shareholder shall be required to participate in the Drag-Along Sale on the terms and conditions set forth in the Drag-Along Sale Notice and to tender its Company Securities as set forth below; *provided*, that, in any Drag-Along Sale, the price per Share for the Shares Transferred by any Management Shareholder shall be equal to the greater of (i) the Drag-Along Sale Price and (ii) the Management Minimum Price.

(c) The other Shareholders hereby grant to the Drag-Along Seller any and all necessary powers to, pursuant to the terms of article 684 of the Brazilian Civil Code, execute any and all instruments to effect the Transfer of the Company Securities subject to the Drag-Along Sale on the terms set forth in the Drag-Along Sale Notice. Each other Shareholder, if requested by the Drag-Along Seller, not later than five Business Days prior to the proposed Drag-Along Sale (the "**Drag-Along Sale Notice Period**"), shall deliver to a representative of the Drag-Along Seller designated in the Drag-Along Sale Notice wire transfer or other instructions for payment of the consideration for the Company Securities being Transferred in such Drag-Along Sale.

(d) The Drag-Along Seller shall have a period of 120 days from the date of delivery of the Drag-Along Sale Notice to consummate the Drag-Along Sale on the terms and conditions set forth in such Drag-Along Sale Notice; *provided* that, if such Drag-Along Sale is subject to regulatory approval, such 120-day period shall be extended until the expiration of five Business Days after all such approvals have been received, but in no event later than 180 days following the date of delivery of the Drag-Along Sale Notice. If the Drag-Along Sale shall not have been consummated during such period, the Drag-Along Seller shall return to each of the other Shareholders any documents in the possession of the Drag-Along Seller executed by such Shareholders in connection with the proposed Drag-Along Sale, and all the restrictions on Transfer contained in this Agreement or otherwise applicable at such time with respect to such Company Securities owned by such Shareholders shall again be in full force and effect.

(e) Promptly after the consummation of the Drag-Along Sale pursuant to this Section 4.02, the Drag-Along Seller shall notify the other Shareholders thereof, remit to each such Shareholder the total consideration for the Company Securities of such Shareholder Transferred pursuant thereto *less* such Shareholder's *pro rata* share of any escrows, holdbacks or adjustments in purchase price and any transaction expenses as determined in accordance with Section 4.03, with the cash portion of the purchase price paid by wire transfer of immediately available funds in accordance with the wire transfer instructions in the applicable Drag-Along Response Notices, and furnish such other evidence of the completion and the date of completion of such transfer and the terms thereof as may be reasonably requested by the other Shareholders. The Drag-Along Seller shall promptly remit to the other Shareholders any additional consideration payable upon the release of any escrows, holdbacks or adjustments in purchase price.

(f) Notwithstanding anything contained in this Section 4.02, there shall be no liability on the part of the Drag-Along Seller to the other Shareholders (other than the obligation to return any instruments received by the Drag-Along Seller) or any other Person if the Transfer of Company Securities pursuant to this Section 4.02 is not consummated for whatever reason, regardless of whether the Drag-Along Seller has delivered a Drag-Along Sale Notice. Whether to effect a Transfer of Company Securities pursuant to this Section 4.02 by the Drag-Along Seller is in the sole and absolute discretion of the Drag-Along Seller.

(g) The provisions of this Section 4.02 shall not apply to any proposed Transfer of Company Securities by the Drag-Along Seller in a Public Offering.

(h) The Drag-Along Rights of Equinix against the Management Shareholders pursuant to this Section 4.02 shall terminate upon the earlier of (i) the IPO or (ii) the consummation of a Fundamental Transaction.

(i) The Drag-Along Rights of Equinix against RW FIP pursuant to this Section 4.02 shall terminate upon the earlier of (i) the IPO, (ii) the consummation of a Fundamental Transaction, or (iii) May 1, 2016.

Section 4.03. *Additional Conditions to Tag-Along Sales and Drag-Along Sales*. Notwithstanding anything contained in Section 4.01 or 4.02, the rights and obligations of the Shareholders to participate in a Tag-Along Sale under Section 4.01 or a Drag-Along Sale under Section 4.02 are subject to the following conditions:

(a) Upon the consummation of such Tag-Along Sale or Drag-Along Sale, Section 1.06 all of the Shareholders participating therein will receive the same form and amount of consideration as determined on a Common Equivalents basis; *provided* that any consideration for any services, such as placement or transaction fees, investment banking or investment advisory fees payable to the Tag-Along Seller or Drag-Along Seller, as the case may be, or any related Person in connection with such transaction, or any consideration for any additional agreements entered into in connection with such transaction, such as non-competition agreements, shall be included in the amount of consideration, and Section 1.07 if any Shareholders are given an option as to the form and amount of consideration to be received, all Shareholders participating therein will be given the same option;

(b) Each Shareholder shall be obligated to pay only its *pro rata* share (based on the number of Company Securities (as determined on a Common Equivalents basis) Transferred) of expenses incurred in connection with a consummated Tag-Along Sale or Drag-Along Sale to the extent such expenses are incurred for the benefit of all Shareholders and are not otherwise paid by the Company or another Person; and

(c) Each Shareholder Section 1.08 shall make such representations, warranties and covenants, provide such indemnities and enter into such definitive agreements as are customary for transactions of the nature of the proposed Transfer; *provided* that if the Shareholders are required to provide any representations or indemnities in connection with such Transfer (other than representations and indemnities concerning each Shareholder's title to the Company Securities and authority, power and right to enter into and consummate the Transfer without contravention of any law or agreement), liability for misrepresentation or indemnity shall (as to such Shareholders) be expressly stated to be several but not joint and each Shareholder shall not be liable for more than its *pro rata* share (based on the number of Company Securities (as determined on a Common Equivalents basis) Transferred) of any liability for misrepresentation or indemnity, Section 1.09 shall benefit from all of the same provisions of the definitive agreements as the Tag-Along Seller or Drag-Along Seller, as the case may be, and Section 1.10 shall be required to bear its proportionate share of any escrows, holdbacks or adjustments in purchase price.

Section 4.04. *Fundamental Transactions.* Subject to Article 5, in the event that the Company proposes to effect (i) a sale, lease, transfer, conveyance or other disposition, in a single transaction or a series of transactions, of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole or (ii) a merger, consolidation or other business combination transaction or series of transactions (other

than a Drag-Along Sale) the result of which is that any Person or group of Persons, other than Equinix or any of its Affiliates (or a group containing any of them), becomes the owner, directly or indirectly, of more than 50% of the voting power of the outstanding voting stock of the Company (each transaction described in clauses (i) and (ii), a "**Fundamental Transaction**"), each other Shareholder agrees it will take all actions requested by the Company that may be necessary or desirable to consummate such Fundamental Transaction, including, if applicable, to vote in favor of such Fundamental Transaction, to waive any dissenters' or appraisal rights in connection therewith and, if such Fundamental Transaction is structured as a transaction the approval of which requires a vote of shareholders, to deliver an executed proxy, which shall be coupled with an interest and shall be irrevocable, authorizing Equinix to vote such Shareholder's Company Securities in favor of such Fundamental Transaction. Each other Shareholder shall also, to the extent applicable, (A) make such representations, warranties and covenants, provide such indemnities and enter into such definitive agreements as are customary for transactions of the nature of the Fundamental Transaction; *provided* that if such Shareholders are required to provide any representations or indemnities in connection with such Fundamental Transaction (other than representations and indemnities concerning each other Shareholder's title to the Company Securities and authority, power and right to enter into and consummate the Fundamental Transaction without contravention of any law or agreement), liability for misrepresentation or indemnity shall (as to such Shareholders) be expressly stated to be several but not joint and each Shareholder shall not be liable for more than its *pro rata* share (based on the number of Company Securities (as determined on a Common Equivalents basis) Transferred pursuant to such Fundamental Transaction) of any liability for misrepresentation or indemnity, (B) benefit from all of the same provisions of the definitive agreements as Equinix, and (C) be required to bear its *pro rata* share (based on the number of Company Securities (as determined on a Common Equivalents basis) Transferred pursuant to such Fundamental Transaction) of any escrows, holdbacks or adjustments in purchase price.

Section 4.05. *Right of First Refusal on Management Shareholders' Transfers.* Section 1.11 If, at any time from and after April 1, 2014, a Management Shareholder (the "**Management Seller**") receives from or otherwise negotiates with a Third Party an offer to purchase any or all of such Management Seller's Company Securities (an "**Offer**") and intends to pursue the Transfer of such Company Securities to such Third Party, such Management Seller shall give notice (an "**Offer Notice**") to both Equinix and RW FIP that such Management Seller desires to accept the Offer and that sets forth the number and kind of Company Securities (the "**Offered Securities**"), the price per Share that such Management Seller proposes to be paid for such Offered Securities (the " **Offer Price**") and all other material terms and conditions of the Offer.

(b) The giving of an Offer Notice to Equinix and RW FIP shall constitute an offer by such Management Seller to Transfer any or all of the Offered Securities, in whole or in part, to Equinix and RW FIP at the Offer Price and on the other terms set forth in the Offer Notice. Such offer shall be irrevocable for 20 Business Days after receipt of such Offer Notice by each of Equinix and RW FIP, and may be accepted by Equinix and/or RW FIP giving an irrevocable notice of acceptance to such Management Seller prior to the expiration of such 20 Business Day period that specifies the number or

aggregate principal amount of Offered Securities that such Shareholder desires to purchase (not to exceed its ROFR Portion); *provided* that failure of Equinix or RW FIP to send such notice of acceptance prior to the expiration of such 20 Business Day period shall be deemed to be an election by such Shareholder to not exercise its right of first refusal with respect to the Offer specified in such Offer Notice. If the Offer Notice specifies (i) a form of consideration other than cash, a cash equivalent or a promissory note, the offer may be accepted by Equinix and/or RW FIP for a payment, in lieu of such form of consideration, of cash in an amount equal to the fair market value of such consideration (provided that Equinix and RW FIP shall not both be obligated to pay the same form of consideration), and (ii) a form of consideration consisting of a promissory note, the promissory note of Equinix and/or RW FIP shall be deemed the equivalent of the promissory note specified in the Offer Notice.

(c) If both Equinix and RW FIP exercise their right of first refusal pursuant to this Section 4.05, each shall purchase the number of the Offered Securities up to its ROFR Portion as specified in its irrevocable notice of acceptance.

(d) In the event either Equinix or RW FIP either (x) elects to not exercise its right of first refusal with respect to its full ROFR Portion of the Offered Securities pursuant to this Section 4.05 or (y) does not send a notice of acceptance prior to the expiration of such 20 Business Day period pursuant to Section 4.05(b) (in each case, the "**Non-Exercising Shareholder**"), the Management Seller shall, within two Business Days after the expiration of the 20 Business Day period mentioned in Section 4.05(b), notify (i) Equinix, if RW FIP is the Non-Exercising Shareholder, and Equinix shall have five Business Days thereafter to notify the Management Seller whether or not it elects to exercise the right of first refusal in respect to any or all of the Offered Securities (without giving effect to its ROFR Portion), or (ii) RW FIP, if Equinix is the Non-Exercising Shareholder, and RW FIP shall have five Business Days thereafter to notify the Management Seller whether or not it elects to exercise its right of first refusal in respect to any or all of the Offered Securities (without giving effect to its ROFR Portion).

(e) If Equinix and/or RW FIP exercises its right of first refusal pursuant to this Section 4.05, it shall purchase and pay for the Offered Securities accepted in its right of first refusal pursuant to Sections 4.05(c) and (d), as applicable, within 20 Business Days after the date on which the right of first refusal has been exercised in respect to such Offered Securities; *provided* that, if the Transfer of such Offered Securities is subject to any prior regulatory approval, the time period during which such Transfer may be consummated shall be extended until the Management ROFR Outside Date (as defined below).

(f) Upon the earlier to occur of (i) full rejection of the offer by both Equinix and RW FIP, (ii) the expiration of the 20 Business Day period without Equinix and RW FIP electing to purchase any of the Offered Securities, (iii) the expiration of the five Business Day period following a delivery of notice by the Management Seller pursuant to Section 4.05(d) without either Equinix or RW FIP, as the case may be, electing to purchase any or all of the Offered Securities (without giving effect to its ROFR Portion) or (iv) the failure to obtain any required consent or regulatory approval for the purchase of the Offered Securities by Equinix and RW FIP within 180 days of full acceptance of the offer, the Management

Seller shall have a 90-day period during which to effect a Transfer to the Third Party making the Offer of any or all of the remaining Offered Securities on substantially the same or more favorable (as to the Management Seller) terms and conditions as were set forth in the Offer Notice at a price not less than the Offer Price; *provided* that (x) such Third Party shall have agreed in writing to be bound by the terms of this Agreement and, (y) the Transfer to such Third Party is not in violation of applicable federal, state or foreign securities laws; *provided*, *further*, that, if the Transfer is subject to regulatory approval, such 90-day period shall be extended until the expiration of five Business Days after all such approvals shall have been received, but in no event shall such period be extended for more than an additional 90 days without the consent of the other Shareholders (the " **Management ROFR Outside Date**"). If the Management Seller does not consummate the Transfer of the Offered Securities in accordance with the foregoing time limitations, then the right of such Management Seller to Transfer such Offered Securities shall terminate and the Management Seller shall again comply with the procedures set forth in this Section 4.05 with respect to any proposed Transfer of Company Securities to a Third Party.

(g) The provisions of this Section 4.05 shall terminate upon the earlier of (i) the IPO and (ii) the consummation of a Fundamental Transaction.

Section 4.06. *Right of First Refusal on Equinix's and RW FIP's Transfers*. (a) Subject to Article 5, if, at any time from and after April 1, 2014, either Equinix or RW FIP (the "**Selling Shareholder**") receives from or otherwise negotiates with a Third Party an offer to purchase any or all of such Selling Shareholder's Company Securities (an "**Offer to the Selling Shareholder**") and intends to pursue the Transfer of such Company Securities to such Third Party, such Selling Shareholder shall give notice (an "**Selling Shareholder Offer Notice**") to RW FIP or Equinix, respectively (the "**Offered Shareholder**"), that such Selling Shareholder desires to accept the Offer to the Selling Shareholder and that sets forth the number and kind of Company Securities (the "**Selling Shareholder Offered Securities**"), the price per Share that such Selling Shareholder proposes to be paid for such Selling Shareholder Offered Securities (the "**Selling Shareholder Offer Price**") and all other material terms and conditions of the Offer to the Selling Shareholder.

(b) The giving of a Selling Shareholder Offer Notice to the Offered Shareholder shall constitute an offer by such Selling Shareholder to Transfer any or all of the Selling Shareholder Offered Securities, in whole or in part, to the Offered Shareholder, at the Selling Shareholder Offer Price and on the other terms set forth in the Selling Shareholder Offer Notice. Such offer shall be irrevocable for 20 Business Days after receipt of such Selling Shareholder Offer Notice by the Offered Shareholder, and may be accepted by the Offered Shareholder giving an irrevocable notice of acceptance to such Selling Shareholder prior to the expiration of such 20 Business Day period that specifies the number or aggregate principal amount of Selling Shareholder Offered Securities that the Offered Shareholder desires to purchase, *provided* that failure of the Offered Shareholder to send such notice of acceptance prior to the expiration of such 20 Business Day period shall be deemed to be an election by the Offered Shareholder to not exercise the right of first refusal with respect to the Offer to the Selling Shareholder specified in such Selling Shareholder Offer Notice. If the Selling Shareholder Offer Notice specifies (i) a

form of consideration other than cash, a cash equivalent or a promissory note, the offer may be accepted by the Offered Shareholder, for a payment, in lieu of such form of consideration, of cash in an amount equal to the fair market value of such consideration, and (ii) a form of consideration consisting of a promissory note, the promissory note of the Offered Shareholder shall be deemed the equivalent of the promissory note specified in the Selling Shareholder Offer Notice.

(c) If the Offered Shareholder exercises its right of first refusal pursuant to this Section 4.06, it shall purchase and pay for the Selling Shareholder Offered Securities accepted in its irrevocable notice of acceptance within 20 Business Days after the date on which the right of first refusal has been exercised in respect to such Selling Shareholder Offered Securities; *provided* that, if the Transfer of such Selling Shareholder Offered Securities is subject to any prior regulatory approval, the time period during which such Transfer may be consummated shall be extended until the RW FIP ROFR Outside Date (as defined below).

(d) Upon the earlier to occur of (ii) full rejection of the offer by the Offered Shareholder, (ii) the expiration of the 20 Business Day period without the Offered Shareholder electing to purchase any of the Selling Shareholder Offered Securities, or (iii) the failure to obtain any required consent or regulatory approval for the purchase of the Selling Shareholder Offered Securities by the Offered Shareholder within 180 days of full acceptance of the offer, the Selling Shareholder shall have a 90-day period during which to effect a Transfer to the Third Party making the Offer to the Selling Shareholder of any or all of the remaining Selling Shareholder Offered Securities on substantially the same or more favorable (as to the Selling Shareholder) terms and conditions as were set forth in the Selling Shareholder Offer Notice at a price not less than the Selling Shareholder Offer Price; *provided* that (x) such Third Party shall have agreed in writing to be bound by the terms of this Agreement and, (y) the Transfer to such Third Party is not in violation of applicable federal, state or foreign securities laws; *provided*, *further*, that, if the Transfer is subject to regulatory approval, such 90-day period shall be extended until the expiration of five Business Days after all such approvals shall have been received, but in no event shall such period be extended for more than an additional 90 days without the consent of the other Shareholders (the "**RW FIP ROFR Outside Date**"). If the Selling Shareholder does not consummate the Transfer of the Selling Shareholder Offered Securities in accordance with the foregoing time limitations, then the right of such Selling Shareholder to Transfer such Selling Shareholder Offered Securities shall terminate and the Selling Shareholder shall again comply with the procedures set forth in this Section 4.06 with respect to any proposed Transfer of Company Securities to a Third Party.

(e) The provisions of this Section 4.06 shall terminate upon the earlier of (i) the IPO, (ii) the consummation of a Fundamental Transaction and (iii) May 1, 2016.

ARTICLE 5
CALL OPTION; PUT OPTION

Section 5.01. *Equinix Call Option.* (a) RW FIP hereby grants to Equinix an irrevocable option (the "**Call Option**") to purchase all, but not less than all, of the Shares now owned or hereafter acquired by RW FIP (the "**Call Shares**") at the Call Price (as defined below), and otherwise upon the terms and conditions set forth in this Section 5.01. Equinix may exercise the Call Option (i) during an Option Exercise Period, and (ii) during a Call Option Exercise Period, by delivering a written notice to RW FIP during such Option Exercise Period or Call Option Exercise Period (the " **Call Option Exercise Notice**").

(b) Promptly after delivery of the Call Option Exercise Notice, the Shareholders shall cause Fair Market Value to be determined pursuant to Section 5.03.

(c) The closing (the "**Call Option Closing**") of the purchase and sale of the Call Shares shall occur no later than the 15 th Business Day after determination of Fair Market Value. At the Call Option Closing, which shall be at a place and time reasonably selected by Equinix, (i) RW FIP shall (A) if applicable, effect the Derivative Company Securities Exercise pursuant to Section 5.05, (B) Transfer the Call Shares to Equinix free and clear of all pledges, security interests, liens, charges, encumbrances, equities, claims and options of whatever nature other than those imposed under this Agreement or securities laws, by executing and delivering to Equinix such instruments of transfer as shall reasonably be requested by Equinix and (C) make such representations, warranties and covenants, provide such indemnities and enter into such definitive agreements with respect to RW FIP as are customary for such a Transfer (including representations with respect to RW FIP's title to the Call Shares and authority, power and right to enter into and consummate the Transfer without contravention of any law or agreement), and (ii) Equinix shall purchase the Call Shares for the Call Price, payable in cash, minus any applicable tax withholdings. RW FIP hereby grants to Equinix any and all necessary powers to, pursuant to the terms of article 684 of the Brazilian Civil Code, execute any and all instruments to effect the Transfer of the Call Shares, after payment of the Call Price, minus any applicable tax withholdings, for each Call Share.

(d) The "**Call Price**" for the Call Shares to be purchased pursuant to the Call Option shall be equal to:

(i) for all RW FIP Closing Shares, the greater of (x) the aggregate Fair Market Value of such Shares and (y) the Minimum Call Price; and

(ii) for all other Shares held by RW FIP, the aggregate Fair Market Value of such Shares.

Section 5.02. *RW FIP Put Option.* (a) Equinix hereby grants to RW FIP an irrevocable option (the "**Put Option**") to require Equinix to purchase all, but not less than all, of the Shares now owned or hereafter acquired by RW FIP (the "**Put Shares**") at the Put Price (as defined below), and otherwise upon the terms and conditions set forth in this Section 5.02. RW FIP may exercise the Put Option (i) during an Option Exercise Period, and (ii) during a Put Option Exercise Period, by delivering a written notice to Equinix during such Option Exercise Period or Put Option Exercise Period (the " **Put Option Exercise Notice**").

(b) Promptly after delivery of the Put Option Exercise Notice, the Shareholders shall cause Fair Market Value to be determined pursuant to Section 5.03.

(c) Subject to Section 5.02(e), the closing (the "**Put Option Closing**") of the purchase and sale of the Put Shares shall occur no later than the 30th calendar day after determination of Fair Market Value (or, if such day is not a Business Day, the next succeeding Business Day); provided, that if the aggregate amount payable by Equinix in settlement of the Put Option or, if the Management Put Option (as defined below) is exercised, the aggregate amount payable by Equinix in settlement of both the Put Option and the Management Put Option is greater than the amount in Brazilian Reais equivalent to US$250,000,000, Equinix may, at its option, extend such 30 calendar day period by up to an additional 90 calendar days. At the Put Option Closing, which shall be at a place and time reasonably selected by Equinix, (i) RW FIP shall (A) if applicable, effect the Derivative Company Securities Exercise pursuant to Section 5.05, and (B) Transfer the Put Shares to Equinix free and clear of all pledges, security interests, liens, charges, encumbrances, equities, claims and options of whatever nature other than those imposed under this Agreement or applicable securities laws, by executing and delivering to Equinix such instruments of transfer as shall reasonably be requested by Equinix, and (C) make such representations, warranties and covenants, provide such indemnities and enter into such definitive agreements with respect to RW FIP as are customary for such a Transfer (including representations with respect to RW FIP's title to the Put Shares and authority, power and right to enter into and consummate the Transfer without contravention of any law or agreement), and (ii) Equinix shall purchase the Put Shares for the Put Price, payable in cash, minus any applicable tax withholdings.

(d) The "**Put Price**" for the Put Shares to be purchased pursuant to the Put Option shall be equal to:

(i) For all RW FIP Closing Shares, the greater of (x) the aggregate Fair Market Value of such Shares and (y) the Minimum Put Price.

(ii) For all other Shares held by RW FIP, the aggregate Fair Market Value of such Shares.

(e) Notwithstanding anything to the contrary in this Section 5.02, in no event shall Equinix be required to purchase the Put Shares upon RW FIP's exercise of the Put Option if (x) (I) RW FIP exercises the Put Option at any time during the period beginning on April 1 and ending on April 30 of each of 2014 and 2015, and (II) Equinix determines that its payment of the aggregate amount payable by Equinix in settlement of the Put Option or, if the Management Put Option is exercised, its payment of the aggregate amount payable by Equinix in settlement of both the Put Option and the Management Put Option (the "**Put Settlement**"), would cause Equinix to default in the performance of or to breach any covenant set forth on Schedule 5.02(e), or (y) (I) RW FIP exercises the Put Option at any time, and (II) Equinix determines that the Put Settlement would cause a violation of applicable law, as determined by Equinix based upon the advice of counsel from a nationally recognized law firm, and in each case

Equinix delivers a written objection notice (the "**Put Objection Notice**") to RW FIP within 15 Business Days of such determination. If Equinix determines that the Put Settlement would cause Equinix to default in the performance of or to breach any covenant or agreement set forth on Schedule 5.02(e) and delivers the Put Objection Notice, the right of Equinix to postpone the Put Settlement on such grounds pursuant to this Section 5.02(e) shall terminate at 11:59 p.m. São Paulo Time on March 31 of the calendar year immediately succeeding Equinix's delivery of the Put Objection Notice and, from and after April 1 of such calendar year, Equinix shall be required to purchase the Put Shares upon RW FIP's exercise of the Put Option, as provided in Section 5.02(a) through (d). For the avoidance of doubt, Equinix shall not be required to purchase the Put Shares at any time if counsel from a nationally recognized law firm advises Equinix that the Put Settlement would cause a violation of applicable law. Equinix represents and warrants that (i) as of the date of this Agreement, the execution, delivery and performance of this Agreement will not cause Parent to default in the performance of or to breach any covenant set forth on Schedule 5.02(e), and (ii) if RW FIP were to exercise its Put Option on the date of this Agreement, Parent would not be in default in the performance of, and would not be in breach of, any covenant set forth on Schedule 5.02(e).

Section 5.03. *Determination of Fair Market Value.* (a) Promptly after delivery of a Call Option Exercise Notice or a Put Option Exercise Notice, as applicable, representatives of Equinix and RW FIP shall meet in good faith to agree on Fair Market Value.

(b) As used in Articles 2 and 5, "**Fair Market Value**" means, with respect to any Call Share or Put Share, as applicable, the price at the date of the Call Option Exercise Notice or the Put Option Exercise Notice, as applicable, at which such Call Share or Put Share, as applicable, could be sold in an arm's-length transaction between a willing and able buyer and a willing and able seller, neither of which is an Affiliate of the other and neither of which is under any compulsion to buy or to sell, with the expectation of concluding the purchase and sale within a reasonable time, which price shall be based on what comparable, publicly-listed and widely-held companies are trading at in the Brazilian and U. S. financial markets at that time, assuming that (A) there is a public market for the Shares in which there is a fully distributed volume of securities freely available for trading and (B) there is no minority or illiquidity discount attributable to the Shares.

(c) Subject to the foregoing definition, if Equinix and RW FIP are not able to agree on Fair Market Value within ten Business Days of delivery of the Call Option Exercise Notice or the Put Option Exercise Notice, as applicable, the following procedures shall apply:

(i) Each of Equinix and RW FIP will, within 15 Business Days of delivery of the Call Option Exercise Notice or the Put Option Exercise Notice, as applicable, appoint an internationally recognized investment bank to determine Fair Market Value. The fees and expenses of each investment bank will be borne by the Company.

(ii) Each investment bank will, within ten Business Days of the appointment of the second investment bank to be appointed notify both Equinix and RW FIP in writing of its determination of Fair Market Value, setting forth, in reasonable detail, the basis for such determination. If the difference between the two determinations of Fair Market Value is less than 10% of the lower value, Fair Market Value will be deemed to be the average of the two values. In all other cases, within five Business Days, the Parties' two investment banks will jointly select a third internationally recognized investment bank and will notify the third investment bank in writing of their respective determinations of Fair Market Value.

(iii) The third investment bank will, within ten Business Days of its appointment, determine which of the Parties' estimation of Fair Market Value is closest to the actual Fair Market Value of the Call Securities or the Put Securities, as applicable, and such Party's estimation shall be deemed to be Fair Market Value for all purposes under this Agreement. The fees and expenses of the third investment bank will be borne by the Party whose estimation of Fair Market Value was not determined to be closest to the actual Fair Market Value of the Call Securities or the Put Securities.

(iv) The determination of Fair Market Value in accordance with this Section 5.03 shall be final, binding and conclusive upon each Shareholder. Each Shareholder will share with the other Shareholder any information it or its Affiliates provide to any of the investment banks and will not communicate, and will prevent its Affiliates from communicating, with the third investment bank without giving the other Shareholder a reasonable opportunity to be present or otherwise participate in such communication.

(v) All the investment banks involved in determining Fair Market Value shall be compensated by way of a fixed fee. Under no circumstances shall any participant in the determination of Fair Market Value be permitted to receive any form of incentive-based compensation for its services hereunder.

Section 5.04. *Pledge of Shares.* Equinix pledges its Shares in favor of RW FIP, for purposes of guaranteeing the full payment of the Put Price pursuant, and subject to the terms and conditions of Section 5.02, by executing the share pledge agreement attached hereto as Schedule 5.04(a).

Section 5.05. *Derivative Company Securities Exercise.* Promptly following the determination of Fair Market Value as required by Section 5.01(b) or Section 5.02(c), but in any case no later than the fifth Business Day preceding the Call Option Closing or the Put Option Closing, as applicable, RW FIP shall deliver a Derivative Company Securities Exercise Notice to the Company and to Equinix, pursuant to which RW FIP shall irrevocably commit and agree to effect a Derivative Company Securities Exercise concurrently with the Call Option Closing or the Put Option Closing, as applicable. Promptly following the delivery of its Derivative Company Securities Exercise Notice, RW FIP shall execute any other documents and agreements requested by the Company or Equinix to effect such Derivative Company Securities Exercise. For the avoidance of doubt, any Shares issued pursuant to any Derivative Company Securities Exercise by RW FIP shall be Call Shares or Put Shares, as applicable, for all purposes of this 0. If RW FIP holds any Derivative Company Security and fails to deliver a Derivative Company Securities Exercise Notice no later than the fifth Business Day preceding the Call Option Closing or the

Put Option Closing, then, subject to the last sentence of this Section 5.05, (A) RW FIP shall be deemed to have elected to irrevocably terminate and cancel its right to acquire Shares or to convert any security into Common Stock and shall cease to have any right to effect a Derivative Company Securities Exercise with respect to any of its Derivative Company Securities, (B) Equinix shall not be required to purchase any Shares issuable upon any Derivative Company Securities Exercise by RW FIP, and (C) upon the consummation of the Call Option Closing or the Put Option Closing, as applicable, all such Derivative Company Securities (or, if applicable, the right applicable to any debt security to convert such security in whole or part into Common Stock) shall terminate automatically and without any further action by any Person. If the Call Option Closing or the Put Option Closing, as applicable, is not consummated with respect to any Shares acquired upon the Derivative Company Securities Exercise, then (y) any Derivative Company Securities Exercise Notice delivered by RW FIP pursuant to the first sentence of this Section 5.05 shall be deemed to be rescinded and shall have no force and effect, and (z) the right of RW FIP to effect Derivative Company Securities Exercises in accordance with the terms of its Derivative Company Securities and the terms hereof shall be automatically restored without any further action by any Person.

Section 5.06. *Management Shareholders Options.* (a) The Management Shareholders hereby grant to Equinix an irrevocable option (the " **Call Option on Management**") to purchase all, but not less than all, of their Shares (the " **Management Call Shares**"), and Equinix hereby grants to the Management Shareholders an irrevocable option (the "**Management Put Option**") to require Equinix to purchase all, but not less than all, of their Shares (the "**Management Put Shares**"), in each case whether now owned or hereafter acquired by the Management Shareholders, at a price equal to the Management Call Price or the Management Put Price, as applicable, and otherwise on the terms and conditions set forth in this Section 5.06.

(b) If Equinix exercises the Call Option pursuant to Section 5.01(a) or RW FIP exercises the Put Option pursuant to Section 5.02(a), Equinix shall provide the Management Shareholders with prompt written notice of the terms and conditions of the Call Option or Put Option exercise, as applicable, and, at any time prior to the fifth Business Day after determination of Fair Market Value:

(i) Equinix may exercise the Call Option on Management by delivering written notice to the Management Shareholders (such notice, a " **Management Call Option Exercise Notice**"); and

(ii) The Majority Management Shareholders may exercise the Management Put Option by delivering written notice to Equinix (such notice, a " **Management Put Option Exercise Notice**").

(c) The "**Management Call Price**" for the Management Call Shares to be purchased from such Management Shareholders pursuant to the Call Option on Management shall equal the aggregate price for such Shares calculated as set forth below.

(i) For the Management Signing Shares, the price per Share shall be (x) if the Call Price determined pursuant to Section 5.01(d) is Fair Market Value, its Fair Market Value; or (y) if the Call Price determined pursuant to Section 5.01(d) is the Minimum Call Price, the greater of (A) the Management Minimum Price and (B) the price that implies an Internal Rate of Return to the Common Stock Purchase Price (as adjusted for any share dividends, share subdivisions, combinations, consolidations and similar changes, and taking into account any cash dividends, distributions, repurchases or recapitalizations) from the Closing Date to the date of the Call Option Exercise Notice equal to the sum of (I) the Internal Rate of Return on the Common Stock Purchase Price implied by its Fair Market Value *plus* (II) (1) in 2014, 2% per annum, (2) in 2015, 1% per annum and (3) in 2016, 0% per annum; and

(ii) For all other Shares held by the Management Shareholders, the price per Share shall be its Fair Market Value.

(d) The "**Management Put Price**" for the Management Put Shares to be purchased from such Management Shareholders pursuant to the Management Put Option shall equal the aggregate price for such Shares calculated as set forth below.

(i) For the Management Signing Shares, the price per Share shall be (x) if the Put Price determined pursuant to Section 5.02(d) is Fair Market Value, its Fair Market Value; or (y) if the Put Price determined pursuant to Section 5.02(d) is the Minimum Put Price, the greater of (A) the Management Minimum Price and (B) the price that implies an Internal Rate of Return to the Common Stock Purchase Price (as adjusted for any share dividends, share subdivisions, combinations, consolidations and similar changes, and taking into account any cash dividends, distributions, repurchases or recapitalizations) from the Closing Date to the date of the Put Option Exercise Notice equal to the sum of (I) the Internal Rate of Return on the Common Stock Purchase Price implied by its Fair Market Value plus (II) (1) in 2014, 2% per annum, (2) in 2015, 1% per annum and (3) in 2016, 0% per annum; and

(ii) For all other Shares held by the Management Shareholders, the price per Share shall be its Fair Market Value.

(e) The closing of the purchase and sale of the Management Call Shares or the Management Put Shares, as applicable (the " **Management Option Closing**"), shall be made at the Call Option Closing or the Put Option Closing, as applicable, or as promptly as practicable thereafter. At the Management Option Closing, (i) the Management Shareholders shall Transfer the Management Call Shares or the Management Put Shares, as applicable, to Equinix free and clear of all pledges, security interests, liens, charges, encumbrances, equities, claims and options of whatever nature other than those imposed under this Agreement and those imposed as a result of applicable state or foreign securities laws, by executing and delivering to Equinix such instruments of transfer as shall reasonably be requested by Equinix, and shall make such representations, warranties and covenants, providing such indemnities and entering into such definitive agreements as are customary for such a Transfer, and (ii) Equinix shall purchase the Management Call Shares or the Management Put Shares, as applicable, for the Management Call Price or the Management Put Price, as applicable, payable in cash, minus any applicable tax withholdings.

Management Shareholders hereby grant to Equinix any and all necessary powers to, pursuant to the terms of article 684 of the Brazilian Civil Code, execute any and all instruments to effect the Transfer of the Management Call Shares, after payment of the Management Call Price.

(f) Promptly following the delivery of the Management Call Option Exercise Notice or the Management Put Option Exercise Notice, as applicable, but in any case no later than the fifth Business Day preceding the Management Option Closing, each Management Shareholder shall deliver a Derivative Company Securities Exercise Notice to the Company and to Equinix, pursuant to which each such Management Shareholder shall irrevocably commit and agree to effect a Derivative Company Securities Exercise concurrently with the Management Option Closing. The terms of Section 5.05 shall apply to such Derivative Company Securities Exercise *mutatis mutandis*, with references therein to "RW FIP" deemed to be references to such Management Shareholder for purposes hereof.

(g) Notwithstanding anything to the contrary in this Section 5.06, in no event shall the Majority Management Shareholders exercise the Management Put Option, and in no event shall Equinix be required to purchase the Management Put Shares upon the Management Shareholders' exercise of the Management Put Option if, with respect to the relevant Option Exercise Period, Equinix has prevented settlement of the Put Option pursuant to Section 5.02(e).

ARTICLE 6
PARENT GUARANTEE; RIVERWOOD SPONSORS COVENANT

Section 6.01. *Parent Guarantee.* Parent hereby absolutely, unconditionally and irrevocably guarantees to RW FIP the due and punctual performance and discharge of the obligation of Equinix to purchase the Put Shares pursuant and subject to the terms and conditions of Section 5.02 (the " **Obligations**"); *provided* that notwithstanding anything to the contrary contained in this Agreement, in no event shall Parent's aggregate liability to pay cash pursuant to this Section 6.01 exceed US$100,000,000 (the "**Guarantee Cap**"). The guarantee provided by Parent pursuant to this Section 6.01 is a guarantee of payment, not collection, and a separate action may be brought and prosecuted against Parent to enforce this Section 6.01, irrespective of whether any action is brought against Equinix or any other Person or whether Equinix or any other Person is joined in any such action or actions.

(a) RW FIP shall not be obligated to file any claim relating to the Obligations in the event that Equinix becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of RW FIP to so file shall not affect Parent's obligations under this Section 6.01. In the event that any payment to RW FIP in respect of any Obligation is rescinded or must otherwise be returned for any reason, Parent shall remain liable hereunder with respect to the Obligations as if such payment had not been made.

(b) Parent hereby expressly waives any and all rights or defenses arising by reason of any law, notice, contract or equitable defense, including all suretyship defenses generally with respect to this Section 6.01.

Section 6.02. *Parent Share Settlement.* Parent further covenants and agrees that, if the amount of the Obligations (the " **Default Amount**") exceeds the Guarantee Cap, Parent shall deliver Shares or shares of Parent's common stock (the " **Parent Shares**"), at RW FIP's election, in exchange for the balance of the Default Put Shares (as defined below), in accordance with Section 6.03. For the avoidance of doubt, if the Default Amount exceeds the Guarantee Cap, RW FIP may require Parent to satisfy the amount of such excess by delivering either Shares or Parent Shares, but not a combination of Shares and Parent Shares.

Section 6.03. *Procedures.* (a) If Equinix fails to purchase any or all of the Put Shares pursuant to and subject to the terms and conditions of Section 5.02 (a "**Default**" and such Put Shares, the "**Default Put Shares**"), then RW FIP, by delivering written notice to Parent while such a Default is continuing (such notice, a "**Default Notice**"), may require Parent to purchase such Default Put Shares as provided in this Section 6.03. The Default Notice shall describe Equinix's Default, state the number of Default Put Shares and the Put Price as determined pursuant to Section 5.02(d). Parent shall deliver to RW FIP cash, or a mixture of cash and Shares or Parent Shares, as applicable, in satisfaction of payment of the Put Price for the Default Put Shares no later than (i) if (A) the Default Amount does not exceed the Guarantee Cap or (B) if the Default Amount exceeds the Guarantee Cap and RW FIP elects to receive Shares in satisfaction of the excess, the 15th Business day after delivery of such Default Notice or (ii) if the Default Amount exceeds the Guarantee Cap and RW FIP elects to receive Parent Shares in satisfaction of the excess, the 40th Trading Day after delivery of such Default Notice (the date of such delivery, the " **Default Put Closing**"). If the common stock of Parent is traded on a United States or foreign securities exchange, reported through an established United States or foreign over-the-counter trading system or otherwise traded over the counter, the Parent Shares delivered to RW FIP shall be similarly listed or made eligible for quotation. Parent shall use its reasonable best efforts to ensure that the Parent Shares delivered to RW FIP are freely tradeable under U.S. securities laws (which, if required, shall include registering the Parent Shares under the U.S. Securities Act of 1933, as amended; provided that RW FIP and the RW FIP Sponsors shall reasonably cooperate in order to effect such registration). Notwithstanding anything to the contrary herein, if, at the date of the Default Put Closing, the Parent Shares are not traded on a United States or foreign securities exchange, reported through an established United States or foreign over-the-counter trading system or otherwise traded over the counter, RW FIP shall have the right to elect to receive the Shares in place of the Parent Shares pursuant to this Section 6.03.

