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

FORM 10-Q

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

For the quarterly period ended September 30, 2016

OR

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

For the transition period from__________ to __________

Commission File Number 000-31293

EQUINIX, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

Large accelerated filer	☒	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 number of shares outstanding of the registrant's Common Stock as of November 3, 2016 was71,379,297.

EQUINIX, INC.

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PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

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

	September 30, 2016	December 31, 2015
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 987,915	$ 2,228,838
Short-term investments	443	12,875
Accounts receivable, net	377,528	291,964
Current portion of restricted cash	25,305	479,417
Other current assets	172,370	212,929
Assets held for sale	96,923	33,257
Total current assets	1,660,484	3,259,280
Long-term investments	15,036	4,584
Property, plant and equipment, net	7,251,399	5,606,436
Goodwill	3,118,686	1,063,200
Intangible assets, net	803,260	224,565
Other assets	248,692	198,630
Total assets	$ 13,097,557	$ 10,356,695
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 534,602	$ 400,948
Accrued property, plant and equipment	185,683	103,107
Current portion of capital lease and other financing obligations	92,120	40,121
Current portion of mortgage and loans payable	518,985	770,236
Convertible debt	—	146,121
Other current liabilities	149,516	192,286
Liabilities held for sale	14,660	3,535
Total current liabilities	1,495,566	1,656,354
Capital lease and other financing obligations, less current portion	1,446,455	1,287,139
Mortgage and loans payable, less current portion	1,058,418	472,769
Senior notes	3,809,332	3,804,634
Other liabilities	664,076	390,413
Total liabilities	8,473,847	7,611,309
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock	72	62
Additional paid-in capital	7,371,024	4,838,444
Treasury stock	(147,617)	(7,373)
Accumulated dividends	(1,842,834)	(1,468,472)
Accumulated other comprehensive loss	(713,769)	(509,059)
Accumulated deficit	(43,166)	(108,216)
Total stockholders' equity	4,623,710	2,745,386
Total liabilities and stockholders' equity	$ 13,097,557	$ 10,356,695

See accompanying notes to condensed consolidated financial statements

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

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
	(Unaudited)			
Revenues	$ 924,676	$ 686,649	$ 2,669,342	$ 1,995,405
Costs and operating expenses:				
Cost of revenues	470,302	325,468	1,354,949	939,538
Sales and marketing	110,936	83,709	325,358	243,573
General and administrative	181,239	123,237	515,605	356,455
Acquisition costs	12,505	13,352	64,635	24,374
Impairment charges	7,698	—	7,698	—
Gains on asset sales	(27,945)	—	(33,187)	—
Total costs and operating expenses	754,735	545,766	2,235,058	1,563,940
Income from continuing operations	169,941	140,883	434,284	431,465
Interest income	762	934	2,528	2,375
Interest expense	(92,200)	(76,269)	(293,395)	(219,556)
Other income (expense)	2,938	(12,836)	(56,217)	(11,964)
Loss on debt extinguishment	(9,894)	—	(10,499)	—
Income from continuing operations before income taxes	71,547	52,712	76,701	202,320
Income tax expense	(22,778)	(11,580)	(25,957)	(25,277)
Net income from continuing operations	48,769	41,132	50,744	177,043
Net income from discontinued operations, net of tax	2,681	—	14,306	—
Net income	$ 51,450	$ 41,132	$ 65,050	$ 177,043
Earnings per share (“EPS”):				
Basic EPS from continuing operations	$ 0.69	$ 0.72	$ 0.73	$ 3.11
Basic EPS from discontinued operations	0.04	—	0.21	—
Basic EPS	$ 0.73	$ 0.72	$ 0.94	$ 3.11
Weighted-average shares	71,190	57,082	69,689	56,894
Diluted EPS from continuing operations	$ 0.68	$ 0.71	$ 0.72	$ 3.08
Diluted EPS from discontinued operations	0.04	—	0.20	—
Diluted EPS	$ 0.72	$ 0.71	$ 0.92	$ 3.08
Weighted-average shares for diluted EPS	71,908	57,708	70,389	57,521

See accompanying notes to condensed consolidated financial statements

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	(Unaudited)			
Net income	$ 51,450	$ 41,132	$ 65,050	$ 177,043
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment (“CTA”) loss	(32,603)	(72,677)	(215,065)	(149,546)
Unrealized gain (loss) on available-for-sale securities	1,487	(21)	2,382	99
Unrealized gain (loss) on cash flow hedges	(4,153)	3,309	3,789	(425)
Net investment hedge CTA gain (loss)	(34,721)	4,426	4,163	(5,963)
Net actuarial gain on defined benefit plans	7	124	21	266
Total other comprehensive loss, net of tax	(69,983)	(64,839)	(204,710)	(155,569)
Comprehensive income (loss), net of tax	$ (18,533)	$ (23,707)	$ (139,660)	$ 21,474

See accompanying notes to condensed consolidated financial statements

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

	Nine months ended September 30, 2016	Nine months ended September 30, 2015
	(Unaudited)	
Cash flows from operating activities:		
Net income	$ 65,050	$ 177,043
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	534,026	362,069
Stock-based compensation	115,730	98,575
Amortization of intangible assets	93,384	19,346
Amortization of debt issuance costs and debt discounts	13,709	11,557
Provision for allowance for doubtful accounts	6,541	4,187
Gains on asset sales	(33,187)	—
Gains on sale of discontinued operations	(4,242)	—
Impairment charges	7,698	—
Loss on debt extinguishment	10,499	—
Other items	13,378	11,162
Changes in operating assets and liabilities:		
Accounts receivable	(72,807)	(42,002)
Income taxes, net	1,021	(84,523)
Accounts payable and accrued expenses	(11,526)	75,219
Other assets and liabilities	(22,004)	27,042
Net cash provided by operating activities	717,270	659,675
Cash flows from investing activities:		
Purchases of investments	(31,736)	(338,440)
Sales of investments	41,796	826,486
Maturities of investments	—	35,431
Business acquisitions, net of cash acquired	(1,767,528)	(10,247)
Purchases of real estate	(28,118)	(38,282)
Purchases of other property, plant and equipment	(727,044)	(587,508)
Proceeds from sale of assets, net of cash transferred	828,197	—
Changes in restricted cash	444,736	(493,371)
Net cash used in investing activities	(1,239,697)	(605,931)
Cash flows from financing activities:		
Proceeds from employee equity awards	34,143	29,855
Payment of dividends	(374,151)	(291,009)
Proceeds from loans payable	710,404	490,000
Repayment of capital lease and other financing obligations	(100,863)	(20,213)
Repayment of mortgage and loans payable	(986,465)	(529,447)
Debt extinguishment costs	(10,181)	—
Debt issuance costs	(11,751)	(617)
Excess tax benefits from stock-based compensation	1,465	1,663
Net cash used in financing activities	(737,399)	(319,768)
Effect of foreign currency exchange rates on cash and cash equivalents	22,658	(9,424)
Change in cash balances included in assets held for sale	(3,755)	—
Net decrease in cash and cash equivalents	(1,240,923)	(275,448)
Cash and cash equivalents at beginning of period	2,228,838	610,917
Cash and cash equivalents at end of period	$ 987,915	$ 335,469

See accompanying notes to condensed consolidated financial statements

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by Equinix, Inc. ("Equinix" or the "Company") and reflect all adjustments, consisting only of normal recurring adjustments, which in the opinion of management are necessary to fairly state the financial position and the results of operations for the interim periods presented. The condensed consolidated balance sheet data as of December 31, 2015 has been derived from audited consolidated financial statements as of that date. The consolidated financial statements have been prepared in accordance with the regulations of the Securities and Exchange Commission ("SEC"), but omit certain information and footnote disclosure necessary to present the statements in accordance with generally accepted accounting principles in the United States of America ("GAAP"). For further information, refer to the Consolidated Financial Statements and Notes thereto included in Equinix's Form 10-K as filed with the SEC on February 26, 2016. Results for the interim periods are not necessarily indicative of results for the entire fiscal year.

Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of Equinix and its subsidiaries, including the acquisitions of the Paris IBX Data Center from August 1, 2016, Telecity Group plc ("TelecityGroup") from January 15, 2016, Bit-isle Inc. ("Bit-isle") from November 2, 2015 and Nimbo Technologies Inc. ("Nimbo") from January 14, 2015. All significant intercompany accounts and transactions have been eliminated in consolidation.

Income Taxes

The Company began operating as a real estate investment trust for federal income tax purposes ("REIT") effective January 1, 2015. In May 2015, the Company received a favorable private letter ruling from the U.S. Internal Revenue Service in connection with the Company's conversion to a REIT for federal income tax purposes. As a result, the Company may deduct the distributions made to its stockholders from taxable income generated by the Company and its qualified REIT subsidiaries ("QRSs"). The Company's dividends paid deduction generally eliminates the taxable income of the Company and its QRSs, resulting in no U.S. income tax due. However, the Company's taxable REIT subsidiaries ("TRSs") have been and will continue to be subject to income taxes on any taxable income generated by them. In addition, the foreign operations of the Company will continue to be subject to local income taxes regardless of whether the foreign operations are operated as a QRS or a TRS.

The Company provides for income taxes during interim periods based on the estimated effective tax rate for the year. The effective tax rate is subject to change in the future due to various factors such as the operating performance of the Company, tax law changes and future business acquisitions.

The Company's effective tax rates were 33.8% and 12.5% for the nine months ended September 30, 2016 and 2015, respectively. The increase in the effective tax rate for the nine months in 2016 as compared to the same period in 2015 is primarily due to a much lower profit before tax for the period, attributable to the non-tax deductible costs related to the TelecityGroup acquisition and an increase in valuation allowance.

Assets Held for Sale and 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. A component of a reporting entity or a group of components of a reporting entity that are disposed or meet the criteria to be classified as held for sale should be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. The accounting guidance requires a business activity that, on acquisition, meets the criteria to be classified as held for sale be reported as a discontinued operation. For further information on the Company's assets held for sale and discontinued operations, see Notes 4 and 5.

Recent Accounting Pronouncements

Accounting Standards Not Yet Adopted

In October, 2016, Financial Accounting Standards Board ("FASB") has issued Accounting Standards Update ("ASU") No. 2016-17, Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control. This ASU alters how a decision maker needs to consider indirect interests in a variable interest entity (VIE) held through an entity under common control. Under this ASU, if a decision maker is required to evaluate whether it is the primary beneficiary of a VIE, it will need to consider only its proportionate indirect interest in the VIE held through a common control party. This ASU is effective for public business entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In October 2016, FASB issued ASU 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory. This ASU requires the recognition of the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. This ASU is effective for fiscal years and interim period within those fiscal years, beginning after December 15, 2017, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In August 2016, FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. This ASU provides guidance on the classification of eight cash flow issues to reduce the existing diversification in practice, including (a) debt prepayment or debt extinguishment costs; (b) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; (c) contingent consideration payments made after a business combination; (d) proceeds from settlement of insurance claims; (e) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies; (f) distributions received from equity method investees; (g) beneficial interests in securitization transactions; and (h) separately identifiable cash flows and application of the predominance principle. The ASU is effective for fiscal years and interim period within those fiscal years, beginning after December 15, 2017, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In June 2016, FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The ASU requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an organization's portfolio. These disclosures include qualitative and quantitative requirements that provide additional information about the amounts recorded in the financial statements. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09"). This ASU simplifies several areas of the accounting for share-based payment award transactions, including (*a*) income tax consequences; (*b*) classification of awards as either equity or liabilities; and (*c*) classification on the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-06, Derivatives and Hedging (Topic 815), Contingent Put and Call Options in Debt Instruments ("ASU 2016-06"). This ASU clarifies the requirements for assessing whether contingent call (put) options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. An entity performing the assessment under the amendments in this ASU is required to assess the embedded call (put) options solely in accordance with the four-step decision sequence. This guidance should be applied on a modified retrospective basis to existing debt instruments as of the beginning of the fiscal year in which the amendments are effective, and is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-05, Derivatives and Hedging (Topic 815), Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships ("ASU 2016-05"). This ASU clarifies that a change in the counterparty to a derivative instrument that has been designated as a hedging instrument under Topic 815 does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met. This ASU may be applied prospectively or using a modified retrospective approach, and is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASU 2016-02"). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, Revenue from Contracts with Customers. The new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. ASU 2016-02 is effective for public companies for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. While the Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements, the Company believes this standard will have a significant impact on its consolidated financial statements due, in part, to the substantial amount of operating leases it has.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments- Overall (Subtopic 825-10) ("ASU 2016-01"), which requires all equity investments to be measured at fair value with changes in the fair value recognized through net income other than those accounted for under equity method of accounting or those that result in consolidation of the investees. The ASU also requires that an entity present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. In addition, the ASU eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities and the requirement to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet for public business entities. ASU 2016-01 is effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers ("ASU 2014-09") Topic 606 and issued subsequent amendments to the initial guidance in August 2015, March 2016, April 2016 and May 2016 within ASU 2015-04, ASU 2016-08, ASU 2016-10 and ASU 2016-12, respectively (ASU 2014-09, ASU 2015-04, ASU 2016-08, ASU 2016-10, ASU 2016-11 and ASU 2016-12 collectively, Topic 606). Topic 606 will replace most existing revenue recognition guidance in U.S. GAAP. The core principle of Topic 606 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. Topic 606 requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. Topic 606, as amended, is effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods therein (i.e., January 1, 2018, for a calendar year entity). Early application for public entities is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

Accounting Standards Adopted

In September 2015, the FASB issued ASU 2015-16, Business Combinations ("ASU 2015-16"), to simplify accounting for adjustments made to provisional amounts recognized in a business combination by eliminating the requirement to retrospectively account for those adjustments. This ASU is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, with early adoption permitted. The amendments in this ASU require that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization or other income effects as a result of changes to provisional amounts, calculated as if the accounting had been completed at the acquisition date. The Company adopted ASU 2015-16 in the three months ended March 31, 2016. The adoption of ASU 2015-16 did not have a significant impact on the Company's consolidated financial statements.

EQUINIX, INC.

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

In May 2015, the FASB issued ASU 2015-07, Fair Value Measurement ("ASU 2015-07"), which permits a reporting entity, as a practical expedient, to measure the fair value of certain investments using the net asset value per share of the investment. This ASU is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years with early adoption permitted. A reporting entity should apply the amendment retrospectively to all periods presented. The retrospective approach requires that an investment for which fair value is measured using the net asset value per share practical expedient be removed from the fair value hierarchy in all periods presented in an entity's financial statements. The Company adopted ASU 2015-07 in the three months ended March 31, 2016. The adoption of ASU 2015-07 did not have a significant impact on the Company's consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, Consolidations ("ASU 2015-02"). This ASU requires companies to adopt a new consolidation model, specifically: (1) the ASU modifies the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities; (2) the ASU eliminates the presumption that a general partner should consolidate a limited partnership; (3) the ASU affects the consolidation analysis of reporting entities involved with VIEs and (4) the ASU provides a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. This ASU is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015, with early adoption permitted. The Company adopted ASU 2015-02 in the three months ended March 31, 2016. The adoption of ASU 2015-02 did not have a significant impact on the Company's consolidated financial statements.

In January 2015, the FASB issued ASU 2015-01, Income Statement – Extraordinary and Unusual Items ("ASU 2015-01"), to simplify the income statement presentation requirements by eliminating the concept of extraordinary items. ASU 2015-01 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015, with early adoption permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The Company adopted ASU 2015-01 in the three months ended March 31, 2016. The adoption of ASU 2015-01 did not have a significant impact on the Company's consolidated financial statements.

EQUINIX, INC.

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

2. Earnings Per Share

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net income:				
Net income from continuing operations	$ 48,769	$ 41,132	$ 50,744	$ 177,043
Net income from discontinued operations	2,681	—	14,306	—
Net income	$ 51,450	$ 41,132	$ 65,050	$ 177,043
Weighted-average shares used to calculate basic EPS	71,190	57,082	69,689	56,894
Effect of dilutive securities:				
Employee equity awards	718	626	700	627
Weighted-average shares used to calculate diluted EPS	71,908	57,708	70,389	57,521
Basic EPS:				
Continuing operations	$ 0.69	$ 0.72	$ 0.73	$ 3.11
Discontinued operations	0.04	—	0.21	—
Basic EPS	$ 0.73	$ 0.72	$ 0.94	$ 3.11
Diluted EPS:				
Continuing operations	$ 0.68	$ 0.71	$ 0.72	$ 3.08
Discontinued operations	0.04	—	0.20	—
Diluted EPS	$ 0.72	$ 0.71	$ 0.92	$ 3.08

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Shares reserved for conversion of 4.75% convertible subordinated notes	—	1,970	1,193	1,956
Common stock related to employee equity awards	22	201	17	117
	22	2,171	1,210	2,073

3. Acquisitions

Paris IBX Data Center Acquisition

On August 1, 2016, the Company completed the purchase of Digital Realty Trust, Inc.'s ("Digital Realty") operating business, including its real estate and facility, located in St. Denis, Paris for cash consideration of approximately €193,292,000 or $215,869,000 at the exchange rate in effect on August 1, 2016 (the "Paris IBX Data Center Acquisition"). A portion of the building was leased to the Company and was being used by the Company as its Paris 2 and Paris 3 data centers. The Paris 2 lease was accounted for as an operating lease and the Paris 3 lease was accounted for as a financing lease. Upon acquisition, the Company in effect terminated both leases. The Company settled the financing lease obligation of Paris 3 for €46,726,000 or approximately $52,219,000 and recognized a loss on debt extinguishment of€8,828,000 or approximately $9,894,000. The remainder of the building was leased to other tenants, which became the Company's tenants upon closing. The Paris IBX Data Center Acquisition constitutes a business under the accounting standard for business combinations and as a result, the Paris IBX Data Center Acquisition was accounted for as a business combination using the acquisition method of accounting.

The Company included the incremental Paris IBX Data Center's results of operations from August 1, 2016 and the estimated fair value of assets acquired and liabilities assumed in its consolidated balance sheets beginning August 1, 2016. The Company incurred acquisition costs of approximately $10,962,000 during the three and nine months ended September 30, 2016 related to the Paris IBX Data Center Acquisition.

Purchase Price Allocation

Under the acquisition method of accounting, the total purchase price is allocated to the assets acquired and liabilities assumed measured at fair value on the date of acquisition. As of the date of this quarterly report, the Company has not completed the detailed valuation analysis to derive the fair value of the following items including, but not limited to property, plant and equipment, intangible assets and leasehold interests. Therefore, the allocation of the purchase price to acquired assets and liabilities is based on provisional estimates and is subject to continuing management analysis, with assistance of third party valuation advisers. The preliminary purchase price allocation, which excludes settlement of the Paris 3 financing obligations, was as follows (in thousands):

Cash and cash equivalent	$	4,073
Accounts receivable		1,507
Other current assets		794
Property, plant, and equipment		138,568
Intangible assets		11,758
Goodwill		45,187
Other assets		82
Total assets acquired		201,969
Accounts payable and accrued liabilities		(2,044)
Other current liabilities		(2,798)
Deferred tax liabilities		(32,687)
Other liabilities		(790)
Net assets acquired	$	163,650

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)
In-place leases	$	7,485	0.9 - 9.4	4.3
Favorable leasehold interests		4,273	1.9 - 6.7	5.3

The fair value of in-place lease value may consist of a variety of components including, but not necessarily limited to: the value associated with avoiding the cost of originating the acquired in-place leases; the value associated with lost revenue related to tenant reimbursable operating costs estimated to be incurred during the assumed re-leasing period (i.e. real estate taxes, insurance and other operating expenses), the value associated with lost rental revenue from existing leases during the assumed re-leasing period; the value associated with avoided tenant improvement and leasing commission costs or other inducements to secure a tenant lease and the avoided costs for rent abatements or rent free periods. The fair value of favorable leases was estimated based on the income approach. The favorable leasehold interests were determined on a lease-by-lease basis by computing the net present value of the difference between the contractual amounts to be paid pursuant to the lease agreements and estimates of the fair market lease rates for the corresponding in place leases measured over remaining non-cancellable terms of the leases. 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 fair value of the property, plant and equipment was estimated by applying the income approach or cost approach. The income approach is used to estimate fair value based on the income stream, such as cash flows or earnings that an asset can be expected to generate over its useful life. There are two primary methods of applying the income approach to determine the fair value of assets: the discounted cash flow method and the direct capitalization method. The key assumptions include the estimated earnings, discount rate and direct capitalization rate. The cost approach is to use the replacement or reproduction cost as an indicator of fair value. The premise of the cost approach is that a market participant would pay no more for an asset than the amount that the asset could be replaced or reproduced. The key assumptions of the cost approach include replacement cost, physical deterioration, functional and economic obsolescence, economic useful life, remaining useful life, age and effective age.

The incremental results of operations from Paris IBX Data Center Acquisition are not significant; therefore the Company does not present pro forma combined results of operations. For the three months ended September 30, 2016, the incremental revenues and net income recorded from the Paris IBX Data Center Acquisition were not significant to the Company's consolidated statement of operations.

TelecityGroup Acquisition

On January 15, 2016, the Company completed the acquisition of the entire issued and to be issued share capital of TelecityGroup. TelecityGroup operates data center facilities in cities across Europe. The acquisition of TelecityGroup enhances the Company's existing data center portfolio by adding new IBX metro markets in Europe including Dublin, Helsinki, Istanbul, Manchester, Milan, Sofia, Stockholm and Warsaw. As a result of the transaction, TelecityGroup has become a wholly-owned subsidiary of Equinix.

Under the terms of the acquisition, the Company acquired all outstanding shares of TelecityGroup and all vested equity awards of TelecityGroup at 572.5 pence in cash and 0.0336 new shares of Equinix common stock for a total purchase consideration of approximately £2,624,500,000 or approximately $3,743,587,000. In addition, the Company assumed $1,299,000 of vested TelecityGroup's employee equity awards as part of consideration transferred. The Company incurred acquisition costs of approximately $50,484,000 during the nine months ended September 30, 2016 related to the TelecityGroup acquisition.

In connection with the TelecityGroup acquisition, the Company placed £322,851,000 or approximately $475,689,000 into a restricted cash account, which was included in the current portion of restricted cash in the condensed consolidated balance sheet as of December 31, 2015. The cash was released upon completion of the acquisition.

Also, in connection with TelecityGroup acquisition, the Company entered into a bridge credit agreement with J.P. Morgan Chase Bank, N.A. as the initial lender and as administrative agent for the lenders for a principal amount of £875,000,000 or approximately $1,289,000,000 at the exchange rate in effect on December 31, 2015 (the "Bridge Loan"). The Company did not make any borrowings under the Bridge Loan and the Bridge Loan was terminated on January 8, 2016.

The Company initially designated the legal entities acquired in the TelecityGroup acquisition as TRSs. As of September 30, 2016, the Company has integrated TelecityGroup Netherlands into the REIT structure through its merger with Equinix Netherlands.

Purchase Price Allocation

Under the acquisition method of accounting, the assets acquired and liabilities assumed in a business combination shall be measured at fair value at the date of the acquisition. As of the date of this quarterly report, the Company has not completed the detailed valuation analysis to derive the fair value of the following items including, but not limited to, intangible assets, accounting for lease contracts; asset retirement obligations; favorable leasehold interests; assets and liabilities held for sale, deferred revenue; property, plant and equipment; accruals and taxes. Therefore, the allocation of the purchase price to acquired assets and liabilities is based on provisional estimates and is subject to continuing management analysis, with assistance of third party valuation advisers. During the three months ended September 30, 2016, the Company updated the preliminary allocation of purchase price for TelecityGroup based on valuation analysis, which resulted in increases to intangible assets of $46,529,000 and capital lease and other financing obligations $37,449,000 and decreases in goodwill of $21,906,000, assets held for sale of$46,598,000and deferred tax liabilities of $21,048,000. The changes did not have a significant impact on the Company’s results from operations for the three and nine months ended September 30, 2016. The Company may adjust these amounts further as valuations are finalized and the Company obtains information necessary to complete the analyses, but no later than one year from the acquisition date.

As of the acquisition date, the preliminary allocation of the purchase price is as follows (in thousands):

Cash and cash equivalents	$ 73,368
Accounts receivable	24,042
Other current assets	41,079
Assets held for sale	867,917
Property, plant and equipment	1,058,583
Goodwill	2,216,173
Intangible assets	704,014
Deferred tax assets	1,198
Other assets	4,124
Total assets acquired	4,990,498
Accounts payable and accrued expenses	(90,589)
Accrued property, plant and equipment	(3,634)
Other current liabilities	(27,259)
Liabilities held for sale	(156,171)
Capital lease and other financing obligations	(162,359)
Mortgage and loans payable	(592,304)
Deferred tax liabilities	(177,715)
Other liabilities	(35,581)
Net assets acquired	$ 3,744,886

The preliminary purchase price allocation above, as of the acquisition date, includes acquired assets and liabilities that were classified by the Company as held for sale (Note 4).

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

Intangible assets	Fair value	Estimated useful lives (years)	Weighted-average estimated useful lives (years)
Customer relationships	$ 591,956	13.5	13.5
Trade names	72,033	1.5	1.5
Favorable leases	40,025	2.0 - 25.4	19.2

The fair value of 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 8.5%, which reflected 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 relationships include projected revenue growth, customer attrition rates, sales and marketing expenses and operating margins. The fair value of the TelecityGroup trade name was estimated using the relief of royalty approach. The Company applied a relief of royalty rate of 2.0% and a weighted-average discount rate of approximately 9.0%. The other acquired identifiable intangible assets were estimated by applying a relief of royalty 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 fair value of the property, plant and equipment was estimated by applying the income approach or cost approach. The income approach is used to estimate fair value based on the income stream, such as cash flows or earnings that an asset can be expected to generate over its useful life. There are two primary methods of applying the income approach to determine the fair value of assets: the discounted cash flow method and the direct capitalization method. The key assumptions include the estimated earnings, discount rate and direct capitalization rate. The cost approach is to use the replacement or reproduction cost as an indicator of fair value. The premise of the cost approach is that a market participant would pay no more for an asset than the amount for which the asset could be replaced or reproduced. The key assumptions of the cost approach include replacement cost, physical deterioration, functional and economic obsolescence, economic useful life, remaining useful life, age and effective age.

The Company determined the fair value of the loans payable assumed in the TelecityGroup acquisition by estimating TelecityGroup's debt rating and reviewing market data with a similar debt rating and other characteristics of the debt, including the maturity date and security type. On January 15, 2016, the Company prepaid and terminated these loans payable. In conjunction with the repayment of the loans payable, the Company incurred an insignificant amount of pre-payment penalties and interest rate swap termination costs, which were recorded as interest expense in the condensed consolidated statement of operations.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise after the acquisition. 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 TelecityGroup acquisition, except for the goodwill associated with asset held for sale, is attributable to the Company's EMEA region. For the three months ended September 30, 2016, the Company's results of continuing operations include TelecityGroup revenues of $107,316,000 and net loss from continuing operations of $15,747,000. The Company's results of continuing operations include TelecityGroup revenues of $299,001,000 and net loss from continuing operations of $54,426,000 for the period January 15, 2016 through September 30, 2016.

Bit-isle Acquisition

On November 2, 2015, the Company completed a cash tender offer for approximately 97% of the equity instruments, including stock options, of Tokyo-based Bit-isle. The Company acquired the remaining outstanding equity instruments of Bit-isle in December 2015. The offer price was ¥922 per share, in an all cash transaction totaling approximately $275,367,000. The Company acquired Bit-isle to expand additional data centers in Japan for customers' future expansion needs.

On September 30, 2015, the Company entered into a term loan agreement (the "Bridge Term Loan Agreement") with the Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMU"). Pursuant to the Bridge Term Loan Agreement, BTMU committed to provide a senior bridge loan facility (the "Bridge Term Loan") in the amount of up to ¥47,500,000,000, or approximately $468,350,000 in U.S. dollars at the exchange rate in effect on September 30, 2016. Proceeds from the Bridge Term Loan were to be used exclusively for the acquisition of Bit-isle, the repayment of Bit-isle's existing debt and transaction costs incurred in connection with the closing of the Bridge Term Loan and the acquisition of Bit-isle.

The Company included Bit-isle's results of operations from November 2, 2015 and the estimated fair value of assets acquired and liabilities assumed in its consolidated balance sheets beginning November 2, 2015.

The Company has designated the legal entities acquired in the Bit-isle acquisition as TRSs.

Purchase Price Allocation

Under the acquisition method of accounting, the total purchase price was allocated to Bit-isle's net tangible and intangible assets based upon their fair value as of the Bit-isle acquisition date. Under the accounting guidance, the Company can adjust the fair value of acquired assets and liabilities assumed in the measurement period, as it obtains new information regarding the facts and circumstances that existed at the acquisition date. Based upon the purchase price and the valuation of Bit-isle, the purchase price allocation was as follows (in thousands):

Cash and cash equivalents	$ 33,198
Accounts receivable	7,359
Other current assets	51,038
Long-term investments	3,806
Property, plant and equipment	308,985
Goodwill	95,444
Intangible assets	111,374
Other assets	22,981
Total assets acquired	634,185
Accounts payable and accrued expenses	(15,028)
Accrued property, plant and equipment	(465)
Capital lease and other financing obligations	(108,833)
Mortgage and loans payable	(190,227)
Other current liabilities	(8,689)
Deferred tax liabilities	(32,192)
Other liabilities	(3,384)
Net assets acquired	$ 275,367

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 relationships	$ 105,434	13	13
Trade name	3,455	2	2
Favorable solar contracts	2,410	18	18
Other intangible assets	75	0.25	0.25

The fair value of 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 11.0%, which reflected 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 relationships include projected revenue growth, customer attrition rates, sales and marketing expenses and operating margins. The fair value of the Bit-isle trade name was estimated using the relief of royalty approach. The Company applied a relief of royalty rate of 2.0% and a weighted-average discount rate of approximately12.0%. 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 fair value of the property, plant and equipment was estimated by applying the income approach or cost approach. The income approach is used to estimate fair value based on the income stream, such as cash flows or earnings that an asset can be expected to generate over its useful live. There are two primary methods of applying the income approach to determine the fair value assets: the discounted cash flow method and the direct capitalization method. The key assumptions include the estimated earnings, discount rate and direct capitalization rate. The cost approach is to use the replacement or reproduction cost as an indicator of fair value. The premise of the cost approach is that a market participant would pay no more for an asset than the amount that the asset could be replaced or reproduced. The key assumptions of the cost approach include replacement cost new, physical deterioration, functional and economic obsolescence, economic useful life, remaining useful life, age and effective age.

The Company determined the fair value of the loans payable assumed in the Bit-isle Acquisition by estimating Bit-isle'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. During the year ended December 31, 2015, the Company prepaid and terminated the majority of these loans payable. In conjunction with the repayment of the loans payable, the Company incurred an insignificant amount of pre-payment penalties and interest rate swap termination costs, which were recorded as interest expense in the consolidated statement of operations for the year ended December 31, 2015.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise after the acquisition. 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 Bit-isle acquisition is attributable to the Company's Asia-Pacific region. For the three and nine months ended September 30, 2016, the Company's results of continuing operations include Bit-isle revenues of $39,745,000 and $111,243,000, respectively, and Bit-isle net losses of $9,714,000 and $16,091,000, respectively.