(b) Parent and RW FIP shall conduct the Default Put Closing on the terms and subject to the conditions of the Put Closing, as set forth in Section 5.02; provided that Parent shall:

(i) Deliver to RW FIP cash in an amount equal to the lesser of (A) the Default Amount and (B) the Guarantee Cap, in exchange for the number of Default Put Shares equal to the aggregate cash amount paid by Parent divided by Fair Market Value; and,

(ii) If the Default Amount exceeds the aggregate cash amount paid by Parent pursuant to Section 6.03(b)(i), Parent shall also deliver a number of Shares or Parent Shares, as applicable, equal to (A) (I) the Default Amount minus (II) the aggregate cash amount paid by Parent pursuant to Section 6.03(b)(i) divided by (B) the Share Price, in exchange for the balance of the Default Put Shares. The " **Share Price**" means, (x) with respect to the Shares, Fair Market Value and (y) with respect to the Parent Shares, Adjusted VWAP.

Section 6.04. *Riverwood Sponsors Covenant*. Riverwood Sponsors shall use their reasonable best efforts to cause RW FIP, its Permitted Transferees and their Affiliates, to take, or cause to be taken, all actions necessary to perform RW FIP's covenants, agreements and obligations pursuant to this Agreement of RW FIP.

ARTICLE 7
CERTAIN COVENANTS AND AGREEMENTS

Section 7.01. *Confidentiality*. (a) Each Shareholder agrees that Confidential Information furnished and to be furnished to it has been and may in the future be made available in connection with such Shareholder's investment in the Company. Each Shareholder agrees that it shall, and that it shall cause any Person to whom Confidential Information is disclosed pursuant to clause 0 below to, at all times keep confidential such Confidential Information and not disclose any Confidential Information to any Person, except that Confidential Information may be disclosed:

(i) To such Shareholder's Representatives (as defined below) in the normal course of the performance of their duties or to any financial institution providing credit to such Shareholder;

(ii) To the extent required by applicable law, rule or regulation (including complying with any oral or written questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process to which a Shareholder is subject; *provided* that such Shareholder agrees to give the Company prompt notice of such request(s), to the extent practicable, so that the Company may seek an appropriate protective order or similar relief (and the Shareholder shall cooperate with such efforts by the Company, and shall in any event make only the minimum disclosure required by such law, rule or regulation);

(iii) To any Person to whom such Shareholder is contemplating a Transfer of its Company Securities; *provided* that such Transfer would not be in violation of the provisions of this Agreement and such potential transferee is advised of the confidential nature of such information and agrees to be bound by a confidentiality agreement consistent with the provisions hereof;

(iv) To any regulatory authority or rating agency to which the Shareholder or any of its Affiliates is subject or with which it has regular dealings; *provided* that such authority or agency is advised of the confidential nature of such information;

(v) To the extent related to the tax treatment and tax structure of the transactions contemplated by this Agreement (including all materials of any kind, such as opinions or other tax analyses that the Company, its Affiliates or its Representatives have provided to such Shareholder relating to such tax treatment and tax structure); *provided* that the foregoing does not constitute an authorization to disclose the identity of any existing or future party to the transactions contemplated by this Agreement or their Affiliates or Representatives, or, except to the extent relating to such tax structure or tax treatment, any specific pricing terms or commercial or financial information; or

(vi) If the prior written consent of the Board shall have been obtained.

Nothing contained herein shall prevent the use (subject, to the extent possible, to a protective order) of Confidential Information in connection with the assertion or defense of any claim by or against the Company or any Shareholder.

(b) "**Confidential Information**" means any information concerning the Company or any Persons that are or become its Subsidiaries or the financial condition, business, operations or prospects of the Company or any such Persons in the possession of or furnished to any Shareholder (including by virtue of its present or former right to designate a director of the Company); *provided* that the term "Confidential Information" does not include information that Section 1.12 is or becomes generally available to the public other than as a result of a disclosure by a Shareholder or its directors, officers, employees, stockholders, members, partners, agents, counsel, investment advisers or other representatives (all such persons being collectively referred to as "**Representatives**") in violation of this Agreement, Section 1.13 was available to such Shareholder on a non-confidential basis prior to its disclosure to such Shareholder or its Representatives by the Company, Section 1.14 becomes available to such Shareholder on a non-confidential basis from a source other than the Company after the disclosure of such information to such Shareholder or its Representatives by the Company, which source is (at the time of receipt of the relevant information) not, to the best of such Shareholder's knowledge, bound by a confidentiality agreement with (or other confidentiality obligation to) the Company or another Person, or Section 1.15 is independently developed by such Shareholder without violating any confidentiality agreement with, or other obligation of secrecy to, the Company.

Section 7.02. *Conflicting Agreements*. Each Shareholder represents and agrees that it shall not (i) grant any proxy or enter into or agree to be bound by any voting trust or agreement with respect to the Company Securities, except as expressly contemplated by this Agreement, (ii) enter into any agreement or arrangement of any kind with any Person with respect to any Company Securities inconsistent with the provisions of this Agreement or for the purpose or with the effect of denying or reducing the rights of any other Shareholder under this Agreement, including agreements or arrangements with respect to the Transfer or voting of its Company Securities, or (iii) act, for any reason, as a member of a group or in concert with any other Person in connection with the Transfer or voting of its Company Securities in any manner that is inconsistent with the provisions of this Agreement.

Section 7.03. *Indemnification of Directors.* The directors designated by the Shareholders pursuant to Section 2.01 of this Agreement may have certain rights to indemnification, advancement of expenses and/or insurance provided by the designating Shareholders and/or their Affiliates (collectively, the "**Indemnitors**"). The Shareholders hereby agree to cause the Company to (i) be the indemnitor of first resort (i.e., its obligations to such Persons are primary and any obligation of the Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Persons are secondary), (ii) advance the full amount of expenses incurred by such Persons and be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted (or any agreement between the Company and such Persons), without regard to any rights such Persons may have against the Indemnitors, and (iii) irrevocably waive, relinquish and release the Indemnitors from any and all claims against the Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. No advancement or payment by the Indemnitors on behalf of such Persons with respect to any claim for which such Persons have sought indemnification from the Company shall affect the foregoing and the Indemnitors shall be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Persons against the Company.

Section 7.04. *Reports* The Company agrees to furnish to each of Equinix and RW FIP, for so long as each such Shareholder is a 5% Shareholder:

(a) As soon as practicable and, in any event within 5 calendar days after the end of each month, the unaudited consolidated balance sheet of the Company and its Subsidiaries as at the end of such month and the related unaudited statement of operations and cash flow for such month, and for the portion of the fiscal year then ended, in each case prepared in accordance with GAAP, setting forth in comparative form the figures for the corresponding month and portion of the previous fiscal year, and the figures for the corresponding month and portion of the then current fiscal year as in the Company's annual operating budget;

(b) As soon as practicable and, in any event, within 5 calendar days after the end of each of the first three fiscal quarters, the unaudited consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter and the related unaudited statement of operations and cash flow for such quarter and for the portion of the fiscal year then ended, in each case prepared in accordance with GAAP;

(c) As soon as practicable and, in any event, within 30 calendar days after the end of each June and December, (i) the audited consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal year and the related audited statement of operations and cash flow for such fiscal year, and for the portion of the fiscal year then ended, in each case prepared in accordance with GAAP and certified by a firm of independent public accountants designated by Equinix, together with a comparison of the figures in those financial statements with the figures for the corresponding quarter and portion of the previous fiscal year;

(d) Promptly upon their becoming available, copies of (i) all financial statements, reports, notices and proxy statements sent or made generally available by the Company to any of its security holders, (ii) all regular and periodic reports and all registration statements and prospectuses filed by the Company with the CVM, the SEC or any securities exchange and (iii) all press releases and other statements made generally available by the Company to the public; and

(e) As promptly as reasonably practicable, such other information with respect to the Company or any of its Subsidiaries as may reasonably be requested by such Shareholder.

ARTICLE 8
MISCELLANEOUS

Section 8.01. *Binding Effect; Assignability; Benefit.* (a) This Agreement shall inure to the benefit of and be binding upon the Parties and their respective heirs, successors, legal representatives and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the Parties, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(b) Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by any Party pursuant to any Transfer of Company Securities or otherwise, except Section 1.16 as otherwise provided herein, and Section 1.17 that any Permitted Transferee acquiring Company Securities from any Shareholder and any Person acquiring Company Securities that is required or permitted by the terms of this Agreement or any employment agreement or stock purchase, option, stock option or other compensation plan of the Company or any Subsidiary to become a party hereto shall (unless already bound hereby) execute and deliver to the Company an agreement to be bound by this Agreement in the form of Exhibit A hereto and shall thenceforth be a "Shareholder."

Section 8.02. *Notices*. All notices, requests and other communications to any Party shall be in writing and shall be delivered in person, mailed by certified or registered mail, return receipt requested, or sent by facsimile transmission or email transmission so long as receipt of such email is requested and received:

If to Equinix or Parent, to:

Equinix, Inc.
One Lagoon Drive, 4th Floor
Redwood City, CA 94065
Attention: General Counsel
Fax: (650) 598-6913
Email: bgalvin@equinix.com

With a copy to:

Davis Polk & Wardwell LLP
1600 El Camino Real
Menlo Park, California 94025
Attention: Alan Denenberg
Fax: (650) 752-2111
Email: alan.denenberg@davispolk.com

If to RW FIP or the Riverwood Sponsors, to:

Riverwood Capital L.P.
70 Willow Road, Suite 100
Menlo Park, CA 94025
Attention: Francisco Alvarez Demalde
Fax: (650) 618-7300
Email: fad@rwcm.com

With a copy to:

Simpson Thacher & Bartlett LLP
2550 Hanover Street
Palo Alto, CA 94304
Attention: Kirsten Jensen
Fax: (650) 251-5145
Email: kjensen@stblaw.com

If to Sidney to:

Mr. Sidney Victor da Costa Breyer
Rua Roquete Pinto, 29
Rio de Janeiro – RJ
Telephone: 55 21 88824974 / 55 21 2247027
Email: sidney@alog.com.br
and sidney@breyer.com.br

If to Eduardo to:

Mr. Antonio Eduardo Zago de Carvalho
Rua Humaitá, 244, apto. 508, bloco 2

Rio de Janeiro – RJ
Telephone: 55 21 30833333 / 55 21 87028788
Fax: 55 21 30833301
E-mail: eduardo.carvalho@alog.com.br

If to the Company to:

ALOG Soluções em Tecnologia S.A.
Rua Doutor Miguel Couto, 58, 5th floor
São Paulo – SP
Attention: Mr. Marcelo Junior da Silva
Telephone: 55 11 35244300
Email: marcelo.silva@alog.com.br

All notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day in the place of receipt. Any notice, request or other written communication sent by facsimile transmission shall be confirmed by certified or registered mail, return receipt requested, posted within one Business Day, or by personal delivery, whether courier or otherwise, made within two Business Days after the date of such facsimile transmission.

Any Person that becomes a Shareholder shall provide its address and fax number to the Company, which shall promptly provide such information to each other Shareholder.

Section 8.03. *Waiver; Amendment; Termination.* No provision of this Agreement may be amended, waived or otherwise modified except by an instrument in writing executed by each of the Parties hereto. In addition, any Party may waive any provision of this Agreement with respect to itself by an instrument in writing executed by the Party against whom the waiver is to be effective.

Section 8.04. *Fees and Expenses*. Except as otherwise provided in this Agreement, all costs and expenses incurred in connection with the preparation of this Agreement, or any amendment or waiver hereof, and the transactions contemplated hereby shall be paid by the Party incurring such costs or expenses.

Section 8.05. *Language*. This Agreement is executed in the Portuguese and English languages. In case of a conflict between the Portuguese and the English versions of this Agreement, the Shareholders agree that the Portuguese version shall prevail.

Section 8.06. *Specific Enforcement*. Each Party acknowledges that the remedies at law of the other Parties for a breach or threatened breach of this Agreement would be inadequate and, in recognition of

this fact, any of the Parties, without posting any bond, and in addition to all other remedies that may be available, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy that may then be available.

Section 8.07. *Counterparts; Effectiveness*. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each Party shall have received counterparts hereof signed by all of the other Parties. Until and unless each Party has received a counterpart hereof signed by the other Parties, this Agreement shall have no effect and no Party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

Section 8.08. *Entire Agreement.* Each of (i) the Shareholders Agreement of Zion RJ Participações S.A. (" **Zion**"), dated as of April 25, 2011, among Equinix and RW FIP and, as intervening party, Zion, and, for the limited purposes set forth therein, the Management Shareholders, Parent, Riverwood Capital L.P., Riverwood Capital Partners, L.P. and Riverwood Capital Partners (Parallel – A) L.P. (the "**Zion Shareholders Agreement**") and (ii) the Shareholders Agreement of ALOG, dated as of April 25, 2011, among Zion, the Management Shareholders and, as intervening party, ALOG, and, for the limited purposes set forth therein, Parent and RW FIP (the "**ALOG Shareholders Agreement**" and, together with the Zion Shareholders Agreement, the " **Original Shareholders Agreements**"), is terminated by the mutual consent of the respective parties thereto. This Agreement constitutes the entire agreement among the Parties and supersedes all prior and contemporaneous agreements and understandings, both oral and written, among the Parties with respect to the subject matter hereof and thereof. No provision of this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any person other than the Parties and their respective successors and assigns.

Section 8.09. *Severability*. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner so that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

EQUINIX SOUTH AMERICA HOLDINGS, LLC

By: /s/ Mark Adams
Name:
Title:

RW BRASIL FUNDO DE INVESTIMENTO EM PARTICIPAÇÕES

By: /s/
Name:
Title:

SYDNEY VICTOR DA COSTA BREYER

By: /s/ Sydney Victor da Costa Bryer
Name:
Title:

ANTONIO EDUARDO ZAGO DE CARVALHO

By: /s/ Antonio Eduardo Zago de Carvalho
Name:
Title:

ALOG SOLUÇÕES DE TECNOLOGIA EM INFORMÁTICA S.A.

By: /s/
Name:
Title:

EQUINIX, INC.

By: /s/ Mark Adams
Name:
Title:

RIVERWOOD CAPITAL L.P.

By: /s/
Name:
Title:

RIVERWOOD CAPITAL PARTNERS L.P.

By: RIVERWOOD CAPITAL L.P., its general partner

By: Riverwood Capital GP Ltd., its general partner

By: /s/
Name:
Title:

RIVERWOOD CAPITAL PARTNERS (PARALLEL – A) L.P.

By: RIVERWOOD CAPITAL L.P., its general partner

By: Riverwood Capital GP Ltd., its general partner

By: /s/
Name:
Title:

RIVERWOOD CAPITAL PARTNERS (PARALLEL – B)

By: RIVERWOOD CAPITAL L.P., its general partner

By: Riverwood Capital GP Ltd., its general partner

By: /s/
Name:
Title:

Exhibit 10.40

45 PARLIAMENT STREET - TORONTO

LEASE AGREEMENT

Between

271 FRONT INC.
as Landlord

and

EQUINIX CANADA LTD.
as Tenant

Dated

November 30, 2012

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SCHEDULE "1"

CERTAIN DEFINED TERMS

"**Architect**" means an independent, duly qualified architect, engineer, surveyor or quantity surveyor appointed by Landlord, from time to time.

"**Bresler Family**" means any one or more of: (i) a lineal descendant (whether by blood or adoption) of Ron Bresler or Eric Bresler; (ii) the spouse of a lineal descendant (whether by blood or adoption) of Ron Bresler or Eric Bresler; (iii) a trust for one or more of the persons described in subparagraphs (i) and (ii); and/or (iv) a corporation, company and/or partnership controlled, directly or indirectly, by any combination of the foregoing.

"**Building Systems**" means the standard building systems, services, installations and/or facilities from time to time installed in or servicing the Building as a whole or any portion thereof (but expressly excluding any trade fixtures, equipment and other personal property installed by or for Tenant at Tenant's cost in connection with Tenant's Permitted Use including, without limitation, any trade fixtures and specialty equipment installed for Tenant's data center operation) including, but not limited to, the standard building HVAC (but expressly excluding supplemental HVAC units, CRACs, CRAHs and other specialty cooling equipment installed by or for Tenant at Tenant's expense), elevators, mechanical, plumbing, sprinkler, drainage and sewage systems, electrical systems (but expressly excluding emergency and backup power systems), lighting, life safety (including fire prevention) and, in each case, all machinery, equipment, apparatus, components and appurtenances required for the use of any such standard building systems from time to time.

"**Business Day**" means any day other than Saturday or Sunday which is not a statutory holiday in the City.

"**Change of Control**" means, in the case of any company, corporation or partnership, the transfer or issue by sale, subscription or operation of law (including any change in the constitution of a partnership or the conversion of a partnership to a limited partnership, limited liability partnership or any other entity which possesses limited liability characteristics), of any shares, voting rights, securities or interest which results in a change in the effective control of such company, corporation or general partnership, unless such change occurs as a result of trading in the shares of an entity listed on a recognized stock exchange in Canada or the United States.

"**City**" means the City of Toronto and its successors and assigns.

"**Claims**" mean all claims, causes of action, actions, suits, proceedings, losses, damages, obligations, liabilities, penalties, fines, costs and expenses (including, without limitation, reasonable attorneys' fees, reasonable legal costs, and other reasonable costs and expenses of defending against any Claims).

"**Construction Manager**" means Urbacon Design/Build Corp. or a related entity or entities.

"**CPI**" means the annual average index for the All Items Index for Toronto as published by Statistics Canada, or its successor. If Statistics Canada or its successor no longer publishes an All Items Index CPI index for Toronto or if no such substitution is published, or if the base year for the Consumer Price Index (or the substitution or replacement index) is changed, the necessary conversions will be made by Landlord, acting reasonably.

"**Current Comparison Month**" means the month that is two (2) months immediately prior to the CPI Annual Adjustment Date.

"**Environmental Laws**" mean and include all now and hereafter existing Applicable Laws regulating, relating to, or imposing liability or standards of conduct concerning public health and safety or the environment.

"**Handle**," "**Handled**," or "**Handling**" mean any installation, handling, generation, storage, treatment, use, disposal, discharge, release, manufacture, refinement, presence, migration, emission, abatement, removal, transportation, or any other activity of any type in connection with or involving Hazardous Materials.

"**Hazardous Materials**" include: (1) any material or substance: (i) which is defined or becomes defined as a " **hazardous substance**," "**hazardous waste**," "**infectious waste**," "**chemical mixture or substance**," or "**air pollutant**" under Environmental Laws from time to time; (ii) containing petroleum, crude oil or any fraction thereof; (iii) containing polychlorinated biphenyls (" **PCBs**"); (iv) asbestos, asbestos-containing materials or presumed asbestos-containing materials (collectively, "**ACM**"); (v) which is radioactive; and/or (vi) which is infectious; or (2) any other material or substance displaying toxic, reactive, ignitable, explosive or corrosive characteristics, and are defined, or become defined by any Environmental Law.

"**Landlord Group**" mean and refer to Landlord and its directors, officers, shareholders, members, employees, partners, affiliates, beneficiaries and trustees from time to time.

"**Landlord's Actual Knowledge**" or similar phrase mean and refer to the actual current knowledge, as of the Effective Date, of Ron Bresler and Eric Bresler (the foregoing two (2) individuals, without personal liability, being employees of Landlord, who would have knowledge regarding the Land, but who shall not have the duty of any investigation in connection with this Lease).

"**Lease Year**" refers to the period of time between the Commencement Date and the end of the twelfth (12 th) full calendar month following the Commencement Date (plus any partial month at the beginning of the Term if the Commencement Date does not fall on the first day of the month), and each successive period of twelve (12) calendar months during the Term or any Extension Term.

"**Leasehold Improvements**" means all fixtures, improvements, installations, alterations, repairs, works, replacements, changes and additions (including, without limitation, the delivery, storage and removal of materials for any of the foregoing) from time to time made, whether or not erected or installed by or on behalf of Tenant (including, without limitation, for greater certainty, any atypical leasehold improvements), including, without limitation, cabling, wiring, heating, ventilating, air-conditioning, sprinkler, mechanical and electrical equipment and facilities and

equipment for or in connection with the supply of utilities or communications, wherever located, exclusively serving the Tenant Space, vaults, raised floors, internal stairways, doors, window coverings, hardware, security equipment, partitions (including, without limitation, moveable partitions), any connection of apparatus to the electrical system (other than a connection to an existing duplex receptacle), to the plumbing lines, to the Building Systems, the sprinkler system or any installation of electrical sub-meters, and wall-to-wall-carpeting with the exception of such carpeting where laid over vinyl, tile or other finished floor and removable without damage to such floor, but excluding Hazardous Materials.

"**Minor Variations**" mean: (i) any modifications reasonably required to comply with all Applicable Laws and/or to obtain or to comply with any required permit; (ii) any modifications reasonably required to comply with any request by Tenant for modifications (recognizing that Tenant has no right to require same, save and except and only to the extent in compliance with the Change Order process set forth in Exhibit E hereto); (iii) any minor modifications reasonably required to comport with good design, engineering, and construction practices provided, however, the foregoing shall not be a Minor Variation if such modification is reasonably likely to materially adversely affect Tenant's use of or access to the Property or otherwise materially adversely interfere with the Tenant's Permitted Use hereunder or impose any material cost or obligation on Tenant; (iv) any minor modifications reasonably required to make reasonable minor adjustments for field deviations or conditions encountered during the construction of the Landlord's Work provided, however, the foregoing shall not be a Minor Variation if such modification is reasonably likely to materially adversely affect Tenant's use of or access to the Property or otherwise materially adversely interfere with the Tenant's Permitted Use hereunder or impose any material cost or obligation on Tenant; and/or (v) any modifications reasonably required to comply with any request by Waterfront Toronto for modifications to the facade of the Building from time to time.

"**Occupancy**" of a particular floor is defined as the first date that a Customer places equipment within such floor (also referred to as " **Landing of the First Customer**").

"**Operating Agreements**" means, collectively: (i) any and all agreements made pursuant to the *Planning Act* (Ontario) and any other similar or successor provisions, (ii) development, site plan, landscaping, sidewalk improvement, tunnel, encroachment, easement, right of way, lane closing, building conservation, restoration or heritage agreements, and (iii) any agreements with the City, any utility authority, or others (including the owners of abutting lands and/or the Toronto Transit Commission) relating to access to and/or the development, construction, use or operation of the Property or any part thereof, in each case, whether now or hereafter entered into and as the same may be amended, restated, supplemented or replaced from time to time, subject in each case to the provisions of Section 6.2 below.

"**Person**", according to the context, includes any person, corporation, firm, trust, partnership, unlimited liability company, limited liability company or other entity, any group of persons, corporations, firms, trusts, partnerships, unlimited liability companies, limited liability companies or other entities, or any combination thereof.

"**Prime"** means the annual rate of interest announced from time to time by the Bank of Nova Scotia, Main Branch, Toronto, as the daily rate of interest used by such bank as a reference rate in setting rates of interest for commercial loans of Canadian dollars and commonly referred to by such bank as its Canadian **"prime rate".**

"**Prior Comparison Month**" means the month that is fourteen (14) months prior to the CPI Annual Adjustment Date.

"**Property**" means and refers to the Land (including parking and yard areas), the Building and improvements thereon or therein.

"Release" includes to release, spill, leak, spray, inoculate, abandon, deposit, seep, throw, handle, treat, place, store, manufacture, dispose of, treat, generate, use, transport, remediate, exhaust, pump, pour, emit, empty, discharge, inject, escape, leach, migrate or dump.

"**Rentable Area**" means, in the case of the Building or any other premises included in the Rentable Area of the Building, the sum of the areas expressed in square feet of each floor of the Building (including, without limitation, any basement, storage, mechanical and penthouse space) measured from the interior face of the foundation wall for Basement Floor and from the inside face of mullion at curtain wall and interior finish of drywall for each of the ground, 2nd, 3rd, and 4th floor, and from inside face of metal panel on 5th floor mechanical penthouse as shown in the attached plan, without deduction, including, without limitation, any space occupied by stairwells, shafts, structures, columns, beams, conduits, ducts or projections of any kind, and without deduction for the recessing of any entranceway or other indentation from the exterior wall line.

"**Replacement Cost**" means the full cost of repairing, replacing, or reinstating any item of property (including the value of any renovations) with materials of like kind and quality to the same or a similar state without deduction for physical, accounting, or any other depreciation.

"**Sales Taxes**" means without duplication, all business transfer, multi-stage sales, sales, use, consumption, value-added, harmonized sales taxes, goods and services taxes or other taxes imposed by any federal, provincial, municipal government upon Landlord or Tenant or in respect of this Lease or the payments made by Tenant hereunder or the goods and services provided by Landlord hereunder including, without limitation, the rental of the Property and the provision of services to Tenant hereunder, whether existing at the date hereof or hereafter imposed by any authority.

"**Substantial Completion**" or "**Substantially Complete**" means that the relevant work has been "substantially performed" as said term is defined in the *Construction Lien Act* (Ontario).

"**Tangible Net Worth**" means the excess of total assets over total liabilities, in each case as determined in accordance with Generally Accepted Accounting Principles.

"**Taxes – Real Property**" (individually, a "**Tax – Real Property**") means and refers to all taxes, rates, duties, levies, fees, charges, sewer levies, local improvement rates, assessments and governmental charges (foreseen or unforeseen, general or special, ordinary or extraordinary), whether national, province or local, and whether levied by taxing districts or authorities presently taxing the Property, or by others subsequently created or otherwise, and any other taxes and assessments, attributable to the Property or its operation, including but not limited to ad valorem real property taxes, and all taxes of whatsoever nature that are imposed in substitution for or in

lieu of any of the taxes, assessments or other charges herein defined; provided, however, Taxes – Real Property shall not include Taxes – Other, Taxes – Equipment, death taxes, excess profits taxes, franchise taxes and province and national income taxes; except to the extent imposed in substitution for or in lieu of any of the Taxes – Real Property herein defined; Taxes– Real Property shall include, without limitation, all real property taxes, business occupancy taxes, parking, signage and/or congestion assessments, charges, taxes, fees and/or levies and general and special assessments, charges, fees or levies for transit, housing, schools, police, fire or other governmental services or for purported benefits to the Property; local improvement taxes; special taxes which may now or hereafter be levied or assessed against Landlord by virtue of its ownership of the Property; and any amounts assessed or charged in addition to and/or substitution for or in lieu of any such amounts. Taxes– Real Property also includes each and every instalment thereof. Notwithstanding the foregoing, Taxes – Real Property shall not include Taxes – Other, Taxes – Equipment, death taxes, excess profits taxes, franchise taxes and province and national income taxes; except to the extent imposed in substitution for or in lieu of any of the Taxes – Real Property herein defined.

"**Tenant Group**" means and refers to Tenant and its directors, officers, shareholders, members, employees, constituent partners, affiliates, beneficiaries and trustees.

"**Tenant Space**" means and refers to the Property.

"**Waterfront Toronto**" means Toronto Waterfront Revitalization Corporation and its successors and assigns.

In addition, certain capitalized terms used herein have the meanings attributed to them in the " **Basic Lease Information**" provisions set out below.

LEASE

This Lease (this "**Lease**") is entered into as of the Effective Date (as set forth in Item 5 of the Basic Lease Information, below), by and between Landlord (as set forth in Item 1 of the Basic Lease Information, below) and Tenant (as set forth in Item 2 of the Basic Lease Information, below):

RECITALS

A. Landlord is the owner of the Land (as set forth in Item 14 of the Basic Lease Information, below). The Landlord's work is to be performed by Landlord under and pursuant to the terms hereof.

B. Tenant desires to lease the Property from Landlord, and Landlord desires to lease the Property to Tenant during the Term (as set forth in Item 6 of the Basic Lease Information, below).

C. Concurrently with the execution and delivery of the Lease by Tenant, Tenant will cause Indemnifier to execute and deliver the indemnity agreement in the form attached hereto as Exhibit "D" (the "**Indemnity Agreement**").

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

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

BASIC LEASE INFORMATION

1.	Landlord:	**271 Front Inc.** ("**Landlord**")
2.	Tenant:	**Equinix Canada Ltd.** ("**Tenant**")
3.	Indemnifier	**Equinix, Inc.** ("**Indemnifier**")
4.	Tenant and Indemnifier's Addresses:	Tenant and Indemnifier's Address for Notices: Equinix Canada Ltd. c/o Equinix, Inc. 20110 Ashbrook Place, Suite 160 Ashburn, VA 20147 Attn: Real Estate Facsimile No: (703) 860-0215 With a copy to: Equinix Canada Ltd. c/o Equinix, Inc. One Lagoon Drive, 4th Floor Redwood City, CA 94065 Attn: General Counsel (Real Estate) Facsimile No: (650) 598-6913

Tenant Address for Invoice of Rent:

Equinix Canada Ltd.
c/o Equinix, Inc.
One Lagoon Drive, 4th Floor
Redwood City, CA 94065
Attn: Accounts Payable
Facsimile No: (650) 598-6913

5. Effective Date/ Commencement Date:

(a) Effective Date: November 30, 2012

(b) Commencement Date: The date on which is the earlier of (said earlier date being the "**Commencement Date**"): (a) the day immediately following the expiration of the Fixturing Period; (b) the date of the Landing of the First Customer; and (c) May 1, 2016 (subject, however, to Tenant's one-time termination right set forth in Exhibit E-3).

(c) Target Substantial Completion Date: As defined in Exhibit E.

(d) Outside Completion Date: As defined in Exhibit E.

6. Term: Approximately one hundred eighty (180) months (commencing on the Commencement Date and expiring on the last day of the one hundred eightieth (180th) full calendar month thereafter) (the "**Term**").

For the avoidance of doubt, if the Commencement Date occurs on a date that is other than the first (1st) day of a calendar month, the Term shall be deemed to have been automatically extended by the number of calendar days in the month in which the Commencement Date occurs, such that the Term shall expire on the last day of the month and be equal to the number of months described above, plus the number of days (including the Commencement Date) contained in the partial calendar month in which the Commencement Date occurs.

7. Extension Options/ Extension Term: ***Three (3)*** Extension Options (defined in Section 2.3.1 of the Standard Lease Provisions, below), each to extend the Term for an Extension Term (defined in Section 2.3.1 of the Standard Lease Provisions, below) of ***one hundred twenty (120)*** months each pursuant to Section 2.3, below.

8. Tenant Space: The Tenant Space is equal to the Property.

9. Base Rent:

Lease Year	Base Rent p.s.f.	Monthly Base Rent ****	Annual Base Rent****
1* – 2	$ 45.00	$824,486.25**	$9,893,835.00**
3 – 5	$ 45.00	$824,486.25	$9,893,835.00
6 – 15	Base Rent for the preceding year increased by the CPI Adjustment***		

* Plus any partial month at the beginning of the Term if the Commencement Date does not fall on the first day of the month.

** Notwithstanding the foregoing, Tenant shall not be required to pay Base Rent during the first two (2) Lease Years of the initial Term only (but for greater certainty, Tenant will be required to pay all other elements of Rent) with respect to the 2nd and 3rd floors of the Building, unless during such time, Tenant takes Occupancy of either floor at which time, Base Rent for said floor shall also be payable in its entirety. Assuming that Occupancy has not occurred for either floor, the monthly Base Rent during the first two (2) Lease Years of the initial Term only will be $513,116.25 plus Sales Taxes thereon. Likewise, for so long as Occupancy has not occurred for only one (1) of the two (2) floors, the monthly Base Rent will be $668,801.25 plus Sales Taxes thereon during the first two (2) Lease Years of the initial Term only.

Notwithstanding the foregoing, both the second (2nd) and third (3rd) floors will be delivered to Tenant on the Commencement Date, and Tenant may make preliminary preparations to either or both such floors (such as installing empty cages, cabinets or racks) in advance of the Landing of the First Customer in such floor.

*** Commencing on the first day of the sixth (6th) Lease Year of the Term (the "**First CPI Annual Adjustment Date**") and on each anniversary of the First CPI Annual Adjustment Date during the initial 15-year Term and the first (1st), the second (2nd) and the third (3rd) Extension Terms (each, a "**CPI Annual Adjustment Date**"), Base Rent (and the monthly instalments thereof) shall be increased (but never decreased) by the percentage increase of the CPI from the Prior Comparison Month through the Current Comparison Month.

**** Based upon 219,863 square feet of Rentable Area and subject to final measurement in accordance with Section 1.5.

In addition to Base Rent, Tenant shall remit Sales Taxes thereon with each monthly payment.

10. Deposit: $2,831,220.42 (the "**Deposit**")

11. Landlord's Address for Notices:

271 Front Inc.
5905 Campus Road
Mississauga ON L4V 1P9
Attn: Messrs. Ron & Eric Bresler
Facsimile No. (905) 676-9318

With a copy to:
BML Group
c/o Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7
Attn: Messrs. Steve Belgue/ Ken Herlin (File No. 12-1352)
Facsimile No. (416) 979-1234

12. Landlord's Address for Payment of Rent:

ACH Payments:

Landlord and Tenant agree to coordinate the payment of Rent hereunder by way of automatic payment and shall provide wire instructions, as applicable, on or before the Commencement Date. Landlord agrees that Tenant shall only be required to remit payment to one Landlord entity (or as it directs in writing) and will not be required to split any Rent payments hereunder due to Landlord consisting of more than one entity.

13. Brokers:

(a) Landlord's Broker: None.

(b) Tenant's Broker: Cushman & Wakefield Ltd.

14. Land: The Land located at **45 Parliament Street**, Toronto, Ontario, Canada as more particularly described on Exhibit A attached hereto (the "**Land**").

15. Building: That certain building on the Land containing approximately 236,741 square feet of Rentable Area (the " **Building**"). It is currently the intention of the parties that the Building consist of a basement, four (4) floors and a mechanical penthouse as follows:

Floor	Rentable Area
Basement, Storage	24,025
First Floor	39,665
Second Floor	41,516
Third Floor	41,516
Fourth Floor	38,513
Fifth Floor (Mechanical penthouse)	34,628

In addition, the basement floor of the Building will also contain parking areas comprised of approximately 16,878 square feet of Rentable Area which parking area will not be subject to Base Rent (but will be subject to Additional Rent) so long as it is not used for colocation purposes. For example, and without limiting what use is not for colocation purposes, Tenant may use such parking area (or portion thereof) for parking, storage and/or security booth(s) without being subject to Base Rent thereon). If any portion of the parking area is used for collocation purposes, Base Rent will be increased accordingly. The Building includes the Building Systems.

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

[**No further text on this page**]

STANDARD LEASE PROVISIONS

1. LEASE OF TENANT SPACE.

1.1 Tenant Space.

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

1.2 Condition of Tenant Space.

Tenant has inspected the Land and, upon delivery of the Tenant Space with Landlord's Work Substantially Completed which shall be effected by delivery of the Tenant Fixturing Notice by Landlord, Tenant shall be deemed to have accepted the Tenant Space in its then-current condition on an "AS-IS, WHERE IS" basis, except as otherwise expressly set forth in Exhibit E of this Lease. Landlord shall have no obligation to construct or install any improvements in (or on), or to make any other alterations or modifications to, the Tenant Space, except as otherwise expressly set forth in Exhibit E of this Lease. Tenant acknowledges and agrees that no representation or warranty (express or implied) has been made by Landlord as to the condition of the Land, or the suitability or fitness of the planned Tenant's Work for the conduct of the Permitted Use, Tenant's business or for any other purpose.

1.3 No Rights to Relocate.

Landlord shall have no right to relocate the Tenant Space.

1.4 Quiet Enjoyment; Access.

Subject to all of the terms and conditions of this Lease, (a) Tenant shall quietly have, hold and enjoy the Tenant Space in conformity with the Permitted Use without hindrance from Landlord or any person or entity claiming by, through or under Landlord, and (b) Tenant shall have access to the Tenant Space twenty-four (24) hours per day, seven (7) days per week. Without limiting the foregoing, Tenant shall have unfettered access to any Building Systems and all equipment and installations in or otherwise serving the Tenant Space and Tenant shall have the absolute right to carry out testing of such Building Systems and equipment and installations. Additionally, in no event shall Tenant be required to enter the Property via a Landlord controlled MPOE or Meet-me-room.

1.5 Measurement.

Prior to the Commencement Date, Landlord shall, at Landlord's sole cost, engage an independent certified architect or surveyor to measure the Rentable Area of the Building. If such architect's or surveyor's measurement of the Rentable Area of the Building is less than the Rentable Area of the Building set forth in Item 15 of the Basic Lease Information by five percent (5%) or more, Base Rent shall thereafter be reduced accordingly to reflect said excess beyond five percent (5%) effective as of the Commencement Date. However, if the variance is less than five percent (5%), Landlord and Tenant shall make no adjustments to the Rentable Area for

purposes of calculating Base Rent hereunder. In no event shall Base Rent increase if the Rentable Area is larger than as set forth in Item 15 of the Basic Lease Information above. Landlord will notify Tenant of the results of its measurement of the Rentable Area of Building and, subject to the foregoing, total Base Rent will be calculated and paid by Tenant on the basis of said calculation with effect as of the Commencement Date. Tenant may not advance a Claim based on an error in Landlord's calculation or measurement of the Rentable Area of the Building later than one (1) year after Landlord has notified Tenant of its calculations or measurements, as the case may be. In the case of any dispute over the calculation or measurement of the Rentable Area of the Building or of any other Rentable Area, the determination by the Architect shall be conclusive and binding upon the parties hereto absent manifest error. Any amounts owing by Tenant to Landlord shall be paid within ten (10) days after the date of delivery of the statement by Landlord. Any amounts owing by Landlord to Tenant will be credited towards the next payment of Base Rent payable by Tenant pursuant to this Lease.

2. TERM.

2.1 Term.

The Term shall commence on the Commencement Date and shall continue in effect for the Term, as the same may be extended, or earlier terminated, in accordance with the express terms of this Lease.

2.2 Delivery of Tenant Space.

Landlord shall deliver to Tenant the Tenant Space with the Landlord's Work Substantially Completed pursuant to Exhibit E to this Lease. Landlord shall use commercially reasonable efforts to cause the Landlord's Work to have been completed prior to the Target Substantial Completion Date (as defined in Exhibit E), and Tenant shall only have the remedies set forth in Exhibit E-3 with respect to delays in such completion. While Substantial Completion will be confirmed by way of the delivery of the Tenant Fixturing Notice, Tenant and Landlord shall, at the other party's request, execute and deliver a notice and agreement setting forth the actual Commencement Date, the actual expiration date, the actual dates on which Tenant takes Occupancy of the second (2nd) and third (3rd) floors, and revised Base Rent schedules, as necessary.

2.3 Extension Options.

2.3.1 Subject to and in accordance with the terms and conditions of this Section 2.3, so long as no Event of Default has occurred and is subsisting, Tenant shall, subject to the terms and conditions contained herein, have three (3) options to extend the Term (each, an " **Extension Option**") specified in Item 7 of the Basic Lease Information to extend the Term with respect to the entire Tenant Space, each for an additional term of ***one hundred twenty (120) calendar months*** each (collectively the "**Extension Terms**", each an "**Extension Term**"), upon the same terms, conditions and provisions applicable to the then current Term (except as provided otherwise herein) and the Indemnity Agreement shall remain in full force and effect, except that: (i) there shall be no further right to extend, renew or overhold after the expiry of the Extension Term beyond the 3rd Extension Term; (ii) the Base Rent for the Extension Term shall

be calculated in the manner set out below; (iii) there shall be no Landlord's Work, Tenant's allowance, fixturing period, Tenant improvements or rent-free period for the Extension Term and Section 2.2 hereof shall not apply; (iv) without increasing Landlord's obligations or reducing Tenant's obligations, the Property shall be accepted by Tenant in "as is" condition at the commencement of the Extension Term without Landlord being required to perform any Landlord Extraordinary Repair Obligation; and (v) the Indemnity Agreement shall remain in full force and effect.

2.3.2 The annual Base Rent payable with respect to the Tenant Space for each year of each Extension Term (the " **Option Rent**") shall be as follows:

(i) The Option Rent for each year of the first (1st) Extension Term shall be increased annually by the percentage increase of the CPI from the Prior Comparison Month through the Current Comparison Month, as more particularly described in Item 9 of the Basic Lease Information.