Nimbo Acquisition

On January 14, 2015, the Company acquired all of the issued and outstanding share capital of Nimbo, a company which specializes in migrating business applications to the cloud with extensive experience moving legacy applications into a hybrid cloud architecture, and connecting legacy data centers to the cloud, for a cash payment of $10,000,000 and a contingent earn-out arrangement to be paid over two years (the "Nimbo Acquisition"). Subsequent to the acquisition, Nimbo adopted the name Equinix Professional Services for Cloud. The Nimbo Acquisition was accounted for using the acquisition method. As a result of the Nimbo Acquisition, the Company recorded goodwill of $17,192,000, which represents the excess of the total purchase price over the fair value of the assets acquired and liabilities assumed. The Company recorded the contingent earn-out arrangement at its estimated fair value. The results of operations for Nimbo are not significant to the Company; therefore, the Company does not present its purchase price allocation or pro forma combined results of operations. In addition, any prospective changes in the Company's earn-out estimates are not expected to have a material effect on the Company's consolidated statement of operations.

Unaudited Pro Forma Combined Consolidated Financial Information

The following unaudited pro forma combined consolidated financial information has been prepared by the Company using the acquisition method of accounting to give effect to the TelecityGroup and Bit-isle acquisitions as though the acquisitions occurred on January 1, 2015. The Company completed the TelecityGroup acquisition on January 15, 2016. The operating results of TelecityGroup are included in the condensed consolidated statement of operations for the three months ended September 30, 2016. TelecityGroup's operating results for the period January 15, 2016 through September 30, 2016 are included in the condensed consolidated statement of operations for the nine months ended September 30, 2016. The pro forma effect for the period January 1 through January 14, 2016 was insignificant. The unaudited pro forma combined consolidated financial information reflects certain adjustments, such as additional depreciation, amortization and interest expense on assets and liabilities acquired.

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 acquisitions occurred on the above dates, 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 three and nine months ended September 30, 2015 (in thousands):

	Three months ended September 30, 2015	Nine months ended September 30, 2015
Revenues	$ 819,423	$ 2,387,117
Net income from continuing operations	61,243	153,488
Basic EPS	0.96	2.41
Diluted EPS	0.95	2.38

4. Assets Held for Sale

During the fourth quarter of 2015, the Company entered into an agreement to sell a parcel of land in San Jose, California and reported the San Jose land parcel as an asset held for sale in the accompanying consolidated balance sheet as of December 31, 2015. The sale was completed in February 2016.

In order to obtain the approval of the European Commission for the acquisition of TelecityGroup, the Company and TelecityGroup agreed to divest certain data centers, including the Company's LD2 data center and certain data centers of TelecityGroup in the United Kingdom, Netherlands and Germany. The assets and liabilities of LD2, which were included within the EMEA operating segment, were classified as held for sale in the fourth quarter of 2015 and, therefore, the corresponding depreciation and amortization expense was ceased at that time. This divestiture was not presented as discontinued operations in the consolidated statements of operations, because it did not represent a strategic shift in the Company's business, as the Company continued operating similar businesses after the divestiture. The divestiture was completed on July 5, 2016 and the Company recognized a gain of $27,945,000 on the sale of the LD2 data center, which is included in gains on asset sales in the condensed consolidated statement of operations for the three and nine months ended September 30, 2016. The revenue and net income generated by LD2 during the three months ended September 30, 2016 were insignificant. During the three months ended September 30, 2015, LD2 generated revenue of $4,654,000 and net income of $2,040,000. During the nine months ended September 30, 2016, LD2 generated revenue of $6,116,000 and net income of $2,327,000. During the nine months ended September 30, 2015, LD2 generated revenue of $14,082,000 and net income of $5,920,000.

The acquisition of TelecityGroup closed on January 15, 2016. Accordingly, the assets and liabilities of the TelecityGroup data centers that were divested were included in assets and liabilities held for sale in the condensed consolidated balance sheet through July 5, 2016, the date the divestiture closed. The results of operations for the TelecityGroup data centers that were divested, as well as the gain on divestiture, were classified as discontinued operations from January 15, 2016, the date the acquisition closed, through July 5, 2016 (see Note 5).

In June 2016, the Company approved the divestiture of the solar power assets of Bit-isle. The assets and liabilities of the solar power assets that will be divested were included in assets and liabilities held for sale in the condensed consolidated balance sheet as of September 30, 2016. The revenue and net income generated by the solar power assets of Bit-isle during the three and nine months ended September 30, 2016 were insignificant.

When an asset is classified as held for sale, the asset's book value is evaluated and adjusted to the lower of its carrying amount or fair value less cost to sell. The determination of fair value for assets is dependent upon, among other factors, the potential sales transaction, composition of assets in the disposal group, the comparability of the disposal group to market transactions and negotiations with third party purchasers, etc. Such factors impact the range of potential fair values and the selection of the best estimates.

During the three months ended September 30, 2016, the Company evaluated the recoverability of the carrying value of its assets held for sale. Based on the analysis, it was determined that due to the sales agreement signed in October 2016 (see Note 14), the Company would not recover the carrying value of certain assets. Accordingly, the Company recorded an impairment charge on other current assets of $7,698,000 at September 30, 2016, reducing the carrying value of such assets from $79,459,000 to the estimated fair value of $71,761,000.

The following table summarizes assets and liabilities that were classified in assets and liabilities held for sale as of September 30, 2016 and December 31, 2015 (in thousands):

	September 30, 2016	December 31, 2015
Cash	$ 3,755	$ —
Accounts receivable	784	2,222
Other current assets	71,761	408
Property, plant and equipment	17,819	23,533
Goodwill	—	5,000
Intangible assets	2,772	784
Other assets	32	1,310
Total assets held for sale	$ 96,923	$ 33,257
Accounts payable and accrued expenses	$ (11,567)	$ (654)
Accrued property, plant and equipment	—	(816)
Current portion of capital lease and other financing obligation	—	—
Other current liabilities	(42)	(435)
Capital lease and other financing obligations, less current portion	—	—
Other liabilities	(3,051)	(1,630)
Total liabilities held for sale	$ (14,660)	$ (3,535)

5. Discontinued Operations

In order to obtain the approval of the European Commission for the acquisition of TelecityGroup, the Company and TelecityGroup agreed to divest certain data centers of TelecityGroup in the United Kingdom, Netherlands and Germany. Accounting guidance requires a business activity that, on acquisition, meets the criteria to be classified as held for sale be reported as a discontinued operation. On July 5, 2016, the Company completed the sale of these data centers and related assets to Digital Realty for approximately €304,564,000 and £376,171,000, or approximately $827,314,000 at the exchange rates in effect on July 5, 2016. The Company recognized a gain on sale of the TelecityGroup data centers in discontinued operations of $4,242,000. The results of operations for these data centers that were divested have been reported as net income from discontinued operations, net of tax, from January 15, 2016, the date of the acquisition, through July 5, 2016 in the Company's condensed consolidated statement of operations. The results of operations for these data centers during the three months ended September 30, 2016 were insignificant.

The following table presents the financial results of the Company's discontinued operations for the nine months ended September 30, 2016:

	Nine months ended September 30,
Revenues	$ 48,782
Costs and operating expenses:	
Cost of revenues	24,795
Sales and marketing	1,030
General and administrative	7,026
Total costs and operating expense	32,851
Income from operations of discontinued operations	15,931
Interest and other, net	(1,286)
Income from discontinued operations before income taxes	14,645
Income tax expense	(4,581)
Gain on sale of discontinued operations, net of income taxes	4,242
Income from discontinued operations, net of income taxes	$ 14,306

Net cash used in operating activities for discontinued operations was$5,259,000 and net cash provided by investing activities for discontinued operations was$730,603,000 for the nine-months ended September 30, 2016, including proceeds from the sale of TelecityGroup data centers.

6. Derivatives and Hedging Activities

Derivatives Designated as Hedging Instruments

Net Investment Hedges. The Company is exposed to the impact of foreign exchange rate fluctuations on its investments in foreign subsidiaries whose functional currencies are other than the U.S. dollar. In order to mitigate the impact of foreign currency exchange rates, the Company has entered into various foreign currency loans which are designated as hedges against the Company's net investment in foreign subsidiaries. As of September 30, 2016 and December 31, 2015, the total principal amount of foreign currency loans, which were designated as net investment hedges, was $674,873,000 and $411,881,000, respectively. In March 2016, the Company began using foreign exchange forward contracts to hedge against the effect of foreign exchange rate fluctuations on a portion of its net investment in the foreign subsidiaries. For a net investment hedge, changes in the fair value of the hedging instrument designated as a net investment hedge, except the ineffective portion and forward points, are recorded as a component of other comprehensive income in the condensed consolidated balance sheet.

The Company recorded net foreign exchange gains of$5,542,000 and $44,426,000 in other comprehensive income (loss) for the three and nine months ended September 30, 2016, respectively. The Company recorded net foreign exchange gains of$4,426,000 and net foreign exchange losses of $5,963,000 in other comprehensive income (loss) for the three and nine months ended September 30, 2015, respectively. The Company recorded no ineffectiveness from its net investment hedges for thethree and nine months ended September 30, 2016 and 2015.

Cash Flow Hedges. The Company hedges its exposure to foreign currency exchange rate fluctuations for forecasted revenues and expenses in its EMEA region in order to help manage the Company's exposure to foreign currency exchange rate fluctuations between the U.S. dollar and the British Pound, Euro and Swiss Franc. The foreign currency forward and option contracts that the Company uses to hedge this exposure are designated as cash flow hedges under the accounting standard for derivatives and hedging. The Company also uses purchased collar options to manage a portion of its exposure to foreign currency exchange rate fluctuations, where the Company writes a foreign currency call option and purchases a foreign currency put option. When two or more derivative instruments in combination are jointly designated as a cash flow hedging instrument, they are treated as a single instrument.

Effective January 1, 2015, the Company entered into intercompany hedging instruments ("intercompany derivatives") with a wholly-owned subsidiary of the Company and simultaneously entered into derivative contracts with unrelated parties to hedge certain forecasted revenues and expenses denominated in currencies other than the U.S. dollar.

The following disclosure is prepared on a consolidated basis. Assets and liabilities resulting from intercompany derivatives have been eliminated in consolidation.

As of September 30, 2016, the Company's cash flow hedges had maturity dates ranging from October 2016 to September 2018 as follows (in thousands):

	Notional Amount	Fair Value (1)	Accumulated other comprehensive income (loss) (2) (3)
Derivative assets	$ 388,269	$ 25,353	$ 53,713
Derivative liabilities	167,706	(3,750)	(33,791)
	$ 555,975	$ 21,603	$ 19,922

(1) All derivative assets related to cash flow hedges are included in the condensed consolidated balance sheets within other current assets, other assets, other current liabilities and other liabilities.
(2) Included in the condensed consolidated balance sheets within accumulated other comprehensive income (loss).
(3) The Company recorded a net gain of $13,994 within accumulated other comprehensive income (loss) relating to cash flow hedges that will be reclassified to revenue and expenses as they mature in the next 12 months.

As of December 31, 2015, the Company's cash flow hedges had maturities dates ranging from January 2016 to December 2017 as follows (in thousands):

	Notional Amount	Fair Value (1)	Accumulated other comprehensive income (loss) (2)(3)
Derivative assets	$ 367,330	$ 16,027	$ 34,578
Derivative liabilities	47,447	(813)	(19,709)
	$ 414,777	$ 15,214	$ 14,869

(1) All derivative assets related to cash flow hedges are included in the condensed consolidated balance sheets within other current assets, other assets, other current liabilities and other liabilities.
(2) Included in the condensed consolidated balance sheets within accumulated other comprehensive income (loss).
(3) The Company recorded a net gain of $12,940 within accumulated other comprehensive income (loss) relating to cash flow hedges that will be reclassified to revenue and expense as they mature over the next 12 months.

During the three months ended September 30, 2016 and 2015, the ineffective and excluded portions of cash flow hedges recognized in other income (expense) were not significant. During the three months ended September 30, 2016, the amount of net gains reclassified from accumulated other comprehensive income (loss) to revenue was $10,063,000 and the amount of net losses reclassified from accumulated other comprehensive income (loss) to operating expenses was $4,987,000. During the three months ended September 30, 2015, the amount of net gains reclassified from accumulated other comprehensive income (loss) to revenue was $5,590,000 and the amount of net losses reclassified from accumulated other comprehensive income (loss) to operating expenses were not significant.

During the nine months ended September 30, 2016 and 2015, the ineffective portions of cash flow hedges recognized in other income (expense) were not significant. During the nine months ended September 30, 2016, the amount of net gains reclassified from accumulated other comprehensive income (loss) to revenue was $22,671,000 and the amount of net losses reclassified from accumulated other comprehensive income (loss) to operating expenses was $11,664,000. During the nine months ended September 30, 2015, the amount of net gains reclassified from accumulated other comprehensive income (loss) to revenue was $21,096,000 and the amount of net losses reclassified from accumulated other comprehensive income (loss) to operating expenses was $4,167,000.

Derivatives Not Designated as Hedging Instruments

EQUINIX, INC.

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

Embedded Derivatives. The Company is deemed to have foreign currency forward contracts embedded in certain of the Company's customer agreements that are priced in currencies different from the functional or local currencies of the parties involved. These embedded derivatives are separated from their host contracts and carried on the Company's balance sheet at their fair value. The majority of these embedded derivatives arise as a result of the Company's foreign subsidiaries pricing their customer contracts in the U.S. dollar. Gains and losses on these embedded derivatives are included within revenues in the Company's condensed consolidated statements of operations. During the three months ended September 30, 2016 and 2015, gains (losses) associated with these embedded derivatives were not significant. During the nine months ended September 30, 2016, the losses associated with these embedded derivatives were$7,287,000. During the nine months ended September 30, 2015, gains (losses) associated with these embedded derivatives were not significant.

Economic Hedges of Embedded Derivatives. The Company uses foreign currency forward contracts to manage the foreign exchange risk associated with the Company's customer agreements that are priced in currencies different from the functional or local currencies of the parties involved ("economic hedges of embedded derivatives"). 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. Gains and losses on these contracts are included in revenues along with gains and losses of the related embedded derivatives. The Company entered into various economic hedges of embedded derivatives during the three and nine months ended September 30, 2016 and 2015. During the three months ended September 30, 2016 and 2015, the gains (losses) associated with these contracts were not significant. During the nine months ended September 30, 2016, the gains associated with these contracts were $5,266,000. During the nine months ended September 30, 2015, the net losses from these contracts were $2,019,000.

Foreign Currency Forward and Option Contracts. The Company also uses foreign currency forward and option contracts to manage the foreign exchange risk associated with certain foreign currency-denominated monetary assets and liabilities. As a result of foreign currency fluctuations, the U.S. dollar equivalent values of its foreign currency-denominated assets and liabilities change. Gains and losses on these contracts are included in other income (expense), net, along with foreign currency gains and losses of the related foreign currency-denominated assets and liabilities associated with these foreign currency forward and option contracts. The Company entered into various foreign currency forward and option contracts during the three and nine months ended September 30, 2016 and 2015. During the three and nine months ended September 30, 2016, the Company recognized net gains of $3,169,000 and $44,649,000, respectively, associated with these contracts. During the three and nine months ended September 30, 2015, the Company recognized net gain of $12,776,000 and $10,315,000, respectively, associated with these contracts.

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Offsetting Derivative Assets and Liabilities

The following table presents the fair value of derivative instruments recognized in the Company's condensed consolidated balance sheets as of September 30, 2016 (in thousands):

	Gross Amounts	Gross amounts offset in the balance sheet	Net amounts (1)	Gross amounts not offset in the balance sheet (2)	Net
Assets:					
Designated as hedging instruments:					
Cash flow hedges					
Foreign currency forward and option contracts	$ 25,353	$ —	$ 25,353	$ (3,385)	$ 21,968
Net Investment Hedges					
Foreign currency forward contracts	60	—	60	—	60
	25,413	—	25,413	(3,385)	22,028
Not designated as hedging instruments:					
Embedded derivatives	3,587	—	3,587	—	3,587
Economic hedges of embedded derivatives	234	—	234	(17)	217
Foreign currency forward contracts	70	—	70	—	70
	3,891	—	3,891	(17)	3,874
Additional netting benefit	—	—	—	(2,621)	(2,621)
	$ 29,304	$ —	$ 29,304	$ (6,023)	$ 23,281
Liabilities:					
Designated as hedging instruments					
Cash flow hedges					
Foreign currency forward contracts	$ 3,750	$ —	$ 3,750	$ (3,385)	$ 365
Net Investment Hedges					
Foreign currency forward contracts	—	—	—	—	—
	3,750	—	3,750	(3,385)	365
Not designated as hedging instruments:					
Embedded derivatives	3,245	—	3,245	—	3,245
Economic hedges of embedded derivatives	75	—	75	(17)	58
Foreign currency forward contracts	3,210	—	3,210	—	3,210
	6,530	—	6,530	(17)	6,513
Additional netting benefit	—	—	—	(2,621)	(2,621)
	$ 10,280	$ —	$ 10,280	$ (6,023)	$ 4,257

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

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

The following table presents the fair value of derivative instruments recognized in the Company's condensed consolidated balance sheets as of December 31, 2015 (in thousands):

	Gross Amounts	Gross amounts offset in the balance sheet	Net balance sheet amounts (1)	Gross amounts not offset in the balance sheet (2)	Net
Assets:					
Designated as hedging instruments:					
Foreign currency forward and option contracts	$ 16,027	$ —	$ 16,027	$ (813)	$ 15,214
Not designated as hedging instruments:					
Embedded derivatives	8,926	—	8,926	—	8,926
Economic hedges of embedded derivatives	744	—	744	—	744
Foreign currency forward contracts	43,203	—	43,203	(34,577)	8,626
	52,873	—	52,873	(34,577)	18,296
Additional netting benefit	—	—	—	(9,512)	(9,512)
	$ 68,900	$ —	$ 68,900	$ (44,902)	$ 23,998
Liabilities:					
Designated as hedging instruments:					
Foreign currency forward and option contracts	$ 813	$ —	$ 813	$ (813)	$ —
Not designated as hedging instruments:					
Embedded derivatives	1,772	—	1,772	—	1,772
Economic hedges of embedded derivatives	417	—	417	—	417
Foreign currency forward contracts	76,923	—	76,923	(34,577)	42,346
	79,112	—	79,112	(34,577)	44,535
Additional netting benefit	—	—	—	(9,512)	(9,512)
	$ 79,925	$ —	$ 79,925	$ (44,902)	$ 35,023

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

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

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7. Fair Value Measurements

The Company’s financial assets and liabilities measured at fair value on a recurring basis as ofSeptember 30, 2016 were as follows (in thousands):

	Fair value at September 30, 2016	Fair value measurement using	
		Level 1	Level 2
Assets:			
Cash	$ 451,258	$ 451,258	$ —
Money market and deposit accounts	533,496	533,496	—
Publicly traded equity securities	8,254	8,254	—
Certificates of deposit	10,386	—	10,386
Derivative instruments (1)	29,304	—	29,304
	$ 1,032,698	$ 993,008	$ 39,690
Liabilities:			
Derivative instruments (1)	$ 10,280	$ —	$ 10,280

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

The Company’s financial assets and liabilities measured at fair value on a recurring basis as ofDecember 31, 2015 were as follows (in thousands):

	Fair value at December 31, 2015	Fair value measurement using	
		Level 1	Level 2
Assets:			
Cash	$ 1,139,554	$ 1,139,554	$ —
Money market and deposit accounts	1,089,284	1,089,284	—
Publicly traded equity securities	3,353	3,353	—
Certificates of deposit	14,106	—	14,106
Derivative instruments (1)	68,900	—	68,900
	$ 2,315,197	$ 2,232,191	$ 83,006
Liabilities:			
Derivative instruments (1)	$ 79,925	$ —	$ 79,925

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

The Company did not have any significant Level 3 financial assets or financial liabilities as ofSeptember 30, 2016 and December 31, 2015.

8. Related Party Transactions

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Revenues	3,514	2,240	9,249	6,419
Costs and services	2,732	1,246	9,012	2,319

	September 30,	
	2016	2015
Accounts Receivable	1,437	873
Accounts Payable	1,108	—

On February 10, 2016, the Company entered into a purchase and sale agreement to acquire land and a building ("CH5") from Prologis, L.P., with which it shares a common board member, for approximately $6.3 million. The purchase was completed on July 18, 2016. The transaction was accounted for as a business combination using the acquisition method of accounting. This transaction is considered a related party transaction but is not reflected in the related party data presented above.

9. Leases

Capital Lease and Other Financing Obligations

Tokyo 5 ("TY5") Equipment Leases

In February 2016, the Company entered into a lease agreement for certain equipment in TY5 data center in Tokyo metro area. The lease was accounted for as a capital lease. Monthly payments under the equipment lease will be made through February 2032 at an effective interest rate of 6.33%. The total outstanding obligation under the equipment lease was approximately ¥3,074,947,000, or $30,319,000 in U.S. dollars at the exchange rate in effect as ofSeptember 30, 2016.

Maturities of Capital Lease and Other Financing Obligations

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

	Capital lease obligations	Other financing obligations [1]	Total
2016 (3 months remaining)	$ 20,611	$ 20,229	$ 40,840
2017	82,812	80,150	162,962
2018	82,957	76,065	159,022
2019	83,700	70,625	154,325
2020	83,710	69,529	153,239
Thereafter	918,792	764,347	1,683,139
Total minimum lease payments	1,272,582	1,080,945	2,353,527
Plus amount representing residual property value	—	517,957	517,957
Less amount representing interest	(566,825)	(766,084)	(1,332,909)
Present value of net minimum lease payments	705,757	832,818	1,538,575
Less current portion	(26,643)	(65,477)	(92,120)
	$ 679,114	$ 767,341	$ 1,446,455

[1] Other financing obligations are primarily build-to-suit lease obligations.

10. Debt Facilities

Mortgage and Loans Payable

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

	September 30, 2016	December 31, 2015
Term loans	$ 1,069,965	$ 456,740
Bridge term loan	468,350	386,547
Revolving credit facility borrowings	—	325,622
Brazil financings	1,585	27,113
Mortgage payable and other loans payable	49,514	47,677
	1,589,414	1,243,699
Less amount representing debt discount and debt issuance cost	(14,015)	(2,681)
Plus amount representing mortgage premium	2,004	1,987
	1,577,403	1,243,005
Less current portion	(518,985)	(770,236)
	$ 1,058,418	$ 472,769

On September 30, 2016, the Company entered into a five year term loan agreement ("Term Loan Commitment") with the BTMU for¥47,500,000,000 or approximately $468,350,000 at the exchange rate in effect on September 30, 2016. Loans made under the term loan commitment must be repaid in equal quarterly installments of ¥625,000,000, with the remaining ¥35,625,000,000 to be repaid in full on October 29, 2021. Borrowings under the Term Loan Commitment bear interest at the Tokyo Interbank Offered Rate for Japanese Yen, plus a margin of 1.5% per annum. As of September 30, 2016, the Company had no borrowings outstanding under Term Loan Commitment.

In June 2016, the Company prepaid and terminated its 2012 and 2013 Brazil financings. In connection with this prepayment, the Company paid90,652,000 Brazilian Reals including principal, accrued interest and termination fees, or approximately

$28,298,000 at the exchange rate in effect as of June 30, 2016. The loss on debt extinguishment recognized in the condensed consolidated statements of operations was insignificant.

During the three months ended March 31, 2016, the Company repaid $325,622,000 of borrowings under its revolving credit facility. No borrowings were outstanding under the revolving credit facility as of September 30, 2016.

In February 2016, the Company borrowed the remaining ¥1,040,000,000, or approximately $10,254,000 at the exchange rate in effect on September 30, 2016, available under its Bridge Term Loan Agreement.

On January 15, 2016, the Company prepaid and terminated loans payable of TelecityGroup. In conjunction with the repayment of the loans payable, the Company incurred an insignificant amount of pre-payment penalties and interest rate swap termination costs, which were recorded as interest expense in the condensed consolidated statement of operations. See Note 3 for additional information.

On January 8, 2016, the Company borrowed the full amount of the $250,000,000 and £300,000,000 seven year term loan commitments made available to it under the second amendment to the Company's Senior Credit Facility. The $250,000,000 seven year term loan bears interest at 4.00% per annum and will be repaid in quarterly installments of $625,000 commencing on June 30, 2016 with the remaining $233,125,000 due on January 8, 2023. The £300,000,000 seven year term loan bears interest at 4.50% per annum and will be repaid in quarterly installments of £750,000 commencing on June 30, 2016 with the remaining £279,750,000 due on January 8, 2023. As of September 30, 2016, the Company had $248,750,000 and £298,500,000 outstanding term loan balances or a total of approximately $635,964,000 at the exchange rate in effect on September 30, 2016.

Convertible Debt

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

	September 30, 2016	December 31, 2015
4.75% convertible subordinated notes	$ —	$ 150,082
Less amount representing debt discount and debt issuance cost	—	(3,961)
	$ —	$ 146,121

4.75% Convertible Subordinated Notes

In April and June 2016, holders of the 4.75% convertible subordinated notes converted or redeemed a total of $150,082,000 of the principal amount of the notes for 1,981,662 shares of the Company’s common stock and $3,619,000 in cash, comprised of accrued interest, cash paid in lieu of fractional shares and principal redemption. In the Company’s consolidated statement of cash flows for the nine months ended September 30, 2016, the principal redemption and cash paid in lieu of issuing fractional shares to settle a portion of the principal amount were included within net cash provided by (used in) financing activities and the accrued interest paid was included within net cash provided by operating activities.

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 in 2009. Upon maturity of the 4.75% convertible subordinated notes on June 15, 2016, the Company settled the capped call transaction and received 380,779 shares of common stock, which were placed in treasury and resulted in a credit of $141,688,000 to additional paid in capital at the market price of $372.10 on June 15, 2016.

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Senior Notes

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

	September 30, 2016	December 31, 2015
5.375% Senior Notes due 2023	$ 1,000,000	$ 1,000,000
5.375% Senior Notes due 2022	750,000	750,000
4.875% Senior Notes due 2020	500,000	500,000
5.75% Senior Notes due 2025	500,000	500,000
5.875% Senior Notes due 2026	1,100,000	1,100,000
	3,850,000	3,850,000
Less amount representing debt issuance cost	(40,668)	(45,366)
	$ 3,809,332	$ 3,804,634

Maturities of Debt Facilities

The following table sets forth maturities of the Company's debt, including mortgage and loans payable and senior notes and excluding debt discounts as of September 30, 2016 (in thousands):

Year ending:	
2016 (3 months remaining)	$ 481,048
2017	50,851
2018	50,945
2019	353,211
2020	510,024
Thereafter	3,995,339
	$ 5,441,418

Fair Value of Debt Facilities

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

	September 30, 2016	December 31, 2015
Mortgage and loans payable	$ 1,589,087	$ 916,602
Convertible debt	—	151,997
Senior notes	4,088,117	3,954,000
Revolving credit line	—	325,617

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

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Interest Charges

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Interest expense	$ 92,200	$ 76,269	$ 293,395	$ 219,556
Interest capitalized	3,234	1,831	9,479	8,677
Interest charges incurred	$ 95,434	$ 78,100	$ 302,874	$ 228,233

11. Commitments and Contingencies

Primarily as a result of the Company’s various IBX expansion projects, as of September 30, 2016, the Company was contractually committed for $474,579,000 of unaccrued capital expenditures, primarily for IBX infrastructure 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 September 30, 2016, such as commitments to purchase power in select locations through the remainder of 2016 and thereafter, and other open purchase orders for goods or services to be delivered or provided during the remainder of 2016 and thereafter. Such other miscellaneous purchase commitments totaled $343,981,000 as of September 30, 2016.

The Company's tax filings in various jurisdictions are subject to examination by local tax authorities. The outcome of any examinations cannot be predicted with certainty. The Company regularly assesses the likelihood of adverse outcomes resulting from these examinations that would affect the adequacy of its tax accruals for each of the reporting periods. If any issues arising from the tax examinations are resolved in a manner inconsistent with the Company’s expectations, the revision of the estimates of the potential or actual liabilities could materially impact the financial position, results of operations, or cash flows of the Company.

12. Stockholders' Equity

Accumulated Other Comprehensive Loss

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

	Balance as of December 31, 2015	Net Change	Balance as of September 30, 2016
Foreign currency translation adjustment (“CTA”) loss	$ (523,709)	$ (215,065)	$ (738,774)
Unrealized gain on cash flow hedges	11,153	3,789	14,942
Unrealized gain (loss) on available-for-sale securities	(139)	2,382	2,243
Net investment hedge CTA gain	4,484	4,163	8,647
Net actuarial gain (loss) on defined benefit plans	(848)	21	(827)
	$ (509,059)	$ (204,710)	$ (713,769)

Changes in foreign currency exchange rates 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 generally translate into more U.S. dollars when the U.S. dollar weakens or fewer U.S. dollars when the U.S. dollar strengthens. As of September 30, 2016, the U.S. dollar was generally stronger relative to certain of the currencies of the foreign countries in which the Company operates. This overall strengthening of the U.S. dollar had an overall unfavorable impact on the Company’s consolidated financial position because the foreign denominations translated into fewer U.S. dollars as evidenced by an increase in foreign currency translation loss for the nine months ended September 30, 2016 as reflected in the above table. In future periods, the volatility of the U.S. dollar as compared to the other currencies in which the Company operates could have a significant impact on its consolidated financial position and results of operations including the amount of revenue that the Company reports in future periods.

Dividends

On February 18, 2016, the Company declared a quarterly cash dividend of $1.75 per share, with a record date of March 9, 2016 and a payment date of March 23, 2016. The Company paid a total of $121,494,000 on March 23, 2016 for the first quarter cash dividend. In addition, the Company accrued an additional $1,366,000 in dividends payable for the restricted stock units that have not yet vested.

On May 4, 2016, the Company declared a quarterly cash dividend of $1.75 per share, with a record date of May 25, 2016 and a payment date of June 15, 2016. The Company paid a total of $121,530,000 on June 15, 2016 for the second quarter cash dividend. In addition, the Company accrued an additional $2,053,000 in dividends payable for restricted stock units that have not yet vested.

On August 3, 2016, the Company declared a quarterly cash dividend of $1.75 per share, with a record date of August 24, 2016 and a payment date of September 14, 2016. The Company paid a total of $124,465,000 on September 14, 2016 for the third quarter cash dividend. In addition, the Company accrued an additional $2,498,000 in dividends payable for restricted stock units that have not yet vested.

Stock-Based Compensation

In the first half of 2016, the Compensation Committee and the Stock Award Committee of the Company's Board of Directors approved the issuance of an aggregate of 530,068 shares of restricted stock units to certain employees, including executive officers, pursuant to the 2000 Equity Incentive Plan, as part of the Company's annual refresh program. These equity awards are subject to vesting provisions and have a weighted-average grant date fair value of $290.89 and a weighted-average requisite service period of 3.47 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 used revenue and adjusted funds from operations ("AFFO") as the performance measurements in the restricted stock units with both service and performance conditions that were granted in February 2016 and 2015, whereby revenue and adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") were used as the performance measurements in prior years' grants.

The Company uses a Monte Carlo simulation option-pricing model to determine the fair value of restricted stock units with a service and market condition. There were no significant changes in the assumptions used to determine the fair value of restricted stock units with a service and market condition that were granted in 2016 compared to the prior year.

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Cost of revenues	$ 3,316	$ 2,514	$ 9,754	$ 7,371
Sales and marketing	11,702	9,173	32,187	27,806
General and administrative	27,455	22,282	74,370	63,398
	$ 42,473	$ 33,969	$ 116,311	$ 98,575

13. Segment Information

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

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based compensation expense, restructuring charges, impairment charges, acquisition costs and gains on asset sales as presented below (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Adjusted EBITDA:				
Americas	$ 202,131	$ 174,170	$ 581,619	$ 517,790
EMEA	121,468	81,403	366,412	236,967
Asia-Pacific	96,443	65,899	272,952	183,725
Total adjusted EBITDA	420,042	321,472	1,220,983	938,482
Depreciation, amortization and accretion expense	(215,370)	(133,268)	(631,242)	(384,068)
Stock-based compensation expense	(42,473)	(33,969)	(116,311)	(98,575)
Acquisition costs	(12,505)	(13,352)	(64,635)	(24,374)
Impairment charges	(7,698)	—	(7,698)	—
Gains on asset sales	27,945	—	33,187	—
Income from continuing operations	$ 169,941	$ 140,883	$ 434,284	$ 431,465

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Total revenues:				
Americas	$ 425,142	$ 382,630	$ 1,243,007	$ 1,118,046
EMEA	301,250	177,563	869,715	516,153
Asia-Pacific	198,284	126,456	556,620	361,206
	$ 924,676	$ 686,649	$ 2,669,342	$ 1,995,405
Total depreciation and amortization:				
Americas	$ 81,724	$ 69,721	$ 236,385	$ 205,674
EMEA	79,292	32,851	237,846	86,991
Asia-Pacific	53,809	29,831	153,179	88,750
	$ 214,825	$ 132,403	$ 627,410	$ 381,415
Capital expenditures:				
Americas	$ 147,328	$ 105,250	$ 346,817	$ 292,376
EMEA	79,585	39,816	223,440	124,299
Asia-Pacific	52,564	70,980	156,787	170,833
	$ 279,477	$ 216,046	$ 727,044	$ 587,508

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

	September 30, 2016	December 31, 2015
Americas	$ 3,273,748	$ 3,025,450
EMEA	2,400,057	1,157,304
Asia-Pacific	1,577,594	1,423,682
	$ 7,251,399	$ 5,606,436

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Colocation	$ 680,541	$ 511,652	$ 1,963,103	$ 1,489,807
Interconnection	135,489	110,568	391,683	316,887
Managed infrastructure	52,986	22,327	149,697	69,648
Other	8,478	2,174	21,876	6,727
Recurring revenues	877,494	646,721	2,526,359	1,883,069
Non-recurring revenues	47,182	39,928	142,983	112,336
	$ 924,676	$ 686,649	$ 2,669,342	$ 1,995,405

The following table presents the retrospective adjustments to the Company's revenue information on a services basis:

	Three months ended	
	March 31, 2016	June 30, 2016
Colocation	$ 619,893	$ 662,669
Interconnection	123,954	132,240
Managed infrastructure	47,987	48,724
Other	5,260	8,138
Recurring revenues	797,094	851,771
Non-recurring revenues	47,062	48,739
	$ 844,156	$ 900,510

No single customer accounted for 10% or greater of the Company's revenues for the three and nine months endedSeptember 30, 2016 and 2015. No single customer accounted for 10% or greater of the Company's gross accounts receivable as ofSeptember 30, 2016 and December 31, 2015.

14. Subsequent Events

In October 2016, the Company drew down the full amount of the Term Loan Commitment of ¥47,500,000,000 or approximately $453,150,000 at the exchange rate in effect on October 31, 2016 and used it to repay its Bridge Term Loan that the Company entered into with BTMU in September 2015, in connection with the Bit-isle acquisition.

In October 2016, the Company entered into a Share Transfer Agreement for the transfer of common stock of Terra Power Co., Ltd., relating to the divestiture of the solar power assets of Bit-isle. The Company received ¥400,000,000 upon the closing of the transaction, or approximately $3,816,000 at the exchange rate in effect on October 31, 2016. In addition, the Company expects to receive remaining payments of ¥2,500,000,000 in November 2016 and ¥5,313,384,000 in March 2017, for a total of¥7,813,384,000, or approximately $74,540,000 at the exchange rate in effect on October 31, 2016.

On November 2, 2016, the Company declared a quarterly cash dividend of$1.75 per share, which is payable on December 14, 2016 to the Company's common stockholders of record as of the close of business on November 16, 2016.

Item 2.

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

The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, the words ''believes,'' ''anticipates,'' ''plans,'' ''expects,'' ''intends'' and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a discrepancy include, but are not limited to, those discussed in "Liquidity and Capital Resources'' below and ''Risk Factors" in Item 1A of Part II of this Quarterly Report on Form 10-Q. All forward-looking statements in this document are based on information available to us as of the date of this Report and we assume no obligation to update any such forward-looking statements.

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

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

Overview

In October 2016, as more fully described in Note 14 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, we entered into a Share Transfer Agreement for the transfer of common stock of Terra Power Co., Ltd., relating to the divestiture of the solar power assets of Bit-isle. We received ¥400.0 million upon the closing of the transaction, or approximately $3.8 million at the exchange rate in effect on October 31, 2016. In addition, we will expect to receive remaining payments of ¥2.5 billion in November 2016 and ¥5.3 billion in March 2017, for a total of ¥7.8 billion, or approximately $74.5 million at the exchange rate in effect on October 31, 2016.

In September 2016, as more fully described in Note 10 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, we entered into a five year term loan agreement with the Bank of Tokyo-Mitsubishi UFJ, LTd. ("BTMU") for ¥47.5 billion or approximately $468.4 million in U.S. dollars at the exchange rate in effect as of September 30, 2016. In September 2015, in connection with our acquisition of Bit-isle, we entered into a term loan agreement (the "Bridge Term Loan Agreement") with BTMU. BTMU was committed to provide a senior bridge loan facility (the "Bridge Term Loan") in the amount of up to ¥47.5 billion or $468.4 million in U.S. dollars at the exchange rate in effect as of September 30, 2016. In October 2016, we borrowed the full amount of the ¥47.5 billion made available to us from the term loan and repaid the Bridge Term Loan for a principal amount of ¥47.5 billion or approximately $453.2 million at the exchange rate in effect on October 31, 2016.

In April and June 2016, as more fully described in Note 10 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, holders of our 4.75% convertible subordinated notes converted or redeemed a total of $150.1 million of the principal amount of the notes for 1,981,662 shares of our common stock and $3.6 million in cash, comprised of accrued interest, cash paid in lieu of fractional shares and principal redemption. Upon maturity of our 4.75% convertible subordinated notes on June 15, 2016, we settled the related capped call transaction and received 380,779 shares of common stock, which was placed in treasury and resulted in a credit of $141.7 million to additional paid in capital based on the market price of $372.10 on June 15, 2016.

In January 2016, as more fully described in Note 3 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, we completed our acquisition of Telecity Group plc ("TelecityGroup") for a total purchase price of approximately $1.7 billion in cash and 6.9 million shares of our common stock valued at approximately $2.1 billion, for a total of $3.8 billion. In January 2016, we terminated our bridge credit agreement for £875.0 million, or approximately $1.3 billion, related to the TelecityGroup acquisition.

In January 2016, as more fully described in Notes 4 and 5 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, we agreed to divest eight data centers and related assets, including our London 2 data center ("LD2") in London, United Kingdom and seven data centers of TelecityGroup in order to obtain the approval of the European Commission for the acquisition of TelecityGroup. The results of operations for the seven TelecityGroup data centers were classified as net income from discontinued operations, net of tax, from January 15, 2016, the date of the acquisition, through July 5, 2016 in our condensed consolidated statement of operations. In July 2016, as more fully described in Note 4 and 5 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, we completed the sale of these data centers and related assets to Digital Realty Trust, Inc. ("Digital Realty") for approximately $827.3 million at the exchange rate in effect on July 5, 2016. On August 1, 2016, we purchased Digital Realty's operating business, including its real estate and facility, in St. Denis, Paris, where we already had an established presence with two International Business Exchange® ("IBX") data centers, for total cash consideration of approximately €193.3 million or $215.9 million at the exchange rate in effect on August 1, 2016 (the "Paris IBX Data Center Acquisition").

In January 2016, as more fully described in Note 10 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, we borrowed the full amount of the $250.0 million and £300.0 million, or $431.3 million, made available to us under the second amendment to our Senior Credit Facility to fund the TelecityGroup acquisition.

Equinix provides global data center offerings that protect and connect the world's most valued information assets. Global enterprises, financial services companies and content and network providers rely upon Equinix's leading insight and data centers in 40 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 September 30, 2016, we operated or had partner IBX data centers in Brazil, Canada and the United States in the Americas region; Bulgaria, Finland, France, Germany, Ireland, Italy, the Netherlands, Poland, Sweden, Switzerland, Turkey, the United Arab Emirates and the United Kingdom in the Europe, Middle East and Africa ("EMEA") region; and Australia, China, Hong Kong, Indonesia, Japan and Singapore in the Asia-Pacific region.

Our data centers in 40 markets around the world are a global platform, which allows our customers to increase information and application delivery performance while significantly reducing costs. Based on our global platform and the quality of our IBX data centers, we believe we have established a critical mass of customers. As more customers locate in our IBX data centers, it benefits their suppliers and business partners to colocate as well, in order to gain the full economic and performance benefits of our offerings. These partners, in turn, pull in their business partners, creating a "marketplace" for their services. Our global platform enables scalable, reliable and cost-effective colocation, interconnection and traffic exchange that lowers overall cost and increases flexibility. Our focused business model is built 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.

Historically, our market has been served by large telecommunications carriers who have bundled 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. More than 350 companies provide 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 reaches 21 countries with proven operational reliability, improved application performance and network choice, and a highly scalable set of offerings.

Our utilization rate was approximately 81% as ofSeptember 30, 2016 and 2015; 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 83% as of September 30, 2016. Our utilization rate varies from market to market among our IBX data centers across the Americas, EMEA and Asia-Pacific regions. We continue to monitor the available capacity in each of our selected markets. To the extent we have limited capacity available in a given market it may limit our ability for growth in that market. We perform demand studies on an ongoing basis to determine if future expansion is warranted in a market. In addition, power and cooling requirements for most customers are growing on a per unit basis. As a result, customers are consuming an increasing amount of power per cabinet. Although we generally do not control the amount of power our customers draw from installed circuits, we have negotiated power consumption limitations with certain of our high power demand customers. This increased power consumption has driven the requirement to build out our new IBX data centers to support power and cooling needs twice that of previous IBX data centers. We could face power limitations in our IBX data centers even though we may have additional physical cabinet capacity available within a specific IBX data center. This could have a negative impact on the available utilization capacity of a given IBX data center, which could have a negative impact on our ability to grow revenues, affecting our financial performance, operating results and cash flows.

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

Our business is based on a recurring revenue model comprised of colocation and related interconnection and managed infrastructure offerings. We consider these offerings recurring because our customers are generally billed on a fixed and recurring basis each month for the duration of their contract, which is generally one to three years in length. Our recurring revenues have comprised more than 90% of our total revenues during the past three years. In addition, during any given quarter of the past three years, more than half of our monthly recurring revenue bookings came from existing customers, contributing to our revenue growth. During the three months ended September 30, 2016 and 2015, our largest customer accounted for approximately 3% of our recurring revenues. Our 50 largest customers accounted for approximately 36% and 37% of our recurring revenues for the three months ended September 30, 2016 and 2015, respectively. During the nine months ended September 30, 2016 and 2015, our largest customer accounted for approximately 3% of our recurring revenues. Our 50 largest customers accounted for approximately 36% of our recurring revenues for the nine months ended September 30, 2016 and 2015, respectively.

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

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

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

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

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

Due to our recurring revenue model, and a cost structure which has a large base that is fixed in nature and generally does not grow in proportion to revenue growth, we expect our cost of revenues, sales and marketing expenses and general and administrative expenses to decline as a percentage of revenues over time, although we expect each of them to grow in absolute dollars in connection with our growth. 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. 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 may periodically increase as a percentage of revenues as we continue to scale our operations to invest in sales and marketing initiatives to further increase our revenue, including the hiring of additional headcount and new product innovations. General and administrative expenses may also periodically increase as a percentage of revenues as we continue to scale our operations to support our growth.

Taxation as a Real Estate Investment Trust ("REIT")

We began operating as a REIT for federal income tax purposes effective January 1, 2015. In May 2015, we received a favorable private letter ruling ("PLR") from the U.S. Internal Revenue Service ("IRS") in connection with our conversion to a REIT. As of September 30, 2016, our REIT structure includes all of our data center operations in the U.S., Canada, our historical data center operations in Europe and Japan, as well as the Dutch operations we acquired in the TelecityGroup acquisition. Our data center operations in other jurisdictions have initially been designated as taxable REIT subsidiaries ("TRSs").

We have designated the legal entities acquired in the Bit-isle acquisition as TRSs, which we believe will not impact our qualification for taxation as a REIT. We plan to integrate the data center assets of the Bit-isle business into our REIT structure by the end of 2016.

We initially designated the legal entities acquired in the TelecityGroup acquisition as TRSs, which we believe will not impact our qualification for taxation as a REIT. As of September 30, 2016, we have integrated TelecityGroup Netherlands into our REIT structure through its merger with Equinix Netherlands. Additionally, we integrated the TelecityGroup business in Ireland, Sweden, and United Kingdom ("U.K."). into our REIT structure in October 2016. We plan to complete the REIT integration for the TelecityGroup business in France by the end of this year, and the majority of the remaining TelecityGroup business during the first half of 2017.

As a REIT, we generally are permitted to deduct from federal taxable income the dividends we pay to our stockholders (including, for this purpose, the value of any deemed distribution on account of adjustments to the conversion rate relating to our debt securities that were convertible into our common stock). The income represented by such dividends is not subject to federal taxation at the entity level but is taxed, if at all, at the stockholder level. Nevertheless, the income of our TRSs which hold our U.S. operations that may not be REIT-compliant, are subject, as applicable, to federal and state corporate income tax. Likewise, our foreign subsidiaries 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 TRSs or through qualified REIT subsidiaries ("QRSs"). We are also subject to a separate corporate income tax on gain recognized from a sale of a REIT asset where our basis in the asset is determined by reference to the basis of the asset in the hands of a former C corporation (such as (i) an asset that we held as of the effective date of our REIT election, that is January 1, 2015 or (ii) an asset that we hold in a QRS following the liquidation or other conversion of a former TRS). This built-in-gains tax is generally applicable to any disposition of such an asset during the five-year period (or ten-year period for liquidation or other carryover transaction on or after August 8, 2016,) after the date we first owned the asset as a REIT asset (e.g., January 1, 2015 in the case of REIT assets we held at the time of our REIT conversion), to the extent of the built-in-gain based on the fair market value of such asset on the date we first held the asset as a REIT asset. If we fail to qualify for taxation as a REIT, we will be subject to federal income tax at regular corporate rates. Even if we remain qualified for taxation as a REIT, we may be subject to some federal, state, local and foreign taxes on our income and property in addition to taxes owed with respect to our TRSs' operations. In particular, while state income tax regimes often parallel the federal income tax regime for REITs, many states do not completely follow federal rules and some may not follow them at all.

We began paying quarterly cash dividends in 2015 in connection with our conversion to a REIT. On March 23, 2016, June 15, 2016 and September 14, 2016, we paid quarterly cash dividends of $1.75 per share and on November 2, 2016, we declared a quarterly cash dividend of $1.75 per share, payable on December 14, 2016 to stockholders of record on November 16, 2016. We expect the amount of all 2016 quarterly distributions and the value of the deemed distributions on account of all the adjustments to the conversion rate relating to our matured 4.75% convertible subordinated notes that were made as a result of our first half 2016 distributions will equal or exceed the taxable income we will recognize in 2016.

We continue to monitor our REIT compliance to maintain our qualification for taxation as a REIT. For this and other reasons, as necessary we may convert certain of our data center operations in additional countries into the REIT structure in future periods.

Results of Operations

Our results of operations for the three months ended September 30, 2016 include the results of operations of Bit-isle and TelecityGroup from July 1, 2016, and the Paris IBX Data Center Acquisition from August 1, 2016. Our results of operations for the nine months ended September 30, 2016 include the results of operations of Bit-isle from January 1, 2016, the results of operations of TelecityGroup from January 15, 2016, and the results of the Paris IBX Data Center Acquisition from August 1, 2016.

Discontinued Operations

We present the results of operations associated with the TelecityGroup data centers that were divested in July 2016 as discontinued operations in our condensed consolidated statement of operations for the three and nine months ended September 30, 2016. We did not have any discontinued operations activity during 2015.

Three Months Ended September 30, 2016 and 2015

Revenues. Our revenues for the three months ended September 30, 2016 and 2015 were generated from the following revenue classifications and geographic regions (dollars in thousands):

	Three months ended September 30,				% change	
	2016	**%**	**2015**	**%**	**Actual**	**Constant currency**
Americas:						
Recurring revenues	$ 404,462	44%	$ 360,687	53%	12 %	12 %
Non-recurring revenues	20,680	2%	21,943	3%	(6)%	(6)%
	425,142	46%	382,630	56%	11 %	11 %
EMEA:						
Recurring revenues	286,190	31%	166,156	24%	72 %	78 %
Non-recurring revenues	15,060	2%	11,407	2%	32 %	37 %
	301,250	33%	177,563	26%	70 %	75 %
Asia-Pacific:						
Recurring revenues	186,842	20%	119,878	17%	56 %	50 %
Non-recurring revenues	11,442	1%	6,578	1%	74 %	65 %
	198,284	21%	126,456	18%	57 %	51 %
Total:						
Recurring revenues	877,494	95%	646,721	94%	36 %	36 %
Non-recurring revenues	47,182	5%	39,928	6%	18 %	18 %
	$ 924,676	100%	$ 686,649	100%	35 %	35 %

Americas Revenues. Our revenues from the U.S., the largest revenue contributor in the Americas region for the period, represented approximately 92% and 93%, respectively, of the regional revenues during the three months ended September 30, 2016 and 2015. Growth in Americas revenues was primarily due to (i) approximately $7.3 million of revenue generated from our recently-opened IBX data centers or IBX data center expansions in the Atlanta, Chicago, Dallas, Silicon Valley and Washington, D.C. metro areas and (ii) an increase in orders from both our existing customers and new customers during the period. During the three months ended September 30, 2016, the U.S. dollar was generally weaker relative to the Canadian dollar and Brazilian real than during the three months ended September 30, 2015, resulting in approximately $2.2 million of net favorable foreign currency impact to our Americas revenues during the three months ended September 30, 2016 compared to average exchange rates of the three months ended September 30, 2015. We expect that our Americas revenues will continue to grow in future periods as a result of continued growth in the recently-opened IBX data centers or IBX data center expansions and additional expansions currently taking place in the Dallas, New York, São Paulo, Silicon Valley and Washington D.C. metro areas, which are expected to open during the remainder of 2016 and 2017. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts.

EMEA Revenues. Revenues for our EMEA region for the three months ended September 30, 2016 include $108.8 million of revenues attributable to TelecityGroup, which closed in January 2016, and the Paris IBX Data Center Acquisition, which closed in August 2016. After our acquisition of TelecityGroup, the U.K. continues to be our largest revenue contributor in the EMEA region, providing 31% of regional revenues for the three months ended September 30, 2016 compared to 38% of regional revenues for the three months ended September 30, 2015 without TelecityGroup. Our EMEA revenue growth was primarily due to (i) $108.8 million of revenues attributable to TelecityGroup and the Paris IBX Data Center Acquisition, (ii) approximately $25.1 million of revenue from our recently-opened IBX data centers or IBX data center expansions in the Amsterdam, Frankfurt, Paris and Zurich metro areas and (iii) an increase in orders from both our existing customers and new customers during the period. During the three months ended September 30, 2016, the impact of foreign currency fluctuations resulted in approximately $10.3 million of net unfavorable foreign currency impact to our EMEA revenues primarily due to a generally stronger U.S. dollar relative to the British pound during the three months ended September 30, 2016 compared to the three months ended September 30, 2015. We expect that our EMEA revenues will continue to grow in future periods as a result of continued growth in recently-opened IBX data centers or IBX data center expansions and additional expansions currently taking place in the Amsterdam, Dublin, Frankfurt, Helsinki, Paris and Zurich metro areas, which are expected to open during the remainder of 2016 and 2017, our acquisition of TelecityGroup and the Paris IBX Data Center Acquisition, as well as our continued hedging efforts to help manage our exposure to foreign currency exchange rate fluctuations. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts as well as our acquisition of TelecityGroup and the Paris IBX Data Center Acquisition.

Asia-Pacific Revenues. Revenues for our Asia-Pacific region for the three months ended September 30, 2016 include $39.7 million of revenues attributable to Bit-isle, which closed in November 2015. After our acquisition of Bit-isle, Japan is our largest revenue contributor in the Asia-Pacific region, providing 36% of regional revenues, including Bit-isle, for the three months ended September 30, 2016 compared to 17% for the three months ended September 30, 2015 without Bit-isle. Excluding revenues attributable to Bit-isle, our revenues from Singapore, which was our largest revenue contributor in the Asia-Pacific region before we acquired Bit-isle, represented approximately 38% and 39%, respectively, of the regional revenues for the three months ended September 30, 2016 and 2015. Our Asia-Pacific revenue growth was primarily due to (i) $39.7 million of revenues attributable to Bit-isle, (ii) approximately $20.3 million of revenue generated from our recently-opened IBX data center expansions in the Hong Kong, Melbourne, Shanghai, Singapore, Sydney and Tokyo metro areas and (iii) an increase in orders from both our existing customers and new customers during the period. During the three months ended September 30, 2016, the U.S. dollar was generally weaker relative to the Australian dollar and Singapore dollar than during the three months ended September 30, 2015, resulting in approximately $7.2 million of net favorable foreign currency impact to our Asia-Pacific revenues during the three months ended September 30, 2016 compared to average exchange rates of the three months ended September 30, 2015. We expect that our Asia-Pacific revenues will continue to grow in future periods as a result of continued growth in these recently-opened IBX data centers and additional expansions currently taking place in the Hong Kong and Singapore metro areas, which are expected to open in 2017. Our estimates of future revenue growth take into account expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts as well as the impact of our acquisition of Bit-isle.

Cost of Revenues. Our cost of revenues for the three months ended September 30, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

	Three months ended September 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	$ 178,983	38%	$ 161,998	50%	10%	10%
EMEA	167,189	36%	92,893	28%	80%	84%
Asia-Pacific	124,130	26%	70,577	22%	76%	70%
Total	$ 470,302	100%	$ 325,468	100%	45%	44%

	Three months ended September 30,	
	2016	2015
Cost of revenues as a percentage of revenues:		
Americas	42%	42%
EMEA	55%	52%
Asia-Pacific	63%	56%
Total	51%	47%

Americas Cost of Revenues. Depreciation expense was $61.3 million and $53.9 million for the three months ended September 30, 2016 and 2015, respectively. The growth in depreciation expense was primarily due to our IBX expansion activity. In addition to the increase in depreciation expense, the increase in our Americas cost of revenues for the three months ended September 30, 2016 compared to the three months ended September 30, 2015 was primarily due to (i) $5.5 million of higher office expense, utilities, repairs and maintenance, rent and facilities costs in support of our business growth and (ii) $2.2 million of higher costs associated with equipment resale and other services to support customer demand. During the three months ended September 30, 2016, the impact of foreign currency fluctuations to our Americas cost of revenues was not significant when compared to average exchange rates for the three months ended September 30, 2015. We expect Americas cost of revenues to increase as we continue to grow our business.

EMEA Cost of Revenues. Cost of revenues for our EMEA region for the three months ended September 30, 2016 includes $73.0 million of cost of revenues attributable to TelecityGroup, which closed in January 2016, and the Paris IBX Data Center Acquisition, which closed in August 2016. Excluding cost of revenues attributable to TelecityGroup and the Paris IBX Data Center Acquisition, EMEA cost of revenues was $94.2 million for the three months ended September 30, 2016 compared to $92.9 million for the three months ended September 30, 2015. Depreciation expense, excluding TelecityGroup and the Paris IBX Data Center Acquisition, was $25.0 million and $27.4 million for the three months ended September 30, 2016 and 2015, respectively. During the three months ended September 30, 2016, the impact of foreign currency fluctuations resulted in approximately $4.0 million of net favorable foreign currency impact to our EMEA cost of revenues primarily due to a generally stronger U.S. dollar relative to the British pound during the three months ended September 30, 2016 compared to the three months ended September 30, 2015. We expect EMEA cost of revenues to increase as we continue to grow our business and as a result of our acquisitions of TelecityGroup and the Paris IBX data centers.

Asia-Pacific Cost of Revenues. Cost of revenues for our Asia-Pacific region for the three months ended September 30, 2016 includes $31.6 million of cost of revenues attributable to Bit-isle, which closed in November 2015. Excluding cost of revenues attributable to Bit-isle, Asia-Pacific cost of revenues was $92.5 million for the three months ended September 30, 2016 compared to $70.6 million for the three months ended September 30, 2015, primarily due to an increase in depreciation expense. Depreciation expense, excluding Bit-isle, was $38.8 million and $28.6 million for the three months ended September 30, 2016 and 2015, respectively. The growth in depreciation expense was primarily due to our IBX data center expansion activity. Excluding the impact of our acquisition of Bit-isle, the remaining increase in our Asia-Pacific cost of revenue was primarily due to (i) $9.3 million of higher utilities, repair and maintenance, rent and facility costs and (ii) $1.6 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (436 Asia-Pacific cost of revenues employees as of September 30, 2016 versus 374 as of September 30, 2015). During the three months ended September 30, 2016, the U.S. dollar was generally weaker relative to the Australian dollar and Singapore dollar than during the three months ended September 30, 2015, resulting in approximately $4.4 million of net unfavorable foreign currency impact to our Asia-Pacific cost of revenues during the three months ended September 30, 2016 compared to average exchange rates of the three months ended September 30, 2015. We expect Asia-Pacific cost of revenues to increase as we continue to grow our business, including from the impact of our acquisition of Bit-isle.

Sales and Marketing Expenses. Our sales and marketing expenses for the three months ended September 30, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

	Three months ended September 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	$ 56,119	51%	$ 53,575	64%	5%	4%
EMEA	36,703	33%	17,923	21%	105%	111%
Asia-Pacific	18,114	16%	12,211	15%	48%	44%
Total	$ 110,936	100%	$ 83,709	100%	33%	33%

	Three months ended September 30,	
	2016	2015
Sales and marketing expenses as a percentage of revenues:		
Americas	13%	14%
EMEA	12%	10%
Asia-Pacific	9%	10%
Total	12%	12%

Americas Sales and Marketing Expenses. The increase in our Americas sales and marketing expenses was primarily due to $2.8 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (545 Americas sales and marketing employees as of September 30, 2016 versus 480 as of September 30, 2015). During the three months ended September 30, 2016, the impact of foreign currency fluctuations to our Americas sales and marketing expenses was not significant when compared to average exchange rates during the three months ended September 30, 2015. 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. We anticipate that we will continue to invest in Americas sales and marketing initiatives. As such, we expect our Americas sales and marketing expenses as a percentage of revenues to grow over the next year.

EMEA Sales and Marketing Expenses. Sales and marketing expenses for our EMEA region for the three months ended September 30, 2016 included $15.1 million attributable to TelecityGroup, which closed in January 2016. Excluding the impact of TelecityGroup, our EMEA sales and marketing expenses were $21.6 million for the three months ended September 30, 2016 compared to $17.9 million for the three months ended September 30, 2015. The increase was primarily due to $2.3 million of higher outside services consulting and compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (263 EMEA sales and marketing employees, excluding TelecityGroup employees, as of September 30, 2016 versus 219 as of September 30, 2015). For the three months ended September 30, 2016, the impact of foreign currency fluctuations to EMEA sales and marketing expenses was not significant when compared to the average exchange rates for the three months ended September 30, 2015. 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. We expect our EMEA sales and marketing expenses to increase as a result of the TelecityGroup acquisition. Although we anticipate that we will continue to invest in EMEA sales and marketing initiatives, including the integration of TelecityGroup, we believe our EMEA sales and marketing expenses as a percentage of revenues will ultimately decrease as we continue to grow our business.

Asia-Pacific Sales and Marketing Expenses. Sales and marketing expenses for our Asia-Pacific region for the three months ended September 30, 2016 included $4.2 million attributable to Bit-isle, which closed in November 2015. Excluding the impact of Bit-isle, our Asia-Pacific sales and marketing expenses did not materially change during the three months ended September 30, 2016 compared to the three months ended September 30, 2015. For the three months ended September 30, 2016, the impact of foreign currency fluctuations to our Asia-Pacific sales and marketing expenses was not significant when compared to average exchange rates of the three months ended September 30, 2015. 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. We expect our Asia-Pacific sales and marketing expenses to increase as a result of the Bit-isle acquisition. Although we anticipate that we will continue to invest in Asia-Pacific sales and marketing initiatives, including the integration of Bit-isle, we believe our Asia-Pacific sales and marketing expenses as a percentage of revenues will ultimately decrease as we continue to grow our business.

General and Administrative Expenses. Our general and administrative expenses for the three months ended September 30, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

	Three months ended September 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	$ 99,422	54%	$ 88,815	72%	12%	12%
EMEA	62,583	35%	22,737	18%	175%	188%
Asia-Pacific	19,234	11%	11,685	10%	65%	61%
Total	$ 181,239	100%	$ 123,237	100%	47%	49%

	Three months ended September 30,	
	2016	2015
General and administrative expenses as a percentage of revenues:		
Americas	23 %	23 %
EMEA	21 %	13 %
Asia-Pacific	10 %	9 %
Total	20 %	18 %

Americas General and Administrative Expenses. The increase in our Americas general and administrative expenses was primarily due to (i) $4.0 million of higher depreciation expense associated with certain systems to improve our quote to order and billing processes and other systems to support the integration and growth of our business, (ii) $3.4 million of higher compensation costs, including general salaries, bonuses, stock-based compensation, and headcount growth (919 Americas general and administrative employees as of September 30, 2016 versus 787 as of September 30, 2015) and (iii) $2.5 million of higher office expense, rent and facilities, and outside services consulting costs also in line with our overall growth. During the three months ended September 30, 2016, the impact of foreign currency fluctuations to our Americas general and administrative expenses was not significant when compared to average exchange rates for the three months ended September 30, 2015. Over the last several years, 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, we expect Americas general and administrative expenses to increase as we continue to further scale our operations to support our growth, including these investments in our back office systems and maintaining our REIT qualification; however, as a percentage of revenues, we generally expect them to decrease.

EMEA General and Administrative Expenses. General and administrative expenses for our EMEA region for the three months ended September 30, 2016 included $30.8 million attributable to TelecityGroup, which closed in January 2016, and the Paris IBX Data Center Acquisition, which closed in August 2016. Excluding the impact of TelecityGroup and the Paris IBX Data Center Acquisition, our EMEA general and administrative expenses were $31.8 million for the three months ended September 30, 2016 compared to $22.7 million for the three months ended September 30, 2015. Excluding the impact of TelecityGroup, the increase was primarily due to (i) $6.3 million of higher consulting and other professional services costs to support the integration of TelecityGroup and (ii) $3.7 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (527 EMEA general and administrative employees, excluding TelecityGroup employees, as of September 30, 2016 versus 405 as of September 30, 2015). During the three months ended September 30, 2016, the impact of foreign currency fluctuations resulted in approximately $2.9 million of net favorable foreign currency impact to our EMEA general and administrative expenses primarily due to a generally stronger U.S. dollar relative to the British pound during the three months ended September 30, 2016 compared to the three months ended September 30, 2015. Over the last several years, 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, as well as the integration of TelecityGroup; however, as a percentage of revenues, we generally expect them to decrease.

Asia-Pacific General and Administrative Expenses. General and administrative expenses for our Asia-Pacific region for the three months ended September 30, 2016 included $4.8 million attributable to Bit-isle, which closed in November 2015. Excluding the impact of Bit-isle, our Asia-Pacific general and administrative expenses were $14.4 million for the three months ended September 30, 2016 compared to $11.7 million for the three months ended September 30, 2015. Excluding the impact of Bit-isle, the increase was primarily due to $2.2 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (303 Asia-Pacific general and administrative employees, excluding Bit-isle employees, as of September 30, 2016 versus 257 as of September 30, 2015). For the three months ended September 30, 2016, the impact of foreign currency fluctuations to our Asia-Pacific general and administrative expenses was not significant when compared to average exchange rates of the three months ended September 30, 2015. Going forward, although we are carefully monitoring our spending, we expect Asia-Pacific general and administrative expenses to increase as a result of our acquisition and integration of Bit-isle and as we continue to scale our operations to support our growth; however, as a percentage of revenues, we generally expect them to decrease.