(ii) The Option Rent for each year of the second (2nd) Extension Term shall be increased annually by the percentage increase of the CPI from the Prior Comparison Month through the Current Comparison Month, as more particularly described in Item 9 of the Basic Lease Information.

(iii) The Option Rent for each year of the third (3rd) Extension Term shall be increased annually by the percentage increase of the CPI from the Prior Comparison Month through the Current Comparison Month) as more particularly described in Item 9 of the Basic Lease Information.

For greater certainty, Base Rent will increase annually (or may remain the same) based on the percentage increase in the CPI, but may never decrease.

2.3.3 Tenant may exercise each Extension Option only by delivering to Landlord a written notice (an " **Option Exercise Notice**") at least ***twelve (12) calendar months*** (and not more than ***eighteen (18) calendar months***) prior to the then applicable expiration date of the Term, specifying that Tenant is irrevocably exercising its Extension Option so as to extend the Term by an Extension Term on the terms set forth in this Section 2.3. If Tenant shall duly exercise an Extension Option, the Term shall be extended to include the applicable Extension Term (and all references to the Term shall be deemed to refer to the Term specified in Item 6 of the Basic Lease Information, plus all duly exercised Extension Terms). If Tenant shall fail to deliver an Option Exercise Notice within the applicable time period specified herein for the delivery thereof, time being of the essence, Tenant shall be deemed to have forever waived and relinquished such Extension Option, and any other options or rights to renew or extend the Term effective after the then applicable expiration date of the Term shall terminate and shall be of no further force or effect.

2.3.4 Tenant shall have the right to exercise any Extension Option only with respect to the entire Tenant Space leased by Tenant at the time that Tenant delivers an Option Exercise Notice. If Tenant duly exercises an Extension Option, Landlord and Tenant shall execute an amendment reflecting such exercise. Notwithstanding anything to the contrary

herein, any attempted exercise by Tenant of an Extension Option shall, at the election of Landlord, be invalid, ineffective, and of no force or effect if, on the date on which Tenant delivers an Option Exercise Notice or on the date on which the Extension Term is scheduled to commence there shall be an uncured Event of Default. Tenant and Indemnifier shall forthwith execute and deliver such documentation as reasonably required by Landlord to give effect to the foregoing extension.

3. BASE RENT AND OTHER CHARGES.

3.1 Base Rent.

Commencing on the Commencement Date, Tenant shall pay to Landlord base rent (the "**Base Rent**") for the Tenant Space in accordance with Item 9 of the Basic Lease Information and the Commencement Date Notice. All such Base Rent shall be paid to Landlord in monthly instalments in advance on the first day of each and every month throughout the Term of this Lease. Tenant shall pay to Landlord in advance, without demand, abatement, deduction, set-off or reduction whatsoever (except, in each case, as expressly set forth in Sections 3.2.2, 9.1.3 and 9.1.6 of this Lease), equal monthly instalments of Base Rent on or before the first day of each calendar month during the Term hereof, in lawful money of Canada, at the office of Landlord for payment of Rent set forth above, or to such other Person or at such other place as Landlord may from time to time designate in writing. If the Term does not commence on the first day of a calendar month, the Base Rent for such partial calendar month shall be calculated on a per diem basis determined by dividing the Base Rent that would otherwise be applicable to the first (1st) month of the Term by the total number of calendar days in such Partial Month and multiplying such amount by the number of days remaining in such calendar month from and after (and including) the Commencement Date.

3.2 Deposit

3.2.1 No later than five (5) Business Days following the execution of this Lease, Tenant shall pay Landlord the Deposit by way of bank draft, certified cheque and/or wire transfer. The Deposit shall stand as security for the timely performance of each of Tenant's covenants, indemnities and obligations under this Lease and the Indemnifier's covenants, indemnities and obligations under the Indemnity Agreement from time to time. Upon each occurrence of an Event of Default, Landlord may use all or part of the Deposit to pay delinquent payments due under this Lease and/or the cost of any damage, injury, expense or liability caused by such an Event of Default, without prejudice to any other right or remedy provided herein, in the Indemnity Agreement or provided by law. The Deposit shall be the absolute property of Landlord and no interest shall accrue thereon. The rights and remedies of Landlord hereunder in respect of the Deposit and Landlord's absolute entitlement to the entire proceeds thereof shall survive and continue in full force and effect and shall not be waived, reduced, released, discharged, impaired or affected by reason of the release or discharge of Tenant or Indemnifier, if any, in any receivership, bankruptcy, insolvency, winding-up or other creditor's proceedings, including, without limitation, any proceedings under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada), or the disaffirmance, disavowal, surrender, cancellation, unenforceability, compromise, resiliation, disclaimer, repudiation, rejection, unenforceability and/or termination of this Lease for any reason

(individually and collectively referred to herein as "**Disclaimed**") in any such proceedings or otherwise and shall continue with respect to the periods thereto and thereafter as if this Lease had not been Disclaimed.

3.2.2 Notwithstanding the foregoing, so long as there is no Event of Default hereunder which is subsisting, Landlord shall apply the corresponding portion of the Deposit against the Base Rent first payable hereunder.

3.3 **Taxes – Real Property.**

3.3.1 Beginning with the Commencement Date and continuing throughout the Term, Tenant shall be obligated to pay in a timely manner directly to the applicable governmental taxing authority, an amount equal to the Taxes – Real Property. Landlord shall cooperate with Tenant in getting the taxing authority to send the Tax Bill – Real Property (as defined below) directly to Tenant. Alternatively, if the taxing authority does not send the Tax Bill – Real Property directly to Tenant, then Landlord shall promptly furnish to Tenant a copy of any interim or final Tax Bill – Real Property when received for the current or ensuing calendar year, and Tenant shall be required to make timely payment directly to the taxing authority, at least fourteen (14) days prior to the due date in each case (but in no event shall Tenant be required to make such payment prior to the date that is ten (10) days after Tenant's receipt of such Tax Bill – Real Property from Landlord), of the amount of each instalment of Taxes– Real Property as set out in the said Tax Bill – Real Property. Landlord shall be responsible for paying any late fees or other charges resulting from a late payment due to the late delivery by Landlord to Tenant of the Tax Bill – Real Property received by Landlord and Tenant shall be responsible for paying any such late fees or other charges resulting from a late payment by Tenant. Notwithstanding the foregoing, if an Event of Default has occurred on more than one (1) occasion in a twelve (12) month period, Landlord may require Tenant to forthwith deliver to Landlord post-dated cheques payable to the taxing authority based upon Landlord's reasonable estimate of the instalments of Taxes – Real Property payable during such calendar year. When the actual amount of Taxes – Real Property payable by Tenant has been determined for each lease year, all necessary adjustments in respect of any underpayment or overpayment by Tenant shall be made. If Landlord receives a refund of Taxes – Real Property allocable to a Tax Bill – Real Property that Tenant paid, subject always to the provisions of Section 3.3.2.1, Landlord shall promptly pay Tenant such refund.

3.3.2 Notwithstanding the foregoing or anything else contained herein or elsewhere, Tenant acknowledges that Landlord has applied for or will apply for financial assistance from the City through the City's Imagination, Manufacturing, Innovation and Technology grant program (the "**IMIT Program**") in connection with the remediation and redevelopment of the Property and that title to the Lands will be subject to the City of Toronto Imagination, Manufacturing, Innovation and Technology Tax Increment Equivalent Grant and Brownfield Remediation Property Tax Incentive Agreement dated as of October 29, 2012 between Landlord and the City registered as Instrument No. AT3163821 (the "**IMIT Agreement**")

3.3.2.1 One part of the IMIT Program is the Brownfields Remediation Tax Assistance ("**BRTA**") program, which is designed to provide financial assistance to developers

who revitalize sites hindered by environmental contamination. Tenant acknowledges and agrees that the BRTA may be provided by the City and/or the Province of Ontario by way of grant or by way of a refund, cancellation, reduction or elimination of Taxes – Real Property charged to or against the Property. In consideration of the Landlord's Work (including, without limitation, Landlord's remediation of the Hazardous Materials), Tenant hereby acknowledges and confirms that the intent of this Lease is to permit Landlord to retain and enjoy the full benefit of the BRTA and that if any Taxes – Real Property is (or has been) refunded, reduced, cancelled or eliminated and/or a credit granted through the BRTA program, Tenant will forthwith pay the full amount attributable to the BRTA program to Landlord each year throughout the Term as Additional Rent. Said amount shall be calculated by Landlord and paid by Tenant to Landlord based upon the full assessed value of the Property (as though such Taxes – Real Property had not been so refunded, reduced, cancelled or eliminated and/or a credit granted through the BRTA program).

3.3.2.2 Another part of the IMIT Program is the Tax Increment Equivalent Grant (the " **Development Grant**") program which is designed to provide financial assistance to property owners who undertake development for specific employment uses in targeted sectors. This assistance is currently provided by way of a series of annual grants which are paid out following the completion of the development. Each of Landlord and Tenant hereby acknowledges and confirms that the intent of this Lease is to permit Tenant to retain and enjoy all of the Development Grants for so long as this Lease is in effect. If any Development Grants are received by Landlord, for the period that this Lease is in effect, Landlord will hold said Development Grants in trust for Tenant and shall forthwith remit the full amount thereof to Tenant.

3.3.2.3 In connection with each of the BRTA and the Development Grants and any other incentives, upon the request of either party, Tenant and Landlord shall cooperate with one another and forthwith execute and deliver such reasonable documentation and do such things deemed necessary from time to time in order to maximize each of the BRTA and the Development Grants and other incentives as well as expedite the timely receipt thereof; provided, however, subject always to the provisions of Section 3.3.2.1 above, in no event shall the cooperating party be obligated to incur any costs, obligations or liabilities in connection therewith.

3.3.3 So long as no Event of Default has occurred and is subsisting hereunder, Tenant shall have the right at Tenant's sole cost and expense (but not an obligation) from time to time to contest any item in a Tax Bill – Real Property or to otherwise pursue a reduction in Taxes – Real Property, in each case directly with the applicable governmental taxing authority provided Tenant has either first paid the applicable Tax Bill – Real Property in its entirety or furnished to Landlord satisfactory security for the full payment thereof, by way of bond, irrevocable bank letter of credit or bank guarantee as selected by Landlord, acting reasonably. Tenant agrees to diligently prosecute such appeal or application and keep Landlord regularly apprised in writing of its progress from time to time. Tenant shall indemnify and save harmless Landlord from any and all Claims in connection with the foregoing, including without limitation, paying all of Landlord's out-of-pocket costs and expenses in connection therewith, including without limitation, reasonable attorneys' and other professional fees and expenses. Subject to the foregoing, upon request by Tenant, Landlord shall reasonably cooperate with Tenant to seek such reductions.

3.3.4 **Tax Bill – Real Property.**

3.3.4.1 Each year during the Term, beginning with the Commencement Date (or as soon thereafter as reasonably possible) and continuing throughout the Term (subject to the following sentence), Landlord shall promptly provide to Tenant a copy of the bill received directly by Landlord from the applicable governmental taxing authority showing the Taxes – Real Property (the " **Tax Bill – Real Property**"). The foregoing notwithstanding, Landlord and Tenant agree to use commercially reasonable efforts following the Commencement Date, at Tenant's sole cost and expense, to cause the applicable governmental taxing authority to send the Tax Bills – Real Property directly to Tenant. To the extent any Tax Bill – Real Property is received directly by Tenant, Tenant shall promptly provide to Landlord a copy of each such Tax Bill – Real Property.

3.3.5 If the Commencement Date is not the first day of a calendar year, or the expiration or earlier termination date of the Term of the Lease is not the last day of a calendar year, then Taxes – Real Property shall be prorated. The foregoing adjustment provisions shall survive the expiration or termination of the Term of the Lease.

3.4 **Payments Generally.**

Base Rent, all forms of Additional Rent (defined in this Section 3.4, below) payable hereunder by Tenant and all other amounts, fees, payments or charges payable hereunder by Tenant shall: (i) each constitute rent payable hereunder (and shall sometimes collectively be referred to herein as " **Rent**"), (ii) be payable to Landlord in full when due without any prior notice or demand therefor in lawful money of Canada without any demand, abatement, deduction, set-off or reduction whatsoever (except, in each case, as expressly set forth in Sections 3.2.2, 9.1.3 and 9.1.6 of this Lease), and (iii) be payable to Landlord at the address of Landlord specified in Item 12 of the Basic Lease Information (or to such other person or to such other place as Landlord may from time to time designate in writing to Tenant). No receipt of money by Landlord from Tenant after the termination of this Lease, the service of any notice, the commencement of any suit, or a final judgment for possession shall reinstate, continue or extend the Term of this Lease or affect any such notice, demand, suit or judgment. No partial payment by Tenant shall be deemed to be other than on account of the full amount otherwise due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and Landlord shall be entitled to accept such payment without compromise or prejudice to any of the rights or remedies of Landlord hereunder or under any Applicable Laws (defined in Section 6.3.1, below). In the event that the Commencement Date or the expiration of the Term (or the date of any earlier termination of this Lease) falls on a date other than the first or last day of a calendar month, respectively, the Rent payable for such partial calendar month shall be prorated based on a per diem basis. For purposes of this Lease, all amounts (other than Base Rent) payable by Tenant to Landlord or otherwise pursuant to this Lease, whether or not denominated as such, shall constitute "**Additional Rent**." At Landlord's request, Tenant will participate in an electronic funds transfer system or similar system whereby Tenant will authorize its bank, trust company, credit union or other financial institution to credit Landlord's or Holder's bank account each month in an amount equal to the Base Rent and any Additional Rent payable on a monthly basis pursuant to the provisions of this Lease along with all applicable Sales Taxes thereon from time to time.

3.5 **Late Payments.**

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

3.6 **Utilities.**

Commencing on the Commencement Date, Tenant shall timely pay for all utilities (including, but not limited to, electricity, water and sewage service) provided to and/or used in the Tenant Space. Except with regard to Landlord's Work, Tenant shall be required to contract directly with all utility providers for the provisioning of utilities, including electrical power, to the Tenant Space, and shall make timely payments directly to each such utility provider. Additionally, Tenant shall be responsible for providing necessary security (including, without limitation, any Toronto Hydro Letter of Credit) to the utility providers to the extent required by such utility providers. Tenant agrees: (a) to provide Landlord with evidence of such payments, within ten (10) days of delivery of a written request therefor from Landlord; and (b) at no time may Tenant reduce the amount of electrical power that is committed to the Property by any electrical utility provider without Landlord's prior approval, not to be unreasonably withheld, conditioned or delayed.

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

4.1 **Taxes – Equipment.**

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

4.2 **Taxes – Other.**

Tenant shall pay to Landlord, as Additional Rent when due or if not specified herein within ten (10) days of Landlord's demand therefor (provided that so long as no Event of Default has occurred in the past twelve (12) months and the amount of Additional Rent due is less than $100,000.00 in the aggregate, said ten (10) day period will be extended to thirty (30) days) and in such manner and at such times as Landlord shall direct from time to time by written notice to Tenant, all excise, sales, privilege or other tax, assessment or other charge (other than income taxes) imposed, assessed or levied by any governmental or quasi-governmental authority or agency upon Tenant or Landlord on account of the Rent (and other amounts) payable by Tenant hereunder (or any other benefit received by Tenant or Landlord hereunder), including, without limitation, Sales Taxes, any gross receipts tax, license fee or excise tax levied by any governmental authority (the "**Taxes – Other**"); provided however that, if there is any tax, assessment or charge, which would otherwise be included within the foregoing definition of Taxes – Other that is, wholly or in part, imposed as a substitute tax, assessment or charge for Taxes – Real Property, such Tax – Other will be considered a Tax – Real Property to the extent that such tax, assessment or charge is imposed as a substitute for any Tax – Real Property.

4.3 **Shared Access Agreement.**

4.3.1 Landlord has informed Tenant that Landlord intends to enter into that certain Shared Access Agreement with 281 North Parliament Inc., the abutting land owner, in substantially the form attached hereto as Exhibit F (the " **Shared Access Agreement**"). The Shared Access Agreement, which will be the first Operating Agreement, relates to the shared access to the Land and the abutting land along with ongoing costs thereof (such as, by way of example only, maintenance, repairs, realty taxes, snow removal, repaving, re-grading, etc.). Tenant shall be bound by the Shared Access Agreement and shall pay all reasonable costs and expenses expressly set forth in the aforementioned form of Shared Access Agreement as it relates to the Land from time to time based on invoices prepared by Landlord and presented to Tenant. Notwithstanding the foregoing, so long as no Event of Default has occurred and is subsisting, in lieu of paying its share of the costs and expenses, Tenant shall have the right at Tenant's sole cost and expense (but not the obligation) to elect to perform the work required of Landlord under the Shared Access Agreement in accordance with each of the terms and conditions contained therein, in which case, Tenant, only to the extent Landlord is entitled to same, shall be entitled to collect the amounts payable by the abutting land owner under the Shared Access Agreement directly from the abutting land owner. So long as no Event of Default has occurred and is subsisting, Landlord agrees to consider any reasonable request for the installation of fibre-optics under that portion of the easement lands which is the subject of the Shared Access Agreement following the development and remediation of the abutting lands. If Landlord agrees to proceed with the foregoing, Tenant shall bear all costs and expenses in connection therewith, including all costs and expenses relating to remediating and preparing the relevant lands and constructing, installing, maintaining, repairing and/or replacing thereof and if required by Landlord, in its sole, absolute and unfettered discretion, the removal of all related improvements in connection therewith and reinstatement of the lands upon the expiration or earlier termination of this Lease and in no event shall Landlord be obligated to incur any costs, obligations or liabilities in connection therewith.

4.3.2 The parties acknowledge that the abutting land owner may be proceeding with the redevelopment of its lands and in connection therewith there may be disruptions to the easements and access on, over and/or under those lands which are the subject of the Shared Access Agreement from time to time. However, so long as no Event of Default has occurred and is subsisting, Landlord agrees to reasonably consult with and cooperate with Tenant to address any non-satisfaction by Tenant of any proposed work, the action plan and/or the schedule set forth in any "Notice" (as such term is defined in Section 2.3(a) of the Shared Access Agreement), as well as to reasonably cooperate with Tenant as to other concerns Tenant may have from time to time with respect to the Shared Access Agreement, in each and every case, at the Tenant's sole cost and expense.

5. NET LEASE.

It is the intent that Tenant will be directly paying for all costs to maintain, repair and replace the Tenant Space (pursuant to the terms of this Lease). To that end, this Lease shall be a completely carefree triple net lease for Landlord and that Landlord shall not be responsible during the Term to incur any costs, charges, expenses, impositions and outlays of any nature whatsoever arising from or relating to the Property, Tenant's occupation and use of the Property or the business carried on in or from the Property, whether foreseen or unforeseen and whether or not within the contemplation of the parties at the commencement of the Term, in each case except and then only to the extent as otherwise expressly provided in Sections 8.1.2, 9.1.1 and 9.1.6 of this Lease and in Exhibit E of this Lease. Notwithstanding anything contained herein or elsewhere to the contrary, Tenant unconditionally and irrevocably waives the benefit of any statutory or other rights or remedies from time to time existing in respect of abatement, deduction, reduction, set-off or compensation with respect to Rent or any other amounts payable hereunder from time to time, in each case except and then only to the extent as otherwise expressly provided in Sections 3.2.2, 9.1.3 and 9.1.6 of this Lease.

6. PERMITTED USE; COMPLIANCE WITH RULES AND LAWS; HAZARDOUS MATERIALS.

6.1 Permitted Use.

Tenant shall use the Tenant Space only in accordance with Applicable Laws solely for the installation, placement, operation and maintenance of computer, switch and/or communications equipment and connections, and ancillary purposes necessary or appropriate for datacenter, colocation facility and/or telecommunications center purposes (including without limitation office uses to the extent associated with Tenant's datacenter, colocation and/or telecommunications uses, and other reasonably associated uses, such as, without limitation, storage) (collectively, the " **Permitted Use**") and for no other use or purpose. Any other use or purpose of the Tenant Space is subject to Landlord's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed.

6.2 Further Assurances.

6.2.1 **Operating Agreements.** Landlord may from time to time enter into Operating Agreements or amendments and/or modifications thereto and Tenant shall comply

with same so long as such Operating Agreement or amendment and/or modification thereto does not materially affect Tenant's use of or access to the Property or otherwise interfere with the Tenant's Permitted Use hereunder or impose any material cost or obligation on Tenant. Without limiting the foregoing, Tenant acknowledges that the Property shall be subject to the IMIT Agreement and other agreements with the City relating to the development of the Property from time to time which include, the restrictions and requirements set out in Instrument No. AT3162455 and in the Site Plan Agreement receipted as Instrument No. AT3162496. In furtherance of the foregoing, Tenant shall be bound by said agreements of which Tenant has received notice and only be bound by any future amendments and/or modifications to the aforementioned agreements or other future agreements with the City from time to time provided that Tenant receives notice thereof and said amendments, modifications and/or future agreements do not materially adversely affect Tenant's use of or access to the Property or otherwise materially interfere with the Tenant's Permitted Use hereunder or impose any material cost or obligation on Tenant.

6.2.2 **Heat Recovery System.** Tenant acknowledges and agrees that Landlord may at Landlord's sole cost and expense, construct, install, maintain, repair and if necessary from time to time, replace a heat recovery system and related piping and attachments for the benefit of abutting and/or other lands from time to time (collectively, the "**HRS**"). The HRS would be located in the basement of the Building in a space comprised of approximately 300 square feet. All aspects of the HRS including its location, installation and engineering thereof will be subject to the approval of Tenant (which approval may be withheld or conditioned in Tenant's sole and absolute discretion), and Landlord shall provide to Tenant all requisite information reasonably required by Tenant in assessing the HRS. Without limiting the foregoing, Landlord agrees to install, at its sole cost and expense, (i) temperature sensors, energy meters and other instrumentation so that Tenant can reasonably monitor the operation of the HRS to ensure the HRS is not affecting Tenant's use of the Property or otherwise interfering with the Tenant's Permitted Use hereunder, and (ii) a separate meter to measure the electricity consumed by the HRS (and Landlord agrees to reimburse Tenant from time to time for the third party costs of the electricity consumed by the HRS). Throughout the Term, but subject always to Tenant's reasonable ongoing access and security requirements, Landlord will have access to the HRS in order to effect the requisite construction, installation, maintenance, repairs and if necessary, replacements, thereof from time to time.

6.3 **Compliance with Laws; Hazardous Materials.**

6.3.1 **Compliance with Laws**.

6.3.1.1 **By Landlord**. Landlord and Tenant acknowledge and agree that it is the responsibility of Landlord to deliver the Landlord's Work to Tenant in a condition that complies with Applicable Laws (including, without limitation, the removal and remediation of Hazardous Materials to the extent required by Applicable Laws provided Tenant acknowledges that Landlord remediation may contemplate a risk assessment in accordance with Applicable Laws such that certain Hazardous Materials may remain in the Property beneath the structural slab of the Building (collectively, the " **Landlord Remediation**")). To the extent that it is discovered, after the occurrence of the Commencement Date, that any portion of the Tenant Space did not (on the Commencement Date) comply (to the extent required to be complied with,

and, for example, not grandfathered) with Applicable Laws (or that any Hazardous Materials are in existence in violation of Applicable Laws), it shall be Landlord's obligation, at Landlord's sole cost and expense, to cause such non-compliance to be remedied. In completing the Landlord Remediation, Landlord shall act diligently and expeditiously and in a good and workmanlike manner and all Applicable Laws. In addition, Landlord shall remain solely responsible for any additional Hazardous Materials which Landlord brings onto the Property during the Term in breach of Applicable Laws. Landlord shall defend, indemnify and save Tenant harmless from any and all Claims resulting from the existence of Hazardous Materials prior to Landlord's delivery of the Fixturing Notice. Landlord's indemnities, covenants and obligations under this Section 6.3.1 shall survive the expiration or earlier termination of this Lease.

6.3.1.2 **By Tenant**. Except as set forth above in Section 6.3.1.1, following Landlord's delivery to Tenant of the Tenant Space, Tenant, at Tenant's sole cost and expense, shall timely take all action required to cause the Tenant Space, all Alterations and Tenant's (and all other Tenant Parties') use of the Tenant Space to comply (to the extent required to be complied with, and, for example, not grandfathered) at all times during the Term with all applicable laws, ordinances, building codes, rules, regulations, orders and directives of any governmental authority having jurisdiction (including without limitation any post-Commencement Date certificate of occupancy), and all covenants, conditions and restrictions affecting the Property now applicable to the Tenant Space and with all rules, orders, regulations and requirements of any applicable fire rating bureau, insurer or other organization performing a similar function as well as all Environmental Laws (collectively, "**Applicable Laws**"). Additionally, Tenant shall not use the Tenant Space, or permit the Tenant Space to be used, in any manner, or do or suffer any act in or about the Tenant Space which: (i) violates or conflicts with any Applicable Law; (ii) causes or is reasonably likely to cause damage to the Property, the Building, the Tenant Space or the Building and/or Property systems and equipment, including, without limitation, all Building Systems; (iii) will invalidate or otherwise violates a requirement or condition of any fire, extended coverage or any other insurance policy covering the Property, the Building, and/or the Tenant Space, or the property located therein, or will increase the cost of any of the same (unless Tenant shall agree in writing to pay any such increase to Landlord immediately upon demand as Additional Rent); or (iv) is other than the Permitted Use. Tenant shall also be responsible for any Claims in the event that any parties gain access to the Property during the Term including through access cards, keys or other access devices provided to Tenant by Landlord. Tenant shall retain full ownership of said Hazardous Materials and shall defend, indemnify and save Landlord harmless from any and all Claims resulting from the existence of Hazardous Materials originating following the commencement of the Fixturing Period. Tenant's indemnities, covenants and obligations under this Section 6.3.1 shall survive the expiration or earlier termination of this Lease. Tenant shall promptly upon demand reimburse Landlord as Additional Rent for any additional premium charged for any insurance policy by reason of Tenant's failure to comply with the provisions of this Section 6.3.1.

6.3.2 **Hazardous Materials**.

6.3.2.1 No Hazardous Materials shall be Handled upon, about, in, at, above or beneath the Tenant Space or any portion of the Building or the Property by or on behalf of Tenant, its Transferees (defined in Section 10.1, below) or partners, or their respective

contractors, clients, officers, directors, partners, employees, servants, representatives, licensees, agents, or invitees (collectively, the " **Tenant Parties**" and individually a "**Tenant Party**"). Additionally, Tenant shall not use the Tenant Space, or permit the Tenant Space to be used, in any manner which may directly or indirectly lead to any non-compliance with any Environmental Laws.

6.3.2.2 Notwithstanding the foregoing, but subject always to the provisions of Section 6.3.1.2 hereof, normal quantities of those Hazardous Materials customarily used in the operation of the Building and/or otherwise by occupants and/or owners of the Building which are customarily used in the conduct of the Permitted Use and is consistent with Institutional Owner Practices (defined below in Section 8.3,) may be used at the Building, but only in compliance with all Applicable Laws and only for so long as the use or presence of Hazardous Materials is strictly and properly monitored according to all then Applicable Laws.

7. UTILITY INTERRUPTIONS.

Landlord shall not be liable or responsible to Tenant or any Tenant Parties for any loss, damage or expense of any type which Tenant may sustain or incur if the quantity or character of the utility provided electric service is changed, is no longer available, or is no longer suitable for Tenant's requirements. Similarly, no interruption or malfunction of any electrical or other utility service or equipment (including, without limitation, the HVAC System) at the Building or the Property shall, in any event, (i) constitute an eviction or disturbance of Tenant's use and possession of the Tenant Space, (ii) constitute a breach by Landlord of any of Landlord's obligations under this Lease, (iii) render Landlord liable for damages of any type or entitle Tenant to be relieved from any of Tenant's obligations under this Lease (including the obligation to pay Base Rent, Additional Rent, or other charges), (iv) grant Tenant any right of setoff or recoupment, (v) provide Tenant with any right to terminate this Lease, or (vi) make Landlord liable for any injury to or interference with Tenant's business or any punitive, incidental or consequential damages (of any type), whether foreseeable or not, whether arising from or relating to the making of or failure to make any repairs, alterations or improvements, or whether arising from or related to the provision of or failure to provide for or to restore any service in or to any portion of the Building or the Property.

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

8.1 Landlord's Maintenance.

Landlord shall have no obligation to repair, maintain and/or replace the Tenant Space or any equipment therein or thereon, save and except for Landlord's Extraordinary Repair Obligations only to the extent specifically provided in Section 8.1.2 hereof.

8.1.1 **Intentionally Deleted**.

8.1.2 **Landlord's Extraordinary Repair Obligations**. In the event that, within the first thirty-six (36) months of the Term (but for greater certainty, none of the Extension Terms), Tenant reasonably determines and provides written notice to Landlord that there are defects in the Landlord's Work and Landlord does not dispute same, Landlord shall be obligated

to, or shall cause the Construction Manager to, repair, redesign, reconstruct and/or replace such components so that such defect is corrected (" **Landlord's Extraordinary Repair Obligations**"). This excludes, in each and every case (and Tenant shall be solely responsible for): (i) defects caused by abuse, neglect, negligence or misconduct by Tenant or anyone for whom Tenant is at law responsible from time to time; (ii) defects caused by Alterations or modifications not executed by or on behalf of Landlord from time to time; (iii) defects caused by improper or insufficient maintenance, improper operation, or normal wear and tear under normal usage; (iv) labour or material costs for repairing or replacing defective equipment (for example, a defectively manufactured pump or generator, as distinguished from defectively installed equipment), except to the extent such costs are covered under an unexpired manufacturer's warranty; and/or (v) any repairs or replacements resulting from the Tenant's misuse of the Property and/or any Alterations undertaken in connection with the Property by or on behalf of Tenant from time to time (including, without limitation, if Tenant's Alterations result in the voiding of a particular warranty or indemnity given to Landlord by its contractors, subcontractors, suppliers and/or manufacturers in connection with Landlord's Work). Furthermore, repairs and/or replacements due to Casualty and/or expropriation are addressed in Section 9 below.

8.1.3 **Consultation Process**.

8.1.3.1 In the event Tenant provides notice of design or construction defects to Landlord in accordance with this Section 8.1.2, Landlord shall have a period of thirty (30) days thereafter within which to investigate the claimed design or construction defects, and to meet and confer with Tenant, the Construction Manager and/or its design consultants for Tenant's Work. In such meet and confer period, Tenant shall provide Landlord, the Construction Manager and/or its design consultants with reasonable access to all records of Tenant substantiating the claimed design or construction defects.

8.1.3.2 At or before the end of such thirty (30) day meet and confer period, Landlord shall commence or cause the Construction Manager and/or its design consultants to commence and diligently pursue the repairs, redesigns, reconstruction and/or replacements reasonably required to correct, on a commercially reasonable schedule, any design or construction defects within Landlord's Extraordinary Repair Obligations. To the extent that Landlord disputes any assertion by Tenant as to design or construction defects in the Landlord's Work, the dispute shall be resolved by an independent engineer approved by each of Landlord and Tenant acting reasonably without delay, whose decision shall be final and binding.

8.1.3.3 In the event Tenant exercises its rights under Section 8.1.2 to require Landlord to correct any design or construction defects in Landlord's Work, Tenant shall cooperate with Landlord's efforts to correct such defects, including, without limitation, cooperating with any efforts of Landlord to enforce any warranties or indemnities of its contractors, subcontractors, suppliers and/or manufacturers of any components of Landlord's Work, whether such warranties or indemnities are held by Landlord or have been given directly to Tenant by such contractors, subcontractors, suppliers or manufacturers or assigned to Tenant pursuant to Exhibit E hereto.

8.2 **Tenant's Maintenance.**

Save and except for Landlord's Extraordinary Repair Obligations during the first thirty six (36) months of the initial Term only (but for greater certainty, no Extension Terms), Tenant shall, during the entire Term, at Tenant's sole cost and expense, maintain and repair, and make all necessary replacements in order to keep the Tenant Space in good order and in a clean and safe condition (and in at least as good order and clean condition as when Tenant took possession), ordinary wear and tear (provided said ordinary wear and tear does not result in a state of disrepair) and damage due to Casualty (other than damages for which restoration would be required to be consistent with the Casualty Restoration Standard under Article 9 hereof), excepted.

To the extent such Tenant maintenance, repairs and/or replacements are covered by warranties or indemnities of Landlord's contractors, subcontractors, suppliers and/or manufacturers, Landlord shall at no cost or expense to Landlord use commercially reasonable efforts to assign (if assignable) such warranties and indemnities to Tenant and Landlord shall at Tenant's sole cost and expense cooperate with Tenant's efforts to enforce any such warranties or indemnities.

If Tenant fails to perform its covenants of maintenance and repair hereunder, and if such failure shall continue after written notice to Tenant and thirty (30) days for Tenant to cure such failure (or such additional time as may be reasonably required to effectuate such cure so long as Tenant is diligently pursuing such cure to completion, unless it is an emergency, in which case, the matter must be immediately contained at Tenant's sole cost and expense), then Landlord may, but shall not be obligated to, perform all necessary or appropriate maintenance, repairs and/or replacements and any third party out-of-pocket amounts reasonably expended by Landlord in connection therewith, plus an administrative charge of fifteen percent (15%) of such amounts, shall be reimbursed by Tenant to Landlord as Additional Rent after Landlord's demand therefor.

8.3 **Alterations.**

Notwithstanding any provision in this Lease to the contrary, Tenant shall not make or cause to be made any alterations, additions, improvements or replacements to the Tenant Space or any other portion of the Building or the Property (collectively, "**Alterations**") without the prior written consent and approval of Landlord, which consent and approval may not be unreasonably withheld, conditioned or delayed; provided, however, that so long as Tenant complies with the balance of the terms and conditions of this Lease, Landlord's consent shall not be required for any usual and customary installations, repairs, maintenance, and removals of equipment and telecommunication cables within the Tenant Space if and to the extent that such installations, repairs, maintenance and removals: (i) are usual and customary within the industry, and in compliance with Institutional Owner Practices; and (ii) will not adversely affect the Building's structure, life safety systems (including, fire prevention), exterior facade, sprinkler systems and/or main switching gear, roof or otherwise void any warranties relating to the Landlord's Work (collectively, the "**Major Alterations**") provided that so long as no Event of Default is subsisting, Landlord will be deemed to have consented to roof repairs undertaken by the same roofer that Landlord had initially retained in connection with the roof. On or about

Substantial Completion of Landlord's Work, Landlord shall provide Tenant with a list of the foregoing warranties. For example, so long as Tenant complies with the terms and conditions of the balance of this Lease, Landlord's consent would not be required for the configuration and placement of overhead ladder racks that are usual and customary in datacenters even if attached to the ceiling. For purposes hereof, " **Institutional Owner Practices**" shall mean practices that are consistent with the practices of the majority of the institutional owners of institutional grade, first-class datacenter or telecommunications projects in North America from time to time. Whether or not Landlord's consent is required in connection with Alterations, in each and every case: (i) with respect to Major Alterations only, Tenant shall submit to Landlord details of any such proposed Major Alterations including permit-ready plans and specifications prepared by qualified architects or engineers. Such Major Alterations shall be completed in accordance with said permit-ready plans and specifications; (ii) all Alterations shall be planned and completed in compliance with all Applicable Laws and Tenant shall, prior to commencing any Alterations, obtain at its expense, all necessary permits and licences; and (iii) such Alterations must comply with each of Landlord's and Tenant's respective insurance requirements and may not adversely affect and/or jeopardize either of Landlord's or Tenant's insurance requirements in connection with the Property from time to time. Upon request from time to time, Tenant shall forthwith provide to Landlord complete copies of all plans, drawings, specifications and/or permits relating to any Alterations. Tenant hereby releases and agrees to save harmless Landlord from and against any and all Claims whatsoever suffered by Tenant as a result of any delays in commencing and/or completing Alterations including, as a result of delays incurred in receiving required permits therefor; (iii) all Alterations shall be performed at Tenant's sole cost and expense, promptly and in a good and workmanlike manner and in compliance by competent contractors or workmen; (iv) all Major Alterations which may not be undertaken without a building permit, shall, at Landlord's option, be under the supervision of a qualified architect or engineer approved by Landlord, in advance. For each Major Alteration, Tenant shall pay to Landlord forthwith the sum of all reasonable out-of-pocket amounts paid or payable by Landlord in connection with such Major Alterations, including without limitation, all costs and expenses incurred by Landlord for third party contractors, architects and/or engineers engaged by Landlord to supervise such Major Alterations, prepare and/or review plans, drawings and specifications for such Major Alterations, all of whose costs shall be reasonably competitive in the marketplace for comparable services, comparably performed. If Tenant performs any Alterations (including Major Alterations) without compliance with all of the foregoing provisions of this Lease, Landlord, without prejudice to and without limiting Landlord's other rights and remedies pursuant to this Lease and at law, shall have the right to require Tenant to remove such Alterations forthwith and either restore the Property to the condition in which they existed prior to such Alterations or to require Tenant to perform such Alterations in compliance with the foregoing provisions of this Lease. Tenant shall deliver to Landlord complete Auto-Cad drawings of Tenant's Work (if any), and any subsequent Alterations (including Major Alterations) thereto, upon completion thereof.

Immediately upon affixation said Alterations shall automatically and absolutely vest with Landlord and constitute part of the Property and shall belong to Landlord absolutely free and clear of any liens, claims and/or encumbrances by anyone whatsoever. Notwithstanding the foregoing, it is agreed and understood that the Tenant retains a leasehold interest in the Alterations made by Tenant, or made by Landlord on Tenant's behalf at Tenant's cost and expense notwithstanding that same become the property of the Landlord immediately upon

affixation without compensation therefor to Tenant and Tenant is entitled to all rights of depreciation to the extent to which Tenant is entitled pursuant to the *Income Tax Act* (Canada). Additionally, Landlord and Tenant agree that Landlord shall provide its consent (or objections) with regard to Tenant's requests for Alterations consent within fifteen (15) Business Days after Landlord's receipt of such request along with all required deliveries. In the event that Landlord has failed to provide its consent (or objections) within the prescribed fifteen (15) Business Day period, Landlord will be deemed to have consented with regard to such request for Alterations consent; provided that (i) such request for Alterations consent contains the phrase "DATED MATERIAL ENCLOSED. RESPONSE IS REQUIRED WITHIN FIFTEEN (15) BUSINESS DAYS AFTER LANDLORD'S RECEIPT HEREOF", in all capital letters (no smaller than sixteen (16) point font) in a conspicuous location inside the package in which such request for Alterations consent is provided to Landlord; (ii) such request for Alterations consent contains three (3) full sets of drawings (two full size hard copies, and one full set of drawings on CD); and (iii) in the event that Landlord has not responded within the applicable notice period, Tenant agrees to provide Landlord one (1) additional written notice and five (5) additional Business Days in which to respond, prior to such deemed approval taking effect. In any instance where Tenant desires to conduct Alterations prior to the Fixturing Period (and if Landlord allows Tenant to do so), Tenant's contractors, labourers, materialmen and others furnishing labour or materials for Tenant's job must work in harmony and not in Landlord's opinion interfere with any labour utilized by Landlord, Landlord's contractors or mechanics; and if at any time such entry by one (1) or more persons furnishing labour or materials for Tenant's work shall cause disharmony or interference for any reason whatsoever without regard to fault, the consent granted by Landlord to Tenant and/or the express or implied permission for such persons to enter the Tenant Space may be withdrawn at any time upon written notice to Tenant. Additionally, all such contractors, labourers, materialmen and others must obtain (and provide Landlord evidence of) such insurance as Landlord may reasonably require, prior to any such entry.