Acquisition Costs. During the three months ended September 30, 2016, we recorded acquisition costs totaling $12.5 million primarily in the EMEA region due to the Paris IBX Data Center Acquisition. During the three months ended September 30, 2015, we recorded acquisition costs totaling $13.4 million primarily in the EMEA region, which included $8.6 million as a result of a court ruling in connection with a historical acquisition.

Impairment Charges. During the three months ended September 30, 2016, we recorded impairment charges totaling $7.7 million in the Asia-Pacific region relating to assets held for sale. We did not have impairment charges during the three months ended September 30, 2015.

Gains on Asset Sales. During the three months ended September 30, 2016, we recorded a gain of $27.9 million on the sale of the LD2 data center in the EMEA region. We did not have any gains on asset sales during the three months ended September 30, 2015.

Income from Continuing Operations. Our income from continuing operations for the three months ended September 30, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

	Three months ended September 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	$ 89,004	53%	$ 81,914	58%	9%	8 %
EMEA	51,829	30%	29,865	21%	74%	81 %
Asia-Pacific	29,108	17%	29,104	21%	—%	(6)%
Total	$ 169,941	100%	$ 140,883	100%	21%	21 %

Americas Income from Continuing Operations. The increase in our Americas income from continuing operations was due to higher revenues as result of our IBX data center expansion activity and organic growth as described above, partially offset by higher cost of revenues and operating expenses as a percentage of revenues primarily attributable to higher compensation and other headcount related expenses to support our growth. The impact of foreign currency fluctuations on our Americas income from continuing operations for the three months ended September 30, 2016 was not significant when compared to average exchange rates of the three months ended September 30, 2015.

EMEA Income from Continuing Operations. The increase in our EMEA income from continuing operations was primarily due to higher revenue as a result of our acquisition of TelecityGroup, which closed in January 2016, our gains from asset sales, as well as our IBX data center expansion activity and organic growth as described above, partially offset by higher cost of revenues and operating expenses as a percentage of revenue primarily attributable to our acquisition of TelecityGroup as well as the increased depreciation and amortization created from the purchase accounting for TelecityGroup and the Paris IBX Data Center Acquisition. During the three months ended September 30, 2016, the impact of foreign currency fluctuations resulted in approximately $2.2 million of net unfavorable foreign currency impact to our EMEA income from continuing operations primarily due to a generally stronger U.S. dollar relative to the British pound during the three months ended September 30, 2016 compared to the three months ended September 30, 2015.

Asia-Pacific Income from Continuing Operations. The increase in our Asia-Pacific income from continuing operations was primarily due to higher revenues as a result of our acquisition of Bit-isle, which closed in November 2015, as well as our IBX data center expansion activity and organic growth as described above, partially offset by the impairment charges, higher cost of revenues and operating expenses as a percentage of revenues primarily attributable to our acquisition of Bit-isle as well as higher compensation and other headcount related expenses and higher professional fees to support our growth. The impact of foreign currency fluctuations on our Asia-Pacific income from continuing operations for the three months ended September 30, 2016 was not significant when compared to average exchange rates of the three months ended September 30, 2015.

Interest Income. Interest income was $762,000 and $934,000, respectively, for the three months ended September 30, 2016 and 2015. The average annualized yield for the three months ended September 30, 2016 was 0.41% versus 0.59% for the three months ended September 30, 2015. We expect our interest income to remain at these low levels for the foreseeable future due to lower invested balances and a portfolio more weighted towards short-term U.S. government securities.

Interest Expense. Interest expense increased to $92.2 million for the three months ended September 30, 2016 from $76.3 million for the three months ended September 30, 2015. This increase in interest expense was primarily due to the impact of our $1.1 billion of senior notes issued in December 2015, $636.0 million outstanding in seven-year term loans we borrowed in January 2016 and $468.4 million of an outstanding bridge term loan we borrowed to finance our acquisition of Bit-isle, which closed in November 2015, as well as additional financings such as various capital lease and other financing obligations to support our expansion projects. During the three months ended September 30, 2016 and 2015, we capitalized $3.2 million and $1.8 million, respectively, of interest expense to construction in progress. Going forward, we expect to incur higher interest expense as we recognize the full impact of our $1.1 billion senior notes offering in December 2015 and $636.0 million outstanding in seven-year term loans we borrowed in January 2016. We expect to incur additional indebtedness to support our growth and acquisition opportunities, such as the Bit-isle and TelecityGroup acquisitions, resulting in higher interest expense going forward.

Other Income (Expense). We recorded net income of $2.9 million and net expense of $12.8 million, respectively, of other income (expense), for the three months ended September 30, 2016 and 2015, primarily due to foreign currency exchange gains and losses during the periods.

Loss on debt extinguishment. During the three months ended September 30, 2016, we recorded a $9.9 million loss on debt extinguishment as a result of the settlement of the financing obligations for our Paris 3 IBX data center. We did not have loss on debt extinguishment during the three months ended September 30, 2015.

Income Taxes. Effective January 1, 2015, we have operated as a REIT for federal income tax purposes. As a REIT, we are generally not subject to federal income taxes on our taxable income distributed to our stockholders. We intend to distribute and have distributed the entire taxable income generated by the operations of our REIT and its QRSs for the tax years ended December 31, 2016 and December 31, 2015, respectively. As such, no provision for U.S. income taxes for the REIT and its QRSs has been included in the accompanying condensed consolidated financial statements for the three months ended September 30, 2016 and 2015.

We have made TRS elections for some of our subsidiaries in and outside the U.S. In general, a TRS may provide services that would otherwise be considered impermissible for REITs to provide and may hold assets that REITs cannot hold directly. U.S. income taxes for the TRS entities located in the U.S. and foreign income taxes for our foreign operations, regardless of whether the foreign operations are operated as a QRS or TRS, were accrued, as necessary, for the three months ended September 30, 2016 and 2015.

For the three months ended September 30, 2016 and 2015, we recorded $22.8 million and $11.6 million of income tax expense, respectively. Our effective tax rates were 31.8% and 22.0%, respectively, for the three months ended September 30, 2016 and 2015. The increase in the effective tax rate for the three months ended September 30, 2016 as compared to the same period in 2015 is primarily due to the non-tax deductible cost related to the TelecityGroup acquisition and an increase in valuation allowance.

Income from Discontinued Operations. Our net income from discontinued operations was $2.7 million for the three months ended September 30, 2016. We did not have discontinued operations during the three months ended September 30, 2015.

Adjusted EBITDA. Adjusted EBITDA is a key factor in how we assess the operating performance of our segments and develop regional growth strategies such as IBX data center expansion decisions. We define adjusted EBITDA as income or loss from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges, acquisition costs and gains on asset sales. See "Non-GAAP Financial Measures" below for more information about adjusted EBITDA and a reconciliation of adjusted EBITDA to the most directly comparable generally accepted accounting principles in the United States of America ("GAAP") measure. Our adjusted EBITDA for the three months ended September 30, 2016 and 2015 was split among the following geographic regions (dollars in thousands):

	Three months ended September 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	$ 202,131	48%	$ 174,170	54%	16%	16%
EMEA	121,468	29%	81,403	25%	49%	57%
Asia-Pacific	96,443	23%	65,899	21%	46%	41%
Total	$ 420,042	100%	$ 321,472	100%	31%	31%

Americas Adjusted EBITDA. The increase in our Americas adjusted EBITDA was due to higher revenues as result of our IBX data center expansion activity and organic growth as described above. The impact of foreign currency fluctuations on our Americas adjusted EBITDA for the three months ended September 30, 2016 was not significant when compared to average exchange rates of the three months ended September 30, 2015.

EMEA Adjusted EBITDA. Adjusted EBITDA for our EMEA region includes $44.7 million of adjusted EBITDA attributable to our acquisition of TelecityGroup, which closed in January 2016, and the Paris IBX Data Center Acquisition, which closed in August 2016. Excluding adjusted EBITDA attributable to TelecityGroup and the Paris IBX Data Center Acquisition, the decrease in our EMEA adjusted EBITDA was primarily due to higher operating costs as result of our IBX data center expansion activity and organic growth as described above. During the three months ended September 30, 2016, the impact of foreign currency fluctuations resulted in approximately $6.4 million of net unfavorable foreign currency impact to our EMEA adjusted EBITDA primarily due to a generally stronger U.S. dollar relative to the British pound during the three months ended September 30, 2016 compared to the three months ended September 30, 2015.

Asia-Pacific Adjusted EBITDA. Adjusted EBITDA for our Asia-Pacific region includes $13.1 million of adjusted EBITDA attributable to our acquisition of Bit-isle, which closed in November 2015. Excluding adjusted EBITDA attributable to Bit-isle, the increase in our Asia-Pacific adjusted EBITDA was primarily due to higher revenues as result of our IBX data center expansion activity and organic growth as described above. During the three months ended September 30, 2016, the U.S. dollar was generally weaker relative to the Australian dollar and Singapore dollar than during the three months ended September 30, 2015, resulting in approximately $3.8 million of net favorable foreign currency impact to our Asia-Pacific adjusted EBITDA during the three months ended September 30, 2016 compared to average exchange rates of the three months ended September 30, 2015.

Nine Months Ended September 30, 2016 and 2015

Revenues. Our revenues for the nine months ended September 30, 2016 and 2015 were generated from the following revenue classifications and geographic regions (dollars in thousands):

	Nine months ended September 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas:						
Recurring revenues	$ 1,178,097	44%	$ 1,061,346	53%	11%	12%
Non-recurring revenues	64,910	2%	56,700	3%	14%	15%
	1,243,007	46%	1,118,046	56%	11%	12%
EMEA:						
Recurring revenues	821,381	31%	479,643	24%	71%	75%
Non-recurring revenues	48,334	2%	36,510	2%	32%	35%
	869,715	33%	516,153	26%	68%	72%
Asia-Pacific:						
Recurring revenues	526,881	20%	342,080	17%	54%	53%
Non-recurring revenues	29,739	1%	19,126	1%	55%	53%
	556,620	21%	361,206	18%	54%	53%
Total:						
Recurring revenues	2,526,359	95%	1,883,069	94%	34%	35%
Non-recurring revenues	142,983	5%	112,336	6%	27%	28%
	$ 2,669,342	100%	$ 1,995,405	100%	34%	35%

Americas Revenues. Our revenues from the U.S., the largest revenue contributor in the Americas region for the period, represented approximately 93% of the regional revenues during the nine months ended September 30, 2016 and 2015. Growth in Americas revenues was primarily due to (i) approximately $19.5 million of revenue generated from our recently-opened IBX data centers or IBX data center expansions in the Dallas, Chicago, Silicon Valley and Washington, D.C. metro areas and (ii) an increase in orders from both our existing customers and new customers during the period. During the nine months ended September 30, 2016, the U.S. dollar was generally stronger relative to the Canadian dollar and Brazilian real than during the nine months ended September 30, 2015, resulting in approximately $10.2 million of net unfavorable foreign currency impact to our Americas revenues during the nine months ended September 30, 2016 compared to average exchange rates during the nine months ended September 30, 2015. We expect that our Americas revenues will continue to grow in future periods as a result of continued growth in the recently-opened IBX data centers or IBX data center expansions and additional expansions currently taking place in the Dallas, New York, São Paulo, Silicon Valley and Washington D.C. metro areas, which are expected to open during the remainder of 2016 and 2017. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts.

EMEA Revenues. Revenues for our EMEA region for the nine months ended September 30, 2016 include $300.4 million of revenues attributable to TelecityGroup, which closed in January 2016, and the Paris IBX Data Center Acquisition, which closed in August 2016. After our acquisition of TelecityGroup, the U.K. continues to be our largest revenue contributor in the EMEA region, providing 33% of regional revenues for the nine months ended September 30, 2016 compared to 38% of regional revenues for the nine months ended September 30, 2015 without TelecityGroup. Our EMEA revenue growth was primarily due to (i) $300.4

million of revenues attributable to TelecityGroup and the Paris IBX Data Center Acquisition, (ii) approximately $55.7 million of revenue from our recently-opened IBX data centers or IBX data center expansions in the Amsterdam, Frankfurt, Paris and Zurich metro areas and (iii) an increase in orders from both our existing customers and new customers during the period. During the nine months ended September 30, 2016, the impact of foreign currency fluctuations resulted in approximately $19.0 million of net unfavorable foreign currency impact to our EMEA revenues primarily due to a generally stronger U.S. dollar relative to the British pound during the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015. We expect that our EMEA revenues will continue to grow in future periods as a result of continued growth in recently-opened IBX data centers or IBX data center expansions and additional expansions currently taking place in the Amsterdam, Dublin, Frankfurt, Helsinki, Paris and Zurich metro areas, which are expected to open during the remainder of 2016 and 2017, our acquisition of TelecityGroup, Paris IBX Data Center as well as our continued hedging efforts to help manage our exposure to foreign currency exchange rate fluctuations. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts as well as our acquisition of TelecityGroup and the Paris IBX Data Center Acquisition.

Asia-Pacific Revenues. Revenues for our Asia-Pacific region for the nine months ended September 30, 2016 include $111.2 million of revenues attributable to Bit-isle, which closed in November 2015. After our acquisition of Bit-isle, Japan is our largest revenue contributor in the Asia-Pacific region, providing 34% of regional revenues including Bit-isle for the nine months ended September 30, 2016 compared to 16% for the nine months ended September 30, 2015 without Bit-isle. Excluding revenues attributable to Bit-isle, our revenues from Singapore, which was our largest revenue contributor in the Asia-Pacific region before we acquired Bit-isle, represented approximately 38% and 39%, respectively, of the regional revenues for the nine months ended September 30, 2016 and 2015. Our Asia-Pacific revenue growth was primarily due to (i) $111.2 million of revenues attributable to Bit-isle, (ii) approximately $53.7 million of revenue generated from our recently-opened IBX data center expansions in the Hong Kong, Melbourne, Shanghai, Singapore, Sydney and Tokyo metro areas and (iii) an increase in orders from both our existing customers and new customers during the period. During the nine months ended September 30, 2016, the U.S. dollar was generally weaker relative to the Japanese Yen than during the nine months ended September 30, 2015, resulting in approximately $3.4 million of net favorable foreign currency impact to our Asia-Pacific revenues during the nine months ended September 30, 2016 when compared to average exchange rates during the nine months ended September 30, 2015. We expect that our Asia-Pacific revenues will continue to grow in future periods as a result of continued growth in these recently-opened IBX data centers and additional expansions currently taking place in the Hong Kong and Singapore metro areas, which are expected to open in 2017. Our estimates of future revenue growth take into account expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts as well as the impact of our acquisition of Bit-isle.

Cost of Revenues. Our cost of revenues for the nine months ended September 30, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

	Nine months ended September 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	$ 520,123	38%	$ 470,257	50%	11%	12%
EMEA	488,920	36%	260,908	28%	87%	90%
Asia-Pacific	345,906	26%	208,373	22%	66%	64%
Total	$ 1,354,949	100%	$ 939,538	100%	44%	45%

	Nine months ended September 30,	
	2016	2015
Cost of revenues as a percentage of revenues:		
Americas	42%	42%
EMEA	56%	51%
Asia-Pacific	62%	58%
Total	51%	47%

Americas Cost of Revenues. Depreciation expense was $179.5 million and $161.7 million for the nine months ended September 30, 2016 and 2015, respectively. The growth in depreciation expense was primarily due to our IBX expansion activity. In addition to the increase in depreciation expense, the increase in our Americas cost of revenues for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 was primarily due to (i) $17.2 million of higher utilities, rent and facilities costs, office expense, consulting, and repairs and maintenance in support of our business growth, (ii) $9.7 million of higher costs associated with equipment resales to support growth of our non-recurring revenues and (iii) $2.7 million of higher compensation costs, including sales compensation, general salaries, bonuses and stock-based compensation. During the nine months ended September 30, 2016, the impact of foreign currency fluctuations resulted in approximately $7.7 million of net favorable foreign currency impact to our Americas cost of revenues primarily due to a generally stronger U.S. dollar relative to the Brazilian real and Canadian dollar during the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015. We expect Americas cost of revenues to increase as we continue to grow our business.

EMEA Cost of Revenues. Cost of revenues for our EMEA region for the nine months ended September 30, 2016 includes $206.3 million of cost of revenues attributable to TelecityGroup, which closed in January 2016, and the Paris IBX Data Center Acquisition, which closed in August 2016. Excluding cost of revenues attributable to TelecityGroup and the Paris IBX Data Center Acquisition, EMEA cost of revenues was $282.6 million for the nine months ended September 30, 2016 compared to $260.9 million for the nine months ended September 30, 2015. Depreciation expense, excluding TelecityGroup and the Paris IBX Data Center Acquisition, was $77.1 million and $73.1 million for the nine months ended September 30, 2016 and 2015, respectively. The growth in depreciation expense was primarily due to our IBX data center expansion activity. Excluding the impact of TelecityGroup and the Paris IBX Data Center Acquisition, the remaining increase in our EMEA cost of revenues was primarily due to (i) $13.7 million of higher utilities, consulting, and repairs and maintenance costs in support of our business growth and (ii) $3.4 million of higher compensation costs, including sales compensation, general salaries, bonuses and stock-based compensation and headcount growth (625 EMEA cost of revenues employees as of September 30, 2016 versus 523 as of September 30, 2015). During the nine months ended September 30, 2016, the impact of foreign currency fluctuations resulted in approximately $7.5 million of net favorable foreign currency impact to our EMEA cost of revenues, primarily due to a generally stronger U.S. dollar relative to the British pound during the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015. We expect EMEA cost of revenues to increase as we continue to grow our business and as a result of our acquisitions of TelecityGroup and the Paris IBX data centers.

Asia-Pacific Cost of Revenues. Cost of revenues for our Asia-Pacific region for the nine months ended September 30, 2016 includes $88.9 million of cost of revenues attributable to Bit-isle, which closed in November 2015. Excluding cost of revenues attributable to Bit-isle, Asia-Pacific cost of revenues was $257.0 million for the nine months ended September 30, 2016 compared to $208.4 million for the nine months ended September 30, 2015. Depreciation expense, excluding Bit-isle, was $110.6 million and $85.0 million for the nine months ended September 30, 2016 and 2015, respectively. The growth in depreciation expense was primarily due to our IBX data center expansion activity. Excluding the impact of our acquisition of Bit-isle, the remaining increase in our Asia-Pacific cost of revenues was primarily due to (i) $19.0 million of higher utilities, rent, facility costs, consulting, and repairs and maintenance costs in support of our business growth and (ii) $3.4 million of higher compensation costs, including sales compensation, general salaries, bonuses and stock-based compensation and headcount growth (436 Asia-Pacific cost of revenues employees as of September 30, 2016 versus 374 as of September 30, 2015). During the nine months ended September 30, 2016, the U.S. dollar was generally weaker relative to the Japanese Yen than during the nine months ended September 30, 2015, resulting in approximately $3.5 million of net unfavorable foreign currency impact to our Asia-Pacific cost of revenues during the nine months ended September 30, 2016 when compared to average exchange rates during the nine months ended September 30, 2015. We expect Asia-Pacific cost of revenues to increase as we continue to grow our business, including from the impact of our acquisition of Bit-isle.

Sales and Marketing Expenses. Our sales and marketing expenses for the nine months ended September 30, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

	Nine months ended September 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	$ 171,128	52%	$ 153,035	63%	12%	13%
EMEA	102,757	32%	53,003	22%	94%	98%
Asia-Pacific	51,473	16%	37,535	15%	37%	36%
Total	$ 325,358	100%	$ 243,573	100%	34%	35%

	Nine months ended September 30,	
	2016	2015
Sales and marketing expenses as a percentage of revenues:		
Americas	14%	14%
EMEA	12%	10%
Asia-Pacific	9%	10%
Total	12%	12%

Americas Sales and Marketing Expenses. The increase in our Americas sales and marketing expenses was primarily due to $12.6 million of higher compensation costs, including sales compensation, general salaries, bonuses and stock-based compensation and headcount growth (545 Americas sales and marketing employees as of September 30, 2016 versus 480 as of September 30, 2015) and $5.1 million of higher advertising, promotion, consulting and travel and entertainment expenses to support our growth. During the nine months ended September 30, 2016, the impact of foreign currency fluctuations to our Americas sales and marketing expenses was not significant when compared to average exchange rates during the nine months ended September 30, 2015. 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. We anticipate that we will continue to invest in Americas sales and marketing initiatives. As such, we expect our Americas sales and marketing expenses as a percentage of revenues to grow over the next year.

EMEA Sales and Marketing Expenses. Sales and marketing expenses for our EMEA region for the nine months ended September 30, 2016 included $39.8 million attributable to TelecityGroup, which closed in January 2016. Excluding the impact of TelecityGroup, our EMEA sales and marketing expenses were $63.0 million for the nine months ended September 30, 2016 compared to $53.0 million for the nine months ended September 30, 2015. The increase was primarily due to (i) $5.3 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (263 EMEA sales and marketing employees, excluding TelecityGroup employees, as of September 30, 2016 versus 219 as of September 30, 2015) and (ii) $3.0 million of higher advertising, promotion, consulting, travel, recruiting and training expenses to support our growth. During the nine months ended September 30, 2016 the impact of foreign currency fluctuations resulted in approximately $2.2 million of net favorable foreign currency impact to our EMEA sales and marketing expenses primarily due to a generally stronger U.S. dollar relative to the British pound during the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015. 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. We expect our EMEA sales and marketing expenses to increase as a result of the TelecityGroup acquisition. Although we anticipate we will continue to invest in EMEA sales and marketing initiatives, including the integration of TelecityGroup, we believe our EMEA sales and marketing expenses as a percentage of revenues will ultimately decrease as we continue to grow our business.

Asia-Pacific Sales and Marketing Expenses. Sales and marketing expenses for our Asia-Pacific region for the nine months ended September 30, 2016 included $11.8 million attributable to Bit-isle, which closed in November 2015. Excluding the impact of Bit-isle, our Asia-Pacific sales and marketing expenses were $39.7 million for nine months ended September 30, 2016 compared to $37.5 million for the nine months ended September 30, 2015. The increase was primarily due to $3.0 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (202 Asia-Pacific sales and marketing employees, excluding Bit-isle employees, as of September 30, 2016 versus 173 as of September 30, 2015). For the nine months ended September 30, 2016, the impact of foreign currency fluctuations to our Asia-Pacific sales and marketing expenses was not significant when compared to average exchange rates for the nine months ended September 30, 2015. 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. We expect our Asia-Pacific sales and marketing expenses to increase as a result of the Bit-isle acquisition. Although we anticipate that we will continue to invest in Asia-Pacific sales and marketing initiatives, including the integration of Bit-isle, we believe our Asia-Pacific sales and marketing expenses as a percentage of revenues will ultimately decrease as we continue to grow our business.

General and Administrative Expenses. Our general and administrative expenses for the nine months ended September 30, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

	Nine months ended September 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	$ 289,363	56%	$ 257,769	72%	12%	13%
EMEA	171,031	33%	65,191	18%	162%	169%
Asia-Pacific	55,211	11%	33,495	10%	65%	65%
Total	$ 515,605	100%	$ 356,455	100%	45%	46%

	Nine months ended September 30,	
	2016	2015
General and administrative expenses as a percentage of revenues:		
Americas	23%	23%
EMEA	20%	13%
Asia-Pacific	10%	9%
Total	19%	18%

Americas General and Administrative Expenses. The increase in our Americas general and administrative expenses was primarily due to (i) $12.5 million of higher compensation costs, including general salaries, bonuses, stock-based compensation, and headcount growth (919 Americas general and administrative employees as of September 30, 2016 versus 787 as of September 30, 2015), (ii) $12.1 million of higher depreciation expense associated with certain systems to improve our quote to order and billing processes and other systems to support the integration and growth of our business and (iii) $5.4 million of higher office expense and outside services consulting costs also in line with our overall growth. During the nine months ended September 30, 2016, the impact of foreign currency fluctuations to our Americas general and administrative expenses was not significant when compared to average exchange rates for the nine months ended September 30, 2015. Over the last several years, 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, we expect Americas general and administrative expenses to increase as we continue to further scale our operations to support our growth, including these investments in our back office systems and maintaining our REIT qualification; however, as a percentage of revenues, we generally expect them to decrease.

EMEA General and Administrative Expenses. General and administrative expenses for our EMEA region for the nine months ended September 30, 2016 included $71.5 million attributable to TelecityGroup, which closed in January 2016, and the Paris IBX Data Center Acquisition, which closed in August 2016. Excluding the impact of TelecityGroup, our EMEA general and administrative expenses were $99.5 million for the nine months ended September 30, 2016 compared to $65.2 million for the nine months ended September 30, 2015. Excluding the impact of TelecityGroup, the increase was primarily due to (i) $17.6 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (527 EMEA general and administrative employees, excluding TelecityGroup employees, as of September 30, 2016 versus 405 as of September 30, 2015) and (ii) $15.1 million of higher consulting services to support the integration of TelecityGroup. During the nine months ended September 30, 2016 the impact of foreign currency fluctuations resulted in approximately $4.6 million of net favorable foreign currency impact to our EMEA general and administrative expenses primarily due to a generally stronger U.S. dollar relative to the British pound during the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015. Over the last several years, 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, as well as integration of TelecityGroup; however, as a percentage of revenues, we generally expect them to decrease.

Asia-Pacific General and Administrative Expenses. General and administrative expenses for our Asia-Pacific region for the nine months ended September 30, 2016 included $13.0 million attributable to Bit-isle, which closed in November 2015. Excluding the impact of Bit-isle, our Asia-Pacific general and administrative expenses were $42.2 million for the nine months ended September 30, 2016 compared to $33.5 million for the nine months ended September 30, 2015. Excluding the impact of Bit-isle, the increase was primarily due to $7.0 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (303 Asia-Pacific general and administrative employees, excluding Bit-isle employees, as of September 30, 2016 versus 257 as of September 30, 2015). For the nine months ended September 30, 2016, the impact of foreign currency fluctuations to our Asia-Pacific general and administrative expenses was not significant when compared to average exchange rates of the nine months ended September 30, 2015. Going forward, although we are carefully monitoring our spending, we expect Asia-Pacific general and administrative expenses to increase as a result of our acquisition and integration of Bit-isle and as we continue to scale our operations to support our growth; however, as a percentage of revenues, we generally expect them to decrease.

Acquisition Costs. During the nine months ended September 30, 2016, we recorded acquisition costs totaling $64.6 million primarily in the EMEA region due to the acquisitions of Telecity and the Paris IBX Data Center. During the nine months ended September 30, 2015, we recorded acquisition costs totaling $24.4 million primarily in the EMEA region, which included $8.6 million as a result of a court ruling in connection with a historical acquisition.

Impairment Charges. During the nine months ended September 30, 2016, we recorded impairment charges totaling $7.7 million in the Asia-Pacific region relating to assets held for sale. We did not have impairment charges during the nine months ended September 30, 2015.

Gains on Asset Sales. During the nine months ended September 30, 2016, we recorded a gain of asset sales of $33.2 million relating to the sales of the LD2 data center in the EMEA region and the San Jose land parcel in the Americas region. We did not have any gains on asset sales during the nine months ended September 30, 2015.

Income from Continuing Operations. Our income from continuing operations for the nine months ended September 30, 2016 and 2015 was split among the following geographic regions (dollars in thousands):

	Nine months ended September 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	$ 264,643	61%	$ 241,033	56%	10 %	10 %
EMEA	73,506	17%	111,516	26%	(34)%	(30)%
Asia-Pacific	96,135	22%	78,916	18%	22 %	23 %
Total	$ 434,284	100%	$ 431,465	100%	1 %	2 %

Americas Income from Continuing Operations. The increase in our Americas income from continuing operations was due to higher revenues as result of our IBX data center expansion activity and organic growth as described above as well as the gains recognized on the sale of the San Jose land parcel, partially offset by higher cost of revenues and operating expenses as a percentage of revenues primarily attributable to higher compensation and other headcount related expenses to support our growth. The impact of foreign currency fluctuations on our Americas income from continuing operations for the nine months ended September 30, 2016 was not significant when compared to average exchange rates of the nine months ended September 30, 2015.

EMEA Income from Continuing Operations. The decrease in our EMEA income from continuing operations was primarily due to acquisition and integration costs incurred in connection with our acquisition of TelecityGroup, which closed in January 2016, as well as the increased depreciation and amortization created from the purchase accounting for TelecityGroup and the Paris IBX Data Center Acquisition, partially offset by the gains recognized on the sale of the LD2 data center. During the nine months ended September 30, 2016, the impact of foreign currency fluctuations resulted in approximately $4.6 million of net unfavorable foreign currency impact to our EMEA income from continuing operations primarily due to a generally stronger U.S. dollar relative to the British pound during the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015.

Asia-Pacific Income from Continuing Operations. The increase in our Asia-Pacific income from continuing operations was primarily due to higher revenues as a result of our acquisition of Bit-isle, which closed in November 2015, as well as our IBX data center expansion activity and organic growth as described above, partially offset by the impairment charges, higher cost of revenues and operating expenses as a percentage of revenues primarily attributable to our acquisition of Bit-isle as well as higher compensation and other headcount related expenses and higher professional fees to support our growth. The impact of foreign currency fluctuations on our Asia-Pacific income from continuing operations for the nine months ended September 30, 2016 was not significant when compared to average exchange rates of the nine months ended September 30, 2015.

Interest Income. Interest income was $2.5 million and $2.4 million, respectively, for the nine months ended September 30, 2016 and 2015. The average annualized yield for the nine months ended September 30, 2016 was 0.36% versus 0.38% for the nine months ended September 30, 2015. We expect our interest income to remain at these low levels for the foreseeable future due to lower invested balances and a portfolio more weighted towards short-term U.S. government securities.

Interest Expense. Interest expense increased to $293.4 million for the nine months ended September 30, 2016 from $219.6 million for the nine months ended September 30, 2015. This increase in interest expense was primarily due to the impact of our

$1.1 billion of senior notes issued in December 2015, $636.0 million outstanding in seven-year term loans we borrowed in January 2016 and $468.4 million of an outstanding bridge term loan we borrowed to finance our acquisition of Bit-isle, which closed in November 2015, as well as additional financings such as various capital lease and other financing obligations to support our expansion projects. During the nine months ended September 30, 2016 and 2015, we capitalized $9.5 million and $8.7 million, respectively, of interest expense to construction in progress. Going forward, we expect to incur higher interest expense as we recognize the full impact of our $1.1 billion senior notes offering in December 2015, $636.0 million outstanding in seven year term loans we borrowed in January 2016. We expect to incur additional indebtedness to support our growth and acquisition opportunities, such as the Bit-isle and TelecityGroup acquisitions, resulting in higher interest expense going forward.

Other Income (Expense). We recorded net expense of $56.2 million and $12.0 million, respectively, of other income (expense), for the nine months ended September 30, 2016 and 2015, primarily due to foreign currency exchange gains and losses during the periods, including $63.5 million in foreign currency losses recognized in the first quarter of 2016 as a result of completing the acquisition of TelecityGroup.

Loss on debt extinguishment. During the nine months ended September 30, 2016, we recorded a $10.5 million of loss on debt extinguishment as a result of the settlement of the financing obligations for our Paris 3 IBX data center as well as the prepayment and termination of our 2012 and 2013 Brazil financings. We did not have a loss on debt extinguishment during the nine months ended September 30, 2015.