8.4 **Removal of Tenant's Personal Property.**

Each of Tenant and Landlord agrees that so long as no Event of Default has occurred and is subsisting during the Term, (but not upon its expiration or earlier termination) Tenant may, in Tenant's sole and absolute discretion, remove (provided it restores any damage caused by such installation and/or removal) any of Tenant's Personal Property. For the avoidance of doubt, but without reducing the foregoing, Tenant acknowledges and agrees that, as it relates to any item of Tenant's Personal Property that is removed, the entire item must be removed and the Property must be properly and completely restored (e.g., when Tenant removes a generator (as same constitutes Tenant's Personal Property), (a) the generator and the connecting lines must be properly de-commissioned and completely removed in their respective and total entirety by a licensed electrician, and (b) the fuel tank(s) must be completely removed (and the Land remediated, as necessary) by a technician/contractor who is properly licensed to conduct such removal and remediation in accordance with all Applicable Laws). For the further avoidance of doubt, Landlord and Tenant acknowledge and agree that an item of Tenant's Personal Property shall not be deemed, in and of itself, to modify Tenant's obligations under this Lease, as it relates to such items of Tenant's Personal Property (i.e., if one of Tenant's fuel tanks develops a leak, Tenant retains the obligation, under Section 6.3.2.1 and Section 8.2, to cause the fuel tank to be repaired and the Land to be remediated, notwithstanding such item's status as an item of "**Tenant's Personal Property**").

8.4.1 **Defined Terms (Tenant's Personal Property)**.

8.4.1.1 For purposes hereof, the term "**Tenant's Personal Property**" shall mean, collectively all fuel tanks, generators, HVAC equipment, UPSs and PDUs, cable, wiring, connecting lines, and other installations, equipment or property (including, without limitation, trade fixtures, chattels, cabinets, racks and cable trays) installed or placed by, for, through, under or on behalf of Tenant or any Tenant Party anywhere in the Building and/or the Tenant Space. Additionally, for the purposes of clarity, the parties acknowledge that Tenant's Personal Property includes all equipment installed and/or placed anywhere in the Building and/or the Tenant Space by any party in order to provide any service to Tenant or any Tenant Party (e.g., data storage/archiving and data recovery type equipment that is utilized by or for Tenant or any Tenant Party in the Tenant Space, but which is actually owned by a third party, other than Landlord or any other member of the Landlord Group). However, Tenant's Personal Property excludes all items comprising the Landlord's Work.

8.4.2 **Standards and Timing of Removal**. As it relates to all items of Tenant's Personal Property that are removed (whether such removal is required or chosen), Tenant shall, at Tenant's sole cost and expense, promptly cause such removal to occur, and shall cause those portions of the Building and/or the Tenant Space that are damaged by such removal (or by the initial installation) of such Tenant's Personal Property to substantially the same condition that existed immediately prior to the installation or placement of such items, ordinary wear and tear (provided such reasonable wear and tear does not result in a state of disrepair) and damage due to Casualty (in which case, Tenant restoration would be required to be consistent with the Casualty Restoration Standard under Article 9 hereof), excepted. In that regard, if Tenant fails to promptly and completely remove any items of Tenant's Personal Property that is required above to be removed as well as effect the necessary repairs and replacements thereof upon the earlier of the expiration or sooner termination of this Lease (e.g., Tenant has removed a generator, but has not removed (and remediated, as necessary) the corresponding fuel tank(s)), and if such failure shall continue beyond the earlier of the expiration or earlier termination of this Lease, Landlord shall, in each such case, in addition to its other rights and remedies contained herein and at law, have the right to remove such items of Tenant's Personal Property and to restore those portions of the Building and/or the Property damaged by such removal (or the initial installation or operation thereof) to substantially the same condition that existed immediately prior to the installation or placement of such item(s) of Tenant's Personal Property, in each case at Tenant's sole cost and expense and Tenant shall indemnify and save harmless Landlord from all Claims in connection therewith and forthwith pay Landlord upon demand all of Landlord's costs and expenses incurred in connection therewith plus an administrative fee equal to fifteen percent (15%) of such cost. The foregoing shall not in any manner reduce Tenant's covenants and obligations pursuant to Section 13.1 hereof. Each of Tenant's covenants, obligations and indemnities shall survive and not merge upon the expiration or earlier termination of this Lease.

9. CASUALTY EVENTS; EXPROPRIATION; INSURANCE.

9.1 Casualty Events.

9.1.1 **Casualty Events.** If at any time during the Term, any portion of the Tenant Space shall be damaged or destroyed by fire or other casualty (a "**Casualty**"), then this

Lease shall nonetheless continue in full force and effect and there shall be no abatement of Rent. Following receipt of the Casualty Notice, Landlord shall, to the extent it actually receives insurance proceeds, or would have received insurance proceeds had Landlord paid the relevant insurance premium in a timely manner (so long as Tenant paid same to Landlord in a timely manner), thereafter proceed to perform such repairs to the Tenant Space to the extent that such Casualty directly relates to the Landlord's Work (the "**Landlord Rebuild**") and Tenant, commencing as soon as is practicable but without interfering with Landlord's Rebuild, shall diligently proceed to perform all other repairs in connection with the Property. In any event, within thirty (30) days after Landlord has substantially completed its repairs in connection with the Landlord Rebuild to the point where Tenant can commence its repair work or commence the conduct of business in the Tenant Space or any part thereof, Tenant shall complete its repairs and shall fully repair and reinstate the Tenant Space and recommence the operation of Tenant's business as permitted pursuant hereto. Tenant shall immediately provide written notice (the "**Casualty Notice**") to Landlord after the Casualty or the occurrence of the Casualty.

9.1.2 **Casualty Restoration Standard**. Each of Landlord and Tenant shall forthwith perform its repair obligations hereunder and reconstruct the relevant portion of the Tenant Space to substantially the same condition in which they existed prior to the Casualty in accordance with all then Applicable Laws (such repair and reconstruction standard is referred to herein as the "**Casualty Restoration Standard**") provided Landlord, in performing its repair obligations hereunder shall not be obliged to repair or rebuild in accordance with the plans or specifications for the Landlord's Work as they existed prior to such Casualty, but Landlord may repair or rebuild the same in accordance with plans and specifications chosen by Landlord and consented to by Tenant, which consent shall not be unreasonably withheld, conditioned or delayed provided that Tenant's use and occupancy of and access to the Tenant Space and the general overall quality of the Tenant Space is not materially detrimentally affected by any difference in plans, specifications or form of the Tenant Space from such plans, specifications and form as the same existed immediately prior to the occurrence of such Casualty. Otherwise, Tenant may withhold such consent to the plans and specifications in its sole and absolute discretion. Furthermore, the foregoing notwithstanding, while Tenant shall be obligated to repair and reconstruct the Tenant Space to the Casualty Restoration Standard during the initial Term, if the Casualty occurs during any Extension Term (but not the initial Term), it shall be Tenant's option, in Tenant's sole and absolute discretion, as to whether Tenant desires to repair, replace, rebuild or otherwise reconstruct any of Tenant's Work, Tenant's Personal Property and/or Tenant's Alterations.

9.1.3 **Tenant's Termination Right** If a Casualty causes damage to the Tenant Space, or elsewhere such that Tenant is prevented from using or accessing the Tenant Space, then, in each event, Tenant shall not have the right to terminate this Lease and/or abate Rent in any manner except as expressly contemplated in this Section 9.1.3. In that regard, and notwithstanding the balance of this Section 9.1.1, if Landlord elects not to perform the Landlord Rebuild because it did not receive sufficient insurance proceeds as set forth above in Section 9.1.1 (it being agreed that Landlord may or may not pay for the Landlord Rebuild shortfall in Landlord's sole, absolute and unfettered discretion), Tenant shall have the right to elect within ninety (90) days after receipt of Landlord's election not to perform the Landlord Rebuild to either: (a) agree to pay the shortfall in its entirety and so long as Landlord receives said funding in a timely manner, require Landlord to perform the Landlord Rebuild; or (b) so long as the

denial and/or shortfall of insurance proceeds is not the result of a claim being uninsured due to the actions and/or omissions of Tenant and/or any other member of the Tenant Group, to terminate this Lease upon ninety (90) days prior written notice to Landlord. Additionally, notwithstanding Section 9.1.1, if thirty percent (30%) or more of the at or above grade Rentable Area of the Building is damaged or destroyed and said Casualty cannot be repaired or replaced in all material respects within three hundred and sixty (360) days thereafter and such Casualty occurs during the last three (3) years of the Term and/or the last five (5) years of any Extension Term, then Tenant shall have the right to terminate this Lease on account of said Casualty (the " **Termination Option**") subject to each of the following terms and conditions: (c) Tenant has not previously exercised the ensuing Extension Option; (d) Tenant shall only then have the right to exercise the Termination Option within a period of ninety (90) days following the date of such Casualty; (e) if Tenant exercises the Termination Option, Tenant shall pay all Landlord insurance deductibles and to the extent required in Section 9.1.4 below, assign to Landlord all of its right, title and interest in all insurance proceeds attributable to the Phase I Work (as defined in Exhibit E hereto); (f) Tenant shall deliver vacant possession of the Property free and clear of any Transferees, liens, claims and/or encumbrances and the Property shall thereupon vest in Landlord and in each case in accordance with applicable provisions of this Lease; (g) this Lease shall be deemed to be terminated on the date set forth in Tenant's notice exercising the Termination Option, which date shall be not more than ninety (90) days following the delivery of Tenant's notice exercising the Termination Option, provided that the provisions of this Section shall have been complied with, on or before such date, by Tenant; and (h) prior to termination, Tenant shall pay to Landlord all Rent due and payable to the effective date of the Termination Option.

9.1.4 **Base Rent Abatement; Insurance Proceeds – Casualty** . If this Lease is terminated pursuant to Section 9.1.3 above, Landlord shall refund to Tenant any prepaid Rent, less any sum then owing to Landlord by Tenant. If, however, this Lease is not terminated, Rent shall not abate in any manner. In any event, (i) Landlord shall be entitled to retain the insurance proceeds from Landlord's property insurance (subject to the Landlord Rebuild if this Lease is not terminated), and (ii) Tenant shall be entitled to retain the insurance proceeds from Tenant's property insurance; provided, however, if this Lease is terminated by Tenant pursuant to Section 9.1.3 above during the initial Term, then Tenant shall assign all of its right, title and interest in all insurance proceeds attributable to the Phase I Work (and Tenant shall be entitled to retain the remaining insurance proceeds from Tenant's property insurance including, without limitation, those attributable to Tenant's Personal Property and any Alterations made by or for Tenant subsequent to the Phase I Work). For the avoidance of doubt, if this Lease is terminated by Tenant pursuant to Section 9.1.3 above during any Extension Term, then Tenant shall be entitled to retain all of the insurance proceeds from Tenant's property insurance including, without limitation, those attributable to the Phase I Work.

9.1.5 **Determination of Matters.** For the purposes of this Article 9, all matters requiring determination such as, without limitation, the extent to which any area(s) of the Tenant Space is subject to Casualty or are rendered inaccessible, or the times within which repairs may be made, unless expressly provided to the contrary, shall be determined by the Architect and such determination shall, in the absence of manifest error, be final and binding on the parties.

9.1.6 **Expropriation**.

9.1.6.1 **Expropriation**. Landlord and the Tenant agree to cooperate with each other in respect of any expropriation of all or any part of the Property so that each may receive the maximum award to which it is entitled at law. If all of the Tenant Space shall be expropriated by a governmental authority under its power of expropriation, this Lease shall terminate as of the date of the vesting of title in the expropriating authority.

9.1.6.2 **Partial Expropriation**. If only a part of the Tenant Space shall be the subject of an expropriation, this Lease shall continue in full force and effect, subject to the terms of Sections 9.1.6.3, 9.1.6.4 and 9.1.6.5, below.

9.1.6.3 **Tenant's Termination Right – Partial Taking.**If thirty percent (30%) or more of the above grade Rentable Area of the Building is taken under the power of expropriation by any competent authority for any public or quasi public use or purpose (a " **Partial Taking**") and if the Partial Taking represents the taking of said portion of the Tenant Space that is vital to the conduct of the Permitted Use, including, without limitation, if, by reason of such Partial Taking, Tenant no longer has reasonable means of access to the Tenant Space or no longer has a reasonable location to place its generators, then Tenant may terminate this Lease with effect as of the effective date of the Partial Taking by notice to Landlord within sixty (60) days following the date upon which Tenant received notice of such Taking. If Tenant so notifies Landlord, this Lease shall terminate upon the date on which the Partial Taking takes effect. If Tenant does not terminate this Lease as set forth herein, Tenant shall be obligated to restore the Tenant Space to a condition (accounting for the condemned/taken portion of same) consistent with the Casualty Restoration Standard. Landlord shall have no right to terminate this Lease on account of a Partial Taking.

9.1.6.4 **Base Rent Abatement–Taking.** If this Lease is terminated pursuant to Section 9.1.6.3, above, Landlord shall refund to Tenant any prepaid Base Rent, less any sum then owing to Landlord by Tenant. If, however, this Lease is not terminated pursuant to said Section, Base Rent shall be reduced based upon the amount of Rentable Area of the Tenant Space that is taken in connection therewith.

9.1.6.5 **Tenant's Remedy.** Tenant's termination right, right to Base Rent abatement and rights with regard to the expropriation award proceeds, to the extent expressly provided above in the foregoing Sections 9.1.6.1 through 9.1.6.4, shall be Tenant's sole and exclusive remedies in the event of a Taking.

9.1.7 **Compensation.** In the event of a Casualty or expropriation of all or part of the Property, Tenant shall not be entitled to any compensation or damages for loss of, or interference with, Tenant's (a) business, or (b) use or access of all or any part of the Tenant Space, in either case, resulting from any such damage, repair, reconstruction or restoration, except as expressly stated herein

9.1.8 **Waiver**. Landlord and Tenant agree that the provisions of this Article 9 and the remaining provisions of this Lease shall exclusively govern the rights and obligations of the parties with respect to any and all damage to, or destruction of, all or any portion of the

Tenant Space, the Building or the Property, and/or any expropriation thereof, and Landlord and Tenant hereby waive and release each and all of their respective common law and statutory rights inconsistent herewith, whether now or hereinafter in effect.

9.2 **Insurance.**

Each of Landlord and Tenant shall, in each case, at Tenant's sole cost and expense, procure and maintain throughout the Term and/or any time Tenant is in possession or control of any portion of the Tenant Space each policy or policies of insurance in accordance with the terms and requirements set forth in Exhibit B to this Lease. All insurance costs and expenses which Landlord is obligated to or permitted to obtain under this Lease and any deductible amount applicable to any Claim made under such insurance shall be borne exclusively by Tenant and constitute Additional Rent hereunder. In that regard, but without limitation; Tenant shall forthwith pay Landlord annually in advance throughout the Term, ten (10) Business days prior to the Commencement Date and each anniversary thereafter, Landlord's annual estimate of the Landlord's insurance premiums payable in connection with Landlord's insurance for the lease year to follow. When the actual amount of Landlord's insurance has been determined for each lease year, all necessary adjustments in respect of any underpayment or overpayment by Tenant shall be made.

Tenant hereby waives its rights against Landlord Group with respect to any Claims (including any Claims for bodily injury to persons and/or damage to property) which are caused by or result from: (i) risks insured against under any insurance policies which are required to be obtained and maintained by Tenant under this Lease, or (ii) risks which would have been covered under any insurance required to be obtained and maintained by Tenant under this Lease had such insurance been obtained and maintained as required. The foregoing waivers shall be in addition to, and not a limitation of, any other waivers or releases contained in this Lease.

Landlord hereby waives its rights against Tenant Group with respect to any Claims (including any Claims for bodily injury to persons and/or damage to property) which are caused by or result from: (i) risks insured against under any insurance policies which are required to be obtained and maintained Landlord under this Lease, or (ii) risks which would have been covered under any insurance required to be obtained and maintained by Landlord under this Lease had such insurance been obtained and maintained as required. The foregoing waivers shall be in addition to, and not a limitation of, any other waivers or releases contained in this Lease.

9.3 **Waiver of Subrogation.**

9.3.1 The waivers contained in the foregoing Section 9.2 are intended to waive fully, and for the benefit of each of the Landlord Group and each Holder, any rights and/or Claims which might rise to a right of subrogation in favour of any insurance carrier that provides an insurance policy required under this Lease. Tenant shall cause each insurance policy required to be obtained by it per Section 9.2 of this Lease to provide that the insurer waives all rights of recovery by way of subrogation against Landlord in connection with any damage or injury covered by such policy. Landlord shall not be liable to Tenant for any Claims caused by fire or any of the risks insured against under any insurance policy as required under Section 9.2 of this Lease or which would have been covered by insurance had Tenant maintained the insurance required to be maintained by Tenant under the terms of this Lease.

9.3.2 Likewise, the waivers contained in the foregoing Section 9.2 are intended to waive fully, and for the benefit of each of the Tenant Group, any rights and/or Claims which might rise to a right of subrogation in favour of any insurance carrier that provides an insurance policy required under this Lease. Landlord shall, at Tenant's sole cost and expense, cause each insurance policy required to be obtained by it per Section 9.2 of this Lease to provide that the insurer waives all rights of recovery by way of subrogation against Tenant in connection with any damage or injury covered by such policy. Tenant shall not be liable to Landlord for any damage caused by fire or any of the risks insured against under any insurance policy as required under Section 9.2 of this Lease or which would have been covered by insurance had Landlord maintained the insurance required to be maintained by Landlord under the terms of this Lease provided, in each and every case, Tenant previously paid Landlord's insurance premiums and Tenant shall remain solely responsible for any and all deductibles pursuant to Landlord's insurance policies from time to time.

9.3.3 Should the rate of any type of insurance on the Property be increased for any reason, Landlord, in addition to all other remedies, may, after fifteen (15) days notice (or such lesser period in the event of an emergency) for Tenant to cure any such violation, pay the amount of such increase, and the amount reasonably paid shall become due and payable immediately by Tenant and collectible as Additional Rent.

10. **TRANSFERS.**

10.1 **Restrictions on Transfers; Landlord's Consent.**

10.1.1 Except for Permitted Transfers (defined in Section 10.1.2), Permitted Agreements (defined in Section 10.4) and Permitted Subleases (defined in Section 10.5), in each case, in accordance with the terms and conditions of this Lease, Tenant shall not: (a) sublease or license all or any part of the Tenant Space, nor assign all or any part of this Lease; (b) permit a third party (other than Tenant's employees and occasional guests) to occupy or use any portion of the Tenant Space; (c) otherwise assign, transfer, license, franchise, mortgage, charge, pledge, hypothecate, encumber or permit a lien or security interest to attach to its leasehold interest under this Lease; or (d) permit a Change of Control of Tenant, which changes the identity of the Persons having lawful use or occupancy of any part of the Property (each of the foregoing or the like or any purported or conditional attempt to do so may sometimes be referred to herein as a "**Transfer**" and any Person to whom a Transfer is made or sought to be made is referred to herein as a " **Transferee**"), without Landlord's express prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. The term " **Transfer**" shall also include any sublease or sub-license of whatever tier. Except for Permitted Transfers, Permitted Agreements and Permitted Subleases in accordance with this Lease, no Transfer (whether voluntary, involuntary or by operation of law) shall be valid or effective without Landlord's prior written consent and any Transfer or attempted Transfer in breach of this Lease shall constitute an Event of Default hereunder.

10.1.2 **Permitted Transfer**. So long as no Event of Default has occurred and is subsisting hereunder, Tenant shall have the right, with no consent of Landlord being required or necessary (such event, a " **Permitted Transfer**") (however, Landlord shall be given written notice and all related deliveries no later than five (5) Business Days after such Permitted Transfer), to sublease all or a portion of the Tenant Space or to assign this Lease by operation of law or otherwise to any of the following entities (each a " **Permitted Assignee**"): (i) an affiliate, subsidiary, or parent of Tenant or Indemnifier, or a corporation, partnership or other legal entity wholly owned by Tenant or Indemnifier (collectively, a " **Tenant Affiliate**"); or (ii) a successor to Tenant by acquisition of all or substantially all of the assets of Tenant and Indemnifier, or merger, or by a consolidation or reorganization (each such party a " **Successor Party**") and the Tangible Net Worth of the surviving or created entity is not less than the Tangible Net Worth of Tenant as of the Effective Date. As used herein, (A) "parent" shall mean a company which owns a majority of Tenant's or Indemnifier's voting equity; (B) "subsidiary" shall mean an entity wholly owned by Tenant or Indemnifier or a controlling interest in whose voting equity is owned by Tenant or Indemnifier; and (C) "affiliate" shall mean an entity controlled by, controlling or under common control with Tenant or Indemnifier. In no circumstances will Tenant or Indemnifier be released from its covenants and obligations hereunder and/or pursuant to the Indemnity Agreement. A Permitted Transfer must satisfy the following:

(1) such Permitted Assignee shall carry on only the same business as is permitted to be carried on by Tenant pursuant to this Lease;

(2) all of the provisions of Sections 10.3 and 10.6 shall also apply in respect of such Transfer, notwithstanding that the consent of Landlord is not required to such assignment, sublet or change of control;

(3) Tenant shall deliver to Landlord documentation reasonably satisfactory to Landlord that confirms and verifies the transaction taking place if the Transfer is pursuant to this Section 10.1.2 above;

(4) Tenant delivers to Landlord a certificate of Tenant and Indemnifier certifying that the Transfer forms part of a business transaction in which a buyer will acquire as a going concern, all or substantially all of the business and assets of Tenant, if the Transfer is pursuant to subsection (ii) above; and

(5) if at any time the relationship between Tenant and/or Indemnifier and Permitted Assignee changes so that Permitted Assignee no longer qualifies as a Tenant Affiliate and/or a Successor Party, then the aforementioned Permitted Transfer shall immediately require Landlord's prior written consent in the manner contemplated herein and to that end, Tenant and the former Permitted Assignee must then immediately request and obtain Landlord's written consent to the previously exempt Permitted Transfer (which shall no longer be a Permitted Transfer).

10.1.3 **Certain Permitted Financing**. Notwithstanding anything to the contrary in this Lease, so long as no Event of Default has occurred and is subsisting hereunder, the mortgaging, pledging, hypothecating, encumbering or permitting a lien to attach to any of Tenant's Personal Property (in each case, a "**Tenant's Permitted Financing**") (but not its interest in this Lease, the Alterations and/or the Land) is not a Transfer, and Tenant shall have the right, with no consent of Landlord being required or necessary, to mortgage, pledge, hypothecate, encumber or permit a lien to attach to any of Tenant's Personal Property (but not its interest in this Lease, the Alterations and/or the Land), including, without limitation, for equipment financing; provided, however, that Landlord shall not be obligated to permit the

secured party in any Tenant's Permitted Financing to access the Building unless and until such secured party has entered into an agreement with Landlord which is consistent with Article 13 hereof and is acceptable to Landlord acting reasonably at Tenant's sole cost and expense.

10.2 **Notice to Landlord.**

If Tenant desires to make any Transfer (other than a Permitted Transfer or a Permitted Sublease, for which Tenant must notify Landlord of same and provide all related deliveries no later than five (5) Business Days after the occurrence of such Permitted Transfer or Permitted Sublease, or a Permitted Agreement for which no notice is necessary), but for which all materials described in this Section 10.2 must still be provided contemporaneously with such notice), then at least twenty (20) Business Days (but no more than one hundred eighty (180) days) prior to the proposed effective date of the proposed Transfer, Tenant shall submit to Landlord a written request (a "**Transfer Notice**") for Landlord's consent, which notice shall include: (i) a statement containing: (a) the name and address of the proposed Transferee; (b) current, certified financial statements of the proposed Transferee, and any other information and materials (including, without limitation, credit reports, business plans, operating history, bank and character references) reasonably required by Landlord to assist Landlord in reviewing the financial responsibility, character, and reputation of the proposed Transferee; (c) all of the principal terms of the proposed Transfer; and (d) such other information and materials as Landlord may reasonably request (and if Landlord requests such additional information or materials, the Transfer Notice shall not be deemed to have been received until Landlord receives such additional information or materials) and (ii) four (4) originals of the proposed assignment or other Transfer on a form approved by Landlord and such other Transfer documentation that is executed by Tenant, the Indemnifier and the proposed Transferee. If Tenant modifies any of the terms and conditions relevant to a proposed Transfer specified in the Transfer Notice, Tenant shall re-submit such Transfer Notice to Landlord for its consent pursuant to all of the terms and conditions of this Article 10.

10.3 **No Release; Subsequent Transfers.**

No Transfer (whether or not consent is required) will release Tenant or Indemnifier from its covenants and obligations with respect to this Lease and/or the Indemnity Agreement or alter the primary liability of Tenant and Indemnifier to pay the Rent and to perform all other obligations to be performed by Tenant hereunder for the Term as amended, extended, renewed, supplemented and/or overheld from time to time. In no event shall the acceptance of any payment by Landlord from any other Person be deemed to be a waiver by Landlord of any provision hereof. Consent by Landlord to one Transfer will not be deemed consent to any subsequent Transfer. In the event of breach by any Transferee or any successor of Tenant in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such Transferee or successor. The voluntary or other surrender of this Lease by Tenant or a mutual termination thereof shall not work as a merger and shall, at the option of Landlord, in Landlord's sole, absolute and unfettered discretion, either: (i) terminate all and any existing agreements effecting a Transfer, or (ii) operate as an assignment to Landlord of Tenant's interest under any or all such agreements.

10.4 **Colocation.**

Additionally, so long as no Event of Default has occurred and is subsisting hereunder, Tenant shall have the right, with no consent of Landlord being required or necessary, but subject always to the provisions of Sections 10.3 and 10.6 (other than subsection 10.6.1 hereof), to enter into licenses or similar agreements (collectively a "**Permitted Agreement**") with a customer (i.e., a person or entity that has entered into an agreement with Tenant, or an affiliate of Tenant, for the provision of telecommunication, colocation or any similar or successor services from the Building (" **Customers**"), consistent with the custom and practice of the telecommunications industry, to "co-locate" such Customers' telecommunications equipment within the Building or to otherwise occupy a portion of the Building and to allow such Customers to avail themselves of the services provided by Tenant from the Building which complies with the Permitted Use. Any such Permitted Agreement shall be subject and subordinate in all respects to all of the terms of this Lease but shall not require any prior consent or notice to the Landlord; provided, however, that: (a) no Permitted Agreement shall in any way discharge or diminish any of the obligations of Tenant to Landlord under this Lease and Tenant shall remain directly and primarily liable under this Lease; (b) each Permitted Agreement shall be subject to and subordinate to this Lease and to the rights of Landlord hereunder; (c) each Permitted Agreement shall prohibit the Customer from engaging in any activities on the Tenant Space that does not comply with the Permitted Use; (d) each Permitted Agreement shall have a term which expires on or prior to the expiration date of the Term or such earlier date if this Lease is terminated for any reason and (e) the Permitted Agreement may not violate the terms of this Lease or any Applicable Laws. The Customer shall comply with all Applicable Laws. The Permitted Agreements and the Customers' rights thereunder shall be subject and subordinate at all times to the Lease and all of its provisions, covenants and conditions.

10.5 **Permitted Subleases.**

Additionally, so long as no Event of Default has occurred and is subsisting hereunder, Tenant shall have the right, with no consent of Landlord being required or necessary (but upon prior written notice to Landlord and subject always to Sections 10.3 and 10.6 hereof), to enter into subleases or similar agreements (collectively, a "**Permitted Sublease**") with a sublessee to provide to customers of such sublessee telecommunication, colocation or any similar or successor services from the Building, consistent with the custom and practice of the telecommunications industry and in compliance with the Permitted Use. Any such Permitted Sublease shall not require any prior consent or notice to the Landlord; provided, however, that: (a) no Permitted Sublease shall in any way discharge or diminish any of the obligations of Tenant or Indemnifier to Landlord under this Lease and/or the Indemnity Agreement and Tenant shall remain directly and primarily liable under this Lease; (b) each Permitted Sublease shall be subject to and subordinate to this Lease and to the rights and remedies of Landlord hereunder and the rights and remedies of the Holder from time to time; (c) each Permitted Sublease shall prohibit the sublessee from engaging in any activities on the Tenant Space which does not comply with the Permitted Use; (d) each Permitted Sublease shall have a term which expires on or prior to the expiration date of the Term or earlier termination of this Lease; (e) each Permitted Sublease may not violate the terms of this Lease or any Applicable Laws; and (f) each Permitted Sublease shall be substantially on a form from time to time reasonably pre-approved by Landlord in writing. In the event that any customer of Tenant desires to become a sublessee under a

Permitted Sublease, and desires that Landlord agree to execute a commercially reasonable recognition and non-disturbance agreement with such sublessee, then, in such event, such sublessee, the form of sublease, and the form of recognition and non-disturbance agreement shall all be subject to Landlord's consent and approval, not to be unreasonably withheld, conditioned or delayed, provided Tenant shall, in all circumstances, bear all reasonable costs and expenses in connection therewith. In the event that Landlord does, in fact, consent to and approve such items, Landlord agrees that it will counter-execute and deliver the agreed upon form of recognition and non-disturbance agreement once the document, having been duly executed by Tenant, Indemnifier and the proposed sublessee, is received by Landlord along with all requisite payments and deliveries in connection therewith.

10.5.1 In connection with the foregoing request for approval of the recognition and non-disturbance agreement, Landlord and Tenant agree that Landlord shall provide its consent (or objections) with regard to Tenant's (or the proposed sublessee's) requests for modifications to the form of such agreement within fifteen (15) Business Days after Landlord's receipt of such request (in which case the submission and review process shall start again). In the event that Landlord has failed to provide its consent (or objections) within the prescribed fifteen (15) Business Day period, Landlord will be deemed not to have consented with regard to the inclusion of such modifications in the recognition and non-disturbance agreement; provided that (i) the e-mailed request for such modifications contains the phrase "RESPONSE IS REQUIRED WITHIN FIFTEEN (15) BUSINESS DAYS AFTER LANDLORD'S RECEIPT HEREOF", in all capital letters (no smaller than sixteen (16) point font) in a conspicuous location in the text of the relevant e-mail message to Landlord; and (ii) in the event that Landlord has not responded within the applicable notice period, Tenant agrees to provide Landlord one (1) additional notice and five (5) additional Business Days in which to respond.

10.6 **Transfer Requirements.**

Each of the following terms and conditions apply to all Transfers (except that Section 10.6.1 only shall not apply to any Permitted Agreement) (whether or not Landlord consent is required):

10.6.1 During the continuance of an Event of Default, Landlord may collect Rent from a Transferee and apply the amount collected to the Rent payable under this Lease but no acceptance by Landlord of any payments by a Transferee shall be deemed to be a waiver of Tenant's covenants or any acceptance of Transferee as a tenant or a release of Tenant from the further performance by Tenant of its obligations under this Lease. Without limiting the foregoing, any Transfer involving more than 5,000 square feet of Rentable Area in the aggregate, shall also be subject to Tenant and Transferee first executing and delivering to Landlord an agreement in favour of Landlord confirming that Transferee will be subject to each of the terms and conditions of this Lease other than the payment of Base Rent, if not applicable;

10.6.2 in the case of any Transfer other than an assignment of Tenant's entire interest in this Lease, the Transferee shall not have and shall also (other than in the case of a Permitted Agreement only), expressly waive any rights it may otherwise have under any legal or equitable rule of law or under the *Commercial Tenancies Act* (Ontario), as amended from time to time, or any other Applicable Laws, to apply to a court or to otherwise elect to: (i) retain the

unexpired Term or the unexpired Transfer term; (ii) obtain any right to enter into any lease or other agreement directly with Landlord for the Property or the Transferred premises; or (iii) otherwise remain in possession of any portion of the Transferred premises or the Property, in any case where this Lease is Disclaimed. Tenant, Indemnifier and Transferee shall promptly execute any agreement required by Landlord to give effect to the foregoing terms; and

10.6.3 notwithstanding any Transfer permitted by this Lease or consented to by Landlord: (a) Tenant shall remain liable under this Lease for the Term and all amendments, extensions, renewals and overholding from time to time and shall not be released from performing any of the terms of this Lease; (b) Indemnifier shall remain liable under the Indemnity Agreement notwithstanding any Lease amendments, extensions, renewals and/or overholding from time to time; and (c) Landlord shall not be bound by or deemed to have approved any of the terms or conditions of the Transfer other than the actual Transfer itself, but in each case, only to the extent specifically permitted hereunder.

11. ESTOPPEL CERTIFICATES.

11.1 Estoppel Certificate by Tenant.

At any time and from time to time, within ten (10) days after written request by Landlord, Tenant shall execute, acknowledge and deliver to Landlord a statement in writing certifying all matters reasonably requested by Landlord or any current or prospective purchaser, or the current or prospective Holder pursuant to any Security Document. Tenant acknowledges and agrees that it understands that any statement delivered (or to be delivered) pursuant to this Article 11 may be relied upon by any prospective purchaser of the Building or the Property or by any prospective mortgagee or other like encumbrancer thereof or any assignee of any such encumbrance upon the Building or the Property.

11.2 Estoppel Certificate by Landlord.

At any time and from time to time (but not more than once a year), within ten (10) days after written request by Tenant, Landlord shall execute, acknowledge and deliver to Tenant a statement in writing certifying all matters reasonably requested by Tenant or any current or prospective transferee, or purchaser of Tenant or any current or prospective lender to Tenant or transferee, including without limitation the nature of known defaults by Tenant under the Lease, if any. Landlord acknowledges and agrees that it understands that any statement delivered (or to be delivered) pursuant to this Article 11 may be relied upon by any current or prospective transferee, or purchaser of Tenant, or any current or prospective lender to Tenant or transferee.

12. SUBORDINATION AND ATTORNMENT; HOLDER RIGHTS.

12.1 Subordination and Attornment.

Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, and at the election of Landlord or any mortgagee or beneficiary with a mortgage, charge, debenture and/or deed of trust encumbering the Property or any portion thereof, or any lessor of a ground or underlying lease with respect to the Property or any portion thereof (any such mortgagee, beneficiary or lessor, a " **Holder**"), this Lease will be

subject and subordinate at all times to: (i) all ground leases or underlying leases which may now exist or hereafter be executed affecting the Property; (ii) the lien of any mortgage, charge, debenture and/or deed of trust which may now exist or hereafter be executed affecting the Property or any portion thereof; (iii) all past and future advances made under any such mortgages, charges, debentures and/or deeds of trust; and (iv) all renewals, modifications, replacements and extensions of any such ground leases, master leases, mortgages, charges, debentures and/or deeds of trust (collectively, " **Security Documents**") which may now exist or hereafter be executed which constitute a lien upon or affect the Property or any portion thereof, or Landlord's interest and estate in any of said items, subject to the terms of Section 12.3, below; provided, however, as a condition to Tenant's agreement hereunder to subordinate Tenant's interest in this Lease to any future Security Document not effective as of the Effective Date, Landlord shall obtain from the applicable Holder, a commercially reasonable form of subordination, non-disturbance and attornment agreement in recordable form to which Tenant has no reasonable objection (any such agreement, an "**SNDA**"). Notwithstanding the foregoing, Landlord and/or the relevant Holder reserves the right to subordinate any such Security Documents to this Lease as if such Security Documents had been entered into, executed and delivered and registered subsequent to this Lease. Upon request, Tenant shall promptly and in any event within ten (10) Business Days after request sign any document reasonably requested by Landlord or Holder to acknowledge any such subordination or, in the event of an exercise by such Holder of its rights and recourses under Security Documents, attorn to and become Tenant of the Holder or any purchaser from such Holder for the then unexpired residue of the Term of, and upon all of the terms and conditions of this Lease. Landlord represents and warrants that Landlord's interest in the Property is not subject to any Security Documents as of the Effective Date.

In the event of any termination or transfer of Landlord's estate or interest in the Property, the Building or the Tenant Space by reason of any termination or foreclosure of any such Security Documents (and notwithstanding any subordination of such Security Document to this Lease that may or may not have occurred), at the election of Landlord's successor in interest, Tenant agrees to attorn to and become the tenant of such successor, in which event Tenant's right to possession of the Property will not be disturbed as long as Tenant is not in default under this Lease. Tenant hereby waives any right under any Applicable Law or otherwise to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event of any termination or transfer of Landlord's estate or interest in the Property, the Building or the Tenant Space by reason of any termination or foreclosure of any such Security Documents. Tenant hereby covenants and agrees that, notwithstanding the fact that the Holder is not a party to this Lease, all covenants contained herein for the benefit of a Holder may be enforced by such Holder as if it were a party hereto.

12.2 **Mortgagee and Ground Lessor Protection.**

Tenant agrees to give each Holder, by registered or certified mail, or by overnight courier, a copy of any notice of default served upon Landlord by Tenant, provided that prior to such notice Tenant has been notified in writing of the address of such Holder (hereafter, a " **Noticed Holder**"). Tenant further agrees that prior to Tenant pursuing any remedy for such default provided hereunder, at law or in equity, any Noticed Holder shall have the same time periods (i.e., within Landlord's time periods) set forth in this Lease, or such longer time set forth in the SNDA, for which to cure or correct such default.

12.3 **SNDA.**

Concurrently with the execution and delivery of this Lease, unless said Holder has agreed in writing that its Security Documents are subordinate to this Lease, Landlord shall obtain and provide an SNDA from any Holder existing as of the Effective Date. At any time that the Building is made subject to any new Security Document(s), Landlord shall use commercially reasonable efforts to cause the Holder (or prospective Holder) to deliver to Tenant an SNDA, providing in part that so long as Tenant is not in default under this Lease after the expiration of any applicable notice and cure periods, Tenant may remain in possession of the Tenant Space under the terms of this Lease, even if the mortgagee or its successor should acquire Landlord's title to the Building. Notwithstanding anything herein to the contrary, the subordination of this Lease to any Security Document hereafter placed upon the Building and Tenant's agreement to attorn to the Holder as provided in this Section 12 shall be conditioned upon the Holder entering into an SNDA. Tenant covenants and agrees to execute and deliver, within ten (10) days of receipt thereof, an SNDA.

12.4 **Indemnity Agreement.**

In addition, Tenant covenants and agrees in favour of Landlord to forthwith cause Indemnifier to execute and deliver the Indemnity Agreement to Landlord concurrently with the execution of this Lease. The provisions of this Section and the Indemnity Agreement shall survive this Lease and/or Tenant's interest herein being Disclaimed.

13. **SURRENDER OF TENANT SPACE; HOLDING OVER.**

13.1 **Tenant's Method of Surrender.**

13.1.1 Upon the expiration of the Term, or upon any earlier termination of this Lease or the termination of Tenant's right to possess the Tenant Space for any reason, Tenant shall, subject to the provisions of Section 6.3 and Articles 8, 9 and 13, quit and surrender vacant possession of the Tenant Space to Landlord in good working order and clean condition, reasonable ordinary wear and tear (provided said wear and tear did not create a state of disrepair) excepted.

13.1.2 Upon surrender as set forth in Section 13.1.1 above, Tenant shall immediately return to Landlord all keys and access cards to parking, the Project, restrooms or all or any portion of the Property furnished to or otherwise procured by Tenant.

13.1.3 Intentionally Deleted.

13.1.4 With respect to the initial Term only (but not any of the Extension Terms), Landlord may, in Landlord's sole and absolute discretion, upon a minimum of nine (9) months written notice to Tenant prior to the expiration of the initial Term, require Tenant at the expiration or earlier termination of the initial Term to either: (1) remove all Alterations and Tenant's Personal Property (and, in each and every case, restore any damage resulting from such

installation and/or removal) such that the Property is fully restored back to substantially the same condition it was on the date of Substantial Completion of Landlord's Work, ordinary wear and tear (provided such ordinary wear and tear does not result in a state of disrepair) excepted; or (2) leave all then existing Alterations and Tenant's Personal Property (other than Tenant's employees personal property unrelated to Tenant's use of the Tenant Space) in the Tenant Space free and clear of all liens, claims and encumbrances and in good working order in accordance with all Applicable Laws. In consideration of ten dollars ($10.00) (the receipt and sufficiency of which is hereby acknowledged by Tenant), all of such Tenant's Personal Property shall be automatically conveyed by Tenant to Landlord free and clear of all liens, claims and encumbrances upon the expiration or earlier termination of this Lease. While not necessary to effect said automatic conveyance, if required by Landlord, Tenant shall execute and deliver all requisite conveyancing, transfer, release, discharge and assignment documents as required by Landlord acting reasonably. Furthermore, Tenant shall also deliver to Landlord all plans, specifications, manuals and as-built surveys in Tenant's possession or control with respect to such Alterations and/or Tenant's Personal Property (but excluding propriety materials of Tenant) upon the expiration or sooner termination of this Lease.

With respect to each Extension Term (but not the initial Term), so long as no Event of Default has occurred and is subsisting, Tenant may elect, in Tenant's sole and absolute discretion, upon a minimum of nine (9) months prior written notice to Landlord, to either: (1) remove all Alterations and Tenant's Personal Property (and, in each and every case, restore any damage resulting from such installation and/or removal) such that the Property is fully restored back to substantially the same condition it was at the date of Substantial Completion of Landlord's Work, ordinary wear and tear (provided such ordinary wear and tear does not result in a state of disrepair) excepted; or (2) leave all then existing Alterations and convey to Landlord all of Tenant's Personal Property (other than Tenant's employees personal property unrelated to Tenant's use of the Tenant Space) in the Tenant Space, in each case, free and clear of all liens, claims and encumbrances and in good working order in accordance with all Applicable Laws. While not necessary to effect said automatic conveyance, if required by Landlord, Tenant shall execute and deliver all requisite conveyancing, transfer, release, discharge and assignment documents as required by Landlord acting reasonably. Furthermore, Tenant shall also deliver to Landlord all plans, specifications, manuals and as-built surveys in Tenant's possession or control with respect to such Alterations and/or Tenant's Personal Property (but excluding propriety materials of Tenant) upon the expiration or sooner termination of this Lease.

13.1.5 All covenants, indemnities or obligations of Tenant or Landlord hereunder not fully performed as of the expiration or earlier termination of this Lease, shall survive the expiration or earlier termination of the Term, including, without limitation, indemnity obligations, payment obligations with respect to Rent and obligations concerning the condition and repair of the Property.

13.2 **Disposal of Tenant's Personal Property.**

If any property not belonging to Landlord remains in the Tenant Space after the expiration of or within fifteen (15) days after any earlier termination of the Term of this Lease or the termination of Tenant's right to possess the Tenant Space (such period of fifteen (15) days,

the "**Removal Period**"), Tenant shall be deemed to have abandoned such property and to have authorized Landlord to make such disposition of such property as Landlord may desire without liability for compensation or damages to Tenant in the event that such property is the property of Tenant. If such property is required under this Lease to have been removed by Tenant, then Tenant shall forthwith do so and Tenant shall indemnify and hold the Landlord Group harmless from all Claims arising out of, in connection with, or in any manner related to any removal, exercise or dominion over and/or disposition of such property by Landlord and forthwith pay Landlord upon demand all of Landlord's costs and expenses incurred in connection therewith plus an administrative fee equal to fifteen percent (15%) of such cost. The foregoing shall not in any manner reduce Tenant's covenants and obligations pursuant to the balance of this Lease. Each of Tenant's covenants, obligations and indemnities shall survive and not merge upon the expiration or earlier termination of this Lease

13.3 **Holding Over.**

If Tenant should remain in possession of all or any portion of the Tenant Space after the expiration of the Term of this Lease (or any earlier termination of this Lease or the termination of Tenant's right to possess the Tenant Space), without the execution by Landlord and Tenant of a new lease or an extension of the Term of this Lease, then Tenant shall be deemed in Landlord's sole, absolute and unfettered discretion to be occupying the entire Tenant Space as a tenant-at-sufferance and/or a tenant at will, upon all of the terms contained herein, except as to term and Base Rent and any other provision reasonably determined by Landlord to be inapplicable. During any such holdover period, Tenant shall pay to Landlord a monthly Base Rent in an amount equal to one hundred and fifty percent (150%) of the Base Rent and Additional Rent payable by Tenant to Landlord during the last month of the Term of this Lease. The monthly rent payable for such holdover period shall in no event be construed as a penalty or as liquidated damages for such retention of possession, nor shall such monthly rent be considered to be any form of consequential or special damages related to such retention of possession. Neither any provision hereof nor any acceptance by Landlord of any rent after any such expiration or earlier termination shall be deemed a consent to any holdover hereunder or result in a renewal of this Lease or an extension of the Term, or any waiver of any of Landlord's rights or remedies with respect to such holdover. Notwithstanding any provision to the contrary contained herein, Landlord expressly reserves the right to require Tenant to surrender vacant possession of the Tenant Space upon the expiration of the Term or upon the earlier termination hereof or at any time during any holdover and the right to assert any remedy at law or in equity to evict Tenant and collect damages in connection with any such wrongful holdover after notice from Landlord and Tenant shall be responsible for and indemnify Landlord against all Claims suffered by Landlord resulting from or occasioned by Tenant's holding over after objection thereto by Landlord. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend this Lease except as otherwise expressly provided, and this Section 13.3 shall not be construed as consent for Tenant to retain possession of the Property. Acceptance by Landlord of Rent after the expiration of the Term or earlier termination of this Lease shall not result in a renewal, extension or reinstatement of this Lease or Landlord's consent thereto.

13.4 **Survival.**

The provisions of this Article 13 shall survive the expiration or early termination of this Lease.

14. **WAIVERS; INDEMNIFICATION; CONSEQUENTIAL DAMAGES; LIENS.**

14.1 **Waiver.**

To the fullest extent permitted by law, Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of, and waives all Claims it may have against the Landlord Group for damage to or loss of property (including, without limitation, consequential damages, loss of profits and intangible property) or personal injury or loss of life or other damages of any kind resulting from the Property, the Building or the Tenant Space or any part thereof becoming out of repair, by reason of any repair or alteration thereof, or resulting from any accident within the Property, the Building or the Tenant Space or on or about any space adjoining the same, or resulting directly or indirectly from any act or omission of any person, or due to any condition, design or defect of the Property, the Building or the Tenant Space, or any space adjoining the same, or the mechanical systems of the Building, which may exist or occur, whether such damage, loss or injury results from conditions arising upon the Tenant Space or upon other portions of the Building, or from other sources or places, and regardless of whether the cause of such damage, loss or injury or the means of repairing the same is accessible to Tenant. Tenant further waives any Claims for damages for any injury to Tenant's business or inconvenience to, or interference with, Tenant's business, any loss of occupancy or quiet enjoyment of the Tenant Space or any other loss occasioned by Landlord's entry under the terms of Section 18.15, below. Tenant agrees that Landlord will not have any responsibility or liability for any damage to Tenant's equipment or interruption of Tenant's operations, which is caused by any other occupant of the Building or the Property or the employees, agents, contractors, technicians, representatives, customers, co-locators or invitees of any such occupant.

14.2 **Indemnifications.**

14.2.1 Subject to the terms of Section 9.2, 9.3, 14.2.3 and 14.3 hereof, Tenant hereby agrees to indemnify, defend, and hold harmless Landlord from and against (and to reimburse Landlord for) any and all Claims arising from, in connection with, or in any manner relating to (or alleged to arise from, to be in connection with, or to be in any manner related to): (i) any Event of Default; (ii) the use or occupancy of the Tenant Space by: (A) Tenant, Tenant Party, any Transferee or any Person claiming by, through or under Tenant or any other member of the Tenant Party or Transferee; or (B) any Customer or any person claiming by, through or under any Customer, its partners, and their respective officers, agents, servants or employees of Tenant or any such Person (collectively, the "**Colocating Parties**"); (iii) any acts or omissions of Tenant or any Tenant Party with respect to the Tenant Space, the Building or the Property, (iv) the acts or omissions of any Transferee, Customer or any Colocating Parties; (v) Tenant's failure to surrender vacant possession of the Tenant Space upon the expiration or any earlier termination of this Lease or the termination of Tenant's right to possess the Tenant Space in accordance with the terms of this Lease (including, without limitation, costs and expenses incurred by Landlord in returning the Tenant Space to the condition in which Tenant was to

surrender and Claims made by any succeeding tenant founded on or resulting from Tenant's failure to surrender the Tenant Space); and/or (vi) any Permitted Agreement. In the event that any action or proceeding is brought against Landlord or any member of the Landlord Group by reason of any such Claim, Tenant upon notice from Landlord shall defend such action or proceeding at Tenant's cost and expense by counsel reasonably approved by Landlord. Tenant's obligations under this Section 14.2 shall survive the expiration or termination of this Lease as to any matters arising prior to such expiration or termination or prior to Tenant's vacation of the Tenant Space and the Building.

14.2.2 Subject to the terms of Sections 9.2, 9.3, 14.1, 14.2.3 and 14.3 and Exhibits E and E-3 hereof, Landlord hereby agrees to indemnify, defend, and hold harmless Tenant from and against (and to reimburse Tenant) any and all Claims to the extent directly resulting from the negligence or wilful misconduct of Landlord or any other Landlord Group with respect to the Tenant Space, the Building or the Property. In the event that any action or proceeding is brought against Tenant by reason of any such Claim, Landlord upon notice from Tenant shall defend such action or proceeding at Landlord's cost and expense by counsel reasonably approved by Tenant. Landlord's obligations under this Section 14.2 shall survive the expiration or termination of this Lease as to any matters arising prior to such expiration or termination or prior to Tenant's vacation of the Tenant Space and the Building.

14.2.3 Before enforcing its rights or remedies pursuant to this Section 14.2, each indemnified party hereunder shall first seek defence and indemnity from its insurer for the Claim, regardless of the cause of the Claim. In that regard, each of Landlord and Tenant releases the other and waives all Claims against the other and those for whom the other is in law responsible with respect to occurrences insured against or required to be insured against by the releasing party, whether any such Claims arise as a result of the negligence or otherwise of the other or those for whom it is in law responsible, subject to the following: (a) such release and waiver shall be effective only to the extent of proceeds of insurance received by the releasing party or proceeds which would have been received if the releasing party had obtained all insurance required to be obtained by it under this Lease (whichever is greater) and, for this purpose, deductible amounts under Tenant's insurance (but not Landlord's) shall be deemed to be proceeds of insurance received; and (b) to the extent that both parties have insurance or are required to have insurance for any occurrence, Tenant's insurance shall be primary. Notwithstanding the foregoing, the provisions of this Section 14.2.3 shall not apply in connection with Tenant's indemnities contemplated in each of subsections 14.2.1(i), (v) and/or (vi) hereof from time to time (other than in connection with indemnities relating to personal injury or property damage which latter two (2) exceptions are subject to the provisions of this Section 14.2.3).

14.2.4 Notwithstanding any provision to the contrary contained in this Section 14.2, nothing contained in this Section 14.2 shall be interpreted or used in any way to affect, limit, reduce or abrogate any insurance coverage or waiver provided by any insurer to either Tenant or Landlord. Each of the indemnity and release provisions shall survive the termination or expiration of this Lease.

14.3 **Consequential Damages.**

Except for the indemnification obligations expressly set forth in Section 13.3, under no circumstances whatsoever shall Landlord or Tenant ever be liable to one another for consequential damages, incidental damages, indirect damages, or special damages, or for loss of profit, loss of business opportunity or loss of income.

14.4 **Liens.**

Notwithstanding anything to the contrary herein, in no event shall Tenant have any right (express or implied) to create or permit there to be established any lien or encumbrance of any nature against the Tenant Space, the Building or the Property or against Landlord's or Tenant's interest therein or hereunder, including, without limitation, for any improvement or improvements by Tenant and Tenant shall fully pay the cost of any improvement or improvements made or contracted for by Tenant. Without limiting the foregoing, in no event shall Tenant have any right to permit any lien under the *Workplace Safety and Insurance Act* (Ontario) or any other statute. Tenant shall require each contractor which it engages to perform any improvements or alterations within the Tenant Space or elsewhere in the Building or the Property, to acknowledge and agree in writing that it is performing its work under its agreement with Tenant solely for the benefit of Tenant and that Tenant is not acting as Landlord's agent. Any lien or certificate of action filed, registered and/or recorded against the Tenant Space, the Building or the Property, or any portion of any of the above, for work claimed to have been done, or materials claimed to have been furnished to Tenant, shall be duly discharged by Tenant within twenty (20) days after the filing of the lien or such sooner time if required by a Holder. Tenant shall promptly pay for all materials supplied and work done by or on behalf of Tenant or any Tenant Parties in respect of the Property so as to ensure that no lien or claim of lien is filed, registered and/or recorded against any portion of the Project or against Landlord's or Tenant's interest therein. Tenant shall forthwith vacate or discharge, by bond or otherwise in accordance with all Applicable Laws, any construction lien filed or registered against the Property for work claimed to have been done for, or materials claimed to have been furnished to, Tenant within ten (10) days after receipt of notice of the filing or registration thereof (or sooner if such lien or claim is delaying a financing or sale of all or part of the Property), at Tenant's sole cost and shall otherwise keep the Property free from any liens arising out of work performed, materials furnished or obligations incurred by Tenant. Should Tenant fail to vacate or discharge any lien described herein (including by paying the disputed lien amount into court), Landlord shall have the right, but not the obligation, to pay such claim or post a bond or otherwise provide security to eliminate the lien as a claim against title to the Property and the out-of-pocket costs and expenses incurred by Landlord including, without limitation, legal fees, together with an administrative fee of fifteen percent (15%) thereon shall be immediately due from Tenant as Additional Rent. Without granting Tenant any additional rights herein, if Tenant shall lease or finance the acquisition of office equipment, furnishings, or other Personal Property of a removable nature utilized by Tenant in the operation of Tenant's business, Tenant warrants that any *Personal Property Security Act* Financing Statement filed as a matter of public record by any lessor or creditor of Tenant will upon its face or by exhibit thereto indicate that such Financing Statement is not applicable to this Lease, the Land and/or Tenant's leasehold interest in this Lease.

15. **TENANT DEFAULT.**

15.1 **Events of Default By Tenant.**

Each of the following acts or omissions of Tenant or occurrences shall constitute an " **Event of Default**":

15.1.1 Any failure or refusal by Tenant to pay any Rent or any other payments or charges required to be paid hereunder, or any portion thereof in a timely manner, within five (5) days following written notice that the same is delinquent provided that if Landlord has previously delivered a delinquency notice on at least one (1) occasion during the preceding twelve (12) month period, no further notice shall be required during said twelve (12) month period following such notice for any failure to pay Rent or any other payments or charges when due hereunder and Tenant shall be in default if it fails to pay Rent or any other payments or charges within five (5) days of the date same is due.

15.1.2 Any failure by Tenant to perform or observe any other covenant or condition of this Lease to be performed or observed by Tenant (other than those described above or below in this Section 15.1) if such failure continues for a period of thirty (30) days following written notice to Tenant of such failure; provided, however, that in the event Tenant's failure to perform or observe any covenant or condition of this Lease to be performed or observed by Tenant cannot reasonably be cured within thirty (30) days following written notice to Tenant, Tenant shall not be in default if Tenant commences to cure same within ten (10) days following receipt of such written notice and thereafter diligently prosecutes the curing thereof to completion following such written notice.

15.1.3 The filing or execution or occurrence of any one of the following by or against Tenant and/or Indemnifier: (i) an application or petition in bankruptcy or other insolvency proceeding, (ii) an application or petition or answer seeking relief under any provision of the *Bankruptcy and Insolvency Act* and/or the *Companies Creditors' Arrangement Act*, (iii) an assignment for the benefit of creditors, (iv) an application or petition or other proceeding for the appointment of a trustee, receiver or liquidator of Tenant or Indemnifier or any of Tenant's or Indemnifier's property, (v) a proceeding by any authority for the dissolution or liquidation of Tenant or Indemnifier; or (vi) Tenant or Indemnifier commences any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor or to adjudicate it a bankrupt or insolvent, or seeking winding up reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts or seeking appointment of a manager, monitor, liquidator, receiver, trustee, receiver/manager custodian or other similar official for it or for all or of any part of its property (collectively a " **Proceeding for Relief**"); (vii) become the subject of any Proceeding for Relief; or (viii) Tenant or Indemnifier fails to maintain its legal existence, provided, however, so long as no other Event of Default is subsisting, if any event described in the foregoing subsections (i), (ii), (iv) or (vii) above (but for greater certainty, none of the other subsections) is involuntary and was commenced by a Person which is independent of Tenant and Indemnifier, then only for so long as each of Tenant and Indemnifier is actively and diligently contesting same and neither Tenant or Indemnifier (by its actions or omissions) consents to same, it shall not be an Event of Default unless said event remains in effect for more than ten (10) days after it is initially entered or otherwise commences.

15.1.4 Any failure by Tenant or Indemnifier to execute and deliver any statement or document described in either Article 11 or Section 12.1 requested to be so executed and delivered by Landlord within the time periods specified therein applicable thereto, where such failure continues for five (5) days after delivery of written notice of such failure by Landlord to Tenant.

15.1.5 Any insurance required to be maintained pursuant to this Lease is not procured or maintained at all times in the manner required herein or such insurance shall be cancelled or terminated or shall expire or shall be reduced or materially changed, or Landlord shall receive a notice of non-renewal of any such insurance, and in each case Tenant shall fail to obtain replacement insurance within five (5) Business Days after notice thereof from Landlord.

15.1.6 Any event of default or breach occurs (after applicable notice and cure periods, if any) under the Indemnity Agreement relating to this Lease.

15.1.7 Tenant shall assign, sublease or otherwise Transfer or attempt to assign, sublease or otherwise Transfer all or any portion of Tenant's interest in this Lease or the Property except as expressly permitted herein.

15.1.8 Tenant or any Indemnifier makes a sale in bulk of all or a portion of its assets.

The parties hereto acknowledge and agree that all of the notice periods provided in this Section 15.1 are in lieu of, and not in addition to, the notice requirements of any Applicable Laws.

15.2 **Remedies.**

If and whenever an Event of Default occurs and is subsisting, then the full amount of the current month's Rent together with the next three (3) months' instalments of Rent, in each case, plus Sales Taxes thereon shall automatically and immediately become due and payable as accelerated rent and without prejudice to any other rights which it has pursuant to this Lease or at law, Landlord shall also have the following rights and remedies, which are cumulative and not alternative:

15.2.1 to terminate this Lease by notice to Tenant or to re-enter the Property and repossess them and, in either case, enjoy them as of its former estate, and Landlord may remove all Persons and property from the Property and store such property at the expense and risk of Tenant or sell or dispose of such property in such manner as Landlord sees fit without notice to Tenant;

15.2.2 to enter the Property and to relet the Property for whatever length, and on such terms as Landlord in its discretion may determine and to receive the rent therefor and to take possession of any property of Tenant on the Property, to store such property at the expense and risk of Tenant or to sell or otherwise dispose of such property in such manner as Landlord sees fit without notice to Tenant; to make alterations to the Property to facilitate their reletting; and to apply the proceeds of any such sale or reletting first, to the payment of any expenses reasonably incurred by Landlord with respect to any such reletting or sale second, to the payment

of any indebtedness of Tenant to Landlord other than Rent and third, to the payment of Rent in arrears, with the residue to be held by Landlord and applied to payment of future Rent as it becomes due and payable; provided that Tenant shall remain liable for any deficiency to Landlord;

15.2.3 to remedy or attempt to remedy such subsisting Event of Default of Tenant under this Lease for the account of Tenant and to enter upon the Property for such purposes; and no notice of Landlord's intention to remedy or attempt to remedy such subsisting Event of Default need be given Tenant unless expressly required by this Lease; and Landlord shall not be liable to Tenant for any Claims caused by acts of Landlord in remedying or attempting to remedy such subsisting Event of Default and Tenant shall pay to Landlord all costs and expenses reasonably incurred by Landlord in connection therewith; and/or

15.2.4 to recover from Tenant all damages, costs and expenses reasonably incurred by Landlord as a result of any such subsisting Event of Default by Tenant including, if Landlord terminates this Lease, any deficiency between those amounts which would have been payable by Tenant for the portion of the Term following such termination and the net amounts actually received by Landlord during such period of time with respect to the Property.

15.3 **Other Remedies.**

Notwithstanding any other provision of this Lease, Landlord may from time to time resort to any or all of the rights and remedies available to it during the continuance of an Event of Default hereunder by Tenant, either by any provision of this Lease, by statute or common law, all of which rights and remedies are intended to be cumulative and not alternative, and the express provisions hereunder as to certain rights and remedies are not to be interpreted as excluding any other or additional rights and remedies available to Landlord by statute or the general law. No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative and in addition to any other legal or equitable right or remedy given hereunder, or now or hereafter existing.

15.4 **No Waiver.**

No waiver of any provision of this Lease by either Landlord or Tenant shall be deemed to have been made unless expressly so made in writing. Tenant and Landlord (as the case may be) shall be entitled to seek injunctive relief in case of the violation, or attempted or threatened violation, of any provision of this Lease, or to seek a decree compelling observance or performance of any provision of this Lease, or to seek any other legal or equitable remedy.

16. **LANDLORD'S LIABILITY.**

16.1 **Landlord Default.**

In the event that Landlord shall fail to perform any obligation of Landlord to be performed under this Lease, Landlord shall not be in default hereunder (and Tenant shall have no right to pursue any such claim for damages in connection with any such failure) unless and until Tenant shall have delivered to Landlord a written notice specifying such default with

particularity, and Landlord shall thereafter have failed to cure such default within thirty (30) days (or, if the nature of Landlord's obligation is such that more than thirty (30) days are reasonably required for its performance, then not unless Landlord shall have failed to commence such performance of such cure within such thirty (30) day period and thereafter diligently pursue the same to completion). In the event Landlord's failure to perform an obligation of Landlord to be performed under this Lease materially adversely affects Tenant's use of the Tenant Space for the Permitted Use, Landlord shall commence to cure such default within ten (10) Business Days following receipt of written notice from Tenant of such default and shall diligently pursue the curing thereof to completion. Thereafter, Tenant's sole and exclusive remedies for any such failure shall be an action for money damages, specific performance and/or injunctive relief (Tenant hereby waiving the benefit of any laws granting Tenant a lien upon the property of Landlord and/or upon rental due to Landlord or granting Tenant a right to terminate this Lease upon a default by Landlord); provided, however, that, except as expressly set forth in Exhibit E-3 of this Lease, in no event shall Tenant have the right to terminate the Lease nor shall Tenant's obligation to pay Rent or other charges under this Lease abate based upon any default by Landlord of its obligations under this Lease.

16.2 **Landlord's Liability.**

In consideration of the benefits accruing under this Lease to Tenant and notwithstanding anything to the contrary in this Lease or in any exhibits, riders, amendments, or addenda to this Lease (collectively, the "**Lease Documents**"), it is expressly understood and agreed by and between the parties to this Lease that: (i) the recourse of Tenant or its successors or assigns against Landlord (and the liability of Landlord to Tenant, its successors and assigns) with respect to (a) any actual or alleged breach or breaches by or on the part of Landlord of any representation, warranty, covenant, undertaking or agreement contained in any of the Lease Documents, or (b) any matter relating to Tenant's occupancy of the Tenant Space (collectively, the "**Landlord's Lease Undertakings**"), shall be limited solely to an aggregate amount of Landlord's interest in the Property; (ii) other than Landlord's interest in the Property, Tenant shall have no recourse against any other assets of the Landlord Group (as defined in the Basic Lease Information); (iii) except to the extent of Landlord's interest in the Property, no personal liability or personal responsibility of any sort with respect to any of Landlord's Lease Undertakings or any alleged breach thereof is assumed by, or shall at any time be asserted or enforceable against, Landlord; and (iv) at no time shall Landlord be responsible or liable to Tenant or any Tenant Party for any lost profits, lost economic opportunities or any form of consequential damages as the result of any actual or alleged breach by Landlord of Landlord's Lease Undertakings. If Landlord is or at any time becomes a trust, partnership or joint venture and the trust, partnership or joint venture agreements in connection with such trust, partnership or joint venture provides that only the assets of the trust, partnership or joint venture and not the assets of the trustees, beneficiaries, separate partners or joint venturers be available for the satisfaction of Landlord's covenants, indemnities and obligations hereunder, Tenant acknowledges and agrees that the liability of the trustees, beneficiaries, partners or joint venturers shall be limited accordingly, and that recourse shall not be had to the trustees, beneficiaries, partners or joint venturers separately or to their separate assets.

16.3 **Transfer of Landlord's Interest.**

Landlord shall have the right, in its sole, absolute and unfettered discretion to sell, convey, encumber, transfer (subject to Article 17 hereof) and/or assign its interest in this Lease and/or the Property in whole or in part from time to time. Landlord, and each successor to Landlord, shall be fully released from the performance of Landlord's obligations under the Lease Documents arising after the date of such transfer of Landlord's interest in the Property to a third party (and such third party shall be deemed to have assumed such obligations from and after said date). Landlord shall not be liable for any obligation under the Lease Documents arising after the date of such sale, conveyance, transfer and/or assignment (and such third party shall be deemed to have assumed all of Landlord's obligations from and after said date), and Tenant agrees to look solely to the successor in interest of Landlord in and to this Lease for all obligations and liabilities accruing on or after the date of such transfer. If any security has been given by Tenant to secure the faithful performance of any of the covenants of this Lease, Landlord may transfer or deliver said security, as such, to Landlord's successor in interest and thereupon Landlord shall be discharged from any further liability with regard to said security.

17. **TENANT'S RIGHT OF FIRST OPPORTUNITY TO PURCHASE.**

17.1 **ROFO**

17.1.1 Provided there is not then any outstanding Event of Default, so long as this Lease is in effect, Tenant will have a right of first opportunity (the "**Purchase ROFO**") to attempt to negotiate a binding agreement of purchase and sale for the Tenant Space or a portion thereof as set forth below should Landlord decide in its sole, absolute and unfettered discretion to sell or otherwise transfer the Tenant Space or a portion thereof to an unrelated party (but Tenant shall not be entitled to purchase any other additional properties) to be exercised in accordance with the provisions of this Section 17.1.

17.1.2 Prior to offering the Tenant Space in whole or in part for sale or transfer, the Landlord shall first offer in writing to sell the Tenant Space or the relevant part thereof (the "**ROFO Property**"), by way of a written notice (the "**Offer Notice**") to Tenant. The Offer Notice must describe the proposed Tenant Space or a portion thereof which Landlord is prepared to sell and the estimated closing date of the proposed sale. Thereafter, Tenant shall have the right to offer to purchase the Tenant Space or relevant portion offered by Landlord in an as is where is condition without any representations or warranties at a price and upon the terms and conditions stated in a written notice from Tenant to Landlord (the " **Interest Notice**"), which Interest Notice may only be exercised by Tenant within ten (10) Business Days after Tenant's receipt of the Offer Notice. In the event the Tenant delivers the Interest Notice to the Landlord within the time and manner required herein, Landlord and Tenant shall thereafter, acting reasonably and in good faith attempt to agree upon the purchase price and otherwise come to a final and binding agreement upon, and execute and deliver, a commercially reasonable form of purchase and sale agreement documenting Tenant's agreement to purchase the ROFO Property within twenty (20) days after Landlord's receipt of the Interest Notice (the " **PSA Period**"). In the event that Landlord and Tenant are unable to come to a final and binding agreement upon, and execute and deliver, a binding purchase and sale agreement documenting Tenant's agreement to purchase the ROFO Property within the PSA Period for any reason whatsoever, time being of the

essence, the Interest Notice shall be deemed automatically to have been withdrawn (and/or otherwise revoked) by Tenant as of the expiration of such PSA Period. In such event, or if Tenant is otherwise disqualified from doing so, then thereafter Landlord may proceed to negotiate a purchase and sale agreement for the Tenant Space with a *bona fide* third party purchaser(s) (the "**Third Party Offer**"), free and clear of Tenant's Purchase ROFO right, for a period of three hundred and sixty (360) days thereafter, upon those business terms and conditions which Landlord is prepared to accept in Landlord's sole, absolute and unfettered discretion at which point the Purchase ROFO shall be null and void and be of no further force or effect as to the portion of the Tenant Space that was sold (but this Purchase ROFO shall continue in full force and effect as to any remaining portion of the Tenant Space, if any). Notwithstanding the foregoing, if the Third Party Offer does not close within three hundred and sixty (360) days following the expiration of the PSA Period, then the requirement to deliver a new Offer Notice in the manner set out above shall again apply, if Landlord in its sole, absolute and unfettered discretion thereafter elects to sell or transfer the Tenant Space or a portion thereof.

17.1.3 In addition, notwithstanding any provision of this Article 17 to the contrary:

(A) Tenant shall have no Purchase ROFO right related to and this Article 17 shall not apply to any Third Party Offer that is part of a multi-property purchase offer (i.e., if a third party purchaser indicates to Landlord an interest in acquiring two (2) or more properties owned by Landlord, and/or the affiliate(s) of Landlord (a "**Multi-Property Purchase Offer**"), then Landlord's conveyance of the ROFO Property to the third party (or its affiliate) shall, provided that such conveyance is effected together with the conveyance of some or all of such other property(ies), be deemed to be free of restriction or encumbrance related to the terms of this Article 17 of the Lease); and

(B) Tenant shall have no Purchase ROFO right related to and this Article 17 shall not apply to any sale, transfer, foreclosure and/or conveyance of the ROFO Property: (i) by Landlord to: (1) any party comprising Landlord and/or any affiliate or subsidiary of any member of the Landlord Group; (2) any partnership, trust or joint venture of which any member of the Landlord Group is a part; or (3) the Bresler Family; (ii) by or on behalf of a Holder in connection with a foreclosure, power of sale or sale resulting from the Holder enforcing its rights or remedies (but the Purchase ROFO will apply with respect to subsequent sales) or (iii) relating to the sale or conveyance of an immaterial portion of the Property to the City, utility providers, abutting land owners, pursuant to Operating Agreements or otherwise in conjunction with prudent real property title practice.

18. **MISCELLANEOUS.**

18.1 **Severability.**

If any term or other provision of this Lease is determined by any court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any legal requirement, all other terms and provisions of this Lease shall nevertheless remain in full force and effect. Upon such determination by a court of competent jurisdiction that any term or other provision is invalid, illegal or incapable of being enforced, Landlord and Tenant shall negotiate in good faith a new provision, to replace the invalid, illegal or unenforceable provision, that, as far as legally possible, (a) most nearly reflects the intent of Landlord and Tenant, (b) restores this Lease as closely as possible to its original intent and effect, and (c) results in the economic and legal substances of the transactions contemplated hereby not being affected in any manner materially adverse to Landlord or Tenant. Without limiting the foregoing, this Lease is expressly conditional upon compliance with the subdivision control provisions of the *Planning Act* of Ontario or any successor legislation or other statute which may hereafter be passed to take the place of the said Act or to amend the same, and provided that such consents are granted on conditions which are pre-approved in writing by Landlord. Notwithstanding the other provisions of this Lease, if such consents are refused, or if such consents are not granted, or if such consents are granted upon a condition or conditions which Landlord deems unacceptable to it, then this Lease shall not be void or voidable, but in such event if the Term is in excess of twenty-one (21) years, then the Term and all rights of renewal and/or extension shall not exceed a period of twenty (20) years from and including the Commencement Date in the aggregate. In such an event, Landlord shall at its expense proceed to obtain the requisite consent and Tenant shall co-operate (at no material cost to Tenant) with Landlord in doing so.

18.2 **No Waiver.**

The covenants and obligations of Tenant and Landlord pursuant to this Lease shall be independent of performance by the other of its covenants and obligations pursuant to this Lease. No failure or delay by either Tenant or Landlord to insist on the strict performance of any obligation, covenant, agreement, term or condition of this Lease, or to exercise any right or remedy available upon such non-performance, will constitute a waiver, and no breach or failure by such party to perform will be waived, altered or modified, except by written instrument signed by such party against whom enforcement is sought.

18.3 **Attorneys' Fees and Costs.**

If either Landlord or Tenant initiates any litigation, mediation, arbitration or other proceeding regarding the enforcement, construction or interpretation of this Lease, then the non-prevailing party shall pay the prevailing party's reasonable attorneys' fees and costs (including, without limitation, all expense reimbursements, expert witness fees and litigation costs). In addition, if it should otherwise be necessary or proper for Landlord to consult an attorney concerning this Lease for the review of instruments evidencing a proposed Transfer and/or any proposed sublease subordination agreement and/or any documentation related to Section 6.2, above and/or for the purpose of collecting Rent, Tenant agrees to pay to Landlord its reasonable attorneys' fees whether suit be brought or not. The parties further agree that their agreement and associated obligation to pay any such attorneys' fees shall survive the expiration or termination of this Lease.

18.4 **Headings; Time; Survival.**

The headings of the Articles, Sections and Exhibits of this Lease are for convenience only and do not define, limit or construe the contents thereof. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. Each of the parties hereto acknowledges that it has read and reviewed this Lease and that it has had the opportunity to confer with counsel in the negotiation of this Lease. Accordingly, this Lease shall be construed neither for nor against Landlord or Tenant, but shall be given a fair and reasonable interpretation in accordance with the meaning of its terms and the intent of the parties. In all instances where Tenant is required to pay any sum or do any act at a particular indicated time or within an indicated period, it is understood that time is of the essence. Any obligations of Tenant accruing prior to the expiration or termination of this Lease shall survive the expiration or termination of this Lease, and Tenant shall promptly perform all such obligations whether or not this Lease has expired or been terminated.

18.5 **Notices.**

Any notice which may or shall be given under the provisions of this Lease shall be in writing and may only be delivered by: (i) hand delivery or personal service, (ii) an overnight courier service which provides evidence of delivery, (iii) facsimile (so long as a confirming copy is forwarded by an overnight courier service thereafter); and/or (iv) email (so long as a confirming copy is forwarded by an overnight courier service thereafter), if for Landlord, at the address specified in Item 11 of the Basic Lease Information, or if for Tenant, at the address specified in Item 3 of the Basic Lease Information, or at such other addresses as either party may have theretofore specified by written notice delivered in accordance herewith. Such address may be changed from time to time by either party by giving notice as provided herein. Notice shall be deemed given: (a) when delivered (if delivered by hand or personal service), if delivered before 4:00 p.m. (eastern standard time) on a Business Day or on the next Business Day if delivered after 4:00 p.m. or on a day which is not a Business Day; (b) if sent by an overnight courier service, on the Business Day immediately following the Business Day on which it was sent; (c) the date the facsimile is transmitted, if transmitted before 4:00 p.m. (eastern standard time) on a Business Day or on the next Business Day if transmitted after 4:00 p.m. or on a day which is not a Business Day; or (d) the date the e-mail is transmitted, if transmitted before 4:00 p.m. (eastern standard time) on a Business Day or on the next Business Day if transmitted after 4:00 p.m. or on a day which is not a Business Day.

18.6 **Governing Law; Jurisdiction.**

This Lease shall be governed by, and construed in accordance with, the laws of the province in which the Property is located. In addition, each of Landlord and Tenant hereby irrevocably submits and attorns to local jurisdiction in the province in which the Property is located and agrees that any action by one against the other shall only be instituted in the province in which the Property is located and that each shall have personal jurisdiction over the other for

any action brought by one against the other in the province in which the Property is located. Each party irrevocably attorns and submits to the exclusive-jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

18.7 **Incorporation; Amendment; Merger.**

This Lease, along with any exhibits and attachments or other documents referred to herein, all of which are hereby incorporated into this Lease by this reference, constitutes the entire and exclusive agreement between Landlord and Tenant relating to the Tenant Space, and each of the aforementioned documents may be altered, amended or revoked only by an instrument in writing signed by the party to be charged thereby. All prior or contemporaneous oral or written agreements, understandings and/or practices relative to the leasing or use of the Tenant Space are merged herein or revoked hereby. For the avoidance of doubt, Landlord and Tenant hereby agree that: (i) this Lease relates exclusively to the Tenant Space, and (ii) the provisions herein supersede and replace the terms and conditions of any other agreement between Landlord and Tenant related to the Tenant Space.

18.8 **Brokers.**

Each party hereto represents to the other that the representing party has not engaged, dealt with or been represented by any broker in connection with this Lease other than the brokers specified in Item 13 of the Basic Lease Information. Landlord and Tenant shall each indemnify, defend (with legal counsel reasonably acceptable to the other) and hold harmless the other party from and against all Claims (including attorneys' fees and all litigation expenses) related to any claim made by any other person or entity for any commission or other compensation in connection with the execution of this Lease or the leasing of the Tenant Space to Tenant if based on an allegation that claimant dealt through the indemnifying party. Landlord shall be responsible for paying Cushman & Wakefield Ltd. ("**CWL**") in accordance with a commission agreement between Landlord and CWL. The provisions of this Section 18.8 shall survive the termination of this Lease.

18.9 **Examination of Lease.**

This Lease shall not be binding or effective until each of the parties hereto have executed and delivered an original or counterpart hereof to each other.

18.10 **Recordation.**

Neither Tenant nor any person or entity acting through, under or on behalf of Tenant shall record or cause the recordation of this Lease; provided, however, Tenant shall have the right (but not the obligation), at its sole cost and expense, to record a notice of this Lease, which only describes the parties, the Term and the other minimum information required at law, but the notice of lease must be in form pre-approved by Landlord, acting reasonably. Tenant further covenants and agrees with Landlord that any such notice or short form of lease so registered or recorded shall comply with the *Land Titles Act* (Ontario). On or before the expiration or earlier termination of this Lease, Tenant shall, at its expense, remove from title to the Land any notice

of this Lease and/or other registration recorded by or on behalf of Tenant evidencing an interest of Tenant or anyone claiming through or under Tenant in respect of this Lease or the Property. Tenant shall indemnify Landlord in respect of any Claims incurred by Landlord as a result of Tenant's failure to remove any such notice or short form of Lease or other documents in a timely manner after request by Landlord. In addition, Tenant shall forthwith execute and deliver such documentation, discharges and/or releases as Landlord may reasonably require from time to time in connection with any Operating Agreements or other municipal requirements from time to time so long as said documentation does not impose any material costs or obligations in connection therewith.

18.11 **Authority.**

Each of Landlord and Tenant represents to the other party that the person executing this Lease on its behalf is duly authorized to execute and deliver this Lease pursuant to its respective by-laws, operating agreement, resolution or other legally sufficient authority. Further, each party represents to the other party that (i) it has been validly formed or incorporated, (ii) it is duly qualified to do business in the province in which the Property is located, and (iii) this Lease is being executed on its behalf and for its benefit.

18.12 **Successors and Assigns.**

Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon, and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives and permitted successors and permitted assigns.

18.13 **Force Majeure.**

A party shall incur no liability to the other party with respect to, and shall not be responsible for any failure to perform, any of its obligations hereunder (other than payment obligations or obligations that may be cured by the payment of money (e.g., maintaining insurance)) if such failure is caused by any reason beyond the reasonable control of the party obligated to perform such obligations, including, but not limited to, strike, labour trouble, governmental rule, regulations, ordinance, statute or interpretation, or by fire, earthquake, civil commotion, or failure or disruption of utility services (collectively, " **Force Majeure**"). The amount of time for a party to perform any of its obligations (other than payment obligations) shall be extended by the amount of time it is delayed in performing such obligation by reason of any Force Majeure occurrence whether similar to or different from the foregoing types of occurrences. In no event will Tenant be relieved of its obligation to pay Rent in a timely manner as it becomes due pursuant to this Lease. The foregoing notwithstanding, as it relates to Landlord's completion of the Landlord's Work and delivery of the Tenant Space, Landlord shall be permitted the excuse of Force Majeure delay with regard to the occurrence of weather only to the extent that such weather-related delays (either due to the severity, frequency or duration thereof) were not reasonably foreseeable on the Effective Date.

18.14 **No Partnership or Joint Venture; No Third Party Beneficiaries.**

Nothing contained in this Lease shall be deemed or construed to create the relationship of principal and agent, or partnership, or joint venturer, or any other relationship between Landlord and Tenant other than landlord and tenant. Landlord shall have no obligations hereunder to any person or entity other than Tenant, and no other parties shall have any rights hereunder as against Landlord.