Income Taxes. Effective January 1, 2015, we have operated as a REIT for federal income tax purposes. As a REIT, we are generally not subject to federal income taxes on our taxable income distributed to our stockholders. We intend to distribute and have distributed the entire taxable income generated by the operations of our REIT and its QRSs for the tax years ended December 31, 2016 and December 31, 2015, respectively. As such, no provision for U.S. income taxes for the REIT and its QRSs has been included in the accompanying condensed consolidated financial statements for the nine months ended September 30, 2016 and 2015.

We have made TRS elections for some of our subsidiaries in and outside the U.S. In general, a TRS may provide services that would otherwise be considered impermissible for REITs to provide and may hold assets that REITs cannot hold directly. U.S. income taxes for the TRS entities located in the U.S. and foreign income taxes for our foreign operations regardless of whether the foreign operations are operated as a QRS or TRS were accrued, as necessary, for the nine months ended September 30, 2016 and 2015.

For the nine months ended September 30, 2016 and 2015, we recorded $26.0 million and $25.3 million of income tax expense, respectively. Our effective tax rates were 33.8% and 12.5%, respectively, for the nine months ended September 30, 2016 and 2015. The increase in the effective tax rate for the nine months in 2016 as compared to the same period in 2015 is primarily due to a much lower profit before tax for the period attributable to the non-tax deductible costs related to the TelecityGroup acquisition and an increase in valuation allowance.

Income from Discontinued Operations. Our net income from discontinued operations was $14.3 million for the nine months ended September 30, 2016. We did not have discontinued operations during the nine months ended September 30, 2015.

Adjusted EBITDA. Adjusted EBITDA is a key factor in how we assess the operating performance of our segments and develop regional growth strategies such as IBX data center expansion decisions. We define adjusted EBITDA as income or loss from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges, acquisition costs and gains on asset sales. See "Non-GAAP Financial Measures" below for more information about adjusted EBITDA and a reconciliation of adjusted EBITDA to net income. Our adjusted EBITDA for the nine months ended September 30, 2016 and 2015 was split among the following geographic regions (dollars in thousands):

	Nine months ended September 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	$ 581,619	48%	$ 517,790	55%	12%	13%
EMEA	366,412	30%	236,967	25%	55%	59%
Asia-Pacific	272,952	22%	183,725	20%	49%	48%
Total	$ 1,220,983	100%	$ 938,482	100%	30%	31%

Americas Adjusted EBITDA. The increase in our Americas adjusted EBITDA was due to higher revenues as result of our IBX data center expansion activity and organic growth as described above. During the nine months ended September 30, 2016, currency fluctuations resulted in approximately $3.4 million of net unfavorable foreign currency impact on our Americas adjusted EBITDA primarily due to the generally stronger U.S. dollar relative to the Brazilian real and Canadian dollar during the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015.

EMEA Adjusted EBITDA. Adjusted EBITDA for our EMEA region includes $137.3 million of adjusted EBITDA attributable to our acquisition of TelecityGroup, which closed in January 2016, and the Paris IBX Data Center Acquisition, which closed in August 2016. Excluding adjusted EBITDA attributable to TelecityGroup and the Paris IBX Data Center Acquisition, the decrease in our EMEA adjusted EBITDA was primarily due to higher operating costs as result of our IBX data center expansion activity and organic growth as described above. During the nine months ended September 30, 2016, currency fluctuations resulted in approximately $10.1 million of net unfavorable foreign currency impact to our EMEA adjusted EBITDA primarily due to a generally stronger U.S. dollar relative to the British pound during the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015.

Asia-Pacific Adjusted EBITDA. Adjusted EBITDA for our Asia-Pacific region includes $36.8 million of adjusted EBITDA attributable to our acquisition of Bit-isle, which closed in November 2015. Excluding adjusted EBITDA attributable to Bit-isle, the increase in our Asia-Pacific adjusted EBITDA was primarily due to higher revenues as result of our IBX data center expansion activity and organic growth as described above. The impact of foreign currency fluctuations on our Asia-Pacific EBITDA for the nine months ended September 30, 2016 was not significant when compared to average exchange rates of the nine months ended September 30, 2015.

Non-GAAP Financial Measures

We provide all information required in accordance with GAAP, but we believe that evaluating our ongoing operating results may be difficult if limited to reviewing only GAAP financial measures. Accordingly, we use non-GAAP financial measures to evaluate our operations.

Non-GAAP financial measures are not a substitute for financial information prepared in accordance with GAAP. Non-GAAP financial measures should not be considered in isolation, but should be considered together with the most directly comparable GAAP financial measures and the reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures. 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 these non-GAAP financial measures provides consistency and comparability with past reports and provides a better understanding of the overall performance of the business and 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 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. Investors should therefore exercise caution when comparing non-GAAP financial measures used by us to similarly titled non-GAAP financial measures of other companies.

Our primary non-GAAP financial measures, adjusted funds from operations ("AFFO") and adjusted EBITDA, 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 an IBX data center do not recur with respect to such data center, although we may incur initial construction costs in future periods with respect to additional IBX data centers, and future capital expenditures remain minor relative to our initial investment. This is a trend we expect to continue. In addition, depreciation is also based on the estimated useful lives of our IBX data centers. These estimates could vary from actual performance of the asset, are based on historical costs incurred to build out our IBX data centers and are not indicative of current or expected future capital expenditures. Therefore, we exclude depreciation from our operating results when evaluating our operations.

In addition, in presenting AFFO and adjusted EBITDA, we exclude amortization expense related to intangible assets, as it represents the amortization of the cost of an intangible asset acquired in an acquisition and is not meaningful in the evaluation 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 represents expense attributed to equity awards that have no current or future cash obligations. As such, we, and many investors and analysts, exclude this stock-based compensation expense when assessing the cash generating performance of our operations. We also exclude restructuring charges. The restructuring charges relate to our decisions to exit leases for excess space adjacent to several of our IBX data centers, which we did not intend to build out, or our decision to reverse such restructuring charges. We also exclude impairment charges related to certain long-lived assets. The impairment charges are related to expense recognized whenever events or changes in circumstances indicate that the carrying amount of long-lived assets are not recoverable. We also exclude gains on asset sales as they do not represent an ongoing activity and are not meaningful in evaluating our current or future operating performance. Finally, we exclude acquisition costs from AFFO and adjusted EBITDA. The acquisition costs relate to costs we incur in connection with business combinations. Management believes items such as restructuring charges, impairment charges, acquisition costs and gains on asset sales are non-core transactions; however, these types of costs may occur in future periods.

Adjusted EBITDA

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Income from continuing operations	$ 169,941	$ 140,883	$ 434,284	$ 431,465
Depreciation, amortization, and accretion expense	215,370	133,268	631,242	384,068
Stock-based compensation expense	42,473	33,969	116,311	98,575
Acquisition costs	12,505	13,352	64,635	24,374
Impairment charge	7,698	—	7,698	—
Gains on asset sales	(27,945)	—	(33,187)	—
Adjusted EBITDA	$ 420,042	$ 321,472	$ 1,220,983	$ 938,482

Our adjusted EBITDA results have improved each year and in each region in total dollars due to the improved operating results discussed earlier in “Results of Operations”, as well as due to the nature of our business model which consists of a recurring revenue stream and a cost structure which has a large base that is fixed in nature as discussed earlier in “Overview”.

Funds from Operations (“FFO”) and AFFO

We use FFO and AFFO, which are non-GAAP financial measures commonly used in the REIT industry. FFO is calculated in accordance with the standards established by the National Association of Real Estate Investment Trusts (“NAREIT”). FFO represents net income (loss), excluding gains (losses) from the disposition of real estate assets, depreciation and amortization on real estate assets and adjustments for unconsolidated joint ventures’ and non-controlling interests’ share of these items.

We use AFFO to evaluate our performance on a consolidated basis and as a metric in the determination of employees’ annual bonuses beginning in 2015 and vesting of restricted stock units that were granted beginning in 2015 and that have both service and performance conditions. In presenting AFFO, we exclude certain items that we believe are not good indicators of our current or future operating performance. AFFO represents FFO excluding depreciation and amortization expense on non-real estate assets, accretion, stock-based compensation, restructuring charges, impairment charges, acquisition costs, an installation revenue adjustment, a straight-line rent expense adjustment, amortization of deferred financing costs, gains (losses) on debt extinguishment, an income tax expense adjustment, recurring capital expenditures and adjustments for unconsolidated joint ventures' and non-controlling interests’ share of these items, gains on asset sales and net income (loss) from discontinued operations, net of tax. The adjustments for both installation revenue and straight-line rent expense are intended to isolate the cash activity included within the straight-lined or amortized results in the consolidated statement of operations. We exclude the amortization of deferred financing costs as these expenses relate to the initial costs incurred in connection with debt financings that have no current or future cash obligations. We exclude gains (losses) on debt extinguishment since it generally represents the write-off of initial costs incurred in connection with debt financings or a cost that is incurred to reduce future interest costs and is not a good indicator of our current or future operating performance. We include an income tax expense adjustment, which represents the non-cash tax impact due to changes in valuation allowances and uncertain tax positions that do not relate to current period’s operations. We deduct recurring capital expenditures, which represent expenditures to extend the useful life of its IBX centers or other assets that are required to support current revenues. We also exclude net income (loss) from discontinued operations, net of tax, which represents results that may not recur and are not a good indicator of our current future operating performance.

Our FFO and AFFO for the three and nine months ended September 30, 2016 and 2015 were as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net income	$ 51,450	$ 41,132	$ 65,050	$ 177,043
Adjustments:				
Real estate depreciation and amortization	159,788	109,856	469,510	319,825
(Gain) loss on disposition of real estate property	(23,436)	182	(29,424)	803
Adjustments for FFO from unconsolidated joint ventures	29	27	85	84
NAREIT FFO attributable to common shareholders	$ 187,831	$ 151,197	$ 505,221	$ 497,755

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
NAREIT FFO attributable to common shareholders	$ 187,831	$ 151,197	$ 505,221	$ 497,755
Adjustments:				
Installation revenue adjustment	4,612	8,527	15,373	29,655
Straight-line rent expense adjustment	2,686	1,251	5,714	6,469
Amortization of deferred financing costs	2,687	3,934	13,438	11,640
Stock-based compensation expense	42,474	33,969	116,312	98,575
Non-real estate depreciation expense	22,108	15,946	64,516	42,244
Amortization expense	32,929	6,601	93,384	19,346
Accretion expense	545	865	3,832	2,653
Recurring capital expenditures	(41,600)	(25,910)	(105,343)	(75,613)
Loss on debt extinguishment	9,894	—	10,499	—
Acquisition costs	12,505	13,352	64,635	24,374
Impairment charges	7,698	—	7,698	—
Income tax expense adjustment	2,501	643	3,612	(3,549)
Adjustments for AFFO from unconsolidated joint ventures	(10)	(14)	(31)	(44)
Net income from discontinued operations, net of tax	(2,681)	—	(14,306)	—
Adjusted Funds from Operations (AFFO) attributable to common shareholders	$ 284,179	$ 210,361	$ 784,554	$ 653,505

Our AFFO results have improved due to the improved operating results discussed earlier in “Results of Operations,” as well as due to the nature of our business model which consists of a recurring revenue stream and a cost structure which has a large base that is fixed in nature as discussed earlier in “Overview.”

Constant Currency Presentation

Our revenues and certain operating expenses (cost of revenues, sales and marketing expenses and general and administrative expenses) from our international operations have represented and will continue to represent a significant portion of our total revenues and certain operating expenses. As a result, our revenues and certain operating expenses have been and will continue to be affected by changes in the U.S. dollar against major international currencies such as the Brazilian real, British pound, Canadian dollar, Euro, Swiss franc, Australian dollar, Hong Kong dollar, Japanese yen, Singapore dollar and United Arab Emirates dirham. In order to provide a framework for assessing how each of our business segments performed excluding the impact of foreign currency fluctuations, we present period-over-period percentage changes in our revenues and certain operating expenses on a constant currency basis in addition to the historical amounts as reported. Presenting constant currency results of operations is a non-GAAP financial measure and is not meant to be considered in isolation or as an alternative to GAAP results of operations. However, we have presented this non-GAAP financial measure to provide investors with an additional tool to evaluate our operating results. To present this information, our current and comparative prior period revenues and certain operating expenses from entities with functional currencies other than the U.S. dollar are converted into U.S. dollars at the exchange rates in effect for the comparable prior period rather than the actual exchange rates in effect during the respective periods (i.e. average rates in effect for the three months ended September 30, 2015 are used as exchange rates for the three months ended September 30, 2016 when comparing the three months ended September 30, 2016 with the three months ended September 30, 2015 and average rates in effect for the nine months ended September 30, 2015 are used as exchange rates for the nine months ended September 30, 2016 when comparing the nine months ended September 30, 2016 with the nine months ended September 30, 2015).

Liquidity and Capital Resources

As of September 30, 2016, our total indebtedness was comprised of debt and financing obligations totaling $7.0 billion consisting of (a) $3.9 billion of principal from our senior notes, (b) approximately $1.5 billion from our capital lease and other financing obligations, and (c) $1.6 billion of principal from our mortgage and loans payable (gross of discount and premium).

We believe we have sufficient cash and access to liquidity, 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 regular dividends and completion of our publicly-announced expansion projects. As of September 30, 2016, we had $1,003.4 million of cash, cash equivalents and short-term and long-term investments, of which approximately $534.9 million was held in the U.S. We believe that our current expansion activities can be funded with our cash and cash equivalents and investments. Besides our cash and investment portfolio, we have additional liquidity available to us from the $1.5 billion multi-currency revolving credit line.

As of September 30, 2016, we had 29 irrevocable letters of credit totaling $39.7 million issued and outstanding under the multi-currency revolving credit line; as a result, we had a total of approximately $1.5 billion of additional liquidity available to us under the multi-currency revolving credit line. Besides 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, 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. We are also now operating as a REIT and paying regular, recurring cash dividends. While we expect to fund these plans with our existing resources, additional financing, either debt or equity, may be required and 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.

Sources and Uses of Cash

	Nine Months Ended September 30,	
	2016	2015
	(dollars in thousands)	
Net cash provided by operating activities	$ 717,270	$ 659,675
Net cash used in investing activities	(1,239,697)	(605,931)
Net cash used in financing activities	(737,399)	(319,768)

Operating Activities. The increase in net cash provided by operating activities was primarily due to improved operating results and favorable working capital activities such as decreased payments of certain accounts payable and accrued expenses, increased collections of customer receivables, and decreased income tax payments.

Investing Activities. The net cash used in investing activities for the nine months ended September 30, 2016 was primarily due to payment of $1,767.5 million for the acquisition of TelecityGroup and the Paris IBX Data Center and the remaining amounts due for Bit-isle shares. These payments were partially offset by $805.4 million net proceeds received from Digital Realty from the divestiture of certain data centers (see Notes 4 and 5 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q) and the net release of $444.7 million of restricted cash that had been set aside primarily for the TelecityGroup acquisition. Other investing cash flows for the nine months ended September 30, 2016 included $727.0 million of capital expenditures primarily related to our expansion activity, purchase of real estate for $28.1 million and purchase of investments for $31.7 million, partially offset by proceeds from the sale of assets of $22.8 million and sales and maturities of investments for $41.8 million. The net cash used in investing activities for the nine months ended September 30, 2015 was primarily due to a $493.8 million increase in restricted cash in connection with our cash and share offer for TelecityGroup, $587.5 million of capital expenditures primarily as a result of expansion activity, $38.3 million for the purchases of land in San Jose, California and $338.4 million for purchases of investments, offset by sales and maturities of investments for $861.9 million.

Financing Activities. The net cash used in financing activities for the nine months ended September 30, 2016 was primarily due to repayments of loans of $986.5 million relating to loans assumed from TelecityGroup acquisition, our revolving credit facility and our Brazil financings facility; dividend distributions of $374.2 million and repayments of $100.9 million of capital lease and other financing obligations, partially offset by borrowings of $710.4 million under our U.S. dollar and Sterling Term loan B drawings and bridge term loan, and proceeds from employee equity awards of $34.1 million. The net cash used in financing activities for the nine months ended September 30, 2015 was primarily due to $529.4 million of repayments of U.S. dollar-denominated term loan and other mortgage and loan payments and $291.0 million of dividend distributions, partially offset by $490.0 million of proceeds from our term loan modification and $29.9 million of proceeds from employee equity awards. 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 and the payment of our regular cash dividends.

Contractual Obligations and Off-Balance-Sheet Arrangements

We lease a majority of our IBX data centers and certain equipment under non-cancellable lease agreements expiring through 2065. The following represents our debt maturities, financings, leases and other contractual commitments as of September 30, 2016 (in thousands):

	2016 (3 months)	2017	2018	2019	2020	Thereafter	Total
Term loans (1)	$ 11,691	$ 46,764	$ 46,764	$ 349,555	$ 6,392	$ 608,800	$ 1,069,966
Interest (2)	64,373	117,280	116,297	115,327	98,233	23,771	535,281
Capital lease and other financing obligations (3)	40,840	162,962	159,022	154,325	153,239	1,683,139	2,353,527
Operating leases (4)	38,052	143,393	136,565	130,585	117,996	1,078,157	1,644,748
Other contractual commitments (5)	507,100	229,007	33,772	5,218	4,037	39,426	818,560
Asset retirement obligations (6)	—	10,881	5,652	13,396	3,675	69,438	103,042
	$ 662,056	$ 710,287	$ 498,072	$ 768,406	$ 383,572	$ 3,502,731	$ 6,525,124

(1) Represents principal only.
(2) Represents interest on mortgage payable, senior notes, term loans, Brazil financing and other loans payable based on their approximate interest rates as of September 30, 2016.
(3) Represents principal and interest.
(4) Represents minimum operating lease payments, excluding potential lease renewals.
(5) Represents off-balance sheet arrangements. Other contractual commitments are described below.
(6) Represents liability, net of future accretion expense.

In connection with certain of our leases and other contracts requiring deposits, we entered into29 irrevocable letters of credit totaling $39.7 million, which reduces the availability under our multi-currency revolving credit line. These letters of credit were provided in lieu of cash deposits. 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$46.0 million as of September 30, 2016. 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 data center expansion projects, as ofSeptember 30, 2016, we were contractually committed for $474.6 million of unaccrued capital expenditures, primarily for IBX equipment not yet delivered and labor not yet provided in connection with the work necessary to complete construction and open these IBX data centers prior to making them available to customers for installation. This amount, which is expected to be paid during the remainder of 2016 and thereafter, is reflected in the table above as “other contractual commitments.”

We had other non-capital purchase commitments in place as of September 30, 2016, 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 2016 and beyond. Such other purchase commitments as of September 30, 2016, which total $344.0 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$516.7 million to $616.7 million, in addition to the $818.6 million in contractual commitments discussed above as of September 30, 2016, in our various IBX data center expansion projects during 2016 and thereafter in order to complete the work needed to open these IBX data centers. These non-contractual capital expenditures are not reflected in the table above. If we so choose, whether due to economic factors or other considerations, we could delay these non-contractual capital expenditure commitments to preserve liquidity.

Critical Accounting Policies and Estimates

Our consolidated financial statements and accompanying notes are prepared in accordance with GAAP. The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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. Critical accounting policies for Equinix that affect our more significant judgment and estimates used in the preparation of our condensed consolidated financial statements include accounting for income taxes, accounting for business combinations, accounting for impairment of goodwill and accounting for property, plant and equipment, which are discussed in more detail under the caption “Critical Accounting Policies and Estimates” in Management’s Discussion and Analysis of Financial Condition and Results of Operations, set forth in Part II Item 7, of our Annual Report on Form 10-K for the year ended December 31, 2015.

We began operating as a REIT for federal income tax purposes effective January 1, 2015. In May 2015, we received a favorable PLR from the IRS in connection with our conversion to a REIT. As of September 30, 2016, our REIT structure includes all of our data center operations in the U.S., Canada, historical data center operations in Europe and Japan and our integrated TelecityGroup operations in the Netherlands. Additionally, we integrated the TelecityGroup operations in Ireland, Sweden, and U.K. into our REIT structure in October 2016. Our data center operations in other jurisdictions, as well as the non-integrated data center operations acquired in the TelecityGroup and Bit-isle acquisitions are designated as TRSs. As a REIT, we generally are permitted to deduct from federal taxable income the dividends we pay to our stockholders (including, for this purpose, the value of any deemed distribution on account of adjustments to the conversion rate relating to our outstanding debt securities that are convertible into our common stock). The income represented by such dividends is not subject to federal income taxation at the entity level but is taxed, if at all, at the stockholder level.

We have made TRS elections for some of our subsidiaries in and outside the U.S. In general, a TRS may provide services that would otherwise be considered impermissible for REITs to provide and may hold assets that REITs cannot hold directly. U.S.

income taxes for the TRS entities located in the country and foreign income taxes for our foreign operations were accrued, as necessary, for thethree and nine months ended September 30, 2016.

Recent Accounting Pronouncements

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risk

While there have been no significant changes in our market risk, investment portfolio risk, interest rate risk, foreign currency risk and commodity price risk exposures and procedures during the nine months ended September 30, 2016 as compared to the respective risk exposures and procedures disclosed in Quantitative and Qualitative Disclosures About Market Risk, set forth in Part II Item 7A, of our Annual Report on Form 10-K for the year ended December 31, 2015, fluctuations in foreign currency exchange rates have a direct impact on our consolidated financial position and results of operations during the nine months ended September 30, 2016. Continued strengthening or weakening of the U.S. dollar will continue to have a significant impact to us in future periods.

Excluding consideration from hedging contracts, an immediate 10% appreciation in current foreign exchange rates as ofSeptember 30, 2016 would have resulted in an increase of $150.4 million and $18.7 million in revenue and income from continuing operations before taxes for the nine months ended September 30, 2016. Excluding consideration from hedging contracts, an immediate 10% depreciation in current foreign exchange rates as of September 30, 2016 would have resulted in a decrease of $149.9 million and $21.6 million in revenue and income from continuing operations before taxes for the nine months ended September 30, 2016.

Interest Rate Risk

An immediate 10% increase or decrease in current interest rates from their position as of September 30, 2016 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 senior credit facility, term loans, and bridge term loan, 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 $5.0 million based on the total balance of our primary borrowings under the term loan A and B facilities and bridge term loan as ofSeptember 30, 2016. As of September 30, 2016, we had not employed any interest rate derivative products against our debt obligations. However, we may enter into interest rate hedging agreements in the future to mitigate our exposure to interest rate risk.

Item 4. Controls and Procedures

(a) ***Evaluation of Disclosure Controls and Procedures.*** Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of our "disclosure controls and procedures" as of the end of the period covered by this quarterly report. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

(b) ***Changes in Internal Control over Financial Reporting.*** We completed the acquisition of TelecityGroup in the first quarter of 2016. We are evaluating changes to processes and other components of internal controls over financial reporting of TelecityGroup as part of the ongoing integration activities. There have not been any other changes in our internal control reporting that occurred during the quarter ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 1A. Risk Factors

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

Risks Related to the Integration of TelecityGroup

We have incurred and will continue to incur significant transaction, acquisition-related integration and asset divestment costs in connection with the TelecityGroup acquisition.

We have incurred and will continue to incur significant costs in connection with the TelecityGroup acquisition and integrating our and TelecityGroup's operations into a combined company. We also incurred costs in connection with the divestment of certain of the assets of the combined company. The actual costs incurred may exceed those estimated and there may be further unanticipated costs and the assumption of known and unknown liabilities. While we have assumed that we would incur transaction, integration and divestment expenses, there are factors beyond our control that could affect the total amount or the timing of such expenses. Many of the additional expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time.

As a result, the transaction, integration and divestment expenses associated with the TelecityGroup acquisition could, particularly in the near term, exceed the cost savings that we expect to achieve from the streamlining of operations following the completion of the TelecityGroup acquisition.

The anticipated benefits of the TelecityGroup acquisition may not be realized fully and may take longer to realize than expected and there will be numerous challenges associated with integration.

The success of the TelecityGroup acquisition will depend, in part, on the combined company's ability to successfully integrate our and TelecityGroup's businesses and realize the anticipated benefits, including synergies and cost savings, from the combination. If we are unable to achieve these objectives within the anticipated time frame, or at all, the anticipated benefits may not be realized fully or at all, or may take longer to realize than expected and the value of our common stock may be adversely affected.

We have incurred and will continue to incur significant transaction-related costs in connection with the TelecityGroup acquisition and the integration and divestment processes. We may encounter material challenges in connection with this integration process, including, without limitation:

- the diversion of management's attention from ongoing business concerns and performance shortfalls at one or both of the companies as a result of the devotion of management's attention to the TelecityGroup integration;
- managing a larger combined company;
- integrating two unique corporate cultures, which may prove to be challenging;
- retaining key employees, customers and suppliers, each of whom may experience uncertainty associated with the TelecityGroup acquisition or who may attempt to negotiate changes in their current or future business relationships with us;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations; and
- unforeseen expenses or delays associated with the TelecityGroup acquisition.

Many of these factors will be outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy, which could materially impact our business, financial condition and results of operations.

The market price of our common stock may decline as a result of the TelecityGroup acquisition.

The market price of our common stock may decline as a result of the TelecityGroup acquisition if we do not achieve the perceived benefits of the TelecityGroup acquisition as rapidly or to the extent anticipated by financial or industry analysts or if the effect of the TelecityGroup acquisition on our financial results is not consistent with the expectations of financial or industry analysts.

We would incur adverse tax consequences if the combined company following the TelecityGroup acquisition fails to qualify as a REIT for U.S. federal income tax purposes.

We believe that we will continue to integrate TelecityGroup's assets and operations in a manner that will allow us to timely satisfy the REIT income, asset, and distribution tests applicable to us. However, the TelecityGroup integration is complicated due to the size of TelecityGroup and if we fail to timely satisfy such tests, we could jeopardize or lose our qualification for taxation as a REIT, particularly if we are ineligible to utilize relief provisions set forth in the Internal Revenue Code (the "Code").

Risks Related to Our Taxation as a REIT

We may not remain qualified for taxation as a REIT.

We began operating as a REIT for federal income tax purposes, effective for our taxable year that began January 1, 2015. We believe we are operating so as to qualify for taxation as a REIT under the Code and believe that our organization and method of operation complies with the rules and regulations promulgated under the Code and will enable us to continue to qualify for taxation as a REIT. However, we cannot assure you that we will qualify for taxation as a REIT or that we will remain qualified for taxation as a REIT. Qualification for taxation as a REIT requires us to satisfy numerous requirements (some on an annual and others on a quarterly basis) established under highly technical and complex sections of the Code which may change from time to time, and for which there are only limited judicial and administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within our control. For example, in order to qualify for taxation as a REIT, we must derive at least 95% of our gross income in any year from qualifying sources. In addition, we must satisfy specified asset tests on a quarterly basis.

If, in any taxable year, we fail to remain qualified for taxation as a REIT and are not entitled to relief under the Code:

- we will not be allowed a deduction for distributions to stockholders in computing our taxable income;
- we will be subject to federal and state income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates; and
- we would not be eligible to elect REIT status again until the fifth taxable year that begins after the first year for which we failed to qualify as a REIT.

Any such corporate tax liability could be substantial and would reduce the amount of cash available for other purposes.

As a REIT, failure to make required distributions would subject us to federal corporate income tax.

We paid quarterly distributions in March, June, and September of 2016 and have declared a fourth quarterly distribution to be paid in December of 2016. The amount, timing and form of any future distributions will be determined, and will be subject to adjustment, by our Board of Directors. To remain qualified for taxation as a REIT, we are generally required to distribute at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gain) each year to our stockholders. Generally, we expect to distribute all or substantially all of our REIT taxable income. If our cash available for distribution falls short of our estimates, we may be unable to maintain distributions that approximate our REIT taxable income and may fail to remain qualified for taxation as a REIT. In addition, our cash flows from operations may be insufficient to fund required distributions as a result of differences in timing between the actual receipt of income and the payment of expenses and the recognition of income and expenses for federal income tax purposes, or the effect of nondeductible expenditures, such as capital expenditures, payments of compensation for which Section 162(m) of the Code denies a deduction, the creation of reserves or required debt service or amortization payments.

To the extent that we satisfy the 90% distribution requirement but distribute less than 100% of our REIT taxable income, we will be subject to federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax on our undistributed taxable income if the actual amount that we distribute to our stockholders for a calendar year is less than the minimum amount specified under the Code.

We may be required to borrow funds or raise equity to satisfy our REIT distribution requirements.

Due to the size and timing of future regular or special distributions, including any distributions made to satisfy REIT distribution requirements and maintain our qualification and taxation as a REIT, we may need to borrow funds or raise equity, even if the then-prevailing market conditions are not favorable for these borrowings or offerings.

Any insufficiency of our cash flows to cover our REIT distribution requirements could adversely impact our ability to raise short- and long-term debt or to offer equity securities in order to fund distributions required to maintain our qualification and taxation as a REIT. Furthermore, the REIT distribution requirements may increase the financing we need to fund capital expenditures, future growth and expansion initiatives. This would increase our indebtedness. A significant increase in our outstanding debt could lead to a downgrade of our credit rating. A downgrade of our credit rating could negatively impact our ability to access credit markets. Further, certain of our current debt instruments limit the amount of indebtedness we and our subsidiaries may incur. Significantly more financing, therefore, may be unavailable, more expensive or restricted by the terms of our outstanding indebtedness. For a discussion of risks related to our substantial level of indebtedness, see “Other Risks”.

Whether we issue equity, at what price and the 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.

Legislative or other actions affecting REITs could have a negative effect on us or our stockholders.

At any time, the federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. Federal and state tax laws are constantly under review by persons involved in the legislative process, the IRS, the U.S. Department of the Treasury and state taxing authorities. Changes to the tax laws, regulations and administrative interpretations, which may have retroactive application, could adversely affect us. In addition, some of these changes could have a more significant impact on us as compared to other REITs due to the nature of our business and our substantial use of TRSs. We cannot predict with certainty whether, when, in what forms, or with what effective dates, the tax laws, regulations and administrative interpretations applicable to us may be changed.

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

As a REIT for U.S. federal income tax purposes, we must satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets and the amounts we distribute to our stockholders. For example, under the Code, no more than 25% (20% from and after our 2018 taxable year) of the value of the assets of a REIT may be represented by securities of one or more TRSs. Similar rules apply to other nonqualifying assets. These limitations may affect our ability to make large investments in other non-REIT qualifying operations or assets. In addition, in order to maintain qualification for taxation as a REIT, we must annually distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains. Even if we maintain our qualification for taxation as a REIT, we will be subject to U.S. federal income tax at regular corporate rates for our undistributed REIT taxable income, 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.

As a REIT, we are limited in our ability to fund distribution payments using cash generated through our TRSs.

Our ability to receive distributions from our TRSs is limited by the rules with which we must comply to maintain our qualification for taxation as a REIT. In particular, at least 75% of our gross income for each taxable year as a REIT must be derived from real estate. Consequently, no more than 25% of our gross income may consist of dividend income from our TRSs and other nonqualifying types of income. Thus, our ability to receive distributions from our TRSs may be limited, and may impact our ability to fund distributions to our stockholders using cash flows from our TRSs. Specifically, if our TRSs become highly profitable, we might become limited in our ability to receive net income from our TRSs in an amount required to fund distributions to our stockholders commensurate with that profitability.

In addition, a significant amount of our income and cash flows from our TRSs is generated from our international operations. In many cases, there are local withholding taxes and currency controls that may impact our ability or willingness to repatriate funds to the United States to help satisfy REIT distribution requirements.

Our extensive use of TRSs, including for certain of our international operations, may cause us to fail to remain qualified for taxation as a REIT.

The net income of our TRSs is not required to be distributed to us, and income that is not distributed to us generally is not subject to the REIT income distribution requirement. However, there may be limitations on our ability to accumulate earnings in our TRSs and the accumulation or reinvestment of significant earnings in our TRSs could result in adverse tax treatment. In particular, if the accumulation of cash in our TRSs causes the fair market value of our securities in our TRSs and other nonqualifying assets to exceed 25% of the fair market value of our assets or from and after our 2018 taxable year, causes (1) the fair market value of our securities in our TRSs to exceed 20% of the fair market value of our assets or (2) the fair market value of our securities in our TRSs and other nonqualifying assets to exceed 25% of the fair market value of our assets, then we will fail to remain qualified for taxation as a REIT.

Our cash distributions are not guaranteed and may fluctuate.

A REIT generally is required to distribute at least 90% of its REIT taxable income to its stockholders.

Our Board of Directors, in its sole discretion, will determine on a quarterly basis the amount of cash to be distributed to our stockholders based on a number of factors including, but not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity and other factors, including debt covenant restrictions that may impose limitations on cash payments, future acquisitions and divestitures and any stock repurchase program. Consequently, our distribution levels may fluctuate.

Even if we remain qualified for taxation as a REIT, some of our business activities are subject to corporate level income tax and foreign taxes, which will continue to reduce our cash flows, and we will have potential deferred and contingent tax liabilities.

Even if we remain qualified for taxation as a REIT, we may be subject to some federal, state, local and foreign taxes on our income and assets, including alternative minimum taxes, taxes on any undistributed income, and state, local or foreign income, franchise, property and transfer taxes. In addition, we could in certain circumstances be required to pay an excise or penalty tax, which could be significant in amount, in order to utilize one or more relief provisions under the Code to maintain qualification for taxation as a REIT.

A portion of our business is conducted through wholly owned TRSs because certain of our business activities could generate nonqualifying REIT income as currently structured and operated. The income of our U.S. TRSs will continue to be subject to federal and state corporate income taxes. In addition, our international assets and operations will continue to be subject to taxation in the foreign jurisdictions where those assets are held or those operations are conducted. Any of these taxes would decrease our earnings and our available cash.

We will also be subject to a federal corporate level tax at the highest regular corporate rate (currently 35%) on gain recognized from a sale of a REIT asset where our basis in the asset is determined by reference to the basis of the asset in the hands of a former C corporation (such as (i) an asset that we held as of the effective date of our REIT election, that is, January 1, 2015, or (ii) an asset that we or a QRS hold following the liquidation or other conversion of a former TRS). This 35% tax is generally applicable to any disposition of such an asset during the five-year period (for liquidations or other carryover transactions on or after August 8, 2016, the ten year period) after the date we first owned the asset as a REIT asset (e.g. January 1, 2015 in the case of REIT assets we held at the time of our REIT conversion), to the extent of the built-in-gain based on the fair market value of such asset on the date we first held the asset as a REIT asset.

In addition, the IRS and any state or local tax authority may successfully assert liabilities against us for corporate income taxes for our pre-REIT period, in which case we will owe these taxes plus applicable interest and penalties, if any. Moreover, any increase in taxable income for these pre-REIT periods will likely result in an increase in pre-REIT accumulated earnings and profits, which could cause us to pay an additional taxable distribution to our stockholders and an interest penalty to the IRS after the relevant determination.

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

Restrictions in our credit facility and our indentures may prevent us from satisfying our REIT distribution requirements, and we could fail to remain qualified 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.

Complying with REIT requirements may limit our ability to hedge effectively and increase the cost of our hedging and may cause us to incur tax liabilities.

The REIT provisions of the Code limit our ability to hedge assets, liabilities, revenues and expenses. Generally, income from hedging transactions that we enter into to manage risk of interest rate changes or fluctuations with respect to borrowings made or to be made by us to acquire or carry real estate assets and income from certain currency hedging transactions related to our non-U.S. operations, as well as income from qualifying counteracting hedges, do not constitute “gross income” for purposes of the REIT gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as nonqualifying income for purposes of the REIT gross income tests. As a result of these rules, we may need to limit our use of advantageous hedging techniques or implement those hedges through our TRSs, which we presently do. This increases the cost of our hedging activities because our TRSs are subject to tax on income or gains resulting from hedges entered into by them and may expose us to greater risks associated with changes in interest rates or exchange rates than we would otherwise want to bear. In addition, hedging losses in any of our TRSs may not provide any tax benefit, except for being carried forward for possible use against future capital gain in the TRSs.

We have limited experience operating as a REIT, which may adversely affect our financial condition, results of operations, cash flow, per share trading price of our common stock and ability to forecast dividends.

We began operating as a REIT on January 1, 2015 and, as such, have limited operating history as a REIT. In addition, prior to January 1, 2015 our senior management team had no prior experience operating a REIT. We can provide no assurance that our past experience has sufficiently prepared us to operate successfully as a REIT. Our inability to operate successfully as a REIT, including the failure to remain qualified for taxation as a REIT, could adversely affect our business, financial condition and results of operations.

Distributions payable by REITs generally do not qualify for preferential tax rates.

Qualifying distributions payable by corporations to individuals, trusts and estates that are U.S. stockholders are currently eligible for federal income tax at preferential rates. Distributions payable by REITs, in contrast, generally are not eligible for the preferential rates. The preferential rates applicable to regular corporate distributions could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stock of non-REIT corporations that pay distributions, which could adversely affect the value of the stock of REITs, including our common stock.

Our certificate of incorporation contains restrictions on the ownership and transfer of our stock, though they may not be successful in preserving our qualification for taxation as a REIT.

In order for us to remain qualified for taxation as a REIT, no more than 50% of the value of outstanding shares of our stock may be owned, beneficially or constructively, by five or fewer individuals at any time during the last half of each taxable year other than the first year for which we elect to be taxed as a REIT. In addition, rents from "affiliated tenants" will not qualify as qualifying REIT income if we own 10% or more by vote or value of the customer, whether directly or after application of attribution rules under the Code. Subject to certain exceptions, our certificate of incorporation prohibits any stockholder from owning beneficially or constructively more than (i) 9.8% in value of the outstanding shares of all classes or series of our capital stock or (ii) 9.8% in value or number, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock. We refer to these restrictions collectively as the "ownership limits" and we included them in our certificate of incorporation to facilitate our compliance with REIT tax rules. The constructive ownership rules under the Code are complex and may cause the outstanding stock owned by a group of related individuals or entities to be deemed to be constructively owned by one individual or entity. As a result, the acquisition of less than 9.8% of our outstanding common stock (or the outstanding shares of any class or series of our stock) by an individual or entity could cause that individual or entity or another individual or entity to own constructively in excess of the relevant ownership limits. Any attempt to own or transfer shares of our common stock or of any of our other capital stock in violation of these restrictions may result in the shares being automatically transferred to a charitable trust or may be void. Even though our certificate of incorporation contains the ownership limits, there can be no assurance that these provisions will be effective to prevent our qualification for taxation as a REIT from being jeopardized, including under the affiliated tenant rule. Furthermore, there can be no assurance that we will be able to enforce the ownership limits. If the restrictions in our certificate of incorporation are not effective and as a result we fail to satisfy the REIT tax rules described above, then absent an applicable relief provision, we will fail to remain qualified for taxation as a REIT.

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 numerous acquisitions. 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, particularly when multiple acquisitions and integrations are occurring at the same time;
- 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 in connection with our acquisitions of Switch & Data Facilities Company, Inc. in 2010 and TelecityGroup;
- the possibility of customer dissatisfaction if we are unable to achieve levels of quality and stability on par with past practices;
- the potential deterioration to our ability to access credit markets due to increased leverage;
- 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, particularly in light of our desire to maintain our taxation as a REIT;
- 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;
- the possibility that asset divestments may be required in order to obtain regulatory clearance for a transaction; 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, or other issues not discovered in the diligence process.

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 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 and may need to incur additional debt to support our growth. Additional debt may also be incurred to fund future acquisitions, any future special distributions, regular distributions or the other cash outlays associated with maintaining qualification for taxation as a REIT. As of September 30, 2016, our total indebtedness was approximately $7.0 billion, our stockholders' equity was $4.6 billion and our cash and investments totaled $1.0 billion. In addition, as of September 30, 2016, we had approximately $1.5 billion of additional liquidity available to us from our $1.5 billion revolving credit facility. Some of our debt contains covenants which may limit our operating flexibility. In addition to our substantial debt, we lease a majority of our IBX data centers and certain equipment under non-cancellable lease agreements, the majority of which are accounted for as operating leases. As of September 30, 2016, our total minimum operating lease commitments under those lease agreements, excluding potential lease renewals, was approximately $1.6 billion, 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;
- increase the likelihood of negative outlook from our rating agencies;

- make it more difficult for us to satisfy our obligations under our various debt instruments;
- increase our cost of borrowing and even limit our ability to access additional debt to fund future growth;
- 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.

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.

Adverse global economic conditions and credit market uncertainty could adversely impact our business and financial condition.

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

Exposure to EMEA political developments could adversely impact our business.

We currently have IBX data centers and employees located in the UK and other European jurisdictions. A referendum was held on June 23, 2016 in the UK to determine whether it should remain in or leave the European Union (the "EU"), the outcome of which was a vote in favor of leaving the EU (the "Brexit"). The Brexit has resulted in political and economic instability throughout Europe. There is considerable uncertainty surrounding the exit process, the extent of the UK's future relationship with the EU, and the longer term impact of the Brexit on economic conditions in the UK and in the EU. The ongoing instability and uncertainty surrounding the Brexit in the near term, and the final terms reached regarding the Brexit, could have an adverse impact on our business and employees in EMEA and could adversely affect our financial condition and results of operations.

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, 2015, 2014 and 2013, we recognized approximately 49%, 49% and 46%, 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 anti-bribery and corruption laws;
- compliance with economic and trade sanctions enforced by the Office of Foreign Assets Control of the U.S. Department of Treasury; and
- compliance with evolving governmental regulation with which we have little experience.

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

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

We conduct business and are contemplating expansion, in developing markets with economies and governments 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, Turkey, 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, such as the recent governmental unrest in Turkey, 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.

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 cyber security, which would have a material adverse effect on our business and results of operations. These circumstances may also adversely affect our ability to attract and retain customers, our ability to raise capital and the operation and maintenance of our IBX data centers.

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

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 qualification for taxation as a REIT and our declaration of distributions to our stockholders;

- a stock repurchase program;
- developments in our relationships with corporate customers;
- announcements by our customers or competitors;
- changes in regulatory policy or interpretation;
- governmental investigations;
- changes in the ratings of our debt or stock by rating agencies or securities analysts;
- our purchase or development of real estate and/or additional IBX data centers;
- our acquisitions of complementary businesses; or
- the operational performance of our IBX data centers.

The stock market has from time to time experienced extreme price and volume fluctuations, which have particularly affected the market prices for telecommunications companies, and which have often been unrelated to their operating performance. These broad market fluctuations may adversely affect the market price of our common stock. 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 distribution requirements, are and will continue to be a substantial burden 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 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 operations. To the extent we are paying contractors in foreign currencies, our operations 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. In addition, REIT compliance rules may restrict our ability to enter into hedging transactions. Therefore, any weakness of the U.S. dollar may have a positive impact on our consolidated results of operations because the currencies in the foreign countries in which we operate may translate into more U.S. dollars. However, if the U.S. dollar strengthens relative to the currencies of the foreign countries in which we operate, our consolidated financial position and results of operations may be negatively impacted as amounts in foreign currencies will generally translate into fewer U.S. dollars. For additional information on foreign currency risk, refer to our discussion of foreign currency risk in "Quantitative and Qualitative Disclosures About Market Risk" included in Item 3 of this Quarterly Report on Form 10-Q.

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

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

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

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

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

A customer's decision to purchase our offerings typically involves a significant commitment of resources. In addition, some customers will be reluctant to commit to locating in our IBX data centers until they are confident that the IBX data center has adequate carrier connections. As a result, we have a long sales cycle. Furthermore, we may devote significant time and resources in pursuing a particular sale or customer that does not result in revenue. We have also significantly expanded our sales force in recent years, 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 cyber security 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. 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 and we may decide to reach settlements with affected customers irrespective of any such contractual limitations. In addition, any loss of service, equipment damage or inability to meet our service level commitment obligations could reduce the confidence of our customers and could consequently impair our ability to obtain and retain customers, which would adversely affect both our ability to generate revenues and our operating results.

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

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

Commencing in 2012, we began a significant project to overhaul our back office systems that support the customer experience from initial quote to customer billing and our revenue recognition process. Additionally, commencing in 2013, we began to devote significant resources to the upgrade of our worldwide financial application suite from Oracle's version 11i to R12. While significant milestones have been achieved on both projects, both projects have continued into 2016. Oracle has already begun to discontinue its support for our current business application suite. While the Oracle financial application suite implementation was largely completed in July 2014 and the initial implementation of the systems to support our billing and revenue process was completed in August 2014, work continues on our back office systems and their global implementation, including upgrades, developing new functionality and integrations into recently acquired operations such as Bit-isle and TelecityGroup. As a result of that discontinued support and our continued work on these projects, we may experience difficulties with our systems, management distraction and significant business disruptions. Difficulties with our systems may interrupt our ability to accept and deliver customer orders and may adversely impact our overall financial operations, including our accounts payable, accounts receivables, general ledger, fixed assets, revenue recognition, close processes, internal financial controls and our ability to otherwise run and track our business. We may need to expend significant attention, time and resources to correct problems or find alternative sources for performing these functions. All of these changes to our financial systems create an increased risk of deficiencies in our internal controls over financial reporting until such systems are stabilized. Such significant investments in our back office systems may take longer to complete and cost more than originally planned. In addition, we may not realize the full benefits we hoped to achieve and there is a risk of an impairment charge if we decide that portions of these projects will not ultimately benefit the company or are de-scoped. Any such difficulty or disruption may adversely affect our business and operating results.

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

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

Regulation of greenhouse gas ("GHG") emissions could increase the cost of electricity by reducing amounts of electricity generated from fossil fuels, by requiring the use of more expensive generating methods or by imposing taxes or fees upon electricity generation or use. Electricity is a material cost in connection with our business, and an increase in the cost of electricity, whether from regulation of GHGs or otherwise, could adversely affect us. GHG reduction legislation exists in Europe, and in several of the states in the U.S., and there is a potential for new or additional legislation in the U.S. and other countries in which we operate. Certain states, like California, already regulate GHG emissions from new and existing state-regulated facilities by imposing regulatory caps on allowances and by selling or auctioning the rights to such emissions. These programs have not had a material adverse effect on our electricity costs to date, but due to the market-driven nature of some of the programs, could do so in the future. Such laws and regulations are also subject to change at any time.

The U.S. EPA published regulations in October 2015, called the "Clean Power Plan," that is intended to reduce GHG emissions from existing fossil fuel-fired power plants by 32 percent from 2005 levels by 2030. Under the rule, each state is required to develop a plan to reduce state-wide carbon dioxide emissions to meet a specified emissions target set by EPA for that state. If implemented, the Clean Power Plan could impose new emissions trading or credit programs, or other requirements, that could indirectly increase the average cost of electricity in states in which we operate.

New laws in the U.S. and other countries may arise as a result of international agreements. In November 2014, the United States and China announced a climate change agreement that established goals for reducing GHG emissions from both countries, including the prevention of increases in GHG emissions from China after 2030. In order for China to meet this commitment, China may impose limitations on fossil fuel generation or costs upon electricity, similar to those imposed in the U.S. and elsewhere.

On December 12, 2015, the Obama Administration reached agreement in Paris with a majority of 194 attending nations concerning a voluntary program for limiting GHGs. This agreement, known as the Paris Climate Accord (the "Accord") would, if it becomes effective, require signatory countries to establish GHG reduction goals and report on their implementation of programs to achieve such goals. The Accord would be open for signature for one year commencing in April 2016, and would become effective commencing in 2020 if at least 55 countries representing at least 55% of aggregate, global GHG emissions sign. The U.S. has announced a commitment in support of the Accord to achieve reductions of GHG emissions to levels that are 26-28 percent below 2005 levels by 2025.

Compliance with international agreements, such as the agreement with China and the Accord, could require new national legislation to be adopted in the U.S. or other signatory countries. In this case, in the U.S., if the Clean Power Plan is implemented in the form prescribed by EPA as a final regulation, it may substantially achieve international GHG emissions reduction commitments by the U.S. government. Accordingly, there may be no new legislation or regulation would be required to implement the Accord, assuming that the Clean Power Plan is implemented as set forth in the regulation. Nevertheless, laws or regulations may change over time. 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. Similarly, with growing acceptance of cloud-based technologies, we are at risk of losing customers that may decide to fully leverage cloud infrastructure offerings instead of managing their own. Competitors could also operate more successfully or form alliances to acquire significant market share.

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

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

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

Power outages, such as those relating to large storms, earthquakes and tsunamis, 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 IBX data centers are located in leased buildings where, depending upon the lease requirements and number of tenants involved, we may or may not control some or all of the infrastructure including generators and fuel tanks. As a result, in the event of a power outage, we may be dependent upon the landlord, as well as the utility company, to restore the power.

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

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

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

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

Our most recent evaluation of our controls resulted in our conclusion that, as of December 31, 2015, 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, through, for example, the acquisition and integration of TelecityGroup and Bit-isle and our overhaul of our back office systems that support customer experience from initial quote to customer billing and our revenue recognition process, will require us to further develop our controls and reporting systems and implement or amend new or existing controls and reporting systems in those areas where the implementation and integration is still ongoing. All of these changes to our financial systems and the implementation and integration of acquisitions create an increased risk of deficiencies in our internal controls over financial reporting. 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.

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

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

Our operating results may 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 restructuring charges, which may be necessary due to revised sublease assumptions, changes in strategy or otherwise;
- acquisitions or dispositions we may make;
- the financial condition and credit risk of our customers;
- the provision of customer discounts and credits;
- the mix of current and proposed products and offerings and the gross margins associated with our products and offerings;
- the timing required for new and future IBX data centers to open or become fully utilized;
- competition in the markets in which we operate;
- conditions related to international operations;
- increasing repair and maintenance expenses in connection with aging IBX data centers;
- lack of available capacity in our existing IBX data centers to generate new revenue or delays in opening new or acquired IBX data centers that delay our ability to generate new revenue in markets which have otherwise reached capacity;
- changes in rent expense as we amend our IBX data center leases in connection with extending their lease terms when their initial lease term expiration dates approach or changes in shared operating costs in connection with our leases, which are commonly referred to as common area maintenance expenses;
- the timing and magnitude of other operating expenses, including taxes, expenses related to the expansion of sales, marketing, operations and acquisitions, if any, of complementary businesses and assets;
- the cost and availability of adequate public utilities, including power;
- changes in employee stock-based compensation;
- overall inflation;
- increasing interest expense due to any increases in interest rates and/or potential additional debt financings;
- 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 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.

Our days sales outstanding (DSO) may be negatively impacted by acquisitions.

Historically, while our DSO results have fluctuated from time to time, we have generally experienced strong collections of our accounts receivables as evidenced by our prior DSO metrics. However, our DSO may be negatively impacted in integrating recent acquisitions into our processes and systems which may have a negative impact on our operating cash flows, liquidity and financial performance.

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the U.S.

We prepare our financial statements in conformity with accounting principles generally accepted in the U.S. In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers and issued subsequent amendments to the initial guidance in August 2015, March 2016, April 2016 and May 2016 within ASU 2015-04, ASU 2016-08, ASU 2016-10 and ASU 2016-12, respectively (ASU 2014-09, ASU 2015-04, ASU 2016-08, ASU 2016-10, ASU 2016-11 and ASU 2016-12 collectively, "Topic 606"). Topic 606, as amended, is effective for annual reporting periods beginning after December 15, 2017. In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 is effective for public companies for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. Both Topic 606 and ASU 2016-02 will replace the existing revenue and lease accounting standards, respectively. Although we are currently in the process of evaluating the impact of Topic 606 and ASU 2016-02 on our consolidated financial statements, these new standards could have could have a significant effect on our reported financial results, cause unexpected financial reporting fluctuations and require us to make costly changes to our operational processes and accounting systems. Thus, adoption of the standards could have a significant impact on our financial statements.

We may incur goodwill and other intangible asset impairment charges, or impairment charges to our property, plant and equipment, which could result in a significant reduction to our earnings.

In accordance with GAAP, we are required to assess our goodwill and other intangible assets annually, or more frequently whenever events or changes in circumstances indicate potential impairment, such as changing market conditions or any changes in key assumptions. If the testing performed indicates that an asset may not be recoverable, we are required to record a non-cash impairment charge for the difference between the carrying value of the goodwill or other intangible assets and the implied fair value of the goodwill or other intangible assets in the period the determination is made.

We also monitor the remaining net book values of our property, plant and equipment periodically, including at the individual IBX data center level. Although each individual IBX data center is currently performing in line with our expectations, the possibility that one or more IBX data centers could begin to under-perform relative to our expectations is possible and may also result in non-cash impairment charges.

These charges could be significant, which could have a material adverse effect on our business, results of operations or financial condition.

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

As of September 30, 2016, our accumulated deficit was $43.2 million. Although we have generated net income for each fiscal year since 2008, except for the year ended December 31, 2014, we are also currently investing heavily in our future growth through the build out of multiple additional IBX data centers and IBX data center expansions as well as acquisitions of complementary businesses. As a result, we will incur higher depreciation and other operating expenses, as well as acquisition costs and interest expense, that may negatively impact our ability to sustain profitability in future periods unless and until these new IBX data centers generate enough revenue to exceed their operating costs and cover our additional overhead needed to scale our business for this anticipated growth. The current global financial uncertainty may also impact our ability to sustain profitability if we cannot generate sufficient revenue to offset the increased costs of our recently-opened IBX data centers or IBX data centers currently under construction. In addition, costs associated with the acquisition and integration of any acquired companies, as well as the additional interest expense associated with debt financing we have undertaken to fund our growth initiatives, may also negatively impact our ability to sustain profitability. Finally, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase profitability on a quarterly or annual basis.

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

While we own certain of our IBX data centers, others are leased under long-term arrangements with lease terms expiring at various dates through 2065. 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 or negotiated rates are higher than present rates, these higher costs may adversely impact our business and results of operations, or we may decide against renewing the lease. In the event that an IBX data center lease does not have a renewal option, or we fail to exercise a renewal option in a timely fashion and lose our right to renew the lease, we may not be successful in negotiating a renewal of the lease with the landlord. A failure to renew a lease could force us to exit a building prematurely, which could be disruptive to our business, harm our customer relationships, expose us to liability under our customer contracts, cause us to take impairment charges and negatively affect our operating results.

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.

We face risks associated with unauthorized access to our computer systems, loss or destruction of data, computer viruses, malware, distributed denial-of-service attacks, or other malicious activities. These threats may result from human error, equipment failure, or fraud or malice on the part of employees or third parties. 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 our employees, or cause interruptions or malfunctions in our operations or our customers' operations. As we provide assurances to our customers that we provide a high 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 promptly detect that a cyber breach has occurred, or 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, damage relating to loss of proprietary information, 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 maintain insurance coverage for cyber risks but such coverage may be unavailable or insufficient to cover our losses.

We offer professional services to our customers where we consult on data center solutions and assist with implementations. We also offer managed services in certain of our foreign jurisdictions outside of the U.S. where we manage the data center infrastructure for our customers. The access gained from these services to our clients' networks and data creates some risk that our clients' networks or data will be improperly accessed. We may also design our clients' cloud storage systems in such a way that exposes our clients to increased risk of data breach. If Equinix were held to be responsible for any such a breach, it could result in a significant loss to Equinix, including damage to Equinix's client relationships, harm to our brand and reputation, and legal liability.

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

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

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

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

Government regulation may adversely affect our business.

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

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.

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:

- ownership limitations and transfer restrictions relating to our stock that are intended to facilitate our compliance with certain REIT rules relating to share ownership;
- authorization for the issuance of “blank check” preferred stock;
- the prohibition of cumulative voting in the election of directors;
- limits on the persons who may call special meetings of stockholders;
- limits on stockholder action by written consent; and
- advance notice requirements for nominations to the Board of Directors or for proposing matters that can be acted on by stockholders at stockholder meetings.

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

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosure

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
2.1	Rule 2.7 Announcement, dated as of May 29, 2015. Recommended Cash and Share Offer for Telecity Group plc by Equinix, Inc.	8-K	5/29/2015	2.1	
2.2	Cooperation Agreement, dated as of May 29, 2015, by and between Equinix, Inc. and Telecity Group plc.	8-K	5/29/2015	2.2	
2.3	Amendment to Cooperation Agreement, dated as of November 24, 2015, by and between Equinix, Inc. and Telecity Group plc.	10-K	12/31/2015	2.3	
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended to date.	10-K/A	12/31/2002	3.1	
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant	8-K	6/14/2011	3.1	
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant	8-K	6/11/2013	3.1	
3.4	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant	10-Q	6/30/2014	3.4	
3.5	Certificate of Designation of Series A and Series A-1 Convertible Preferred Stock.	10-K/A	12/31/2002	3.3	
3.6	Amended and Restated Bylaws of the Registrant.	8-K	3/29/2016	3.1	
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3, 3.4, 3.5 and 3.6.				
4.2	Indenture for the 2020 Notes dated March 5, 2013 by and between Equinix, Inc. and U.S. Bank National Association as trustee	8-K	3/5/2013	4.1	
4.3	Form of 4.875% Senior Note due 2020 (see Exhibit 4.4)	8-K	3/5/2013	4.2	
4.4	Indenture for the 2023 Notes dated March 5, 2013 by and between Equinix, Inc. and U.S. Bank National Association as trustee	8-K	3/5/2013	4.3	
4.5	Form of 5.375% Senior Note due 2023 (see Exhibit 4.6)				
4.6	Indenture, dated as of November 20, 2014, between Equinix, Inc. and U.S. Bank National Association, as trustee	8-K	11/20/2014	4.1	
4.7	First Supplemental Indenture, dated as of November 20, 2014, between Equinix, Inc. and U.S. Bank National Association, as trustee	8-K	11/20/2014	4.2	
4.8	Form of 5.375% Senior Note due 2022 (see Exhibit 4.9)				
4.9	Second Supplemental Indenture, dated as of November 20, 2014, between Equinix, Inc. and U.S. Bank National Association, as trustee	8-K	11/20/2014	4.4	
4.10	Form of 5.750% Senior Note due 2025 (see Exhibit 4.11)				
4.11	Third Supplemental Indenture, dated as of December 4, 2015, between Equinix Inc. and U.S. Bank National Association, as trustee	8-K	12/4/2015	4.2	
4.12	Form of 5.875% Senior Note due 2026 (See Exhibit 4.13)				
4.13	Form of Registrant's Common Stock Certificate	10-K	12/31/2014	4.13	

Exhibit Number	Exhibit Description	Incorporated by Reference: Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
10.1**	Form of Indemnification Agreement between the Registrant and each of its officers and directors.	S-4 (File No. 333-93749)	12/29/1999	10.5	
10.2**	2000 Equity Incentive Plan, as amended.	10-Q	3/31/2012	10.2	
10.3**	2000 Director Option Plan, as amended.	10-K	12/31/2007	10.4	
10.4**	2001 Supplemental Stock Plan, as amended.	10-K	12/31/2007	10.5	
10.5**	Equinix, Inc. 2004 Employee Stock Purchase Plan, as amended.	10-Q	6/30/2014	10.5	
10.6**	Severance Agreement by and between Stephen Smith and Equinix, Inc. dated December 18, 2008.	10-K	12/31/2008	10.31	
10.7**	Severance Agreement by and between Peter Van Camp and Equinix, Inc. dated December 10, 2008.	10-K	12/31/2008	10.32	
10.8**	Severance Agreement by and between Keith Taylor and Equinix, Inc. dated December 19, 2008.	10-K	12/31/2008	10.33	
10.9**	Change in Control Severance Agreement by and between Eric Schwartz and Equinix, Inc. dated December 19, 2008.	10-K	12/31/2008	10.35	
10.10**	Switch & Data 2007 Stock Incentive Plan.	S-1/A (File No. 333-137607) filed by Switch & Data Facilities Company, Inc.	2/5/2007	10.9	
10.11**	Change in Control Severance Agreement by and between Charles Meyers and Equinix, Inc. dated September 30, 2010.	10-Q	9/30/2010	10.42	
10.12**	Form of amendment to existing severance agreement between the Registrant and each of Messrs. Meyers, Smith, Taylor and Van Camp.	10-K	12/31/2010	10.33	
10.13**	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	12/31/2010	10.34	
10.14**	Offer Letter from Equinix, Inc. to Sara Baack dated July 31, 2012.	10-Q	3/31/2013	10.42	
10.15**	Change in Control Severance Agreement by and between Sara Baack and Equinix, Inc. dated July 31, 2012.	10-Q	3/31/2013	10.44	
10.16**	International Long-Term Assignment Letter by and between Equinix, Inc. and Eric Schwartz, dated May 21, 2013.	10-Q	6/30/2013	10.51	
10.17**	Employment Agreement by and between Equinix (EMEA) B.V. and Eric Schwartz, dated as of August 7, 2013.	10-Q	9/30/2013	10.54	
10.18**	Restricted Stock Unit Agreement dated August 14, 2013 for Charles Meyers under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	9/30/2013	10.55	
10.19**	Offer Letter from Equinix, Inc. to Karl Strohmeyer dated October 28, 2013.	10-Q	3/31/2014	10.49	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
10.20**	Restricted Stock Unit Agreement for Karl Strohmeyer under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	3/31/2014	10.50	
10.21**	Change in Control Severance Agreement by and between Karl Strohmeyer and Equinix, Inc. dated December 2, 2013.	10-Q	3/31/2014	10.51	
10.22**	2014 Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/2014	10.52	
10.23**	2014 Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/2014	10.53	
10.24	Agreement for Purchase and Sale of Shares Among RW Brasil Fundo de Investimentos em Participação, Antônio Eduardo Zago De Carvalho and Sidney Victor da Costa Breyer, as Sellers, and Equinix Brasil Participaçãoes Ltda., as Purchaser, and Equinix South America Holdings LLC., as a Party for Limited Purposes and ALOG Soluções de Tecnologia em Informática S.A. as Intervening Consenting Party dated July 18, 2014	10-Q	9/30/2014	10.67	
10.25	Credit Agreement, by and among Equinix, Inc., as borrower, Equinix LLC and Switch & Data LLC as guarantors, the Lenders (defined therein), Bank of America, N.A., as administrative agent, a Lender and L/C issuer, JPMorgan Chase Bank, N.A., and TD Securities (USA) LLC, as co-syndication agents, Barclays Bank PLC, Citibank, N.A., Royal Bank of Canada and ING Bank N.V., Singapore Branch, as Co-Documentation Agents and Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, and TD Securities (USA) LLC, as joint lead arrangers and book runners, dated December 17, 2014.	10-K	12/31/2014	10.48	
10.26**	2015 Form of Revenue/AFFO Restricted Stock Unit Agreement for executives.	10-Q	3/31/2015	10.50	
10.27**	2015 Form of TSR Restricted Stock Unit Agreement for executives.	10-Q	3/31/2015	10.51	
10.28**	2015 Form of Time-Based Restricted Stock Unit Agreement for executives.	10-Q	3/31/2015	10.52	
10.29	First Amendment to Credit Agreement and first Amendment to Pledge and Security Agreement by and among Equinix, Inc., as borrower, the Guarantors (defined therein), the Lenders (defined therein) and Bank of America, N.A., as administrative agent, dated April 30, 2015.	10-Q	9/30/2015	10.52	
10.30	Bridge Credit Agreement dated as of May 28, 2015 among Equinix, Inc. as Borrower, Various Financial Institutions as Lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent. JPMorgan Securities LLC as sole Arranger and Bookrunner.	10-Q	6/30/2015	10.53	
10.31	First Amendment to the Bridge Credit Agreement Dated as of May 28, 2015 as Amended on June 19, 2015 among Equinix, Inc., as Borrower, Various Financial Institutions as Lenders, and JP Morgan Chase Bank, N.A. as Administrative Agent. JPMorgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, CityGroup Global Markets Inc. and RBC Capital Markets, LLC as Lead Arrangers and Bookrunners and TD Securities (USA) LLC, ING Bank N.V., HSBC Securities (USA) Inc. and The Bank of Tokyo-Mitsubishi UFJ, LTD as Co-Managers	10-Q	6/30/2015	10.54	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
10.32	Term Loan Agreement dated as of September 30, 2015 among QAON G.K. and certain other direct and indirect subsidiaries of Equinix, Inc., as Borrowers, and The Bank of Tokyo-Mitsubishi UFJ, Ltd. as Arranger and Lender.	10-Q	9/30/2015	10.55	
10.33	First Amendment to Term Loan Agreement dated September 30, 2015 as amended October 26, 2015 and executed by and between QAON G.K., and certain other direct and indirect subsidiaries of Equinix, Inc., as Borrowers, and The Bank of Tokyo-Mitsubishi UFJ, Ltd. as Arranger Lender.	10-Q	9/30/2015	10.56	
10.34	Second Amendment to Credit Agreement by and among Equinix, Inc., as borrower, the Guarantors (defined therein), the Lenders (defined therein) and Bank of America, N.A., as administrative agent, dated December 8, 2015.	10-K	12/31/2015	10.55	
10.35**	Equinix, Inc. 2016 Incentive Plan	10-Q	3/31/2016	10.56	
10.36**	2016 Form of Revenue/AFFO Restricted Stock Unit Agreement for executives.	10-Q	3/31/2016	10.57	
10.37**	2016 Form of TSR Restricted Stock Unit Agreement for executives.	10-Q	3/31/2016	10.58	
10.38**	2016 Form of Time-Based Restricted Stock Unit Agreement for executives.	10-Q	3/31/2016	10.59	
10.39**	Restricted Stock Unit Award granted to John Hughes on February 25, 2016	10-Q	3/31/2016	10.60	
10.40	Share Purchase Agreement with Digital Realty Trust, L.P., relating to the sale and purchase of shares in TelecityGroup UK LON Limited, Telecity Netherlands AMS01 AMS04 BV, Equinix Real Estate (TCY AMS04) B.V. and TelecityGroup Germany Fra2 GmbH, dated May 14, 2016.	10-Q	6/30/2016	10.55	
10.41**	Letter Agreement dated June 9, 2016, by and between Equinix, Inc. and Eric Schwartz, amending his International Long Term Assignment letter dated May 21, 2013 and Employment Agreement with Equinix (EMEA) B.V. dated August 7, 2013.	10-Q	6/30/2016	10.56	
10.42	Term Loan Agreement dated as of September 30, 2016 among Equinix Japan K.K. as Borrower, the Lenders (defined therein) and Bank of Tokyo-Mitsubishi UFJ, Ltd., as Arranger and Agent.				X
21.1	Subsidiaries of Equinix, Inc.				X
31.1	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Chief Executive Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2	Chief Financial Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Document.				X

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

** Management contracts or compensation plans or arrangements in which directors or executive officers are eligible to participate.