18.15 **Access by Landlord.**

Landlord, Landlord's insurers, agents and employees shall have the right to enter upon any and all parts of the Tenant Space during reasonable times upon prior reasonable written notice (except in the case of an emergency when oral notice may be given to on-site personnel, but Landlord shall use commercially reasonable efforts to give prior written notice to Tenant and be accompanied by a representative of Tenant) solely to examine the condition thereof, to make any repairs, alterations or additions required to be made by Landlord hereunder, to show the Tenant Space to prospective purchasers or prospective tenants (but only to such prospective tenants during the last year of the Term) or mortgage lenders (prospective or current), to determine whether Tenant is complying with all of its obligations under this Lease, and to exercise any of Landlord's remedies hereunder if Tenant is not complying with its obligations under this Lease, and for no other use or purpose (and in any event, Tenant's representative shall be allowed to accompany Landlord during any such access). Notwithstanding anything herein to the contrary, Landlord shall use reasonable efforts to minimize disruption of Tenant's business or occupancy during such entries, and shall at all times abide by Tenant's reasonable security procedures during such entries, provided Landlord has prior written notice of such security procedures.

18.16 **Rights Reserved by Landlord.**

For the avoidance of doubt, but without negating any of the rights, duties and/or obligations expressly set forth herein, this Lease shall not be deemed to convey any ownership rights or mineral interest rights in the Property to Tenant.

18.17 **Signage Rights.**

Tenant shall, during the Term, have the exclusive right to place any signage within the Tenant Space and on the exterior of the Tenant Space, subject to: (a) compliance with Applicable Laws and governmental requirements; and (b) prior approval by Landlord, not to be unreasonably withheld, conditioned or delayed, of any such signage that Tenant proposes to place on the exterior of the Tenant Space. Other than "for sale" signs or "for lease" signs of a dimension and in a location to which Tenant has no reasonable objections, or such signage that is required from time to time in order to comply with Applicable Laws or Operating Agreements or in conjunction with safe practices, Landlord shall not have the right to place any other signage anywhere on or in the Tenant Space during the Term, unless specifically approved by Tenant in its sole and absolute discretion. Landlord and Tenant shall mutually agree upon the initial name of the Building, which Landlord reserves the right to change from time to time with Tenant's prior approval, not to be unreasonably withheld, conditioned or delayed. Without limiting the

foregoing, Tenant may withhold its approval for any change of the Building's name to one which includes the name of any competing company reasonably identified by Tenant. At the expiry or earlier termination of this Lease, Tenant shall remove all interior and exterior signage and shall repair any damage caused by such installation or removal. Each of Landlord and Tenant acknowledges that the exterior facade of the Building may be subject to the requirements of Waterfront Toronto from time to time and each party shall comply with said requirements in exercising its signage rights hereunder.

18.18 **Counterparts; Delivery by Facsimile or E-mail.**

This Lease may be executed simultaneously in two or more counterparts each of which shall be deemed an original, but all of which shall constitute one and the same Lease. Landlord and Tenant agree that the delivery of an executed copy of this Lease by facsimile or e-mail (of a PDF) shall be legal and binding and shall have the same full force and effect as if an original executed copy of this Lease had been delivered.

18.19 **Confidentiality.**

Each party agrees that: (i) the terms and provisions of this Lease are confidential and constitute proprietary information of the parties; and (ii) it shall not disclose, and it shall cause its partners, officers, directors, shareholders, employees, brokers and attorneys to not disclose any term or provision of this Lease to any other person without first obtaining the prior written consent of the other party, except that each party shall have the right to disclose this Lease and its related information for valid business (including, without limitation, possible sale or financing purposes), legal, tax and accounting purposes and/or if advisable under any applicable securities laws regarding public disclosure of business information and/or in connection with a notice of this Lease registered against title to the Lands which does not breach Section 18.10 hereof. The foregoing notwithstanding, each of Tenant and Landlord reserves the right to post a press release or press releases (in the form reasonably pre-approved by the other), that discloses the fact that Landlord and Tenant have entered into a lease; provided that same does not disclose the economics related hereto. Any references in such press release or press releases, in excess of the fact that Landlord and Tenant have entered into a lease, require approval by Tenant and Landlord, which each party may withhold in its sole and absolute discretion.

18.20 **No Foreign Corrupt Practices.**

Each of Landlord and Tenant hereby represents, warrants, and covenants that it and its subsidiaries, owners, partners, officers, directors, employees, agents and representatives are fully aware of the provisions of the *United States Foreign Corrupt Practices Act* ("**FCPA**"), 15 U.S.C. §§78dd-1, et seq., as amended regarding, among other things, payments to government officials, and that they will perform the their respective obligations under this Lease in compliance with the FCPA and all applicable laws, including but not limited to all bribery and corruption laws. Landlord acknowledges that the foregoing is intended to assist the Tenant in its obligation to comply with the provisions of the FCPA. Tenant shall forthwith reimburse Landlord for any reasonable out of pocket costs and expenses incurred by Landlord in complying with FCPA from time to time.

18.21 **Incorporation of Schedules and Exhibits.**

All of the terms and conditions of all of the Schedules and Exhibits to this Lease are hereby incorporated into this Lease.

18.22 Acting Reasonably

Except as otherwise specifically provided to the contrary in this Lease, the parties hereto, and each person acting for them, in granting a consent or approval or making a determination, designation, calculation, estimate, conversion or allocation under this Lease, will act reasonably and in good faith and each expert or other professional employed or retained by a party hereto will act in accordance with the applicable principles and standards of such person's profession. If either party withholds any consent or approval where it is required to act reasonably, such party shall, on written request, deliver to the other party a written statement giving the reasons for withholding the consent or approval. However, notwithstanding the foregoing or anything else contained herein or elsewhere, if an Event of Default has occurred and is subsisting, the foregoing shall not apply to Landlord.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed this Lease on the respective dates set forth below to be effective as of the Effective Date.

LANDLORD:

271 FRONT INC.

Per: /s/ Ron Bresler
Name: Ron Bresler
Title:

I have authority to bind the Corporation

TENANT:

EQUINIX CANADA LTD.

Per: /s/ Howard B. Horowitz
Name: Howard B. Horowitz
Title: Authorized Signing Officer

I have authority to bind the Corporation

EXHIBIT A
DESCRIPTION OF THE LAND

PART OF PIN 21077-0025 (LT) being Part Lot 1, Plan 108, East Side of Parliament Street; Part Lot 3A, Plan 108, South Side of Front Street East; Part Lots 1, 2 and 3, Plan 108, North Side of Mill Street; designated as Parts 3 and 4 on Reference Plan 66R-26445.

Subject to an easement and right-of-way over Part 3 on Plan 66R-26445 for the purposes of vehicular and pedestrian access and egress, and for the purposes of services and utility installations and/or infrastructure from time to time located in, on or under the said Part 3 on Plan 66R-26445 connected to servicing and/or benefiting the lands comprising Parts 1, 2 and 5 on Plan 66R-26445 and/or the buildings and/or improvements located thereon from time to time and includes, without limitation, all fibre optics, storm, water and sanitary sewers, telephone and cable, roads, sidewalks, drains, water mains, water courses and hydro-electric lines, gas and water lines and installations, together with their appurtenances from time to time as set out in Instrument AT3162357.

Together with an easement and right-of-way over Parts 2 and 5 on Plan 66R-26445 for the purposes of vehicular and pedestrian access and egress, and for the purposes of services and utility installations and/or infrastructure from time to time located in, on or under the said Parts 2 and 5 on Plan 66R-26445 connected to servicing and/or benefiting the lands comprising Parts 3 and 4 on Plan 66R-26445 and/or the buildings and/or improvements located thereon from time to time and includes, without limitation, all fibre optics, storm, water and sanitary sewers, telephone and cable, roads, sidewalks, drains, water mains, water courses and hydro-electric lines, gas and water lines and installations, together with their appurtenances from time to time as set out in Instrument AT3162357.

Each of the parties hereto acknowledges that the aforementioned legal description is subject to minor amendments from time to time as the precise boundaries for the Land is established from time to time.

EXHIBIT B
INSURANCE

1. Insurance During Construction and Reconstruction:

Tenant covenants and agrees in favour of Landlord that upon the earlier of the commencement of the Tenant's Work and/or the date on which Tenant receives access to any part of the Property until the later of the Commencement Date and at any time thereafter during substantial, material construction, reconstruction, alteration or rehabilitation of the Property, Tenant shall purchase, provide and maintain, or cause Construction Manager to purchase, provide and maintain, to the satisfaction of Landlord and each Holder, at Tenant's sole cost and expense, insurance complying with each of the following requirements:

(a) **Liability Insurance:** wrap-up commercial general liability insurance covering Landlord as well as Tenant for damages because of property damage and/or bodily injury (including death) arising out of the existence of the Property. The coverage provided shall be no more restrictive than the IBC 2100 liability policy, including the appropriate CCDC endorsements. The policy limit shall be no less than Ten Million Dollars ($10,000,000.00) per occurrence and $10,000,000.00 in the aggregate. The policy shall include property damage and bodily injury and personal injury, contractual liability, owners' and contractors' protective liability, non-owned automobile liability and shall include no less than two (2) years completed operations coverage. Such policy shall include a waiver by the insurer of any rights of subrogation against each of Landlord, Holder and Landlord Group and each member thereof and include a severability of interests and cross liability clause; and

(b) **Property Insurance:** All risks course of construction (builders risks) and broad form comprehensive boiler machinery insurance (which may be combined with course of construction policy). Such coverage shall be in the names of Tenant and each Holder, in an amount not less than the full Replacement Cost value. The policy shall be no more restrictive than the IBC 4042 or 4047 policy, including the appropriate CCDC endorsements. The policy shall contain no exclusion for loss or damage caused by the perils of flood or earth movement, including earthquake. The policy shall provide Replacement Cost coverage on all Leasehold Improvements, Alterations and Tenant's Personal Property. The policy shall be extended to cover soft costs, delayed rents (9 months minimum), interest, advertising costs and rental commissions when the loss is caused by an insured risk. Such policy shall contain all coverage included in this Section and shall include a waiver by the insurer of any rights of subrogation against each of Landlord, Holder and the Landlord Group and each member thereof.

All such insurance shall provide Landlord and each Holder with no less than thirty (30) days' notice of cancellation and the contractor's equipment coverage shall provide a waiver of subrogation in favour of Landlord. Prior to receiving any access to the Property, Tenant shall provide Landlord and each Holder with certificates evidencing that such insurance is in full force and effect for the review and approval of Landlord and each Holder. All policies of insurance shall specifically provide coverage whether or not the Property are partially completed or occupied for any purpose.

2. Tenant's Insurance from and after the Commencement Date

From and after the Commencement Date, Tenant shall, at its sole expense, purchase, provide and maintain in full force and effect at all times throughout the Term and such other times, if any, as Tenant or any Transferee occupies the Property or any portion thereof, the following insurance:

(a) Commercial General Liability insurance applying to the operations carried on from the Property, which shall include, without limitation, death and personal injury liability, property damage liability, broad form product and completed operations liability and blanket contractual liability (including contractual liability with respect to this Lease). Such policies shall be written on a comprehensive basis with inclusive limits of not less than Ten Million Dollars ($10,000,000) for bodily injury to any one or more persons or property damage, and such higher limits as Landlord, acting in a commercially reasonable manner within insurance industry norms, and/or its Holder may from time to time require, upon not less than thirty (30) days written notice to Tenant. Said insurance shall also contain a severability of interests clause and a cross-liability clause. Such insurance may be a mixture of primary, umbrella and excess layers;

(b) "All Risks" (including but not limited to sprinkler leakage, sewer back up, flood, earthquake and collapse) property insurance in an amount equal to the full Replacement Cost thereof upon property of every description and kind owned by Tenant or for which Tenant is liable, or installed by or on behalf of Tenant and which is located within the Property including, without limitation, all Leasehold Improvements, Alterations, Tenant's Personal Property, fixtures and all other personal property;

(c) broad form comprehensive boiler and machinery insurance on a blanket repair and replacement basis with limits for each accident in an amount not less than the full Replacement Cost of all Leasehold Improvements, Alterations and Tenant's Personal Property and of all boilers, pressure vessels, air-conditioning equipment and miscellaneous electrical apparatus owned or operated by Tenant or others (other than Landlord) in or serving the Property;

(d) business interruption insurance in such amounts as necessary to fully compensate Tenant for direct or indirect loss of sales or earnings attributable to any of the perils, required to be insured against under all risks property and boiler and machinery policies referred to herein in all circumstances usually insured against by prudent owners including losses resulting from interference with access to the Property as a result of such perils;

(e) tenant's legal liability insurance carried by each of its Transferees;

(f) environmental impairment (pollution) liability in the minimum amount of $5,000,000 per claim and in the aggregate. Such policy shall have an extended discovery period and reporting period of 12 months in the event of termination of the policy or termination of this Lease including its expiration; and

(g) any other insurance against such risks and/or in such amounts as Landlord, acting in a commercially reasonable manner within insurance industry norms, and/or its Holder may from time to time require upon not less than thirty (30) days written notice to Tenant. Without limiting the foregoing, Tenant acknowledges and agrees that given the length of the Term, the minimum amounts set out herein will increase in a commercially reasonable manner from time to time upon not less than thirty (30) days written notice to Tenant to reflect market and inflationary increases.

3. General Obligations with respect to Tenant's Insurance

Each of Tenant's insurance policies shall name Landlord and each Holder, at Landlord's option, as additional insureds and shall be taken out with insurers listed in Canada or in the United States (provided, in the latter case, said insurance policies provide for all insurance certificates to be countersigned by a licensed Canadian broker) which carry a minimum A.M. Best financial rating of "A-" VII. Without limiting the generality of the foregoing, each of Tenant's insurance policies shall contain:

(a) a waiver by the insurer of any rights of subrogation to which such insurer might otherwise be entitled against Landlord, the Landlord Group, the Holder or any Person for whom any of them is in law responsible;

(b) an agreement by the insurer that the policy will not be cancelled, except after not less than thirty (30) days' written notice to Tenant and Landlord and to the Holder;

(c) a provision stating that Tenant's insurance policies shall be primary and shall not call into contribution any other insurance available to Landlord;

(d) a joint loss endorsement, where applicable;

(e) name each Holder as a Loss Payee, where applicable;

(f) a severability of interests clause and a cross-liability clause, where applicable; and

(g) a waiver, in respect of the interests of Landlord of any provision with respect to any breach of any warranties, representations, declarations or conditions contained in the said policy.

Tenant shall provide to Landlord and each Holder certificates of insurance in compliance with Tenant's obligations hereunder. Tenant shall provide evidence of renewal of such insurance to Landlord and its Holder accompanied by evidence satisfactory to Landlord and its Holder that the premiums have been paid not less than ten (10) days after the expiration of any then current policy. Delivery to and examination by Landlord of any certificate thereof in no way shall relieve Tenant of any of its obligations to insure in strict compliance with the provisions of this

Exhibit, and in no way shall operate as a waiver by Landlord of any of its rights hereunder. If for any reason Tenant fails to obtain and/or keep in force the Tenant insurance hereunder and/or said insurance is not issued or renewed or is otherwise cancelled or terminated for any reason, then without prejudice to the Landlord's other rights and remedies hereunder or otherwise at law, Landlord may (but is never obligated to), upon five (5) Business Days' notice to Tenant, place or attempt to place with a comparable insurer said insurance on behalf of Tenant at Tenant's sole cost and expense and all amounts expended by Landlord in connection therewith plus an administrative charge of fifteen percent (15%) of such amounts, shall be reimbursed by Tenant to Landlord upon demand as Additional Rent. If, for whatever reason, Tenant or Landlord cannot place or keep in force said insurance in a timely manner, then it shall constitute an Event of Default hereunder within five (5) Business Days after notice thereof from Landlord.

4. Co-insurance

All property insurance policies to be written on a stated amount basis, with no co-insurance clause.

5. Landlord's Insurance

Landlord shall, at Tenant's sole cost and expense, at all times throughout the Term and such other times, if any, as Tenant or any Transferee occupies the Property or any portion thereof, obtain and maintain the following insurance:

(a) Insurance on the Property and any machinery, boilers and equipment contained therein or servicing the Property on an "all risks" basis including, but not limited to, sprinkler leakage, sewer back-up, flood and earthquake, for not less than the full Replacement Cost thereof;

(b) Commercial general liability insurance with respect Landlord's operations and interest in the Property for a limit of not less than Ten Million Dollars ($10,000,000); and

(c) any other insurance against such risks and/or in such amounts as Landlord, acting in a commercially reasonable manner within insurance industry norms, and/or its Holder may from time to time require, as a prudent owner from time to time upon not less than thirty (30) days written notice to Tenant. Without limiting the foregoing, Tenant acknowledges and agrees that given the length of the Term, the minimum amounts set out herein will increase in a commercially reasonable manner from time to time upon not less than thirty (30) days written notice to Tenant to reflect market and inflationary increases.

Such Landlord insurance shall be with such reasonable deductibles as would be carried by a prudent owner of a reasonably similar building, having regard to size, age, use and location. Notwithstanding Landlord's covenant contained in this Section, and notwithstanding any contribution by Tenant to the cost of insurance premiums provided herein, Tenant acknowledges and agrees that no insurable interest is conferred upon Tenant under any policies of insurance carried by Landlord, and Tenant has no right to receive any proceeds of any such insurance policies carried by Landlord. If, for any reason, Landlord fails to obtain and/or keep in force the

Landlord insurance hereunder and/or said insurance is not issued or renewed or is otherwise cancelled or terminated for any reason, then so long as no Event of Default has occurred and is subsisting, Tenant may, upon five (5) Business Days' notice to Landlord, place or attempt to place with a comparable insurer said insurance on behalf of Landlord at Tenant's sole cost and expense. Provided however, that if, for whatever reason, Tenant or Landlord cannot place or keep in force said insurance in a timely manner, then it shall constitute an Event of Default hereunder within five (5) Business Days after notice thereof from Landlord.

EXHIBIT C

Intentionally Deleted.

EXHIBIT D
FORM OF INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT made as of the 30th day of November, 2012.

In order to induce **271 FRONT INC.** (the "**Landlord**") to enter into the lease dated as of the date hereof (as the same may be hereafter amended and restated, extended, renewed, amended, restated, supplemented, replaced and/or Transferred from time to time, collectively, the " **Lease**") between the Landlord, as lessor, and **EQUINIX CANADA LTD.** (the "**Tenant**") as lessee and for **TEN DOLLARS ($10.00)** and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, **EQUINIX, INC.** (the "**Indemnifier**") hereby covenants and agrees as follows with and in favour of the Landlord (unless otherwise defined herein, capitalised terms used herein shall have the same meanings as attributed to them in the Lease):

1. The Indemnifier hereby covenants and agrees with and in favour of the Landlord that at all times, the Indemnifier will without any set-off, reduction, abatement or deduction whatsoever: (i) make the due and punctual payment of all Rent, monies, charges and other amounts of any kind whatsoever payable under the Lease by the Tenant whether to the Landlord or otherwise; (ii) effect the prompt and complete performance and observance of each and every one of the terms, conditions, indemnities, liabilities, agreements, commitments, covenants and obligations contained in the Lease on the part of the Tenant to be kept, fulfilled, observed and performed from time to time (collectively, the "**Covenants**"); and (iii) indemnify and save harmless the Landlord and keep the Landlord indemnified against all costs, losses, damages, claims, expenses and liabilities of whatever kind (including legal fees and expenses on a full indemnity basis) arising out of or relating to any failure by the Tenant and/or the Indemnifier to pay all Rent, monies, charges and other amounts of any kind whatsoever payable under the Lease in a timely manner and/or resulting from any failure by the Tenant to keep, observe, fulfill or perform any of the Covenants in a timely and complete manner and/or resulting from any failure by the Indemnifier to keep, observe, fulfill or perform any of each and every one of the terms, conditions, indemnities, liabilities, agreements, commitments, covenants or obligations hereunder to be kept, fulfilled, observed and performed from time to time.
2. The Indemnifier's covenants and agreements set out herein will not be affected by: (a) the Lease being Disclaimed and/or otherwise deemed unenforceable; (b) by any other event or occurrence which would have the effect at law or equity of terminating or reducing any of the Covenants prior to the expiration of the full Term and any extensions or renewals thereof and/or overholding of all or part of the Property (save and except for a termination of the Lease by the Tenant in accordance with Sections 9.1.3 or 9.1.6.3 or Exhibit E-3 of the Lease); (c) the enforcement of the Landlord's rights and remedies pursuant to the Lease, at law or equity, whether pursuant to court proceedings or otherwise; and/or (d) the surrender of the Lease to which the Landlord has not provided its prior written consent in the Landlord's sole, absolute and unfettered discretion and/or which is expressly permitted pursuant to Sections 9.1.3 and 9.1.6.3 or Exhibit E-3 of the Lease (all of which items (a), (b), (c) and (d) above are referred to collectively and

individually in this Indemnity Agreement as an "**Unexpected Termination**"), and the occurrence of any such Unexpected Termination shall not reduce the period of time in which the Indemnifier's terms, conditions, indemnities, liabilities, agreements, commitments, covenants and obligations hereunder apply, which period of time includes, for greater certainty, that part of the Term and any exercised extensions or renewals thereof and/or overholding of all or part of the Property which would have followed had the Unexpected Termination not occurred.

3. Each of this Indemnity Agreement, the Indemnifier's terms, conditions, indemnities, liabilities, agreements, commitments, covenants and obligations and the rights and remedies of the Landlord hereunder are absolute and unconditional and none of the foregoing shall be prejudiced, waived, released, discharged, mitigated, impaired or affected by: (a) any waiver by or failure of the Landlord to enforce any of the terms, conditions, indemnities, liabilities, agreements, commitments, covenants and/or obligations contained herein and/or the Covenants; (b) any Transfer of the Lease and/or the Property in whole or in part by the Tenant, a Transferee or by any secured creditor, trustee, receiver, manager, receiver and manager, interim receiver, coordinator, liquidator, monitor or any other entity or by operation of law or otherwise; (c) any consent which the Landlord gives to any such Transfer; (d) the disaffirmance, disclaimer, resiliation, repudiation, disavowal, rejection, termination (save and except for a termination of the Lease by the Tenant in accordance with Sections 9.1.3 or 9.1.6.3 or Exhibit E-3 of the Lease), cancellation and/or unenforceability of the Lease by the Tenant or any Transferee, or by any secured creditor, trustee, receiver, manager, receiver and manager, interim receiver, coordinator, liquidator or monitor of the Tenant or of any Transferee or by operation of law or otherwise by law or equity; (e) the expiration of the Term with respect to those terms and provisions of the Lease that survive such expiration of the Term; (f) any extension of time, waivers, indulgences, neglect, delay, forbearance or modifications which the Landlord extends to or makes with the Tenant or any other entity in respect of the performance of any of the Covenants by the Tenant or any other entity; (g) any amendment, supplement, extension, renewal, amendment and restatement, restatement, replacement and/or Transfer from time to time with or without the Indemnifier's knowledge or consent; (h) any Unexpected Termination; (i) any overholding by of all or part of the Property; and/or (j) any release or reduction in the Covenants of the Tenant or any other entity.

4. The Indemnifier hereby expressly waives notice of the acceptance of this Indemnity Agreement and all notice of non-performance, non-payment or non-observance on the part of the Tenant of the Covenants. Without prejudicing the foregoing, any notice which the Landlord elects to give to the Indemnifier shall be sufficiently given if delivered to the Indemnifier in accordance with the Lease. Upon a minimum of ten (10) Business Days prior notice in writing, the Indemnifier may designate a substitute address in Canada or telecopy number or e-mail address for that set forth in the Lease and thereafter notice shall be directed to such substitute address, telecopy number or e–mail address.

5. If an Event of Default occurs, the Indemnifier waives all rights (if any) to require that the Landlord: (a) proceed against the Tenant or any other entities or pursue any rights or remedies against the Tenant or any other entity; (b) proceed against or exhaust any

security or other recourse of or against the Tenant or any other entity (including any other person having, in any manner, guaranteed and/or assumed the Covenants or granted an indemnity in connection therewith); and/or (c) pursue any other right or remedy whatsoever in the Landlord's power. The Landlord has the right to enforce this Indemnity Agreement regardless of the acceptance of additional security from the Tenant or other entities and regardless of any release or discharge of the Tenant or the other entities by the Landlord or by others or by operation of any law.

6. Even though the Landlord may have already taken action against the Indemnifier under this Indemnity Agreement, whether or not that action has succeeded or been completed, the Landlord may take further action against the Indemnifier under this Indemnity Agreement as the Landlord deems necessary from time to time.

7. Without limiting the generality of the foregoing, the liability of the Indemnifier under this Indemnity Agreement is not and shall not be deemed to have been waived, released, discharged, reduced, impaired or affected by reason of the release or discharge of the Tenant in any receivership, bankruptcy, winding-up, liquidation or other creditors' proceedings or any Unexpected Termination and shall continue with respect to the periods prior thereto and thereafter, for and with respect to the Term as if an Unexpected Termination or any receivership, bankruptcy, wind-up, liquidation or other creditors' proceedings had not occurred, and in furtherance hereof, the Indemnifier agrees, upon any such Unexpected Termination or any receivership, bankruptcy, wind-up, liquidation or other creditors' proceedings, that the Indemnifier shall, at the option of the Landlord, in the Landlord's sole, absolute and unfettered discretion, exercisable at any time after such Unexpected Termination or any receivership, bankruptcy, wind-up, liquidation or other creditors' proceedings, lease the entire Property from the Landlord for the balance of the Term as if the Unexpected Termination or any receivership, bankruptcy, wind-up, liquidation or other creditors' proceedings had not occurred upon the same terms and conditions as are contained in the Lease, applied mutatis mutandis, provided that the Indemnifier shall: (a) accept the Property in an "as is where is" condition without any representations or warranties or requirement of the Landlord to perform work (except for the Landlord's Work and the Landlord's Extraordinary Repair Obligations to the same extent as expressly set forth in the Lease); and (b) not be entitled to any inducements, allowances or Rent free periods or reductions of any kind (except as expressly set forth in the Lease). However, the liability of the Indemnifier shall not be affected by any failure of the Landlord to exercise this option, nor by any repossession and/or reletting of the Property in whole or in part by the Landlord.

8. The Indemnifier hereby represents and warrants in favour of the Landlord that:

   (a) the Indemnifier has full power and authority to enter into this Indemnity Agreement and to perform the Indemnifier's terms, conditions, indemnities, liabilities, agreements, commitments, covenants and obligations contained herein; and

   (b) this Indemnity Agreement is valid and binding upon the Indemnifier and enforceable against the Indemnifier in accordance with its terms.

9. The Indemnifier covenants and agrees that all of its right, title and interest in and under any loans, notes, debts and other liabilities or obligations whatsoever owed by the Tenant to it, whether in existence or hereafter created or incurred, for whatever amount, and any and all security therefor shall be now and hereafter at all times during the continuance of an Event of Default fully subordinated and postponed to the Landlord's rights and remedies hereunder and pursuant to the Lease. The Indemnifier shall not ask, demand or sue for, or take or receive payment of, or realize upon, all or any part of such loans, notes, debts or any other liabilities or obligations whatsoever or any security therefor during the continuance of an Event of Default until and unless all of the Covenants are fully paid, performed and satisfied.

10. From and after the date hereof and throughout the Term as extended and/or renewed from time to time and/or if an Unexpected Termination occurs and/or if the Tenant overholds or is otherwise in occupancy or possession of the Property, the Indemnifier will not either directly or indirectly: (a) liquidate or dissolve or sell, transfer, lease, issue or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of the its assets whether owned or hereafter acquired; and/or (b) permit the sale, sale and leaseback, assignment, encumbrance, conveyance, transfer, issuance or other disposition or dealings (individually or in the aggregate) of all or substantially all of its assets whether now owned or hereinafter owned or acquired by it at any time, unless in each and every case, the entity which then holds all or substantially all of the Indemnifier's assets concurrently executes and delivers a new indemnity agreement on the same terms and conditions as contained herein in favour of the Landlord.

11. The terms, conditions, indemnities, liabilities, agreements, commitments, covenants and obligations of the Indemnifier under of this Indemnity Agreement are separate and independent the one of the other, and shall give rise to separate and independent rights and remedies and causes of action against the Indemnifier in the event of any breach by the Indemnifier of the terms, conditions, indemnities, liabilities, agreements, commitments, covenants and/or obligations contained hereunder.

12. No action or proceedings brought or instituted under this Indemnity Agreement and no recovery in pursuance thereof shall be a bar or defence to any further action or proceeding which may be brought under this Indemnity Agreement by reason of any further default hereunder or in the performance and observance of the terms, conditions, indemnities, liabilities, agreements, commitments, covenants and obligations contained herein and/or the Covenants.

13. No amendment or modification of this Indemnity Agreement shall be effective unless the same is in writing and is executed by the Indemnifier and by the Landlord.

14. Words used in this Indemnity Agreement importing the singular shall include the plural and vice versa; words importing the masculine gender shall include the feminine gender and vice versa and words importing the neuter gender shall include individuals, firms and corporations.

15. If all or part of this Indemnity Agreement or the application thereof to any entity or in any circumstance is to any extent held or rendered invalid, unenforceable or illegal, that part:

    (a) is independent of the remainder of this Indemnity Agreement and is severable from it, and its invalidity, unenforceability or illegality does not affect, impair or invalidate the remainder of this Indemnity Agreement; and

    (b) continues to be applicable to and enforceable to the fullest extent permitted by law against any entity and in any circumstance except those as to which it has been held or rendered invalid, unenforceable or illegal.

16. The Indemnifier acknowledges that it has read, examined, understood and approved all the provisions of the Lease and that a copy thereof has been remitted to the Indemnifier and the Indemnifier further acknowledges having obtained all information useful or necessary to take an enlightened decision to execute this Indemnity Agreement. The Indemnifier confirms that it was advised to obtain independent legal advice by the Landlord prior to executing this Indemnity Agreement and the Indemnifier confirms that it has received said independent legal advice.

17. This Indemnity Agreement has been freely negotiated and approved by the parties and, notwithstanding any rule or maxim of law or construction to the contrary, any ambiguity or uncertainty will not be construed against either of the parties by reason of the authorship of any of the provisions of this Indemnity Agreement. The execution of this Indemnity Agreement constitutes and is deemed to constitute full and final proof of the foregoing.

18. This Indemnity Agreement is the sole agreement between the Landlord and the Indemnifier relating to the indemnity and there are no other written or oral agreements or representations or warranties relating thereto.

19. Time is of the essence of this Indemnity Agreement and the mere lapse of time in the performance by the Indemnifier or any of its obligations under this Indemnity Agreement shall constitute the Indemnifier in default.

20. This Indemnity Agreement shall be construed in accordance with the laws of the Province of Ontario and the Indemnifier hereby irrevocably attorns and submits to the exclusive jurisdiction of the Courts of the Province of Ontario situated in the City of Toronto in any action or proceeding whatsoever by the Landlord to enforce its rights and/or remedies hereunder and/or with respect to the Lease and the Indemnifier waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

21. The Indemnifier shall be bound by any account settled by the Landlord and the Tenant.

22. This Indemnity Agreement constitutes a separate agreement from the Lease between the Landlord and the Indemnifier for due consideration and under seal.

23. Whenever any reference is made herein to the Lease or the obligations of the Tenant thereunder, such reference shall be deemed to include all written amendments and modifications to the Lease and any written change of or written increase in the Tenant's obligations thereunder, including, without limitation, those which result from the exercise by the Tenant of any option to lease additional premises or the exercise by the Tenant of any right to extend or renew the Term as provided therein and/or the overholding of the Property in whole or in part, any and all agreements and instruments executed by the Tenant concurrently with the Lease or pursuant thereto and/or which relate to the Property from time to time, and shall be deemed to include the Tenant's obligations under such agreements and instruments, including, without limitation, any agreement with respect to the work to be performed by the Tenant or on its behalf with respect to the Landlord's Work and/or the Tenant's Work and/or any Alterations from time to time, any parking agreement, any agreement with respect to storage facilities and/or easements from time to time.

24. The Indemnifier agrees to forthwith do, make, execute and deliver all such further documents, agreements, assurance, acts, matters and things and take such further action as may be reasonably required by the Landlord from time to time in order to more effectively carry out the true intent of this Indemnity Agreement from time to time. Without limiting the foregoing, the Indemnifier shall forthwith upon demand execute and deliver all documentation required of the Tenant in connection with this Indemnity Agreement and/or the Lease, from time to time, provided that, the failure of the Landlord to require the Indemnifier to execute said documentation and/or the Indemnifier's failure to do so shall not reduce the Indemnifier's terms, conditions, indemnities, liabilities, agreements, commitments, covenants or obligations hereunder.

25. All of the terms, conditions, indemnities, liabilities, agreements, commitments, covenants and obligations contained in this Indemnity Agreement extend to and are binding upon each of the Indemnifier, its administrators, liquidators, trustees, successors and assigns, and enure to the benefit of and may be enforced by each of the Landlord and its successors and assigns. Without limiting the generality of the foregoing, the Landlord may assign the benefit of this Indemnity Agreement together with its interest in the Lease to any entity, in whole or in part, without notice to the Indemnifier or other formality. Any assignment by the Landlord of any of its interest in the Lease shall operate automatically as an assignment to the assignee of the benefit of this Indemnity Agreement to the same extent to the same assignee, without notice to the Indemnifier or other formality.

26. This Indemnity Agreement may be signed in one or more counterparts, each of which once signed shall be deemed to be an original. All such counterparts together shall constitute one and the same instrument. Notwithstanding the date of execution of any counterpart, each counterpart shall be deemed to bear the effective date set forth above. The signature of any of the parties may also be evidenced by a facsimile, email and/or PDF copy of this Indemnity Agreement bearing such signature.

IN WITNESS WHEREOF the Indemnifier has signed and sealed this Indemnity Agreement as of the date first above written.

EQUINIX, INC.

Per: _____
Name:
Title:

Per: _____ c/s
Name:
Title:
I/We have authority to bind the corporation

EXHIBIT E
AGREEMENT FOR PROJECT WORK
DESIGN, PLANNING AND CONSTRUCTION

1. Landlord agrees to furnish, at Landlord's sole cost and expense, all of the material, labour, and equipment necessary for the planning, design and obtaining of all necessary approvals for and construction of the Building to the extent set out in Exhibits E-1 and E-2 hereto (collectively, the "**Landlord's Work**") in accordance with this Lease. Landlord will design and construct the Landlord's Work in a good and workmanlike manner in accordance with the permit drawings in Exhibit E-2 provided Landlord shall be deemed to have satisfied its obligations with respect to Landlord's Work in the event of Minor Variations from time to time (herein referred to as the "**Plans and Specifications**"). However, each of the parties hereto also acknowledges and agrees that the location of the elevator in the Building may be subject to minor revisions and/or relocations from time to time prior to Substantial Completion of Landlord's Work; provided, however, in no event shall any such modification, revision or relocation be made without Tenant's prior consent if it is reasonably likely to materially affect Tenant's use of or access to the Property or otherwise interfere with the Tenant's Permitted Use hereunder or impose any material cost or obligation on Tenant. Landlord agrees to complete the design, planning and construction of the Landlord's Work in accordance with all Applicable Laws. Without limiting the foregoing, Landlord covenants to comply with all of the provisions and requirements of any and all agreements, restrictions or encumbrances registered on title to the Land and to obtain any and all approvals and consents required by any and all agreements, restrictions or encumbrances registered on title to the Land in connection with the planning, designing and construction of the Landlord's Work as contemplated by this Lease. Subject to Force Majeure and Tenant Delays, it is Landlord's current estimate that Landlord's Work will be Substantially Complete in approximately 668 days from commencement thereof ("**Target Substantial Completion Date**"). Subject to Tenant Delays, any delays beyond the Target Substantial Completion Date shall be subject to Exhibit E-3.

2. Changes in Landlord's Work may only be accomplished after execution of this Lease by a Change Order which complies with each of the terms and the conditions contained herein. For purposes of this Lease, a "**Change Order**" is a written instrument approved and executed by each of Tenant, Landlord and Construction Manager, stating their agreement as to a change in Landlord's Work. If Tenant requests a Change Order, Tenant, Landlord and Construction Manager must first agree in writing upon all of the following: (a) the extent of the adjustment, if any, to the time to complete Landlord's Work and the corresponding extension of the Substantial Completion Date; and (b) the additional costs and expenses along with Tenant's confirmation that Tenant shall be solely responsible for all additional costs and expenses to the extent agreed upon and that Tenant shall bear the risk for all delays associated with such Change Order to the extent agreed upon. Tenant shall pay said additional costs and expenses as agreed upon, in a timely manner, as required by Landlord and/or Construction Manager. Further, if Tenant requests a Change Order or requests data with regard to a potential Change Order that Tenant is considering requesting, and if such Change Order request or data request is of a nature that causes Landlord and/or the Construction Manager to cease and/or delay

portions of Landlord's Work, after notice to Tenant of a possible delay and the estimated amount of such delay, such delay will also be considered a Tenant Delay, even if Tenant later declines to move forward with the actual Change Order. Furthermore, no Change Order is permitted which will change the Rentable Area of the Building. Notwithstanding the foregoing, Landlord shall have the right to consent to or reject (which consent may be unreasonably withheld, conditioned and delayed) a Change Order by Tenant if: (a) said Change Order affects the structure of the Building below grade; and/or (b) if all Change Orders result in delays of ninety (90) or more days in the aggregate; or (c) said Change Orders will adversely affect Landlord's ability to satisfy any deadlines imposed by its Holder and/or result in penalties being imposed upon Landlord by its Holder from time to time.

3. Landlord or Construction Manager shall keep Tenant regularly apprised of the progress of the Landlord's Work from time to time as well as its non-binding estimate of Substantial Completion thereof.

4. Each of Landlord and Tenant acknowledges and agrees that during those times deemed appropriate by Landlord during completion of the Landlord's Work, Landlord may permit Tenant non-exclusive access to the Tenant Space so that Tenant may commence portions of the Tenant's Work provided doing so does not, in Landlord's reasonable opinion, delay the conduct or the timely completion of the Landlord's Work, unless Tenant agrees that to the extent that the delay does occur, it shall also be considered a Tenant Delay. If such access is permitted, Tenant must comply with this Lease in all respects, except for the payment of Base Rent or Taxes – Real Property. Subject to the foregoing, the parties shall co-operate with a view to enabling each party to carry out its respective work in an efficient manner.

5. Save and except for Landlord's Work, Tenant agrees to furnish, at Tenant's sole cost and expense, all of the material, labour and equipment necessary for the planning, design and obtaining of all necessary approvals for and construction of each aspect of the Building as well as any other requirements relating to Tenant's use and enjoyment of the Property (collectively, the "**Tenant's Work**") in accordance with this Lease. Landlord and Tenant agree that Tenant may request the Alterations set forth in Exhibit E-4, however, Tenant acknowledges that such Alterations remain subject to Landlord's review and approval to the extent same constitute a Major Alteration and, in all cases, with regard to the location, implementation and the plans and specifications thereof. Landlord makes no representations or warranties and there are no assurances that any of the foregoing Alterations are permitted at law or are feasible and Tenant is solely responsible for confirming same. Tenant will design and construct the Tenant's Work in a good and workmanlike manner in accordance with each of Sections 6.3, 8.3, 9.2, 14.2.1, 14.4 and 18.22 of this Lease. Without limiting the foregoing, Tenant agrees to complete the design, planning and construction of the Tenant's Work in accordance with all Applicable Laws and comply with all of the provisions and requirements of any and all agreements, restrictions or encumbrances registered on title to the Land as of the Effective Date, and to obtain any and all approvals and consents required by any and all such agreements, restrictions or encumbrances registered on title to the Land as of the Effective Date in connection with the planning, designing and construction of Tenant's Work as contemplated by this Lease.