EQUINIX, INC.

SIGNATURES

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

	EQUINIX, INC.
Date: November 4, 2016	
	By: /s/ KEITH D. TAYLOR
	Chief Financial Officer
	(Principal Financial and Accounting Officer)

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INDEX TO EXHIBITS

Exhibit Number	Description of Document
10.42	Term Loan Agreement dated as of September 30, 2016 among Equinix Japan K.K. as Borrower, the Lenders (defined therein) and Bank of Tokyo-Mitsubishi UFJ, Ltd., as Arranger and Agent.
21.1	Subsidiaries of Equinix, Inc.
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101.DEF	XBRL Taxonomy Extension Definition Document.
101.LAB	XBRL Taxonomy Extension Labels Document.
101.PRE	XBRL Taxonomy Extension Presentation Document.

TERM LOAN AGREEMENT

(JPY 47,500,000,000)

Borrower:	Equinix Japan K.K.
Arranger and Agent:	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Lenders:	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Shinsei Bank, Limited IBJ Leasing Company, Limited Mitsubishi UFJ Lease & Finance Company Limited Sumitomo Mitsui Trust Bank, Limited The Tokyo Star Bank, Limited ORIX Bank Corporation Resona Bank, Ltd. The Bank of Yokohama, Ltd. Aozora Bank, Ltd. The Shoko Chukin Bank, Ltd.

September 30, 2016

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TERM LOAN AGREEMENT

Equinix Japan K.K. (hereinafter referred to as the "**Borrower**" or "**EJKK**"), the financial institutions set forth in the section called "**Lenders**" of **Schedule 1** attached hereto (each such financial institutions, together with any of its Assignees, hereinafter respectively referred to as a " **Lender**"), and The Bank of Tokyo-Mitsubishi UFJ, Ltd., in its capacity as arranger and agent (together with any of its successors and assigns permitted under this Agreement, hereinafter referred to as the "**Agent**"), hereby agree, as follows, as of September 30, 2016 (hereinafter referred to as this " **Agreement**").

1. DEFINITIONS

In this Agreement, each of the following terms shall have the meanings set forth below, unless it is apparent that such terms mean otherwise in the context hereof. Unless otherwise provided, any agreements, instruments or other documents referred to in this Article 1 or elsewhere in this Agreement shall include any amendments, updates or modifications thereto (including any changes or additions to the parties) or any individual contracts or other agreements thereunder.

1. "**Additional Syndication Period**" shall mean the period between the Drawdown Date and the earlier of (i) January 31, 2017 and (ii) the date that the Successful Syndication is completed.

2. "**Agent**" shall have the meaning set forth in the introductory paragraph to this Agreement.

3. "**Agent Account**" means the current deposit account (*touza yokin*) (Account No. 0041097, Account Name: The Bank of Tokyo-Mitsubishi UFJ, Ltd., Syndicated Loan Guchi (*Kabushiki Kaisha Mitsubishi Tokyo UFJ Ginko Syndicate Loan Guchi*) held by the Agent at The Bank of Tokyo-Mitsubishi UFJ, Ltd., Tokyo Main Office, or any other account designated from time to time by the Agent, the details of which have been notified to the Borrower, All Guarantors and All Lenders.

4. "**Agent Fee**" means the fees that the Borrower shall pay to the Agent as separately agreed upon between the Borrower and the Agent.

5. "**Agent Services**" means the services set forth in the provisions of this Agreement which are entrusted to the Agent by All Lenders and which the Agent is obligated to perform for the benefit of All Lenders.

6. "**All Guarantors**" means, individually or collectively, all of the Guarantors.

7. "**All Lenders**" means, individually or collectively, (i) all of the Lenders, prior to the drawdown of the Loan, and (ii) all of the Lenders that hold the right to make a claim for payment of the Outstanding Individual Loan Money with respect to the Loan against the Borrower, after the drawdown of the Loan.

8. "**Antisocial Acts**" means:

   (i) violent demand;

   (ii) unfair demand exceeding legal liabilities;

   (iii) menacing or violent acts with respect to transactions;

(iv) acts to impair the credit of the Lender by spreading rumors or using deceptive scheme or force, or obstruct the business of the Lender; or

(v) other acts similar to those specified in Sub-items (i) through (iv) above.

9. "**Antisocial Force Related Party**" means:

(i) being a "***Boryokudan***" (meaning an organization which is likely to encourage its members (including the members of its member organization) to commit violent illegal activities, etc. as a group or on a regular basis; the same shall apply hereinafter in this Item 9);

(ii) being a "***Boryokudan*** **Member**" (meaning a member of *Boryokudan*; the same shall apply hereinafter in this Item 9);

(iii) having ceased to be a *Boryokudan* Member within five (5) years;

(iv) being a "***Boryokudan*** **Associate Member**" (meaning a person having a relationship with a *Boryokudan*, other than the *Boryokudan* Member, who is likely to commit violent illegal activities, etc. backed by the force of *Boryokudan*, or who cooperates with or engages in the maintenance or operation of a *Boryokudan* by supplying the *Boryokudan* or *Boryokudan* Members with funds, weapons, etc.; the same shall apply hereinafter in this Item 9);

(v) being a *Boryokudan*-related company (meaning a company with respect to which a *Boryokudan* Member is substantially involved in the management, a company managed by a *Boryokudan* Associate Member or former *Boryokudan* Member which actively cooperates with or engages in the maintenance or operation of a *Boryokudan* by supplying funds, etc., or a company which cooperates with the maintenance or operation of a *Boryokudan* by actively utilizing it in operating business);

(vi) being a *sokaiya*, etc. (meaning a *sokaiya* (a professional troublemaker at stockholders' meetings), *kaisha goro* (a corporate racketeer) or other person who is likely to commit violent illegal activities, etc. to obtain unfair profits from the corporations, etc. and thereby threaten safe civic life);

(vii) being a *shakai undo to hyobo goro* (meaning a person who is likely to commit violent illegal activities, etc. to obtain unfair profit by pretending or advocating social or political movement and thereby threaten safe civic life);

(viii) being a *tokushu chino boryoku shudan*, etc. (meaning a group or person, other than those specified in Sub-items (i) through (vii) above, who plays a core role in structural unfairness by utilizing the force of a *Boryokudan* backed by the relationship, or by having a financial connection with a *Boryokudan*);

(ix) being any other person similar to those specified in Sub-items (i) through (viii) above;

(x) having a relationship with any person specified in Sub-items (i) through (ix) above (hereinafter referred to as the "***Boryokudan*** **Member, etc.**" in this Item 9); so that its management is deemed to be controlled by such *Boryokudan* Member, etc.;

(xi) having a relationship with any *Boryokudan* Member, etc. so that such *Boryokudan* Member, etc. is deemed to be substantially involved in its management;

(xii) having a relationship with any *Boryokudan* Member, etc. so that it is deemed to improperly utilize such *Boryokudan* Member, etc. for the purpose of seeking an illicit profit for itself or any third party or giving damage to any third party;

(xiii) having a relationship with any *Boryokudan* Member, etc. so that it is deemed to supply funds, etc. or provide favors to such *Boryokudan* Member, etc.; or

(xiv) having an officer or any person substantially involved in its management who has a socially reprehensive relationship with any Boryokudan Member, etc.

10. "**Applicable Interest Rate**" means the interest rate equal to the Base Rate plus the Spread.

11. "**Assignee**" means the person who receives the assignment of the Loan Receivables in accordance with Article 29.

12. "**Assignor**" means the person who assigns the Loan Receivables in accordance with Article 29.

13. "**Attributable Indebtedness**" means, on any date, (a) in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with US GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with US GAAP if such lease were accounted for as a Capital Lease.

14. "**Base Rate**" means three (3)-month interest rate among the Japanese Yen TIBOR (Telerate page 17097 or its successor page) announced by the JBA TIBOR Administration at 11:00 a.m. or the closest point in time after 11:00 a.m. on the day two (2) Business Days prior to the commencement date of an Interest Calculation Period; provided, however, that, if the rate is less than zero (0), such rate shall be deemed to be zero (0). Further, if for some reason such rate is not announced, an interest rate reasonably decided by the Agent will be the Base Rate.

15. "**Bit-isle**" means Bit-isle Equinix Inc.

16. "**Borrower**" shall have the meaning set forth in the introductory paragraph to this Agreement.

17. "**Borrower's Officer**" means representative director (*daihyo torishimariyaku*) of the Borrower.

18. "**Break Funding Cost**" means, in the cases where the principal of a Loan is repaid or set off (including the cases where the guarantee obligations owed by any Guarantor with respect to the principal of a Loan is repaid or set off; the same shall apply hereinafter in this Item 18) on any day other than an Interest Payment Date, and where the Reinvestment Rate falls below the Base Rate for the Interest Calculation Period to which the date of such repayment or set-off belongs, the amount calculated as the principal amount with respect to which such repayment or set-off was made, multiplied by (i) the difference

between the Reinvestment Rate and the Base Rate and (ii) the actual number of days of the Remaining Period; provided, however, that such amount shall be within the range not in violation of the Laws and Ordinances. "**Remaining Period**" means the period commencing on the day on which the repayment or set-off was made and ending on the next Interest Payment Date, and the "**Reinvestment Rate**" means the interest rate reasonably determined by the relevant Lender as the interest rate to be applied on the assumption that the prepaid or set off principal amount will be reinvested in the Tokyo interbank market during the Remaining Period. Such Break Funding Cost shall be calculated on a day-to-day basis, inclusive of the first day and exclusive of the last day, and on the basis of a year of 365 days, wherein divisions shall be done at the end of the calculation, and fractions less than one yen (JPY 1) shall be rounded down.

19. "**Business Day**" means any day, except the days on which banks are closed pursuant to the Laws and Ordinances of Japan.

20. "**Capital Lease**" means any lease obligation that, in accordance with US GAAP, is required to be capitalized on the books of a lessee.

21. "**Closing Date Intercompany Loans**" shall have the meaning set forth in Article 20.2(3)(e).

22. "**Consolidated EBITDAR**" means, as of any date of determination, for the Borrower and the Japanese Guarantors on a consolidated basis, an amount equal to Consolidated Net Income for the Measurement Period plus the sum of the following expenses (to the extent deducted in calculating such Consolidated Net Income) for such Measurement Period: (i) interest expense, (ii) income tax expense, (iii) depreciation expense, (iv) amortization expense, (v) non-cash stock-based compensation expense and (vi) rent expense. For purposes of calculating Consolidated EBITDAR, Consolidated Net Income shall be determined without deduction for any of the following items: (a) noncash expenses, charges and losses (including the write-down of any unamortized transaction costs, fees, original issue or underwriting discounts and expenses as a result of the redemption, refinancing, refunding, prepayment or exchange of, or modification to the terms of, any indebtedness, to the extent not prohibited by this Agreement) not to exceed one billion five hundred million yen (JPY 1,500,000,000) in the aggregate in any fiscal year of the Borrower and the Japanese Guarantors on a consolidated basis, (b) one-time costs, fees, original issue or underwriting discounts, premiums, expenses, charges and losses incurred in connection with any actual or proposed (1) issuance of indebtedness or equity securities, (2) redemptions, refinancings, refundings, prepayments or exchanges of, or modifications to the terms of, any indebtedness, (3) restructurings of or modifications to any operating leases, (4) acquisitions, (5) investments or (6) dispositions, in each case to the extent not prohibited by this Agreement (including, for the avoidance of doubt, the entry by the Borrower into this Agreement and the other Loan Documents) and (c) ongoing expenses relating to the maintenance of US Parent's status as a REIT and compliance with REIT rules and regulations. For purposes of calculating Consolidated EBITDAR for any period in which an acquisition has been consummated, Consolidated EBITDAR shall be adjusted to include the historical EBITDAR (to be calculated in accordance with the US GAAP in the same method as Consolidated EBITDAR to the extent applicable; the same applies hereinafter) of the Person acquired in such acquisition for the applicable Measurement Period on a pro forma basis as if such acquisition had been consummated on the first day of the applicable Measurement Period, as the EBITDAR of such acquired Person is reflected in its historical audited financial statements for the most recently ended fiscal year, and management prepared unaudited statements for any periods following the end of such fiscal year. In the event that there

are only unaudited financial statements prepared in accordance with US GAAP or no financial statements prepared in accordance with US GAAP available for such acquired Person, then the pro forma adjustments described in the preceding sentence shall be made based on such unaudited financial statements or reasonable estimates as may be agreed between the Borrower and the Agent based on good faith discussion between the Borrower and the Agent.

23. "**Consolidated Fixed Charges**" means, as of any date of determination, for the Borrower and the Japanese Guarantors on a consolidated basis, the sum of, without duplication, (a) the current maturities of long-term debt for the next twelve months (but excluding the final installment of the Loan), (b) the principal portion of the current maturity of Capital Lease obligations for the next twelve months, (c) interest expense for the Measurement Period most recently ended, and (d) rent expense for the Measurement Period most recently ended.

24. "**Consolidated Fixed Charge Coverage Ratio**" means, as of any date of determination, the ratio of (a) Consolidated EBITDAR for the Measurement Period ending on such date *to* (b) Consolidated Fixed Charges.

25. "**Consolidated Funded Indebtedness**" means, as of any date of determination, for the Borrower and the Japanese Guarantors on a consolidated basis, the sum of (a) the outstanding principal amount of all obligations, whether current or long-term, for borrowed money (including obligations hereunder) and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (b) all direct obligations arising under letters of credit (including standby and commercial) and bank guaranties (but excluding any of the foregoing to the extent secured by cash collateral), (c) Attributable Indebtedness in respect of Capital Leases and Synthetic Lease Obligations, (d) without duplication, all guarantees with respect to outstanding indebtedness of the types specified in clauses (a) through (c) above of Persons other than the Borrower or any Japanese Guarantor thereof, and (e) all indebtedness of the types referred to in clauses (a) through (d) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which the Borrower or a Japanese Guarantor thereof is a general partner or joint venturer, except to the extent such indebtedness is expressly made non-recourse to the Borrower or such Japanese Guarantor. Notwithstanding the foregoing, as of any date of determination, for purposes of calculating the Consolidated Net Lease Adjusted Leverage Ratio, "Consolidated Funded Indebtedness" shall not include (x) Permitted Intercompany Loans or (y) the outstanding principal amount of any debt securities issued by the Borrower to the extent that, (i) as of such date, the Borrower shall have delivered (or the indenture trustee under the applicable indenture shall have delivered on the Borrower's behalf) to the holders of such debt securities an irrevocable notice of redemption with respect to all of such debt securities and shall have deposited funds with the indenture trustee or into an escrow account in an amount required to effect such redemption, unless any portion of such debt securities shall not in fact be redeemed within thirty five (35) days of such notice of redemption and deposit of funds or (ii) the proceeds of such debt securities are held by the trustee of the related indenture and have not been released to the Borrower or are deposited into an escrow account pending the closing of an acquisition or the redemption of other debt securities solely until such proceeds are released, it being understood that any such proceeds shall not be included in the calculation of clause (iii) of the definition of Consolidated Net Lease Adjusted Indebtedness.

26. "**Consolidated Income from Operations**" means, for any period, for the Borrower and the Japanese Guarantors on a consolidated basis, the income from operations of the

Borrower and the Japanese Guarantors (excluding extraordinary gains and extraordinary losses) for that period.

27. "**Consolidated Net Income**" means, for any period, for the Borrower and the Japanese Guarantors on a consolidated basis, the net income of the Borrower and the Japanese Guarantors (excluding extraordinary gains and extraordinary losses) for that period.

28. "**Consolidated Net Lease Adjusted Indebtedness**" means as of any date of determination, with respect to the Borrower and the Japanese Guarantors, the sum, without duplication, of (i) Consolidated Funded Indebtedness as of such date, plus (ii) rent expense for the Measurement Period ending on such date multiplied by six (6), minus (iii) subject to sub-clause (y) of Article 12.1, the amount of unencumbered and unrestricted cash, cash equivalents, freely tradable and liquid short term investments, and freely tradable and liquid long term investments of the Borrower and the Japanese Guarantors as of such date.

29. "**Consolidated Net Lease Adjusted Leverage Ratio**" means, as of any date of determination, the ratio of (a) Consolidated Net Lease Adjusted Indebtedness as of such date of determination *to* (b) Consolidated EBITDAR for the Measurement Period ending on such date.

30. **"Consolidated Net Worth**" means (a) the total equity of the Borrower and the Japanese Guarantors which would be shown as total equity on a consolidated balance sheet of the Borrower and the Japanese Guarantors as of such time prepared in accordance with the US GAAP, but without elimination of amounts attributable to minority interests, if any, in the stock of Subsidiaries plus (b) the outstanding amount of the Permitted Intercompany Loans advanced by any US Guarantor to the Borrower or the Japanese Guarantors as of the date of the consolidated balance sheet of the Borrower minus (c) the outstanding amount of loans advanced by the Borrower or the Japanese Guarantors to any Person in which US Parent directly or indirectly has any interest (except for the Borrower and Japanese Guarantor) as of the date of the consolidated balance sheet of the Borrower.

31. "**Costs Increased Lender**" means a Lender that has incurred the Increased Costs.

32. "**Damages**" means damages, losses or expenses (including reasonable attorneys' fees) within reasonable cause.

33. "**Default**" means an event which may constitute an Event of Default with notice or the passage of time, or both pursuant to Article 21.1(v) or Article 21.2.

34. "**Desired Termination Date**" shall have the meaning set forth in Article 8.1.

35. "**Drawdown Date**" means October 31, 2016

36. "**Due Date**" means (i) with respect to the principal in relation to a Loan, each of the Interim Principal Repayment Dates and the Maturity Date, (ii) with respect to the interest on a Loan, each Interest Payment Date that is the last day of each Interest Calculation Period, and (iii) with respect to other amounts, the date set forth as the date on which payments shall be made in accordance with this Agreement provided that if any such date falls on a day other than a Business Day, the following Business Day shall be the relevant Due Date unless such following Business Day occurs in the next month, in which case the immediately preceding Business Day shall be the relevant Due Date.

37. “**Due Time**” means, if any Due Dates are set forth herein, 10:00 a.m., Tokyo time, on such Due Date.

38. “**EBITDA**” means operating profit after adding depreciation cost and depreciation of goodwill.

39. “**EJAE2**” means EJAE2 G.K.

40. “**EJE**” means Equinix (Japan) Enterprises K.K.

41. “**EJKK**” means Equinix Japan K.K.

42. “**EPLLC**” means Equinix Pacific LLC.

43. “**Equinix Group**” means, individually or collectively, the Borrower and the Guarantors.

44. “**Event of Default**” means an event set forth in each item of Article 21.1 or 21.2 (excluding any Default).

45. “**Exempted Restructuring Share Transfer**” means any transfer of shares of the Borrower or any Japanese Guarantor to another member of the Equinix Group so long as, after giving effect to such transfer, (i) the Borrower remains, directly or indirectly, wholly-owned by US Parent, and (ii) each Japanese Guarantor shall remain Substantially Wholly-Owned by the Borrower.

46. “**Exemption Event**” means any of the following events by which the Majority Lenders (or, if it is difficult to clarify the intention of the Majority Lenders, the Agent) reasonably determines that making of the Loans is impossible: (i) an outbreak of a natural disaster, war or terrorist attack, (ii) an interruption or disturbance in electricity, communications or various settlement systems, (iii) any event occurring in the Tokyo interbank market which disables loans in yen, and (iv) any other event objectively considered as not attributable to the Lender.

47. “**Exemption Period**” means the period commencing on (and including) the day on which the Borrower receives the notice under Article 7.1 and ending on (and including) the day on which it receives the notice under Article 7.2.

48. “**Existing Financial Obligations**” means the Financial Obligations of the Borrower existing as of the date of this Agreement pursuant to the Term Loan Agreement (JPY 47,500,000,000) dated September 30, 2015 among QAON G.K., Equinix Japan K.K., Equinix (Japan) Enterprises K.K. and EJAE2 G.K. as borrowers, The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger and The Bank of Tokyo-Mitsubishi UFJ, Ltd. as lender, as amended from time to time.

49. “**Financial Covenants**” means the covenants set forth in Article 20.3.

50. “**Financial Obligations**” means (i) short-term debts for borrowed money (excluding trade accounts payable); (ii) commercial paper; (iii) long-term debts (including any long-term debts the repayment dates of which arrive within one year); (iv) bonds (including convertible bonds and convertible bond-type bonds with stock acquisition rights); (v) any indebtedness under interest rate swap or other derivative transactions (including exchange contracts); (vi) any indebtedness under factoring transactions; (vii) any

indebtedness related to bill discounts, (viii) lease obligations and (ix) any indebtedness under guarantees of obligations of third parties described in clauses (i) through (viii).

51. "**Fitch**" means Fitch Ratings Inc. or any successor to the rating agency business thereof.

52. "**FY 2015 Total Net Worth**" means twenty five billion one hundred thirty five million five hundred six thousand yen (JPY 25,135,506,000).

53. "**Governmental Authority**" means the government of Japan, the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

54. "**Guarantor**" means Japanese Guarantors, US Guarantors and any additional guarantor that became a Guarantor pursuant to Article 16.2 and their successors.

55. "**Guarantor Obligations**" means obligations of the Guarantors under this Agreement independently as a primary obligor, not as a guarantor to the obligations of the Borrower or other Guarantors under this Agreement.

56. "**Hybrid Loans**" means loans extended pursuant to the Hybrid Loan Agreements.

57. "**Hybrid Loan Agreements**" means certain agreements as listed in **Schedule 2**.

58. "**Increased Costs**" means, in the cases where the Lender's lending expenses under this Agreement are increased (excluding any increase caused by a change in tax rates on taxable income of the Lender) due to (i) any enactment, repeal or amendment of the Laws and Ordinances, or any change in the interpretation or application thereof, or (ii) any change in the restrictions under, or application of, the accounting rules, the portion of the lending expenses so increased (in the amount reasonably calculated by the Lender).

59. "**Individual Loan**" means a loan made by each Lender pursuant to its Lending Obligation under Article 2.2.

60. "**Individual Loan Amount**" means, for each Lender, the amount stated as the "Individual Loan Amount" for such Lender in **Schedule 1** attached hereto (provided, however, that if such amount is changed in accordance with the provisions of Article 28.3, the Individual Loan Amount for such Loan Lender means the as amount so changed).

61. "**Individual Loan Money**" means the money to be loaned by a Lender to the Borrower as an Individual Loan.

62. "**Insolvency Proceedings**" means bankruptcy procedures (*hasan tetsuzuki kaishi*), civil rehabilitation procedures (*minji saisei tetsuzuki kaishi*), corporate reorganization procedures (*kaisha kosei tetsuzuki kaishi*), special liquidation (*tokubetsu seisan kaishi*) or any other similar statutory insolvency procedures.

63. "**Intention Clarification Time**" means, in the cases where the Agent determines that any event requiring instructions by the Majority Lender(s) has occurred, the point in time when the Agent receives notice under Item (i) of Article 26.1, and in the cases where the

Agent determines it necessary to clarify the intention of the Majority Lender(s), the point in time when the Agent gives notice set forth in Article 26.2.

64. "**Interest Calculation Period**" means, for any Loan (i) the period commencing on the relevant Drawdown Date and ending on the first relevant Interest Payment Date and (ii) each subsequent period thereafter commencing on the last preceding relevant Interest Payment Date and ending on the following relevant Interest Payment Date.

65. "**Interest Payment Date**" means the date on which interest on each Loan shall be paid, which is (i) the end of each January, April, July or October in the years occurring during the period through the Maturity Date and (ii) the Maturity Date; provided, however, that if any such date falls on a day other than a Business Day, the following Business Day shall be the relevant Interest Payment Date, unless such following Business Day occurs in the next month, in which case the immediately preceding Business Day shall be the relevant Interest Payment Date.

66. "**Interim Principal Repayment Date**" means the respective days set forth in the section "Principal Repayment Date" in the Payment Schedule of **Schedule 4** attached hereto, on which each of the principal amounts of Loan stated in the section "Repayment Amount of Principal of Loan" in the said Schedule shall be paid; provided, however, that the Maturity Date shall be excluded; provided, further that if any such day falls on a day other than a Business Day, the following Business Day shall be the relevant Interim Principal Repayment Date, unless such following Business Day occurs in the next month, in which case the immediately preceding Business Day shall be the relevant Interim Principal Repayment Date.

67. "**Investment Grade Rating**" means a rating equal to or higher than Baa3 (or equivalent) by Moody's, BBB- (or equivalent) by S&P, BBB- (or equivalent) by Fitch or an equivalent rating by any other Rating Agency.

68. "**Item Not Fully Covered**" shall have the meaning set forth in Article 17.4.

69. "**Japan Accounting Documents**" means the following documents:

(i) for the fiscal year ended on December 31, 2015 of the Borrower, EJE, EJAE2 and QAON: (x) the non-consolidated and unaudited balance sheet and profit/loss statement accurately and duly prepared in light of Japan GAAP and prepared for tax filing purposes in Japan and (y) non-consolidated and unaudited balance sheet and profit/loss statement accurately and duly prepared in light of US GAAP and used for preparing the consolidated and audited balance sheet and profit/loss statement of US Parent;

(ii) for the fiscal year ended on July 31, 2015 of Bit-isle, Bit-surf Inc. and SiteROCK K.K.: (x) the consolidated and audited balance sheet and profit/loss statement accurately and duly prepared in light of Japan GAAP and prepared for tax filing purposes in Japan and (y) non-consolidated and unaudited balance sheet and profit/loss statement accurately and duly prepared in light of US GAAP covering the period after completion of the tender offer conducted by QAON to acquire the shares of the Borrower and ended on December 31, 2015 and used for preparing the consolidated and audited quarterly balance sheet and profit/loss statement of US Parent;

(iii)for the fiscal year ending on December 31, 2016 of the Borrower and each Japanese Guarantor: (x)(a) if an accounting auditor (*kaikei kansanin*) is appointed as required under the Laws and Ordinances, the non-consolidated balance sheet and profit/loss statement accurately and duly prepared in light of Japan GAAP and audited by such accounting auditor in accordance with the Laws and Ordinances or (b) if an accounting auditor (*kaikei kansanin*) is not appointed, the non-consolidated and unaudited balance sheet and profit/loss statement accurately and duly prepared in light of Japan GAAP and prepared for tax filing purposes in Japan (for the avoidance of doubt, no reconciliation of format between (a) and (b) above will be made) and (y) quarterly non-consolidated and unaudited balance sheet and profit/loss statement accurately and duly prepared in light of US GAAP and used for preparing the consolidated and audited quarterly balance sheet and profit/loss statement of US Parent; and

(iv) for the fiscal year ending on December 31, 2017 and thereafter of the Borrower and each Japanese Guarantor: (x)(a) if an accounting auditor (*kaikei kansanin*) is appointed as required under the Laws and Ordinances, the non-consolidated balance sheet and profit/loss statement accurately and duly prepared in light of Japan GAAP and audited by such accounting auditor in accordance with the Laws and Ordinances or (b) if an accounting auditor (*kaikei kansanin*) is not appointed, the non-consolidated and unaudited balance sheet and profit/loss statement accurately and duly prepared in light of Japan GAAP and prepared for tax filing purposes in Japan (for the avoidance of doubt, no reconciliation of format between (a) and (b) above will be made) and (y) quarterly consolidated and unaudited balance sheet and profit/loss statement of the Borrower and the Japanese Guarantors accurately and duly prepared in light of US GAAP and used for preparing the consolidated and audited quarterly balance sheet and profit/loss statement of US Parent.

70. "**Japan GAAP**" means the generally-accepted accounting principles in Japan.

71. "**Japanese Guarantor**" means, individually or collectively, EJE, QAON, EJAE2, Bit-isle, Bit-surf Inc. and SiteROCK K.K., and their successors (if any) as of the date of this Agreement and any additional guarantor that is a company incorporated under Japanese law and becomes a Guarantor pursuant to Article 16.2 and their successors.

72. "**Japanese Guarantor's Officer**" means representative director (*daihyo torishimariyaku*) or executive officer (*shokumu shikkosha*) of each Japanese Guarantor.

73. "**Laws and Ordinances**" means the treaties, laws, ordinances, cabinet orders, ministerial ordinances, rules, announcements, judgments, decisions, arbitral awards, directives and policies of relevant authorities, which may be applicable to each party to this Agreement or Guarantor.