6. Following Substantial Completion of the Landlord's Work, Landlord will deliver written notice to this effect to Tenant (the "**Tenant Fixturing Notice**"). Following receipt of the Tenant Fixturing Notice, Tenant will have possession of the Building and access to the balance of the Property in order to proceed with the Tenant's Work for a period of two hundred seventy (270) days thereafter (the "**Fixturing Period**"). During the Fixturing Period until the Commencement Date, Tenant shall not be obligated to pay any Base Rent or Taxes – Real Property, but shall be responsible for all Utilities consumed at the Property by Tenant and in all other respects comply with the balance of this Lease. Subject to Force Majeure, it is Tenant's current estimate that Tenant's Work will be Substantially Completed by the end of the Fixturing Period (the last day of the Fixturing Period, "**Tenant's Target Substantial Completion Date**"). During the Fixturing Period, Landlord shall have access to the Property in order to complete the Landlord's Work provided it does so in such a manner that does not interfere with the Tenant's conduct of the Tenant's Work.

7. In addition, each of the parties hereto acknowledges and agrees that Tenant, subject to the terms and conditions contained herein, may upon a minimum of ten (10) Business Days' prior written notice to each of Landlord and Construction Manager (the " **Early Access Notice**") elect to accelerate the commencement of the Fixturing Period. If Tenant delivers the Early Access Notice, then following the expiration of the ten (10) Business Day notice period: (a) the Fixturing Period shall commence and the Commencement Date will be accelerated as well; (b) Tenant and Landlord shall have joint possession of the Tenant Space so that each may proceed with its respective work and improvements therein; (c) any additional costs or expenses as a result of said early access shall be borne by Tenant; (d) while Landlord shall use all commercially reasonable efforts to complete Landlord's Work in the manner required therein, each of the Target Substantial Completion Date, the Outside Completion Date and Tenant's right to terminate this Lease pursuant to Exhibit E-3 hereto shall be extended from time to time by any delay caused by such early access by Tenant from time to time; (e) said early access may not delay Substantial Completion of Landlord's Work by more than ninety (90) days in the aggregate; and (f) said early access may not adversely affect Landlord's ability to satisfy any deadlines imposed by its Holder, insurer and/or performance bond issuer and/or result in penalties being imposed upon Landlord by its Holder, insurer and/or performance bond issuer from time to time.

8. Before entering on the Property for any purpose, Tenant will provide Landlord with a certificate of insurance, duly executed by Tenant's insurers, evidencing that the insurance required to be placed by Tenant pursuant to this Lease is in force.

9. Tenant will provide evidence satisfactory to Landlord that with respect to the Tenant's Work, that Tenant has obtained at its expense, all necessary consents, permits, licenses, inspections and certificates from all authorities having jurisdiction, and Tenant will post permits when required by Applicable Laws as well as provide to Landlord complete copies of each of the foregoing consents, permits, licenses and certificates. Tenant's Work must comply with all Applicable Laws, building codes, permits and approvals for the work and with the requirements of this Lease.

10. Tenant's architect or engineer will provide to Landlord, within sixty (60) days of completion of the Tenant's Work, a certificate addressed to Landlord and each Holder (the "**Certificate**") certifying: (i) that the Tenant's Work has been performed in accordance with all of the provisions of each of Sections 6.3, 8.3, 9.2, 14.2.1, 14.4 and 18.22 of this Lease; (ii) that there are no construction, builders, mechanics', workers, workers' compensation or other liens and/or encumbrances affecting the Property with respect to work, services or materials relating to the Tenant's Work and that all accounts for such work, services and materials have been paid in full or the extent of any hold backs; and (iii) the date upon which the last such work was performed and services and materials were supplied.

11. Each of Landlord and Tenant agrees that in order to facilitate the timely completion of the Landlord's Work and the portion of Tenant's Work constituting the initial Tenant fit-up (said initial Tenant fit-up being the "**Phase I Work**") in a timely manner, it has been decided that each of Landlord and Tenant shall separately and directly retain the same construction manager or related entities as its construction manager. In connection with the foregoing, Landlord or Landlord's construction manager shall keep Tenant regularly apprised of the progress of the Landlord's Work from time to time as well as its non-binding estimate of Substantial Completion thereof. Exhibit E-5 is a development schedule and list of milestones with respect to the planning, design and construction of the Tenant's Work. Tenant will use commercially reasonable efforts (subject to Force Majeure) to meet its identified areas of responsibility in Exhibit E-5 in a timely fashion, and will provide written notice to Landlord as soon as practicable after becoming aware that a milestone will not be achieved.

12. As of the date hereof, each of the parties have agreed that Urbacon Design/Build Corp. or related entities shall serve as its Construction Manager with respect to Landlord's Work and the portion of Tenant's Work constituting the Phase I Work. Any replacement of the Construction Manager with respect to such initial work shall be subject to each of Landlord's and Tenant's approval, not to be unreasonably withheld, conditioned or delayed. Landlord covenants and agrees that it will (or will cause its general contractor to) obtain a performance bond with respect to the cost to Substantially Complete Landlord's Work.

EXHIBIT E-1
LANDLORD'S WORK, PLANS AND SPECIFICATIONS

EXHIBIT E-2
CLARIFICATION TO PLANS AND SPECIFICATIONS FOR LANDLORD'S WORK

In addition to the Plans and Specifications attached hereto as Exhibit E-1, Landlord's Work shall also include the following:

1. **Utility Service**

Landlord shall provide at its sole cost to Tenant eight (8) MW power via a 13.8kV service from local utility, Toronto Hydro Electric Systems ("**THES**"), servicing the main switchgear in the basement. Future service feeder #3 duct banks shall be installed at Tenant's sole cost and expense to accommodate an additional 8 MW (16 MW total). All costs and expenses of this future service of 8MW shall be borne by Tenant.

2. **Medium Voltage Main Switchgear**

a. Landlord shall provide, at its sole cost to Tenant, a dedicated 15kV class main-tie-main switchgear with an additional tie breaker for future un-interruptible expansion to accommodate future service feeder from THES. Mains and Ties shall be vacuum breakers with fusible switches for all downstream feeders including metering for Tenant. The detailed design of this system is still to be developed by the Landlord and reviewed by Tenant in a timely manner taking into account the Landlord's Work schedule as well as Landlord's budgeted costs for same. Any delays in connection with the foregoing shall be considered a Tenant Delay.

b. Landlord shall work collaboratively through course of Tenant's detailed design and submit final switchgear design to Tenant for its timely review and comment, subject to THES and municipal requirements. Tenant shall bear all costs and expenses in connection therewith. Any delays in connection with the foregoing shall be considered a Tenant Delay.

3. **Risers & Pathways**

Landlord shall provide, at its sole cost to Tenant, floor slab penetrations in the form of sleeves and/or block outs, as set out in the attached list which shall all be subject to structural approval so as not to affect structural integrity of the Building and/or any of the Building Systems. All fire rating of penetrations will be at Tenant's sole cost and expense. Any delays in connection with the foregoing shall be considered a Tenant Delay.

4. **Underground Fuel Storage**

Landlord to provide an area on the Lands in an as-is where-is condition for the sole purpose of installation of underground fuel tanks at Tenant's sole cost and expense and in compliance with the balance of this Lease (subject to Tenant obtaining all approvals for the installation of said fuel tanks from appropriate regulatory and municipal authorities as well as all requisite insurance, permits and licensing in connection therewith). Any delays in connection with the installation of the foregoing shall be considered a Tenant Delay.

5. **Base Building Roof Drains & Sanitary Services**

Landlord shall use all reasonable commercial efforts to minimize horizontal pathway of travel for all Building water services and shall use reasonable commercial efforts to route roof drains and sanitary lines to the nearest building column, in each case, if and where possible.

6. **Domestic Water Service**

Landlord shall provide, at its sole cost to Tenant, a domestic water service capable of supporting a minimum of 80 GPM.

7. **Water Containment**

Tenant shall provide and install, at its sole cost and expense and in accordance with the terms and conditions of this Lease, two (2) 40,000 gallon reservoir water storage basins and Landlord shall coordinate installation with Tenant. Any delays in connection with the installation of the foregoing shall be considered a Tenant Delay.

8. **Pre-action Fire Protection System**

Landlord shall provide, at its sole cost to the Tenant, nitrogen filled pre-action fire protection system risers with an N2 Generator.

9. **Structural Loading**

Landlord's structural engineer has confirmed the loading requirements set out in the attached load drawings are acceptable except that Tenant roof loading and 5th floor requires additional reinforcement. Landlord shall provide the foregoing reinforcement at Tenant's sole cost and expense which has been determined by the parties to be the amount of $299,592.00 plus HST thereon payable by Tenant to Landlord in its entirety upon substantial completion of the roof.

10. **Temporary Generator Pads**

Landlord shall provide, at its sole cost to Tenant, two (2) concrete pads for temporary 2.5 MW generators at the north elevation of the Building exterior. The use of the area where the concrete pads are located are subject to an easement in favour of the land owner to the north and Tenant shall be required to obtain permission for the use of this area at Tenant's sole cost and expense and shall be solely responsible for complying with each of the abutting land owner's requirements in connection therewith from time to time.

11. **Antennae Rails**

Landlord shall provide to Tenant, at Landlord's sole cost, two (2) antennae rails as outlined in the attached plan. Tenant is responsible at its sole cost and expense, for obtaining any and all approvals relating to the installation, maintenance and/or operation of any antennae and/or satellite dishes.

12. **Removable Penthouse Building Envelope**

Landlord and Tenant acknowledges that Tenant plans to install at its sole cost and expense, its infrastructure in a phased manner and that sections of the 5th level penthouse envelope of the Building will need to be constructed in such a manner that it is removable and re-installable. Any removal and/or reinstallation of the foregoing shall be at Tenant's sole cost and expense in accordance with the terms and conditions of this Lease.

13. **Freight Elevator**

Landlord shall provide to Tenant, at Landlord's sole cost, a freight elevator from basement to 5th floor with a cab clear dimensions to 13' wide x 15' deep x 10' high and a capacity of 20,000 lbs. Single doors will be provided at all levels.

14. **3rd Passenger Elevator**

Landlord shall provide, at Landlord's cost, a 3rd passenger elevator from the basement to 1st floor adjacent existing elevator bank.

Landlord acknowledges that Landlord remains obligated to complete the Landlord's Work in accordance with all Applicable Laws notwithstanding the above noted changes. Landlord shall incorporate the following items noted in this Exhibit E-2 at its sole cost unless otherwise stated in conjunction with Substantial Completion of the Landlord's Work. Notwithstanding the foregoing or anything else contained herein or elsewhere, Tenant acknowledges and agrees that if any of the foregoing matters and/or Tenant's failure to respond in a timely manner to Landlord's requests and/or requirements in connection with the foregoing results in any delay of the completion of the Landlord's Work, each of said delays shall constitute a Tenant Delay for the purposes of this Lease.

EXHIBIT E-3
DELAYS AND RESOLUTIONS

A. Landlord shall use commercially reasonable efforts to cause the Landlord's Work to be Substantially Completed by the Target Substantial Completion Date.

B. If Landlord's Work has not been Substantially Completed by the Target Substantial Completion Date, Landlord shall not be deemed in default hereunder and the Fixturing Period shall be postponed, as Tenant's sole and exclusive remedy, until the date on which Landlord's Work has been Substantially Completed.

C. Notwithstanding the foregoing, but subject always to the provisions of Sections 2, 6 and 7 of Exhibit E hereof:

(i) If Landlord's Work has not been Substantially Completed on or prior to the three hundred and sixty fifth day (365 th) day following the Target Substantial Completion Date (such day being the "**Outside Completion Date**"), subject to extension related to Tenant Delay and as a result, Tenant is not able to commence the Tenant's Work and Tenant intended to commence and diligently pursue to completion the Tenant's Work, Tenant shall be entitled, as its sole and exclusive remedy, to exercise its termination right in accordance with subsection C.(ii) below.

(ii) Pursuant to paragraph C.(i) above, if Landlord's Work has not been Substantially Completed on or prior to Outside Completion Date, subject to extension related to Tenant Delay and as a result, Tenant is not able to commence the Tenant's Work and Tenant intended to commence and diligently pursue to completion the Tenant's Work, Tenant shall only then, within thirty (30) days of the Outside Completion Date, be entitled to elect in writing, in its sole and absolute discretion to terminate this Lease without bonus or penalty to Tenant or Landlord by delivering written notice to terminate this Lease to Landlord by no later than thirty (30) days following the Outside Completion Date (the " **OCD Termination Notice**"). If Tenant delivers the OCD Termination Notice in a timely manner, this Lease and each of Tenant's and Landlord's respective covenants and obligations hereunder and with respect to the Property shall be null and void and of no further force or effect and each of the parties hereto shall be released and have no further obligations in connection therewith provided that so long as there is not then an Event of Default that is subsisting, the Deposit shall be returned to Tenant. If Tenant fails to deliver the OCD Termination Notice in a timely manner then such termination right shall be deemed to have expired and shall, thereafter, be of no further force or effect and this Lease shall remain in full force and effect.

(iii) For the purposes of this Lease, "**Tenant Delay**" shall mean a delay in Landlord's completion of the Landlord's Work, which results from: (a) any act or omission of Tenant, its affiliates, employees or consultants, or any act or omission of any contractors, subcontractors or suppliers of Tenant's Work; (b) any Change Order requested or initiated by Tenant from time to time (as defined in Exhibit E); (c) Tenant's failure to provide any approvals or comments within the time frames expressly required in Exhibit E with regard to Change Orders or otherwise; or (d) if Tenant requests data with regard to a potential Change Order, and if such request is of a nature that causes Landlord and/or the Construction Manager to cease/delay portions of Landlord's Work, even if Tenant later declines to proceed with the actual Change Order.

Without reducing the scope of the definition of "**Tenant Delay**" in any manner and/or Tenant's covenants and obligations in connection therewith, to the extent reasonably possible in the circumstances, Landlord and/or the Construction Manager shall attempt to notify Tenant of any anticipated material periods of Tenant Delay from time to time.

(iv) Tenant agrees that, if Landlord's Work has been delayed due to delays caused by Tenant Delay and/or if Tenant delivers the Early Access Notice, then Landlord's Work shall be deemed to have been Substantially Completed (for the purpose of determining the first day of the Fixturing Period and the Commencement Date) on the date (the "**Deemed Substantial Completion Date**") derived by subtracting from the date Landlord's Work has been Substantially Completed the number of days of delay in such completion caused by Tenant Delays. In addition, the Outside Completion Deadline will also be extended accordingly.

EXHIBIT E-4
ALTERATIONS THAT MAY BE REQUESTED BY TENANT

Subject to the terms and conditions contained herein and the balance of this Lease, each of Landlord and Tenant agrees that Tenant may request by way of a Change Order, each of the following Major Alterations at Tenant's sole risk, cost and expense, in each case, prior to Substantial Completion of the Landlord's Work. Without limiting the generality of the foregoing, each of the following items is subject to the prior written approval of each of Landlord, Tenant and Construction Manager in the manner set out in the balance of this Lease. For greater certainty, neither Landlord nor Construction Manager is or will be providing any representations or warranties as to the feasibility or any of these items, including, not providing any representations or warranties that any of these items are permitted or that they will be completed. In that regard, Tenant may, in each and every case, at Tenant's sole risk, cost and expense, request:

1. **Landlord's Generator**

   Base Building generator provided by Landlord be placed within the penthouse of the Building.

2. **Sanitary Street Connection (200mm)**

   Main sanitary line capacity sizing to be adequate for additional flow from Tenant's 3000 Ton Cooling Tower System.

3. **Base Building Gas Meter (720 MBH)**

   An upsized gas meter of up to 3,000 MBH for inclusion of additional Tenant loads.

4. **Hydronic Heating Units in Lieu of Landlord Electric Heaters**

   Hydronic heating units for temporary heating of empty base building spaces in lieu of electric heaters.

5. **Make Up Air System in Lieu of Landlords Electric Ventilation System in Penthouse**

   Deletion of Landlord's electric ventilation system and substitution of Tenant's make up air system.

6. **Miscellaneous Structural Penetrations**

   Additional penetrations not identified in Exhibit E-2.

7. **Base Building Washrooms**

   Relocation of Building washrooms and risers as necessary to facilitate detailed Tenant's design.

8. **Fibre Vault Entries**

   Custom lockable fibre vaults.

9. **Vibration Isolation**

   Structural floor modifications required to mitigate vibration of the Tenant's equipment.

EXHIBIT E-5
ESTIMATED TENANT'S WORK SCHEDULE

MILESTONE	DELIVERABLE	DATE
1 – Award	Release Precon/Design & Award Design Consultants	Dec 14,2012
2 – BOD	Affirm BOD, Constructability Reviews & Value Engineering Suggestions	Feb 20, 2013
3 – Schematic Design	100% Concept Design, Budget	Feb 11, 2013
4 – Design Development - Tenant	Issue Base Building Modification Bulletin for Landlord Approval	April 12, 2013
5 – Design Development - Tenant	100% Detailed Design, Project Schedule Update, Release for Permit	April 3, 2013
6 – Procurement	Long Lead Tenant Furnished Equipment	As Required
7 – Construction GMP	Agree to Construction Manager GMP	Aug. 6, 2013
8 – Construction Documents	100% Construction Documentation	July 23, 2013
9 – Enabling Works**	Fuel Tank & Make-up Water Storage Placement	Nov. 2013
10 – Mobilization***	Planned "Early Access Notice"*	April 1, 2014
11 – Commissioning	Tenant's system testing completed and "Customer Ready"	Nov. 2014
12 – Close-out	As-Builts, Punchlist, Commercial Closeout	Dec. 2014
13 – Landlord's Work	Target Substantial Completion Date	668 days from commencement thereof

* Denotes Planned Lease Milestone as identified in Exhibit E
** Reference Exhibit E-2 "Landlord's Work" Item #7
*** Dates based on 2013 Jan.09 Base Building Full Mobilization Start Date

E.O.&E.

EXHIBIT F
SHARED ACCESS AGREEMENT

RECIPROCAL EASEMENT AND ACCESS AGREEMENT

Made as of the day of , 2012.

BETWEEN:

271 FRONT INC.
(hereinafter called "**Front**")

OF FIRST PART;

-and-

281 NORTH PARLIAMENT INC.
(hereinafter called "**Parliament**")

OF THE SECOND PART.

WHEREAS:

A. Front is the registered owner of those lands municipally known as 45 Parliament Street, Toronto, as more particularly described in Schedule "A" hereto (the "**South Lands**");

B. Parliament is the registered owner of those lands municipally known as 281 Front Street East, Toronto, as more particularly described in Schedule "B" hereto (the "**North Lands**");

C. Parliament has the benefit of easements with respect to that portion of the South Lands designated as Part 3 on Plan 66R-26445 (the " **South Portion**") pursuant to easements more particularly described in the Transfer/Deed of Lands registered or receipted in the Land Registry Office as Instrument No. AT3162357;

D. Front has the benefit of easements with respect to that portion of the North Lands designated as Parts 2 and 5 on Plan 66R-26445 (the " **North Portion**") pursuant to easements more particularly described in the Transfer/Deed of Lands registered or receipted in the Land Registry Office as Instrument No. AT3162454 ; and

E. the easements and ancillary rights referred to in Recitals C and D above are hereinafter collectively referred to as the " **Easements**".

NOW THEREFORE in consideration of $10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, Front and Parliament, agree as follows:

1. INTERPRETATION

In this Agreement the following terms shall have the following meanings unless the context shall otherwise require:

(a) "Affected Party" shall have the meaning ascribed to it in Section 4.1 of this Agreement;

(b) "**Benefitted Party**" shall have the meaning ascribed to it in subsection 2.3(a) of this Agreement;

(c) "**Burdened Party**" shall have the meaning ascribed to it in subsection 2.3(a) of this Agreement;

(d) "**Business Day**" shall mean Monday to Friday both inclusive, except any such day which is a statutory holiday under the laws of either Canada or the Province of Ontario;

(e) "**Claims**" or "**Claim**" means all demands, suits, proceedings, obligations, fines, forfeitures, penalties (including, without limitation, civil, administrative or criminal penalties), claims, liabilities, losses, costs, interest, expenses (including, without limitation, solicitors', consultants' and experts' fees and court costs), disbursements, actions, causes of action, damages, injunctive or other relief or judgments, and all expenses incurred in investigating or resisting the same (including, without limitation, legal fees (on a full indemnity basis)), charges and disbursements and costs of suit and amounts paid in settlement of any Claims;

(f) "Defaulting Owner" shall have the meaning ascribed to it in Section 4.1 of this Agreement;

(g) "**Easement Lands**" means collectively, the South Portion and the North Portion, from time to time, and in relation to an Owner (including, an Owner's portion of the Easement Lands) shall mean the North Lands or the South Lands, as the case may be;

(h) "**Easements"** shall have the meaning ascribed thereto in Recital E of this Agreement;

(i) "**Indemnifier**" shall have the meaning ascribed to it in Section 3.7 of this Agreement;

(j) "**Indemnified Party**" shall have the meaning ascribed to it in Section 3.7 of this Agreement;

(k) "**Initiating Party**" shall have the meaning ascribed to it in Section 4.6 of this Agreement;

(l) "**Land Registry Office**" shall mean the Land Registry Office for the Land Titles Division of the City of Toronto;

(m) "**Lands**" means collectively the South Lands and the North Lands.

(n) "**Modified Work**" shall have the meaning ascribed to it in Section 2.4 of this Agreement;

(o) "**North Lands**" shall have the meaning ascribed thereto in Recital B of this Agreement;

(p) "**North Portion"** shall have the meaning ascribed thereto in Recital C of this Agreement;

(q) "**North Services**" shall mean: (i) services and utility installations and/or infrastructure from time to time located in or under (but not on or over) the Easement Lands connected to, servicing and/or benefiting the North Lands and/or the buildings and/or improvements located thereon from time to time and includes, without limitation, all underground fibre optics, storm, water and sanitary sewers, telephone and cable, watermains, water courses and hydro-electric, gas and water lines and installations, together, in each case, with their appurtenances from time to time; and (ii) roads, sidewalks, drains and related infrastructure from time to time located in, on, over or under the Easement Lands connected to, servicing and/or benefiting the North Lands and/or the buildings and/or improvements located thereon from time to time together, in each case, with their appurtenances from time to time;

(r) "**Notice**" shall have the meaning ascribed to it in subsection 2.3(a) of this Agreement;

(s) "**Owner**" shall mean, unless otherwise expressly provided in this Agreement, either Parliament or Front and each of their respective successors and permitted assigns and, unless otherwise as aforesaid, " **Owners**" shall mean, collectively, Parliament and Front and their respective successors and permitted assigns as aforesaid;

(t) "Planning Legislation" means the *Planning Act* (Ontario) and all applicable zoning or planning legislation in the Province of Ontario;

(u) "**Prime Rate**" shall mean rate of interest, per annum, from time to time publically quoted by The Bank of Nova Scotia, at Toronto as the reference rate of interest (commonly known as its "Prime Rate") used by it to determine rates of interest chargeable in Canada on Canadian dollar demand loans to its commercial customers from time to time;

(v) "**Rate of Interest**" shall have the meaning ascribed to it in Section 4.1 of this Agreement;

(w) "**Responding Party**" shall have the meaning ascribed to it in Section 4.6 of this Agreement;

(x) "**South Lands**" shall have the meaning ascribed thereto in Recital A of this Agreement;

(y) "**South Portion**" shall have the meaning ascribed thereto in Recital D of this Agreement;

(z) "**South Services**" shall mean; (i) services and utility installations and/or infrastructure from time to time located in or under (but not on or over) the Easement Lands connected to, servicing and/or benefiting the South Lands and/or the buildings and/or improvements located thereon from time to time and includes, without limitation, all underground fibre optics, storm, water and sanitary sewers, telephone and cable, watermains, water courses and hydro-electric, gas and water lines and installations, together, in each case, with their appurtenances from time to time; and (ii) roads, sidewalks, drains and related infrastructure from time to time located in, on, over or under the Easement Lands connected to, servicing and/or benefiting the South Lands and/or the buildings and/or improvements located thereon from time to time together, in each case, with their appurtenances from time to time;

(aa) "**Third Party**" shall have the meaning ascribed to it in subsection 5(a) of this Agreement;

(bb) "**Transfer**" means the sale, conveyance, leasing, parting with possession charging, mortgaging and/or encumbrancing of a party's interest in this Agreement and/or the Easement Lands from time to time. "**Transferee**" is the recipient of a Transfer. "**Transferor**" is the party effecting the Transfer.

(cc) "**Unavoidable Delay**" shall mean any *bona fide* delay beyond the control of an Owner (other than as a result of financial incapacity or any wilful of negligent act or omission) which shall cause an Owner to be unable to fulfil or to be delayed or restricted in the fulfilment of any obligation hereunder; and

(dd) "**Work**" shall have the meaning ascribed to it in subsection 2.3(a) of this Agreement.

2. EASEMENTS

2.1 Easements Benefitting the North Lands

Subject to each of the restrictions, limitations, terms and conditions contained herein and in the Easements, Front acknowledges and agrees that each of the Easements relating to the South Portion shall benefit each of Parliament and its successors and assigns and its tenants, customers, employees, servants, agents, invitees and licensees from time to time and shall be in common with the rights of Front and its successors and assigns and for the benefit of its tenants, customers, employees, servants, agents, invitees and licensees from time to time. Subject to the terms and conditions hereof, the burden of such Easements shall run with the South Portion (but not the balance of the South Lands) and each and every part thereof and the benefit thereof shall run with and be appurtenant to the North Lands and each and every part thereof.

2.2 Easements Benefitting the South Lands

Subject to each of the restrictions, limitations, terms and conditions contained herein and in the Easements, Parliament acknowledges and agrees that each of the Easements relating to the North Portion shall benefit each of Front and its successors and assigns and its tenants, customers, employees, servants, agents, invitees and licensees from time to time and shall be in common with the rights of Parliament and its successors and assigns and for the benefit of its tenants, customers, employees, servants, agents, invitees and licensees from time to time. Subject to the terms and conditions hereof, the burden of such Easements shall run with the North Portion (but not the balance of the North Lands) and each and every part thereof and the benefit thereof shall run with and be appurtenant to the South Lands and each and every part thereof.

2.3 Provision of Services

The construction, installation, maintenance, repair and/or or placement of the North Services and the South Services on, in, under, above or about the Easement Lands from time to time, as the case may be, as well as the exercise by each Owner of its respective rights and easements herein and/or granted in respect thereof, shall be made, used, maintained, inspected, altered, repaired, removed, replaced, reconstructed, enlarged and/or exercised only upon and subject to the terms of this Agreement, including, without limitation, the following terms and conditions:

(a) the Owner effecting the North Services or the South Services, as the case may be, and/or exercising its rights herein and/or pursuant to the Easements from time to time (the "**Benefitted Party**") with respect to any portion of the Easement Lands not owned by the Benefitted Party shall give the other Owner (the "**Burdened Party**") prior written notice (a "**Notice**") which is adequate and reasonable in the circumstances but which shall not in any event be given less than ten (10) Business Days of the intention of the Benefitted Party to effect any maintenance, inspection, construction, alteration, repair, removal, replacement, reconstruction and/or enlargement of the North Services or the South Services by the Benefitted Party with respect to any portion of the Easement Lands not owned by the Benefitted Party (collectively the "**Work**"). In conjunction with any such Work that constitutes a material construction, alteration, repair, removal, replacement, reconstruction and/or enlargement of the North Services or the South Services by the Benefitted Party with respect to any portion of the Easement Lands not owned by the Benefitted Party, as the case may be, the Benefitted Party shall submit to the Burdened Party for approval a description of the proposed Work including an action plan and schedule prepared by duly qualified experts setting out the timetable for the proposed Work and the procedures which will be followed in order to cause minimal interference with the ongoing use and enjoyment of the Easement Lands. If not satisfied with the proposed Work, the action plan and/or the schedule, the Burdened Party shall provide written reasons for its dissatisfaction (which shall be substantiated) within the ten (10) Business Days following the receipt of the Notice, failing which the Burdened Party shall be deemed to have approved the action plan and schedule as set forth in the submission of the Benefitted Party. In each case where reasons for dissatisfaction are supplied, the Benefitted Party shall re-submit for approval a revised action

plan and schedule which addresses such dissatisfaction and the delay for approval shall recommence, until such time as the said action plan and schedule is approved in accordance with the provisions of this subsection;

(b) all Work shall be done with reasonable speed, due diligence, in a good and workmanlike manner and in such manner as to minimize disruption of access to the Easement Lands;

(c) the Benefitted Party shall, forthwith following completion of the Work, or earlier if reasonably feasible in the circumstances, repair all damage caused to the Easement Lands and reinstate it to its original state as at the commencement of the Work in all material respects;

(d) in connection with any Work to be made by or for the Benefitted Party, the Benefitted Party shall comply with every applicable statute, law, by-law, rule or regulation affecting such Work (including any provision requiring or enabling the retention by way of holdback of portions of any sums payable) and, except as to any such holdback, shall promptly pay all accounts relating thereto; and

(e) whenever any lien or encumbrance for Work, labour, services or materials supplied to or for the Benefitted Party or for the cost of which the Benefitted Party may be in any way liable for Claims therefore shall be filed against the Easement Lands and/or any of the other Lands of the Burdened Party, the Benefitted Party shall, within five (5) Business Days after receipt of Notice therefor, vacate the lien or encumbrance and procure and register a discharge thereof, including any certificate of action registered in respect of any lien or encumbrance, by payment or in such other manner as may be required permitted by law and, failing which, the Burdened Party may apply to the court to substitute such other security as may be required to procure and register the vacating of any such liens or encumbrances, including any certificate of action registered in respect of any lien, by payment or in such other manner as may be required or permitted by law and shall be entitled to be reimbursed by the Benefitted Party forthwith.

2.4 Owner's Right to Use Servient Portion

Notwithstanding the foregoing or anything else contained herein or elsewhere, each of the parties hereto acknowledges and agrees that: (a) Front's rights as owner of the South Portion shall remain in full force and effect subject only to Parliament's rights pursuant to this Agreement. Without limiting the foregoing, Front continues to retain the right to use, maintain, inspect, alter, repair, remove, replace, construct and/or enlarge any structures and/or improvements in, on, under or above the South Portion subject only to the terms of this Agreement; and (b) Parliament's rights as owner of the North Portion shall remain in full force and effect subject only to Front's rights pursuant to this Agreement. Without limiting the foregoing, Parliament continues to retain the right to use, maintain, inspect, alter, repair, remove, replace, construct and/or enlarge any structures and/or improvements in, on, under or above the North Portion subject only to the terms of this Agreement. In that regard, each Owner shall have the right, at

its sole cost and expense, to re-route, alter, modify or adjust the Work located in, on, under or above its Lands in whole or in part from time to time (collectively, the "**Modified Work**"), as deemed necessary by the Owner, acting reasonably, provided that the Owner pays all costs and expenses to effect the Modified Work in a timely manner and effects such Modified Work in such a manner that does not materially disrupt the Benefitting Party's rights hereunder. To that end, in conjunction with the Modified Work, said Owner shall at its sole cost and expense grant comparable easements and other rights for the Modified Work in lieu of the easements and other rights that existed prior to the re-routing, alteration, modification or adjustment. Such prior easements and rights that existed prior to the rerouting, alteration, modification or adjustment, shall be terminated and released by the Benefitting Party at no cost to the other Owner concurrently with the grant of the comparable easement. Such comparable easement shall be subject to the provisions of this Agreement and shall have the same force and effect as if granted hereunder;

3. MUNICIPAL AND MAINTENANCE OBLIGATIONS

3.1 No Public Dedication or Interest in Balance of Lands

Nothing contained in this Agreement and/or with respect to the Easements shall or shall be deemed to: (a) be a gift or dedication of any portion of the Easement Lands to the general public or for any public use or purpose whatsoever, it being the intention of the parties hereto and their successors and assigns and that nothing in this Agreement, expressed or implied, shall confer upon any person, other than the parties hereto and their successors and assigns, any rights or remedies under or by reason of this Agreement; and/or (b) create any restriction, right, title or interest in favour of Front in any portion of the North Lands save and except for the North Portion in the manner expressly contemplated herein; and/or (c) create any restriction, right, title or interest in favour of Parliament in any portion of the South Lands save and except for the South Portion in the manner expressly contemplated herein.

3.2 General Matters re: Municipal Agreements and Zoning By-Law

Each Owner acknowledges that the Easement Lands are subject to the same zoning by-laws and various municipal agreements which impose certain obligations on the Owners in respect of the entire Lands. Each Owner shall: (a) assume and fulfil the obligations imposed on it under Planning Legislation and such zoning by-laws and municipal agreements as those obligations relate to its Lands; (b) refrain from any action which would jeopardize the status of any part of the Easement Lands under such zoning by-laws or municipal agreements; and (c) indemnify and save the other Owner harmless from and against any and all Claims whatsoever that it might suffer or incur by reason of an Owner failing to comply with the provisions of this Section 3.2. Except as expressly set out in agreements in writing between the Owners, each Owner shall bear all costs and expenses of any nature and kind in any way related to, associated with or arising from the municipal agreements insofar as its Lands are concerned. Provided, however, when and so long as any Lands constitutes a separate lot as defined in and for the purposes of such zoning by-laws and municipal agreements, the provisions of this Section 3.2 shall not apply to or bind the Easement Lands or the Owner thereof.

3.3 Maintenance of Services and Easement Lands

Each of the Owners acknowledges and agrees in favour of the other that all driveways and access roads on its portion of the Easement Lands will, at its own expense, be maintained in good order and repair, be properly drained, be kept in sanitary condition, be cleared promptly of ice, snow and rubbish and be kept adequately lighted during and for appropriate periods before and after business hours. Similarly, each of the driveways and access roads on each of the Owner's respective portions of the Easement Lands shall be kept free of mud, dirt (other than may be reasonable during periods of construction) and debris and will be power-swept as required from time to time. Each of the Owners shall be responsible for any striping, repairing, repaving or other resurfacing of its respective portion of the Easement Lands unless the same are necessitated due to the exercise by the other Owners of its rights and easements provided for herein. The grading of all driveways and access roads shall be performed and maintained by each Owner for its portion of the Easement Lands in accordance with the requirements of the City of Toronto. Notwithstanding the foregoing, each of the parties hereto acknowledges and agrees that it may be in their mutual interest to retain a single independent third party and/or the other party hereto to provide the services contemplated in this Section 3.3 upon the entire Easement Lands. In that regard, to the extent that a single party or the other party hereto is retained to provide said services, 50% of the costs and expenses in connection therewith shall be allocated to the South Portion and the remaining 50% of said costs and expenses will be allocated to the North Portion. In such an event, each Owner covenants and agrees in favour of the other Owner to forthwith pay its proportionate share in full and in a timely manner.

3.4 No Cross Parking Rights

Each Owner shall prohibit each of its employees, tenants, invitees, guests, customers, contractors and anyone else visiting or attending at the North Lands or the South Lands from parking on the South Lands or the North Lands, as the case may be. For clarification, there will be no cross parking rights between the North Lands and the South Lands such that the Owners, employees, tenants, invitees, guests, customers, contractors or anyone else visiting or attending at the North Lands or the South Lands shall not be entitled to park on the other Owner's Lands.

3.5 Title Retention

Notwithstanding any rule or law of equity: (a) the South Services located on or under the Easement Lands shall remain Front's property even though the same may now or hereafter be annexed or affixed to the Easement Lands and Front shall remain solely responsible for same at Front's sole cost and expense. Without limiting the foregoing, Front shall, at its sole cost and expense, in accordance with all applicable laws and the balance of this Agreement, maintain the South Services in a good state of repair at all times; and (b) the North Services located on or under the Easement Lands shall remain Parliament's property even though the same may now or hereafter be annexed or affixed to the Easement Lands and Parliament shall remain solely responsible for same at Parliament's sole cost and expense. Without limiting the foregoing, Parliament shall, at its sole cost and expense, in accordance with all applicable laws and the balance of this Agreement, maintain the North Services in a good state of repair at all times. If an Owner abandons or no longer deems necessary the North Services (in the case of Parliament) and/or the South Services (in the case of Front), the relevant Owner shall forthwith notify the

other Owner and thereafter remove the relevant services or permanently decommission said services, in each case in a good and workmanlike manner in accordance with the balance of Section 2.3 hereof, including, without limitation, fully repairing and restoring the relevant portion of the Easement Lands. This Section 3.5 shall survive the release or abandonment of the Easement Lands.

3.6 Release of Agreement

Notwithstanding any other provision herein, each of the parties hereto hereby acknowledges and agrees to forthwith discharge and/or release this Agreement from any portion of the Easement Lands for the purpose of satisfying any Planning Legislation or municipal requirement of any municipality, public utility, or other governmental authority having jurisdiction over the Easement Lands in accordance with any development, site plan or other municipal or similar agreement affecting the Easement Lands (such as, by way of example, any conveyance for storm water ponds, road widening and/or easements which may be required) providing the foregoing may not in any manner materially reduce any vehicular or pedestrian access over the Easement Lands from time to time.

3.7 Indemnity

Each Owner (the "**Indemnifier**") shall indemnify and hold harmless the other Owner (the " **Indemnified Party**") from and against any uninsured Claims in connection with the use of the Easement Lands by the Indemnifier or those for whom the Indemnifier is at law responsible from time to time including, without limitation, uninsured Claims in connection with the loss of life, personal injury and/or damage to property arising from or out of any occurrence in or upon the Easement Lands or any part thereof by the Indemnifier and/or those from whom the Indemnifier is at law responsible from time to time and/or if occasioned, in whole or in part, by any negligent or wilful act or omission of the Indemnifier and/or those for whom the Indemnifier is at law responsible from time to time.

3.8 Insurance

Each Owner shall maintain in full force and effect (and provide evidence thereof on an annual basis), a comprehensive general liability insurance policy in form and substance pre-approved by the other Owner providing coverage against any and all Claims arising out of the use of the Easement Lands and any portion or portions thereof in an amount not less than $5,000,000.00 per occurrence. This insurance shall include the other Owner and its mortgagees, if applicable, from time to time as additional insured with respect to the liability arising from the operations of the named insured. The insurance policy shall contain a cross liability and severability of interest clause protecting each insured to the same extent as if it were separately insured. A certificate of the insurance policy shall be deposited with the other Owner, as it may direct, concurrently with the execution and delivery of this Agreement and annually on the anniversary of the date hereof and shall contain evidence that the policy contains those provisions required to be contained by this Section 3.8. **[NTD: Insurance advisor to review.]**

4. REMEDIES

4.1 Self Help; Lien Rights Disputes

If an Owner shall default in the performance of an obligation of such Owner (such Owner being herein called a "Defaulting Owner"), the other Owner (an "Affected Party"), in addition to all other rights and remedies it may have at law or in equity, after thirty (30) days' prior written Notice to the Defaulting Owner (or in the event of an emergency after such Notice as is practical under the circumstances) and the failure of such Owner to remedy the default during such thirty (30) day period (or cure to be commenced and diligently pursued if it cannot be remedied during such thirty (30) day period), shall have the right to perform such obligation on behalf of the Defaulting Owner. If the Affected Party commences to cure any such default, it shall diligently pursue and complete the cure. In such event, the Defaulting Owner shall promptly reimburse the Affected Party the reasonable cost thereof, together with interest thereon from the date of outlay at a rate of interest equal to the lesser of (the " **Rate of Interest**"): (i) two (2%) percent in excess of the Prime Rate; or (ii) the highest rate permitted by applicable law.

4.2 Injunctive and Other Remedies

In the event of a breach by an Owner of any obligation of this Agreement, the other Owner shall be entitled to obtain an order specifically enforcing the performance of such obligation or an injunction prohibiting any such breach, the Owners hereby acknowledge the inadequacy of legal remedies and the irreparable harm which would be caused by any such breach, and/or to relief by other available legal and equitable remedies from the consequences of such breach. Any action taken or document executed in violation of this Agreement shall be void and may be set aside upon the petition of the other Owner. Any costs and expenses of any such proceeding, including solicitors' fees on a full indemnity basis plus interest thereon at the Rate of Interest, shall be paid by the Defaulting Owner and, if unpaid shall constitute a lien against the Defaulting Owner's interest in the Easement Lands, and improvements thereon, or the interests therein, until paid in full.

4.3 Non-Waiver

No delay or omission of any Owner in the exercise of any right or remedy accruing upon any default of any other Owner shall impair such right or remedy or be construed to be a waiver thereof, and every such right or remedy may be exercised at any time during the continuance of such default. A waiver by any Owner of a breach of, or a default in, any of the terms and conditions of this Agreement by the other Owner shall not be construed to be a waiver of any subsequent breach of or default in the same or any other provision of this Agreement. Except as otherwise specifically provided in this Agreement: (a) no right or remedy provided in this Agreement shall be exclusive but each shall be cumulative with all other rights and remedies provided in this Agreement; and (b) all rights and remedies at law or in equity shall be available.

4.4 Non-Terminable Agreement

No breach of the provisions of this Agreement shall entitle any Owner or party to cancel, rescind or otherwise terminate this Agreement, but such limitation shall not affect, in any manner, any other rights or remedies which any party may have hereunder by reason of any breach of the

provisions of this Agreement. No breach of the provisions of this Agreement shall defeat or render invalid the lien of any mortgage, charge and/or encumbrance made in good faith for value covering any part of the Easement Lands and any improvements thereon. This Agreement and each of the covenants, easements, rights, obligations and liabilities created hereby shall be perpetual to the extent permitted by law, except as expressly set forth to the contrary herein and shall run with the lands affected thereby and be subject to compliance with the provisions of any statute relating to the severance of land or the granting of interest in land by conveyance or otherwise as such may from time to time be amended. This Agreement is subject to the express condition that the provisions of section 50 of the *Planning Act* (Ontario) and any amendments thereto are complied with. The parties hereby agree that if consent is requisite to the validity of this Agreement or any aspect hereof, any of the parties may apply for such consent and until a final consent is obtained, the term of this Agreement shall be the maximum period permitted by statute without consent.

4.5 Unavoidable Delay

In the event any Owner or any other party shall be delayed or hindered in or prevented from the performance of any act required to be performed by such party by reason of Unavoidable Delay, then the time for performance of such act shall be extended for a period equivalent to the period of such delay provided the delayed party shall perform the act thereafter.

4.6 Dispute Resolution

In the event of any dispute between Front and Parliament with respect to any provisions of this Agreement or with respect to anything arising hereunder, the matter in dispute shall be submitted to arbitration in accordance with the provisions of the *Arbitration Act, 1991 (Ontario)*, as amended from time to time, if a party hereto (the "**Initiating Party**") notifies the other of its intention to resort to arbitration and includes with such Notice the name of its nominee as arbitrator. Within seven (7) Business Days after delivery of such Notice, the other party ("**Responding Party**") shall notify the Initiating Party of a second arbitrator appointed by it, failing which the arbitrator appointed by the Initiating Party shall act as the sole arbitrator. If the Responding Party appoints an arbitrator as aforesaid, the two (2) arbitrators so appointed shall, within seven (7) Business Days of the appointment of the last of them appointed, choose a third arbitrator, and if they fail to agree on such choice, then the Initiating Party shall be entitled to make application to court under the *Arbitration Act, 1991 (Ontario)*, as amended from time to time. The three (3) arbitrators or single arbitrator appointed or chosen as aforesaid, shall forthwith proceed to arbitrate the dispute between Front and Parliament and, shall, within sixty (60) days, or as soon thereafter as may be practicable, render a decision to be thereupon served upon Front and Parliament. If there are three (3) arbitrators, the decision of a majority of them shall govern. The arbitration decision shall be final and binding on both parties and not subject to appeal. The cost of any arbitration shall be borne equally by Front and Parliament, except as the arbitration decision may otherwise determine.

5. MORTGAGEES AND PURCHASERS

(a) Every agreement, covenant, promise, undertaking, condition, easement, right, privilege, option and restriction made, granted or assumed, as the case may be, by

either party to this Agreement is made by such party not only personally for the benefit of the other party hereto, but also as owner of a portion of the Easement Lands owned by such party and for the benefit of the other portions of the Easement Lands. Each of the Owners undertakes to obtain an undertaking in favour of the other of them from any Transferee of the Easement Lands or any part thereof (each a " **Third Party**") to subordinate their rights to the rights created in favour of the Owner hereunder and for such purpose to grant cessions of priority in registrable form, and generally to comply with each of the terms and conditions hereof and to assume and perform and to require the assumption and performance of the obligations of such Owner under this Agreement in the event that such Third Party shall become the owner of or shall exercise mortgage recourse against or control over any part of the Easement Lands. All of the provisions of this Agreement shall be covenants running with the Easement Lands. Any Transferee of any part of the Easement Lands shall automatically be deemed, by acceptance of the title to any portion of the Easement Lands, to have assumed all obligations of this Agreement relating thereto to the extent of its interest in its Lands and to have agreed with the then Owner or Owners of all other portions of the Easement Lands to execute any and all instruments and to do any and all things reasonably required to carry out the intention of this Agreement. So long as a Transferor has transferred its entire interest in the Easement Lands to the Transferee, the Transferor shall, upon the completion of such Transfer, be relieved of all further liability under this Agreement except liability with respect to matters that may have arisen during its period of ownership of the portion of the Easement Lands so conveyed that remain unsatisfied.

(b) In furtherance of the foregoing: (i) upon the sale, conveyance, parting of possession or lease of the Easement Lands or any party thereof to a Third Party, the Transferring Owner, and their respective successors and assigns, shall obtain from the Third Party and deliver to the other Owner the covenant to be bound in the form attached hereto as Schedule "C"; and (ii) the parties agree to obtain from each and every existing mortgagee, chargee or encumbrancer of their respective Lands and deliver to the other Owner a written agreement consenting to the grants of easements, as hereinbefore provided and postponing and subordinating the rights of each such mortgagee, chargee or encumbrancer to this Agreement and to the easements hereby created and granted and to obtain from every existing and future mortgagee, chargee or encumbrancer a covenant in the form attached hereto as Schedule "D".

(c) Each of the Owners shall within ten (10) Business Days after request therefor by the other Owner execute and deliver to the requesting party a statement addressed to the Owner and its Transferee certifying that this Agreement is in full force and effect and that such party making such statement is in full compliance with the terms and conditions of this Agreement and to its knowledge, the other party hereto is in full compliance with the terms and conditions of this Agreement or the extent to which the other party is not in full compliance hereunder.

6. NOTICES

All Notices, requests, demands or other communications to be given pursuant to this Agreement shall be given in writing and either be mailed postage prepaid or be delivered by personal delivery during business hours on Business Days, mailed or delivered, as the case may be:

(a) in case of Front to:

-

Attention:
Facsimile No.:

(b) in the case of Parliament to:

-

Attention:
Facsimile No.

Any party may at any time give Notice to the other party of any change of address of the party giving such Notice and from and after the giving of such Notice, the address therein specified shall be deemed to be the address of such party for the purposes of giving such Notice. Any Notice so given, if delivered, shall be deemed to be given on the date of delivery thereof or, if mailed, shall be deemed to have been received on the third Business Day following the day of which such Notice is mailed (except during a postal strike or anticipated postal disruption in which case such Notice shall be delivered).

7. MISCELLANEOUS

7.1 Invalidity

If any provision of this Agreement, or portion thereof, or the application thereof to any person or circumstances, shall, to any extent be held invalid, inoperative or unenforceable, the remainder of this Agreement, or the application of such provision or portion thereof to any other persons or circumstances, shall not be affected thereby; it shall not be deemed that any such invalid provision affects the consideration for this Agreement; and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

7.2 Amendment in Writing

This Agreement may only be amended, modified, or terminated at any time by a declaration in writing, executed and acknowledged by all the parties to the Agreement or their successors or assigns. This Agreement shall not be otherwise amended, modified or terminated during the term hereof.

7.3 Nature of Relationship

Nothing contained in this Agreement shall create shall be construed to constitute the parties hereto as landlord and tenant, partners, joint venturers or members of a joint or common enterprise.

7.4 Duty to Act Reasonably

Except as otherwise specifically provided to the contrary in this Agreement, the parties hereto, and each person acting for them, in granting a consent or approval or making a determination, designation, calculation, estimate, conversion or allocation under this Agreement, will act reasonably and in good faith and each expert or other professional employed or retained by a party hereto will act in accordance with the applicable principles and standards of such person's profession. If either party withholds any consent or approval where it is required to act reasonably, such party shall, on written request, deliver to the other party a written statement giving the reasons for withholding the consent or approval.

7.5 Further Assurances

Each of the parties hereto agrees to do, make and execute all such further documents, agreements, assurances, acts, matters and things and take such further actions as may be reasonably required from time to time in order to more effectively carry out the true intent of this Agreement. Time shall be of the essence of this Agreement and of each of its provisions.

7.6 Survival

All obligations, covenants, indemnities, agreements and liabilities of the parties accruing hereunder shall survive and not be extinguished by the release or abandonment of the Easement Lands.

7.7 Entire Agreement

This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all other prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there are no other representations, warranties or other agreements between the parties in connection with the subject matter hereof. The parties acknowledge and agree that they have not relied on any representation, warranty, statement or understanding, except as expressly provided herein, in entering into this Agreement.

7.8 Successors and Assigns and Governing Law

The parties agree that this Agreement shall be governed by the laws of the Province of Ontario and shall enure to the benefit of each of the parties successors and permitted assigns and be binding upon each of the parties successors and assigns.

7.9 Counterparts

This Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed on document, all such counterparts shall together constitute, and be construed as, one instrument and each of such counterparts shall, notwithstanding the date of its execution, be deemed to bear the date first above written.

7.10 Facsimile or E-mail

This Agreement or a counterpart hereof may be executed by a party hereto and transmitted by facsimile or e-mail, with transmission confirmed as complete and if so executed and transmitted, this Agreement will, for all purposes, be effective and binding on such party, as if such party had delivered an originally executed document.

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

271 FRONT INC.

Per: _____
Name:
Title:

I have authority to bind the Corporation

281 NORTH PARLIAMENT INC.

Per: _____
Name:
Title:

I have authority to bind the Corporation

SCHEDULE “A”
SOUTH LANDS

PART OF PIN 21077-0025 (LT) being Part Lot 1, Plan 108, East Side of Parliament Street; Part Lot 3A, Plan 108, South Side of Front Street East; Part Lots 1, 2 and 3, Plan 108, North Side of Mill Street; designated as Parts 3 and 4 on Plan 66R-26445, City of Toronto

Municipally known as 45 Parliament Street, Toronto, Ontario

SCHEDULE “B”
NORTH LANDS

PART OF PIN 21077-0025 (LT) being Part Lots 2 and 3, Plan 108, East Side of Parliament Street; Part Lot 3A, Plan 108, South Side of Front Street East; Part Lots 1 and 2, Plan 108, East Side of Parliament Street; designated as Parts 1, 2 and 5 on Plan 66R-26445, City of Toronto

Municipally known as 281 Front Street East, Toronto, Ontario

SCHEDULE "C"
FORM OF TRANSFEREE ASSUMPTION AGREEMENT

TO: **[insert name of other Owner and other chargees]**

RE: Reciprocal Easement and Access Agreement dated , 20 (the " **REOA**") between 271 Front Inc. ("**Front**") and 281 North Parliament Inc. ("**Parliament**")

IN CONSIDERATION OF TEN ($10.00) DOLLARS and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the undersigned) the undersigned, the proposed transferee of Parts • on Plan 66R-26445 **[add description of relevant Lands]** (the "**Real Property**"), hereby covenants in favour of **[add names of all parties to REOA or their respective successors in title, including the transferor of the Real Property and the holders of all charges of their interests, in each case as of the date on which this covenant is given]** and their respective successors and assigns that so long as the undersigned is a Transferee of the Real Property to assume, observe and perform all the obligations of **[add name of transferor of the Real Property]** under the REOA as fully and to the same extent as though the undersigned were originally named as a party to, and had executed and delivered, such agreement.

Upon the undersigned making any Transfer or other disposition or encumbrance of the security by virtue of which the undersigned is the owner of the Real Property, the undersigned will cause the person to whom the Transfer or other disposition or encumbrance is made to covenant likewise.

This assumption agreement and everything herein contained shall enure to the benefit of the addressees and be binding upon the undersigned and their respective heirs, executors, administrators, successors and assigns.

The undersigned agrees to do, make and execute all such further documents, agreements, assurances, acts, matters and things and take such further actions as may be reasonably required from time to time in order to more effectively carry out the true intent of this assumption agreement.

IN WITNESS WHEREOF the undersigned has executed under seal this covenant with effect as of , 20 .

[NAME OF PROPOSED TRANSFEREE]

Per: _____
Name:
Title:

SCHEDULE "D"
FORM OF CHARGEE ASSUMPTION AGREEMENT

TO: **[insert name of other Owner and other chargees]**

RE: Reciprocal Easement and Access Agreement dated , 20 (the " **REOA**") between 271 Front Inc. ("**Front**") and 281 North Parliament Inc. ("**Parliament**")

IN CONSIDERATION OF TEN ($10.00) DOLLARS and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the undersigned), the undersigned, the proposed chargee of Parts • on Plan 66R-26445 **[add description of relevant Lands]** (the "**Real Property**") hereby covenants in favour of **[add names of all parties to REOA or their respective successors in title and the holders of all charges of their interests]**, **[in each case as of the date of which this covenant is given]** and their respective successors and assigns that:

1. If the undersigned: (a) takes possession of the Real Property (either in the character of a mortgagee in possession or by way of a receiver or a receiver and manager or agent and/or any combination thereof); and/ or (b) becomes by foreclosure or otherwise the owner of the Real Property, then in either case, the undersigned will, only during such period of time as it is in possession as aforesaid or is the owner of the Real Property, observe and perform all the obligations of **[add name of chargor of the Real Property]** under the REOA.
2. If the undersigned exercises its power of sale and sells the Real Property, it will cause the purchaser to covenant with the owners of **[Lands that do not constitute the Real Property]** (the "**Adjoining Real Property**") and the holders of all charges of the Real Property and the Additional Real Property, in each case as of the date of such covenant, in the form of Schedule "C" to the REOA.
3. Upon the undersigned making any Transfer or other disposition or encumbrance of the security by virtue of which the undersigned is the chargee of the Real Property, the undersigned will cause the person to whom the Transfer or other disposition or encumbrance is made to covenant likewise.
4. This assumption agreement and everything herein contained shall enure to the benefit of the addressees and be binding upon the undersigned and their respective heirs, executors, administrators, successors and assigns.
5. The undersigned agrees to do, make and execute all such further documents, agreements, assurances, acts, matters and things and take such further actions as may be reasonably required from time to time in order to more effectively carry out the true intent of this assumption agreement.

IN WITNESS WHEREOF the undersigned has executed under seal this covenant with effect as of , 20 .

[NAME OF PROPOSED CHARGEE]

Per: _____

Name:

Title:

Exhibit 10.41

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT made as of the 30th day of November, 2012.

In order to induce **271 FRONT INC.** (the "**Landlord**") to enter into the lease dated as of the date hereof (as the same may be hereafter amended and restated, extended, renewed, amended, restated, supplemented, replaced and/or Transferred from time to time, collectively, the " **Lease**") between the Landlord, as lessor, and **EQUINIX CANADA LTD.** (the "**Tenant**") as lessee and for **TEN DOLLARS ($10.00)** and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, **EQUINIX, INC.** (the "**Indemnifier**") hereby covenants and agrees as follows with and in favour of the Landlord (unless otherwise defined herein, capitalised terms used herein shall have the same meanings as attributed to them in the Lease):

1. The Indemnifier hereby covenants and agrees with and in favour of the Landlord that at all times, the Indemnifier will without any set-off, reduction, abatement or deduction whatsoever: (i) make the due and punctual payment of all Rent, monies, charges and other amounts of any kind whatsoever payable under the Lease by the Tenant whether to the Landlord or otherwise; (ii) effect the prompt and complete performance and observance of each and every one of the terms, conditions, indemnities, liabilities, agreements, commitments, covenants and obligations contained in the Lease on the part of the Tenant to be kept, fulfilled, observed and performed from time to time (collectively, the "**Covenants**"); and (iii) indemnify and save harmless the Landlord and keep the Landlord indemnified against all costs, losses, damages, claims, expenses and liabilities of whatever kind (including legal fees and expenses on a full indemnity basis) arising out of or relating to any failure by the Tenant and/or the Indemnifier to pay all Rent, monies, charges and other amounts of any kind whatsoever payable under the Lease in a timely manner and/or resulting from any failure by the Tenant to keep, observe, fulfill or perform any of the Covenants in a timely and complete manner and/or resulting from any failure by the Indemnifier to keep, observe, fulfill or perform any of each and every one of the terms, conditions, indemnities, liabilities, agreements, commitments, covenants or obligations hereunder to be kept, fulfilled, observed and performed from time to time.
2. The Indemnifier's covenants and agreements set out herein will not be affected by: (a) the Lease being Disclaimed and/or otherwise deemed unenforceable; (b) by any other event or occurrence which would have the effect at law or equity of terminating or reducing any of the Covenants prior to the expiration of the full Term and any extensions or renewals thereof and/or overholding of all or part of the Property (save and except for a termination of the Lease by the Tenant in accordance with Sections 9.1.3 or 9.1.6.3 or Exhibit E-3 of the Lease); (c) the enforcement of the Landlord's rights and remedies pursuant to the Lease, at law or equity, whether pursuant to court proceedings or otherwise; and/or (d) the surrender of the Lease to which the Landlord has not provided its prior written consent in the Landlord's sole, absolute and unfettered discretion and/or which is expressly permitted pursuant to Sections 9.1.3 and 9.1.6.3 or Exhibit E-3 of the Lease (all of which items (a), (b), (c) and (d) above are referred to collectively and individually in this Indemnity Agreement as an "**Unexpected Termination**"), and the occurrence of any such Unexpected Termination shall not reduce the period of time in

which the Indemnifier's terms, conditions, indemnities, liabilities, agreements, commitments, covenants and obligations hereunder apply, which period of time includes, for greater certainty, that part of the Term and any exercised extensions or renewals thereof and/or overholding of all or part of the Property which would have followed had the Unexpected Termination not occurred.

3. Each of this Indemnity Agreement, the Indemnifier's terms, conditions, indemnities, liabilities, agreements, commitments, covenants and obligations and the rights and remedies of the Landlord hereunder are absolute and unconditional and none of the foregoing shall be prejudiced, waived, released, discharged, mitigated, impaired or affected by: (a) any waiver by or failure of the Landlord to enforce any of the terms, conditions, indemnities, liabilities, agreements, commitments, covenants and/or obligations contained herein and/or the Covenants; (b) any Transfer of the Lease and/or the Property in whole or in part by the Tenant, a Transferee or by any secured creditor, trustee, receiver, manager, receiver and manager, interim receiver, coordinator, liquidator, monitor or any other entity or by operation of law or otherwise; (c) any consent which the Landlord gives to any such Transfer; (d) the disaffirmance, disclaimer, resiliation, repudiation, disavowal, rejection, termination (save and except for a termination of the Lease by the Tenant in accordance with Sections 9.1.3 or 9.1.6.3 or Exhibit E-3 of the Lease), cancellation and/or unenforceability of the Lease by the Tenant or any Transferee, or by any secured creditor, trustee, receiver, manager, receiver and manager, interim receiver, coordinator, liquidator or monitor of the Tenant or of any Transferee or by operation of law or otherwise by law or equity; (e) the expiration of the Term with respect to those terms and provisions of the Lease that survive such expiration of the Term; (f) any extension of time, waivers, indulgences, neglect, delay, forbearance or modifications which the Landlord extends to or makes with the Tenant or any other entity in respect of the performance of any of the Covenants by the Tenant or any other entity; (g) any amendment, supplement, extension, renewal, amendment and restatement, restatement, replacement and/or Transfer from time to time with or without the Indemnifier's knowledge or consent; (h) any Unexpected Termination; (i) any overholding by of all or part of the Property; and/or (j) any release or reduction in the Covenants of the Tenant or any other entity.

4. The Indemnifier hereby expressly waives notice of the acceptance of this Indemnity Agreement and all notice of non-performance, non-payment or non-observance on the part of the Tenant of the Covenants. Without prejudicing the foregoing, any notice which the Landlord elects to give to the Indemnifier shall be sufficiently given if delivered to the Indemnifier in accordance with the Lease. Upon a minimum of ten (10) Business Days prior notice in writing, the Indemnifier may designate a substitute address in Canada or telecopy number or e-mail address for that set forth in the Lease and thereafter notice shall be directed to such substitute address, telecopy number or e–mail address.

5. If an Event of Default occurs, the Indemnifier waives all rights (if any) to require that the Landlord: (a) proceed against the Tenant or any other entities or pursue any rights or remedies against the Tenant or any other entity; (b) proceed against or exhaust any security or other recourse of or against the Tenant or any other entity (including any other person having, in any manner, guaranteed and/or assumed the Covenants or granted an indemnity in connection therewith); and/or (c) pursue any other right or remedy

whatsoever in the Landlord's power. The Landlord has the right to enforce this Indemnity Agreement regardless of the acceptance of additional security from the Tenant or other entities and regardless of any release or discharge of the Tenant or the other entities by the Landlord or by others or by operation of any law.

6. Even though the Landlord may have already taken action against the Indemnifier under this Indemnity Agreement, whether or not that action has succeeded or been completed, the Landlord may take further action against the Indemnifier under this Indemnity Agreement as the Landlord deems necessary from time to time.

7. Without limiting the generality of the foregoing, the liability of the Indemnifier under this Indemnity Agreement is not and shall not be deemed to have been waived, released, discharged, reduced, impaired or affected by reason of the release or discharge of the Tenant in any receivership, bankruptcy, winding-up, liquidation or other creditors' proceedings or any Unexpected Termination and shall continue with respect to the periods prior thereto and thereafter, for and with respect to the Term as if an Unexpected Termination or any receivership, bankruptcy, wind-up, liquidation or other creditors' proceedings had not occurred, and in furtherance hereof, the Indemnifier agrees, upon any such Unexpected Termination or any receivership, bankruptcy, wind-up, liquidation or other creditors' proceedings, that the Indemnifier shall, at the option of the Landlord, in the Landlord's sole, absolute and unfettered discretion, exercisable at any time after such Unexpected Termination or any receivership, bankruptcy, wind-up, liquidation or other creditors' proceedings, lease the entire Property from the Landlord for the balance of the Term as if the Unexpected Termination or any receivership, bankruptcy, wind-up, liquidation or other creditors' proceedings had not occurred upon the same terms and conditions as are contained in the Lease, applied mutatis mutandis, provided that the Indemnifier shall: (a) accept the Property in an "as is where is" condition without any representations or warranties or requirement of the Landlord to perform work (except for the Landlord's Work and the Landlord's Extraordinary Repair Obligations to the same extent as expressly set forth in the Lease); and (b) not be entitled to any inducements, allowances or Rent free periods or reductions of any kind (except as expressly set forth in the Lease). However, the liability of the Indemnifier shall not be affected by any failure of the Landlord to exercise this option, nor by any repossession and/or reletting of the Property in whole or in part by the Landlord.

8. The Indemnifier hereby represents and warrants in favour of the Landlord that:

   (a) the Indemnifier has full power and authority to enter into this Indemnity Agreement and to perform the Indemnifier's terms, conditions, indemnities, liabilities, agreements, commitments, covenants and obligations contained herein; and

   (b) this Indemnity Agreement is valid and binding upon the Indemnifier and enforceable against the Indemnifier in accordance with its terms.

9. The Indemnifier covenants and agrees that all of its right, title and interest in and under any loans, notes, debts and other liabilities or obligations whatsoever owed by the Tenant to it, whether in existence or hereafter created or incurred, for whatever amount, and any

and all security therefor shall be now and hereafter at all times during the continuance of an Event of Default fully subordinated and postponed to the Landlord's rights and remedies hereunder and pursuant to the Lease. The Indemnifier shall not ask, demand or sue for, or take or receive payment of, or realize upon, all or any part of such loans, notes, debts or any other liabilities or obligations whatsoever or any security therefor during the continuance of an Event of Default until and unless all of the Covenants are fully paid, performed and satisfied.

10. From and after the date hereof and throughout the Term as extended and/or renewed from time to time and/or if an Unexpected Termination occurs and/or if the Tenant overholds or is otherwise in occupancy or possession of the Property, the Indemnifier will not either directly or indirectly: (a) liquidate or dissolve or sell, transfer, lease, issue or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of the its assets whether owned or hereafter acquired; and/or (b) permit the sale, sale and leaseback, assignment, encumbrance, conveyance, transfer, issuance or other disposition or dealings (individually or in the aggregate) of all or substantially all of its assets whether now owned or hereinafter owned or acquired by it at any time, unless in each and every case, the entity which then holds all or substantially all of the Indemnifier's assets concurrently executes and delivers a new indemnity agreement on the same terms and conditions as contained herein in favour of the Landlord.

11. The terms, conditions, indemnities, liabilities, agreements, commitments, covenants and obligations of the Indemnifier under of this Indemnity Agreement are separate and independent the one of the other, and shall give rise to separate and independent rights and remedies and causes of action against the Indemnifier in the event of any breach by the Indemnifier of the terms, conditions, indemnities, liabilities, agreements, commitments, covenants and/or obligations contained hereunder.

12. No action or proceedings brought or instituted under this Indemnity Agreement and no recovery in pursuance thereof shall be a bar or defence to any further action or proceeding which may be brought under this Indemnity Agreement by reason of any further default hereunder or in the performance and observance of the terms, conditions, indemnities, liabilities, agreements, commitments, covenants and obligations contained herein and/or the Covenants.

13. No amendment or modification of this Indemnity Agreement shall be effective unless the same is in writing and is executed by the Indemnifier and by the Landlord.

14. Words used in this Indemnity Agreement importing the singular shall include the plural and vice versa; words importing the masculine gender shall include the feminine gender and vice versa and words importing the neuter gender shall include individuals, firms and corporations.

15. If all or part of this Indemnity Agreement or the application thereof to any entity or in any circumstance is to any extent held or rendered invalid, unenforceable or illegal, that part:

    (a) is independent of the remainder of this Indemnity Agreement and is severable from it, and its invalidity, unenforceability or illegality does not affect, impair or invalidate the remainder of this Indemnity Agreement; and

    (b) continues to be applicable to and enforceable to the fullest extent permitted by law against any entity and in any circumstance except those as to which it has been held or rendered invalid, unenforceable or illegal.

16. The Indemnifier acknowledges that it has read, examined, understood and approved all the provisions of the Lease and that a copy thereof has been remitted to the Indemnifier and the Indemnifier further acknowledges having obtained all information useful or necessary to take an enlightened decision to execute this Indemnity Agreement. The Indemnifier confirms that it was advised to obtain independent legal advice by the Landlord prior to executing this Indemnity Agreement and the Indemnifier confirms that it has received said independent legal advice.

17. This Indemnity Agreement has been freely negotiated and approved by the parties and, notwithstanding any rule or maxim of law or construction to the contrary, any ambiguity or uncertainty will not be construed against either of the parties by reason of the authorship of any of the provisions of this Indemnity Agreement. The execution of this Indemnity Agreement constitutes and is deemed to constitute full and final proof of the foregoing.

18. This Indemnity Agreement is the sole agreement between the Landlord and the Indemnifier relating to the indemnity and there are no other written or oral agreements or representations or warranties relating thereto.

19. Time is of the essence of this Indemnity Agreement and the mere lapse of time in the performance by the Indemnifier or any of its obligations under this Indemnity Agreement shall constitute the Indemnifier in default.

20. This Indemnity Agreement shall be construed in accordance with the laws of the Province of Ontario and the Indemnifier hereby irrevocably attorns and submits to the exclusive jurisdiction of the Courts of the Province of Ontario situated in the City of Toronto in any action or proceeding whatsoever by the Landlord to enforce its rights and/or remedies hereunder and/or with respect to the Lease and the Indemnifier waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

21. The Indemnifier shall be bound by any account settled by the Landlord and the Tenant.

22. This Indemnity Agreement constitutes a separate agreement from the Lease between the Landlord and the Indemnifier for due consideration and under seal.

23. Whenever any reference is made herein to the Lease or the obligations of the Tenant thereunder, such reference shall be deemed to include all written amendments and modifications to the Lease and any written change of or written increase in the Tenant's obligations thereunder, including, without limitation, those which result from the exercise

by the Tenant of any option to lease additional premises or the exercise by the Tenant of any right to extend or renew the Term as provided therein and/or the overholding of the Property in whole or in part, any and all agreements and instruments executed by the Tenant concurrently with the Lease or pursuant thereto and/or which relate to the Property from time to time, and shall be deemed to include the Tenant's obligations under such agreements and instruments, including, without limitation, any agreement with respect to the work to be performed by the Tenant or on its behalf with respect to the Landlord's Work and/or the Tenant's Work and/or any Alterations from time to time, any parking agreement, any agreement with respect to storage facilities and/or easements from time to time.

24. The Indemnifier agrees to forthwith do, make, execute and deliver all such further documents, agreements, assurance, acts, matters and things and take such further action as may be reasonably required by the Landlord from time to time in order to more effectively carry out the true intent of this Indemnity Agreement from time to time. Without limiting the foregoing, the Indemnifier shall forthwith upon demand execute and deliver all documentation required of the Tenant in connection with this Indemnity Agreement and/or the Lease, from time to time, provided that, the failure of the Landlord to require the Indemnifier to execute said documentation and/or the Indemnifier's failure to do so shall not reduce the Indemnifier's terms, conditions, indemnities, liabilities, agreements, commitments, covenants or obligations hereunder.

25. All of the terms, conditions, indemnities, liabilities, agreements, commitments, covenants and obligations contained in this Indemnity Agreement extend to and are binding upon each of the Indemnifier, its administrators, liquidators, trustees, successors and assigns, and enure to the benefit of and may be enforced by each of the Landlord and its successors and assigns. Without limiting the generality of the foregoing, the Landlord may assign the benefit of this Indemnity Agreement together with its interest in the Lease to any entity, in whole or in part, without notice to the Indemnifier or other formality. Any assignment by the Landlord of any of its interest in the Lease shall operate automatically as an assignment to the assignee of the benefit of this Indemnity Agreement to the same extent to the same assignee, without notice to the Indemnifier or other formality.

26. This Indemnity Agreement may be signed in one or more counterparts, each of which once signed shall be deemed to be an original. All such counterparts together shall constitute one and the same instrument. Notwithstanding the date of execution of any counterpart, each counterpart shall be deemed to bear the effective date set forth above. The signature of any of the parties may also be evidenced by a facsimile, email and/or PDF copy of this Indemnity Agreement bearing such signature.

IN WITNESS WHEREOF the Indemnifier has signed and sealed this Indemnity Agreement as of the date first above written.

EQUINIX, INC.

Per: /s/ Howard B. Horowitz

Name: Howard B. Horowitz
Title: Senior Vice President

c/s

I have authority to bind the corporation

Exhibit 10.42

INTERNATIONAL LONG-TERM ASSIGNMENT EXTENSION LETTER

Date: December 20, 2012
Employee: Eric Schwartz

Dear Eric:

Pursuant to our recent discussions, I would now like to confirm your forthcoming assignment extension in London, the United Kingdom (the "Assignment Extension"). The detailed provisions of your compensation and benefits package are governed by the terms and conditions of your agreement with Equinix Operating Co., Inc. (the "Company") dated April 22, 2008 regarding expatriate benefits, which was amended on December 19, 2008, February 17, 2010 and December 14, 2010 (as amended, the "Assignment Letter"). The purpose of this letter is to specify the details relating to your Assignment Extension. This offer is contingent upon your ability and/or the Company's to secure all necessary visas, work permits, and other mandated host-country requirements.

We anticipate your Assignment Extension will begin January 1, 2013 and extend through June 30, 2013. This time frame may be adjusted, if necessary, in accordance with your and Equinix needs.

Please note that you and your family will not receive another familiarization visit, temporary living assistance, moving costs – household goods assistance (except the Company will continue to pay for any temporary warehousing of your furnishings), settlement allowance, or driver training as discussed in the Assignment Letter, as these benefits were one time benefits offered only during your and your family's initial move to the United Kingdom.

All other terms and conditions of the Assignment Letter will remain in effect through June 30, 2013 unless otherwise stated herein.

Compensation and Benefits:

Your compensation and benefits package will remain the same as under your current assignment.

Compensation

You will remain an employee of the Company, paid on the United States payroll.

Benefits

Life insurance, business travel accident insurance, retirement plans, disability and healthcare coverage will continue to be provided by the Company during your Assignment Extension. Any vacation/holiday balance you have accrued in the United States will remain intact in the United States.

Tax Assistance:

You will be responsible for complying with any and all applicable income tax regulations in the UK and in any other countries where you are required to pay taxes. During your Assignment Extension, the Company will pay for you to receive tax assistance from a qualified firm chosen by the Company. A representative from said firm will contact you prior to your extension to arrange a meeting to discuss the impact of foreign earnings on personal income and related government and social security taxes.

Assignment Allowances and Reimbursements:

You will be entitled to the following allowances or reimbursements to cover additional costs incurred as a result of your Assignment Extension.

- *COLA* - This allowance of $2,993.34 USD per month will be reviewed periodically and may increase or decrease depending on factors current at the time of review.
- *Direct Paid Housing* - 2500.00 GBP per week.
- *Utilities Allowance* - Reimbursement based on receipts submitted per month.
- *Home Trips, Mail Forwarding Charges, and Dependent Education* - Reimbursements based on current assignment benefits provided.
- *Automobile Allowance* - Reimbursed at $5,475.00 USD per month.

Repatriation:

At the end of this Assignment Extension, the Company will arrange and pay for the movement of your household goods to your home country, or to the location of your next assignment with the Company.

General:

Equinix personnel policies and standards of business apply to your Assignment Extension, unless a company representative, who is authorized to make exceptions, provides a written exception. These policies may be changed from time to time as legal requirements may dictate, new practices may require, or for other reasons at the discretion of the Company.

Nothing herein is intended to create an employment contract or a promise of employment for a fixed term or for an indefinite term.

We wish you every success.

Regards,

/s/ Garry Ronco
Name: Garry Ronco
Title: SVP Human Resources

By accepting this extended assignment, you grant to Equinix management and HR, wherever they may be located, to utilize and process your personal information for purposes related to your employment at the Company. This may include transfer of our personnel records outside of your home country. All personnel records are considered confidential and access will be limited and restricted to individuals who need to know or who will process that information. The Company will share your personnel records as needed with third parties assisting in the administration of your international assignment.

I have read and I fully understand and accept the terms and conditions of the assignment extension as outlined in this letter.

Signed /s/ Eric Schwartz Date 21/12/12

Exhibit 21.1

Subsidiaries of Equinix, Inc.

Name	Jurisdiction
Equinix Operating Co., Inc.	Delaware, U.S.
Equinix RP, Inc.	Delaware, U.S.
Equinix South America Holdings, LLC	Delaware, U.S.
Equinix RP II LLC	Delaware, U.S.
CHI 3, LLC	Delaware, U.S.
NY3, LLC	Delaware, U.S.
SV1, LLC	Delaware, U.S.
LA4, LLC	Delaware, U.S.
Equinix Pacific, Inc.	Delaware, U.S.
CHI 3 Procurement, LLC	Illinois, U.S.
Equinix Asia Pacific Pte Ltd	Singapore
Equinix Singapore Holdings Pte Ltd	Singapore
Equinix Singapore Pte Ltd	Singapore
Equinix Japan KK (in Kanji)	Japan
Equinix Australia Pty Ltd	Australia
Equinix Hong Kong Ltd	Hong Kong
Equinix Information Technologies Hong Kong Limited	Hong Kong
Equinix Information Technology (Shanghai) Co Ltd.	People’s Republic of China
Asiatone Data System (Shanghai) Co Ltd	People’s Republic of China
Equinix Europe Ltd	United Kingdom
Equinix Group Ltd	United Kingdom
Equinix (UK) Ltd	United Kingdom
Equinix (Services) Ltd	United Kingdom
Equinix Corporation Ltd	United Kingdom
Equinix Investments Ltd	United Kingdom
Equinix (London) Ltd	United Kingdom
Equinix (Real Estate) GmbH	Germany
Equinix (Germany) GmbH	Germany
Equinix (IBX Services) GmbH	Germany
Upminster GmbH	Germany
Equinix (France) SAS	France
Interconnect Exchange Europe SL	Spain

Name	Jurisdiction
Equinix (Switzerland) GmbH	Switzerland
Intelisite BV	The Netherlands
Equinix (Netherlands) BV	The Netherlands
Equinix (Netherlands) Holding Coöperatie U.A.	The Netherlands
Equinix (Holdings) B.V.	The Netherlands
Virtu Secure Web Services BV	The Netherlands
Equinix (Real Estate) B.V.	The Netherlands
Equinix (Luxembourg) Holdings S.à r.l.	Luxembourg
Equinix (Luxembourg) Investments S.à r.l.	Luxembourg
Equinix (Luxembourg) Investments S.à r.l. Hong Kong Branch	Hong Kong
Equinix Middle East FZ LLC	United Arab Emirates
Equinix Italia S.r.L	Italy
ancotel GmbH	Germany
ancotel UK Ltd	United Kingdom
ancotel HK Ltd	Hong Kong
ALOG Soluções do Tecnologia em Infomática S.A.	Brazil
ALOG-03 Soluções do Tecnologia em Infomática Ltda.	Brazil
Switch & Data LLC	Delaware, U.S.
Switch & Data Facilities Company LLC	Delaware, U.S.
Switch and Data Operating Company LLC	Delaware, U.S.
Equinix Operating Co LLC	Delaware, U.S.
Equinix Canada Ltd.	Canada
Switch & Data CA One LLC	Delaware, U.S.
Switch and Data CA Nine LLC	Delaware, U.S.
Switch And Data CA Eleven LLC	Delaware, U.S.
Switch & Data CO One LLC	Delaware, U.S.
Switch & Data FL One LLC	Delaware, U.S.
Switch and Data FL Seven LLC	Delaware, U.S.
Switch and Data GA Three LLC	Delaware, U.S.
Switch and Data GA Four LLC	Delaware, U.S.
Switch & Data MA One LLC	Delaware, U.S.
Switch And Data NJ Two LLC	Delaware, U.S.
Switch and Data NY Five LLC	Delaware, U.S.
Switch & Data/NY Facilities Company, LLC	Delaware, U.S.
Switch and Data PA Four LLC	Delaware, U.S.
Switch and Data TX Five LP	Delaware, U.S.
Switch and Data Dallas Holdings I LLC	Delaware, U.S.
Switch and Data Dallas Holdings II LLC	Delaware, U.S.
Switch & Data VA One LLC	Delaware, U.S.
Switch and Data VA Four LLC	Delaware, U.S.
Switch & Data WA One LLC	Delaware, U.S.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos. 333-45280, 333-58074, 333-71870, 333-85202, 333-104078, 333-113765, 333-117892, 333-122142, 333-132466, 333-140946, 333-149452, 333-157545, 333-165033, 333-166581, 333-172447 and 333-179677) and Form S-3 (No. 333-175358) of Equinix, Inc. of our report dated February 26, 2013 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
San Jose, California
February 26, 2013

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen M. Smith, certify that:

1. I have reviewed this annual report on Form 10-K of Equinix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 26, 2013

/s/ Stephen M. Smith

Stephen M. Smith
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Keith D. Taylor, certify that:

1. I have reviewed this annual report on Form 10-K of Equinix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 26, 2013

/s/ Keith D. Taylor

Keith D. Taylor
Chief Financial Officer

Exhibit 32.1

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

In connection with the Annual Report of Equinix, Inc. (the "Company") on Form 10-K for the period ending December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen M. Smith, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Stephen M. Smith

Stephen M. Smith
Chief Executive Officer and President
February 26, 2013

Exhibit 32.2

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

In connection with the Annual Report of Equinix, Inc. (the "Company") on Form 10-K for the period ending December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Keith D. Taylor, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Keith D. Taylor

Keith D. Taylor
Chief Financial Officer
February 26, 2013