74. "**Lender**" shall have the meaning set forth in the introductory paragraph to this Agreement.

75. "**Lending Obligation**" means the Lender's obligation to make a loan of money to the Borrower as set forth in Articles 2.2.

76. "**Letter of Guarantee**" means a letter of guarantee in the form attached hereto as **Exhibit A**.

77. "**Loan**" means, collectively, all the Individual Loans.

78. "**Loan Amount**" means the amount of the Loan that is scheduled to be loaned on the Drawdown Date, in the amount of forty seven billion five hundred million yen (JPY 47,500,000,000).

79. “**Loan Documents**” means, individually or collectively, this Agreement, the Letters of Guarantee and the loan agreement for the Closing Date Intercompany Loans.

80. “**Loan Receivables**” means the loan receivables in relation to a Loan.

81. “**Majority Lender(s)**” means one (1) or more Lender(s) whose Participation Ratio(s) (x) as of the Intention Clarification Time or (y) as of any proposed effective date of an amendment, supplement or waiver that pursuant to Article 27 requires the consent of the Majority Lenders, amount(s) to more than 50% in total.

82. “**Material Assets**” means assets of the Borrower and Japanese Guarantors listed in **Schedule 3**.

83. “**Material Subsidiary**” means (i) EJE, EJAE2, QAON, Bit-isle, Bit-surf Inc. and SiteROCK K.K., and (ii) any other Substantially Wholly-Owned Subsidiary of the Borrower whose EBITDA is three hundred million yen (JPY 300,000,000) or more as of the end of any fiscal year; provided, however, that “Material Subsidiary” shall not include Terra Power or any of its Subsidiaries..

84. “**Maturity Date**” means October 29, 2021 (or, if such date falls on a day other than a Business Day, the following Business Day shall be the Maturity Date, unless such following Business Day occurs in the next month, in which case the immediately preceding Business Day shall be the Maturity Date).

85. “**Measurement Period**” means, at any date of determination, the rolling two most recently completed fiscal quarters of the Borrower, annualized.

86. “**Mergers and Consolidations**” shall have the meaning set forth in Article 20.1(3)(f).

87. “**Moody’s**” means Moody’s Investors Service, Inc., or any successor to the rating agency business thereof.

88. “**Non-Drawdown Lender**” shall have the meaning set forth in Article 6.1.

89. “**Outstanding Individual Loan Money**” means the principal, interest, default interest, Break Funding Cost and all other money payable under the payment obligations that the Borrower owe pursuant to this Agreement with respect to an Individual Loan.

90. “**Parent Company**”, “**Subsidiary**” and “**Affiliate**” mean those as defined as “*oyagaisha*”, “*kogaisha*” and “*kanrengaisha*”, respectively under Article 8 of the Regulations Concerning Terminology, Forms and Method of Preparation of Financial Statements, etc. of Japan.

91. “**Participation Ratio**” means, as of any relevant time or date of determination, the ratio of the total of the principal balance of the Loans held by each Lender as of such time or date to the total of the principal balance of the Loans relating to All Lenders as of such time or date; however, in the event that no Individual Loan has been advanced, the ratio of the total of the amount of the Loan Amount by each Lender to the total of the Loan Amount held by All Lenders.

92. “**Permitted Financial Obligations**” means (i) existing and future leasing obligations of the Borrower and the Guarantors under finance leases and operating leases, and (ii)

existing and future obligations of the Borrower and the Guarantors under sale-and-leaseback transactions.

93. "**Permitted Intercompany Loans**" means (i) the Hybrid Loans, (ii) a downstream intercompany loan among the Borrower and the Japanese Guarantors which satisfies the Subordination Requirements, (iii) an upstream or sidestream intercompany loan among the Borrower and the Japanese Guarantors, (iv) an intercompany loan extended by a US Guarantor to the Borrower or a Japan Guarantor which satisfies the Subordination Requirement, (v) the Closing Date Intercompany Loans and (vi) an intercompany loan extended by a US Guarantor to another US Guarantor.

94. "**Permitted Intercompany Mergers and Consolidations**" shall have the meaning set forth in Article 20.1(3)(f).

95. "**Permitted Treasury Obligations**" means obligations under interest rate swap or other derivative transactions (including exchange contracts) entered into for the hedging of actual or projected real exposures arising in the ordinary course of trading and other regular or customary business activities and not for speculative purposes.

96. "**Person**" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

97. "**QAON**" means QAON G.K.

98. "**Qualified Assignee**" means a Lender as of the date of the execution of this Agreement; a person who operates a banking business with a license under the Banking Act or the Long Term Credit Bank Act of Japan; a person who operates a life insurance business or non-life insurance business with a life insurance business license or non-life insurance business license under the Insurance Business Act of Japan; a shinkin bank; Shinkin Central Bank; a labor bank; The Rokinren Bank; a prefectural credit federation of Japan agricultural cooperatives; The Norinchukin Bank; a credit cooperative; The Shinkumi Federation Bank; National Mutual Insurance Federation of Agricultural Cooperatives or The Shoko Chukin Bank, Ltd.; or a lease company which is a regular member of the Japan Leasing Association registered under Article 3, Paragraph 1 of the Money Lending Business Act of Japan.

99. "**Rating Agency**" means (1) each of Moody's, S&P and Fitch and (2) if Moody's, S&P and Fitch do not rate US Parent's long-term unsecured and non-credit enhanced debt obligations, a "nationally recognized statistical rating organization" as such term is defined in Section 3(a)(62) of the United States Securities Exchange Act of 1934, as amended, selected by US Parent.

100. "**REIT Requirements**" means the requirements to be fulfilled in order to be treated as real estate investment trust under Sections 850-860 of the US 1986 Internal Revenue Act.

101. "**Restructuring Plan**" shall have the meaning set forth in Article 4.1(iv)(i).

102. "**S&P**" means S&P Global Ratings or any successor to the rating agency business thereof.

103. "**Spread**" means initially 1.50% per annum; provided, however, that if US Parent's long-term unsecured and non-credit enhanced debt obligations receive an Investment Grade Rating from any Rating Agency, with respect to the Interest Calculation Period

commencing on or after ten (10) Business Days from the date of such Investment Grade Rating is received, the figure in the chart below in accordance with the rating shall apply; provided, however, that if an Event of Default has occurred as of such commencement date of the Interest Calculation Period, the highest Spread shall apply.

Rating	Spread
Investment Grade Rating from any Rating Agency	1.25%
No Investment Grade Rating from any Rating Agency	1.50%

104. “**Subordination Requirements**” means, with respect to any intercompany loan under which the Borrower or any Guarantor is a borrower, all of the following requirements: (a) such intercompany loan is subordinated to the Loans and the guarantee obligation hereunder (which must be achieved by agreeing that the relevant intercompany loan obligations will be treated as consensually-subordinated bankruptcy claims (*yakujo retsugo hasan saiken*), consensually-subordinated rehabilitation claims (*yakujo retsugo saisei saiken*) and consensually-subordinated reorganization claims (*yakujo retsugo kosei saiken*)), (b) such intercompany loan is non-interest bearing, (c) the loan period for such intercompany loan is no less than 5 years and (d) such intercompany loan shall have no scheduled repayments of the principal during the first 5 years.

105. “**Substantially Wholly-Owned**” means, when referring to any Person whose shares are owned, directly or indirectly by the Borrower, that (i) the Borrower owns, directly or indirectly, no less than 90% of the shares of such Person and (ii) US Parent owns, directly or indirectly, the remaining shares of such Person.

106. “**Successful Syndication**” means the primary syndication of the Loan that results in Lenders (excluding the Underwriter) holding Individual Loans with an aggregate principal amount that equals or exceeds the smaller amount of (i) thirty seven billion five hundred million yen (JPY 37,500,000,000) or (ii) an amount separately notified by the Underwriter to the Borrower in writing.

107. “**Syndicate Account**” means the ordinary deposit account (Account No. 2035060, Account Name: Equinix Japan K.K.) held by the Borrower at The Bank of Tokyo-Mitsubishi UFJ, Ltd., Toranomon Branch, or any account at the head office or any branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd. opened and held by the Borrower and approved by the Agent.

108. “**Synthetic Lease Obligation**” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

109. “**Taxes and Public Charges**” means all public taxes or public charges including income taxes, corporate taxes and other taxes, which may be imposed in Japan.

110. “**Terra Power**” means Terra Power Co., Ltd.

111. "**Temporary Advancement**" means with respect to a repayment by the Borrower or a Guarantor on a Due Date, the payment made by the Agent to the Lenders, before the completion of the repayment by the Borrower or Guarantor, of an amount equivalent to the amount to be distributed to the Lenders in accordance with Articles 18.1 through 18.6. The Borrower, each Guarantor or the Lenders shall not make any objection as to the Agent's making the Temporary Advancement.

112. "**Temporary Advancement Costs**" means, in the cases where the Agent makes a Temporary Advancement, the amount calculated as the amount of such Temporary Advancement, multiplied by (i) the Funding Rate and (ii) the actual number of days of the Temporary Advancement Period. "**Temporary Advancement Period**" means the period commencing on the date on which the Agent makes a Temporary Advancement and ending on the date on which the Agent receives the amount relating to such Temporary Advancement from the relevant Lender or the Borrower or any Guarantor, and the "**Funding Rate**" means the interest rate reasonably determined by the Agent as the interest rate to fund the amount of the Temporary Advancement through the Temporary Advancement Period. Such Temporary Advancement Costs shall be calculated on a day-to-day basis, inclusive of the first day and exclusive of the last day, and on the basis of a year of 365 days, wherein divisions shall be done at the end of the calculation, and fractions less than one yen (JPY 1) shall be rounded down.

113. "**Total Outstanding Balance**" means the total principal amount of the Outstanding Individual Loan Money owed to All Lenders.

114. "**Underwriter**" means The Bank of Tokyo-Mitsubishi UFJ, Ltd.

115. "**Underwriter's Successful Syndication Amount**" means the bigger amount of (i) JPY10,000,000,000 or (ii) an amount separately notified by the Underwriter to the Borrower in writing.

116. "**US GAAP**" means accounting principles which are generally-accepted in the United States.

117. "**US Guarantor**" means, individually or collectively, US Parent, Equinix LLC, EPLLC, Switch & Data LLC and their successors.

118. "**US Guarantor Existing Material Debt Documents**" means, individually or collectively,

(i) the Credit Agreement, dated as of December 17, 2014, among US Parent, as borrower, the guarantors party thereto, Bank of America, N.A, as administrative agent, and the lenders party thereto;

(ii) the Indenture dated as of March 5, 2013 by and between US Parent and U.S. Bank National Association, as trustee, with respect to US Parent's 4.875% Senior Notes due 2020;

(iii) the Indenture dated as of March 5, 2013 by and between US Parent and U.S. Bank National Association, as trustee, with respect to US Parent's 5.375% Senior Notes due 2023; and

(iv) the Indenture dated as of November 20, 2014 by and between US Parent and U.S. Bank National Association, as trustee, as supplemented by that certain First

Supplemental Indenture dated as of November 20, 2014 with respect to US Parent's 5.375% Senior Notes due 2022, by that certain Second Supplemental Indenture dated as of November 20, 2014 with respect to US Parent's 5.75% Senior Notes due 2025 and by that certain Third Supplemental Indenture dated as of December 4, 2015 with respect to U.S. Parent's 5.875% Senior Notes due 2026

in each case, as amended, amended and restated, extended, refinanced, replaced, supplemented or otherwise modified from time to time. If any of the above-listed documents ceases to be in effect or govern the terms of any of US Parent's indebtedness, such document shall no longer be a "US Guarantor Existing Material Debt Document" for purposes of this Agreement.

119. "**US Guarantor's Officer**" means chief executive officer, chief financial officer, treasurer or assistant treasurer of each US Guarantor.

120. "**US Parent**" means Equinix Inc.

2. RIGHTS AND OBLIGATIONS OF LENDERS

2.1 Unless otherwise set forth in this Agreement, each Lender may exercise the rights under this Agreement separately and independently.

2.2 Each Lender shall lend money in the amount equivalent to its Individual Loan Amount to the Borrower in the denomination of Japanese yen only.

2.3 Unless otherwise set forth in this Agreement, the obligations of each Lender under this Agreement shall be separate and independent, and a Lender shall not be released from its obligations under this Agreement for the reason that any of the other Lenders fails to perform such obligations. No Lender shall be responsible for any failure of any of the other Lenders to perform its obligations under this Agreement.

2.4 If a Lender fails to make an Individual LoSean on the Drawdown Date in breach of its Lending Obligation, such Lender shall, upon the request of the Borrower, immediately compensate the Borrower for all Damages incurred by the Borrower with respect to such breach.

3. USE OF PROCEEDS

3.1 The Borrower shall use the money raised by the Loan only for the following purposes (including lending to the Japanese Guarantors for such purposes):

(i) Funds for refinancing the Existing Financial Obligations; and

(ii) Funds for Taxes and Public Charges and fees and expenses related to the foregoing.

4. CONDITIONS PRECEDENT FOR LOAN

4.1 Each Lender shall make the Individual Loan on the condition that the conditions set forth in each of the following items are satisfied as of the Drawdown Date (regardless of whether or not a notice is given pursuant to Article 6.1). Furthermore, each Lender shall judge whether or not such conditions are satisfied, and the other Lenders and the Agent shall not incur any liability resulting from such judgment and non-performance of the Individual Loan by such Lender:

(i) no Exemption Event has occurred and is continuing;

(ii) all of the matters set forth in each item of Articles 19.1 and 19.2 are true and correct in material respects (except for those having been waived by the Majority Lenders or cured);

(iii) none of the Borrower or the Guarantors has breached any material provision of this Agreement (except for those waived by the Majority Lenders or cured);

(iv) the Borrower has submitted all of the following documents of the Borrower to the Agent no later than three (3) Business Days prior to the Drawdown Date (except Sub-items (f) and (h)), and the Agent and All Lenders are reasonably satisfied with the content thereof:

(a) a certified copy of the commercial registration (*shogyo tokibo tohon*), or the certificate of all matters presently recorded (*genzaijiko zembu shomeisho*) or the certificate of all matters historically recorded (*rirekijiko zembu shomeisho*); provided, however, that the certified copy or certificate shall be issued within three (3) months before the date of submission;

(b) a certificate of registered seal impression (*inkan shomeisho*); provided, however, that the certificate shall be issued within three (3) months before the date of submission;

(c) a certified copy of the articles of incorporation and the rules of the board of directors (if any);

(d) a notification of the seal impression or signature in the form prescribed by the Agent;

(e) a certified copy or certified extract copy of the minutes of the meeting of the board of directors or minutes of the equivalent body or a confirmation letter in the form attached hereto as **Exhibit B** that approved execution of and performance of the obligations under the Loan Documents;

(f) legal opinion(s) prepared by legal counsel to the Borrower, which includes the statement opining that (a) the Borrower has been validly existing, (b) the execution of the Loan Documents by the Borrower has been duly authorized, and (c) the Loan Documents are legal, valid, binding and enforceable against the Borrower; and

(g) the Japan Accounting Documents prepared by the Borrower as of its latest fiscal year end; and

(h) a certificate by the Borrower's representative attesting to satisfaction of the conditions precedent for the drawdown of the Loan in the form attached hereto as **Exhibit D**; and

(i) a document which describes the contemplated restructuring of the Borrower and its Subsidiaries and the estimated schedule of such restructuring (hereinafter referred to as the "**Restructuring Plan**").

(v) US Parent has fulfilled the REIT Requirements, and US Parent has caused its Subsidiaries and Affiliates to carry out their businesses so as to satisfy the REIT Requirements;

(vi) valid and lawful joint and several guarantee by each Guarantor by way of submission of the Letter of Guarantee has been made in accordance with Article 16; and

(vii) all actions that are necessary to repay the Existing Financial Obligations on the Drawdown Date shall have been completed, other than the funding of the Loan that will be used to repay the Existing Financial Obligations on the Drawdown Date.

5. MAKING OF LOANS

5.1 Unless the relevant Lender gives a notice pursuant to Article 6.1, and if all conditions set forth in each item of Article 4.1 are satisfied as of the Drawdown Date or waived by such Lender (for the avoidance of doubt, such waiver by the Lender shall not affect other Lenders whether such condition set forth in Article 4.1 is also waived for such other Lenders), each Lender shall deposit the Individual Loan Amount in the Syndicate Account on the Drawdown Date (provided, however, that the Lender shall complete the remittance procedures for such deposit of the Individual Loan Amount in the Syndicate Account no later than 10:00 a.m., Tokyo time, on the Drawdown Date). The Individual Loan shall have been made by such Lender as of the time of the deposit by such Lender of the Individual Loan Amount in the Syndicate Account.

5.2 When the Loan is made pursuant to Article 5.1, the Borrower shall immediately send to the Agent a written receipt describing the amount of the Loan and the details of the Individual Loans, which receipt shall be prepared in the form attached hereto as **Exhibit C**. The Agent shall, upon receiving such receipt, promptly send a copy thereof to each of the Lenders who made the Individual Loans. The Agent shall retain the original receipt on behalf of such Lenders until the Outstanding Individual Loan Money is repaid in full.

6. FAILURE TO MAKE LOAN

6.1 A Lender who decides not to make the Individual Loan for the reason that all or part of the conditions set forth in Article 4.1 are not satisfied (hereinafter referred to as the "**Non-Drawdown Lender**") may notify the Agent, the Borrower and all of the other Lenders of such decision, together with the reason therefor, by 5:00 p.m., Tokyo time, on the Business Day immediately preceding the Drawdown Date; provided, however, that if, notwithstanding the satisfaction of all the conditions set forth in Article 4.1, such notice is given and the Individual Loan is not made, the Non-Drawdown Lender may not be released from liabilities arising from the breach of its Lending Obligation.

6.2 Any Damages incurred by the Lender as a result of the Lender's failure to make the Loan in accordance with the procedure pursuant to this Article 6 shall be borne by the Borrower; provided, however, that the foregoing shall not apply (i) if the failure to make the Loan constitutes a breach of the Lender's Lending Obligation or (ii) to loss of anticipated investment or interest earnings from the Loans (except for the Break Funding Cost).

7. EXEMPTION OF LENDER

7.1 If the Agent determines, or if the Agent has been notified by the Majority Lenders of their determination that, an Exemption Event has occurred, the Agent shall immediately notify the Borrower and All Lenders of such event in writing.

7.2 After the notice set forth in Article 7.1 is given, when the Majority Lender(s) (or, if it is difficult to clarify the intention of the Majority Lender(s), the Agent) determine(s) that such Exemption Event has been resolved, the Agent shall immediately notify the Borrower and All Lenders that the Exemption Event has been resolved.

7.3 During the Exemption Period, All Lenders shall be exempted from their Lending Obligations.

8. INCREASED COSTS

8.1 A Costs Increased Lender may request the Borrower to bear the Increased Costs, and upon such request, the Borrower shall pay such Increased Costs to the Costs Increased Lender. The Borrower may, by giving a notice to the Agent and All Lenders within ten (10) Business Days from the date of receipt of such request, terminate the Lending Obligation of the Costs Increased Lender on the date designated in such notice as a date on which the Borrower desires such Lending Obligation to be terminated (which shall be a date no earlier than ten (10) Business Days after such notice has been given; hereinafter referred to as the "**Desired Termination Date**").

8.2 In the event that a notice set forth in the second sentence of Article 8.1 is given, the Lending Obligation of the relevant Costs Increased Lender shall cease to be effective as of the Desired Termination Date. In such case, the Borrower shall pay to the Costs Increased Lender, on the Desired Termination Date, in accordance with the provisions of Article 17, all obligations owed by it to the Costs Increased Lender under this Agreement (including (i) the full amount of the principal of the Individual Loans, the Due Dates of which are either on or after the day immediately following the Desired Termination Date, (ii) the accrued interest thereon, (iii) the Break Funding Cost to be notified by the Costs Increased Lender, and (iv) the Increased Costs that the Borrower is requested to bear; the same shall apply hereinafter in this Article 8.2). Until the Borrower completes the performance of all obligations owed by it to the Costs Increased Lender under this Agreement, the relevant provisions of this Agreement regarding the performance of such obligations shall still remain in full force and effect with respect to the Costs Increased Lender.

9. REPAYMENT OF PRINCIPAL

9.1 The Borrower shall, in accordance with the provisions of Article 17, pay the principal of the Loan to all the Lenders related to the Loan in installments, and such installment payments shall be made on each of the Interim Principal Repayment Dates and on the Maturity Date in accordance with the Payment Schedule set forth in **Schedule 4** attached hereto. The amount to be paid to each Lender on each Interim Principal Repayment Date shall be the amount of the principal of the Loan that is due and payable by the Borrower to all the Lenders related to the Loan on such Interim Principal Repayment Date, and such amount payable shall be prorated in proportion to the Participation Ratio of such Lender after the drawdown of the Loan made on the Drawdown Date. The amount to be paid to each Lender on the Maturity Date shall be the balance of the principal of the Loan of such Lender as of the Maturity Date.

10. INTEREST

10.1 The Borrower shall, in accordance with the provisions of Article 17, pay, on the Interest Payment Date that is to be the last day of each Interest Calculation Period, the total amount of interest calculated by multiplying the principal amount of the Individual Loan of each Lender related to such Interest Calculation Period by (i) the Applicable Interest Rate for such Interest Calculation Period and (ii) the actual number of days of such Interest Calculation Period.

10.2 The calculation method for interest under Article 10.1 shall be on a day-to-day basis, inclusive of the first day and exclusive of the last day, and on the basis of a year of 365 days, wherein divisions shall be done at the end of the calculation, and fractions less than one yen (JPY 1) shall be rounded down.

11. VOLUNTARY PREPAYMENT

11.1 The Borrower may not prepay all or any part of the principal of the Loan payable on any of the Interim Principal Repayment Dates or the Maturity Date in accordance with the provisions of Article 9 prior to such Interim Principal Repayment Date or the Maturity Date (hereinafter referred to as the "**Prepayment**" in this Article 11 and Article 12); provided, however, that this shall not apply if the Prepayment is made pursuant to Article 8 or Article 12 or in accordance with the procedures set forth in Articles 11.2 through 11.4 below.

11.2 If the Borrower desires to make a Prepayment, the Borrower shall give a written notice to the Agent by ten (10) Business Days prior to the date on which the Borrower desires to make such Prepayment (hereinafter referred to as the "**Desired Prepayment Date**" in this Article 11), and such notice shall state (a) the principal amount of the Loans with respect to which the Borrower desires to make such Prepayment (which amount shall be the full amount of the outstanding principal amount of the Loan, or the amount of fifty million yen (JPY 50,000,000) or a whole multiple of twenty-five million yen (JPY 25,000,000) in excess thereof; and if the principal amount desired to be prepaid by such Prepayment is not the full amount of the outstanding principal amount of the Loan, the amount to be prepaid by such Prepayment to the Lenders shall be in proportion to the outstanding principal amounts of their respective Individual Loans), (b) to the effect that the Borrower will pay, on the Desired Prepayment Date, the full amount of the interest on the principal amount desired to be prepaid by such Prepayment that has accrued by the Desired Prepayment Date (inclusive) (hereinafter referred to as the "**Accrued Interest**" in this Article 11), and (c) the Desired Prepayment Date. After receiving such notice from the Borrower, the Agent shall immediately notify All Lenders of Items (a) through (c) of this Article 11.2. Each notice sent by the Borrower under this Article 11 shall be irrevocable by the Borrower. Each notice under this Article 11 shall be sent by facsimile transmission or e-mail in PDF format. Such recipient of such notice shall confirm with the sender whether the recipient received by facsimile transmission or e-mail in PDF format the notice by phone.

11.3 If the Desired Prepayment Date falls on any day other than an Interest Payment Date, All Lenders shall notify the Borrower, All Guarantors and the Agent of the amount of the Break Funding Cost by two (2) Business Days prior to the Desired Prepayment Date. The Borrower shall, in accordance with the provisions of Article 17, pay the total sum of the principal, the Accrued Interest and the Break Funding Cost (if any) in respect of the Loan to be prepaid by such Prepayment on the Desired Prepayment Date.

11.4 If a Prepayment has been made with respect to any part of the principal of the Loan pursuant to this Article 11, such prepaid amount shall be applied in the inverse order of maturity to the repayment of the principal amounts due and payable on each Interim Principal Repayment Date as specified in the Payment Schedule set forth in **Schedule 4** attached hereto; provided, however, that notwithstanding anything to the contrary in this Agreement if a Prepayment is made during the Additional Syndication Period, such prepaid amount shall be applied, first, to the repayment of the principal amount of the Individual Loan held by the Underwriter until the Underwriter's Individual Loan amount is reduced to the Underwriter's Successful Syndication Amount and then, if there is any remaining amount after such application, in accordance with the application rules set forth above.

12. MANDATORY PREPAYMENT

12.1 If the Borrower or any Japanese Guarantor sells or otherwise disposes of any Material Asset or shares of any Material Subsidiary (other than Permitted Intercompany Mergers and Consolidations and Exempted Restructuring Share Transfers) to a Person (including a member of the Equinix Group but excluding the Borrower and the Japanese Guarantors), the Borrower or such Japanese Guarantor shall make the Prepayment of an amount equivalent to the full amount of the sale proceeds (less reasonable expenses (including Taxes and Public Charges) and the amount of indebtedness secured by such Material Asset or such shares of such Material Subsidiary or the assets held by such Material Subsidiary, in each case that is required to be paid upon consummation of such asset sale) on the Interest Payment Date arriving immediately after the tenth (10th) Business Day after the day of the receipt of the asset sale proceeds; provided, however, that, with respect to any sale proceeds of such Material Asset or such shares of such Material Subsidiary realized under a sale or disposal described in this Article 12.1, at the election of the Borrower or such Japanese Guarantor (as notified by the Borrower to the Agent on or prior to the date of such sale or disposal), and so long as no Event of Default nor Default has occurred and is continuing, the Borrower or such Japanese Guarantor may reinvest all or any portion of such sale proceeds of such Material Asset or such shares of such Material Subsidiary in (1) properties and assets that replace the properties and assets that were the subject of such asset sale, (2) expansion capital expenditures or (3) any combination of (1) and (2), so long as (x) within 360 days after the receipt of such asset sale proceeds, such reinvestment shall have been consummated or the Borrower or such Japanese Guarantor shall have entered into a definitive agreement for such reinvestment within such 360 day period and subsequently makes such reinvestment within 180 days thereafter (in either case as certified by the Borrower in writing to the Agent), (y) the amount of such sales proceeds are not included in clause (iii) of the definition of Consolidated Net Lease Adjusted Indebtedness for the purpose of calculating the Financial Covenant set forth in Article 20.3(2) and (z) the detailed plan of such reinvestment is provided to the Agent and All Lenders as soon as it becomes available; and provided, further, that any sale proceeds of such Material Asset or such shares of such Material Subsidiary not so used within such time period shall be promptly applied to the Prepayment as set forth in this Article 12.1. Notwithstanding anything contrary to the foregoing, this Article 12.1 shall not apply if (i) a transferee of the Material Asset or shares of a Material Subsidiary is a Person incorporated in Japan that is Substantially Wholly-Owned by the Borrower and (ii) such transferee becomes a new Guarantor by following substantially the same process as provided in Article 16.2.

12.2 If a Prepayment has been made with respect to any part of the principal of the Loan pursuant to the provisions of this Article 12, such prepaid amount shall be applied in the inverse order of maturity to the repayment of the principal amounts due and payable on each Interim Principal Repayment Date as specified in the Payment Schedule set forth in **Schedule 4** attached hereto.

13. DEFAULT INTEREST

13.1 If the Borrower or each Guarantor defaults in the performance of its obligations under this Agreement owed to a Lender or the Agent, the Borrower or Guarantor shall, immediately upon the Agent's request and in accordance with the provisions of Article 17, for the period commencing on (and including) the due date of such defaulted obligation and ending on (and including) the day on which the Borrower or Guarantor performs all such defaulted obligations (hereinafter referred to as the "**Defaulted Obligations**" in this Article 13.1), pay default interest calculated by multiplying the amount of the Defaulted Obligations by the rate of fourteen percent (14%) per annum (to the extent not in violation of the Laws and Ordinances).

13.2 The calculation method for default interest under Article 13.1 shall be on a day-to-day basis, inclusive of the first and the last days, and on the basis of a year of 365 days, wherein divisions shall be done at the end of the calculation, and fractions less than one yen (JPY 1) shall be rounded down.

14. FEES

14.1 The Borrower shall pay the Agent Fee to the Agent as separately agreed between the Borrower and the Agent, for the performance by the Agent of the Agent Services set forth in this Agreement.

15. EXPENSES, TAXES AND PUBLIC CHARGES

15.1 All reasonable expenses (including reasonable attorneys' fees) incurred in connection with the preparation, revision or amendment of this Agreement and any documents related hereto, and all reasonable expenses (including reasonable attorneys' fees) incurred in relation to the maintenance or enforcement of the rights or the performance of the obligations by any Lender or the Agent pursuant to this Agreement and the documents related hereto shall be borne by the Borrower to the extent not in violation of the Laws and Ordinances. If any Lender or the Agent has paid these expenses in place of the Borrower, the Borrower shall, promptly upon the Agent's reasonable request, pay the same in accordance with the provisions of Article 17.

15.2 The stamp duties and any other similar Taxes and Public Charges incurred in relation to the preparation, amendment or enforcement of this Agreement and any documents related hereto shall be borne by the Borrower. If any Lender or the Agent has paid these stamp duties or any other similar Taxes and Public Charges in place of the Borrower, the Borrower shall, promptly upon the Agent's request, pay the same in accordance with the provisions of Article 17.

16. GUARANTEE

16.1 The Borrower shall, on the date of this Agreement, cause each Japanese Guarantor and US Guarantor to submit a Letter of Guarantee to the Agent, and cause such Japanese Guarantor or US Guarantor to submit all of the documents set forth below with respect to such Japanese Guarantor or US Guarantor to the Agent by the day of submission of the Letter of Guarantee, the content of which shall be reasonably satisfactory to the Agent; provided, however, that in case of a US Guarantor, it will be sufficient to submit documents set forth below only in PDF format as the conditions precedent, to be followed by its original (where applicable) promptly after the date of submission of the Letter of Guarantee. Through the submission of the Letter of Guarantee, a joint and several guarantee agreement under which each such Japanese Guarantor and US Guarantor guarantees any and all obligations, which are owed, or will be owed in the future, by the Borrower and other Guarantor (only to the extent of the Guarantor Obligations) to each Lender and the Agent under this Agreement shall be formed:

(a) a certified copy of the commercial registration (*shogyo tokibo tohon*), or the certificate of all matters presently recorded (*genzaijiko zembu shomeisho*) or the certificate of all matters historically recorded (*rirekijiko zembu shomeisho*) or, in case of US company, a certified copy of the certification of incorporation and the certificate of good standing (provided, however, that the certified copy or certificate shall be issued within three (3) months before the date of the submission);

(b) a certificate of registered seal impression or, in case of US company, an incumbency certificate signed by an authorized officer certifying the authority and the genuineness of the signature of its signer to the Letter of Guarantee (provided, however, that the certificate shall be issued within three (3) months before the date of the submission);

(c) a certified copy of the articles of incorporation (or its equivalent document for US Guarantors) and the rules of the board of directors (if any);

(d) a notification of the seal impression or signature in the form prescribed by the Agent;

(e) a certified copy or certified extract copy of the minutes of the meeting of the board of directors or minutes of the equivalent body or a confirmation letter in the form attached hereto as **Exhibit B** that approved the execution of and performance of the obligations under the Loan Documents;

(f) in case of a Japanese Guarantor, the Japan Accounting Documents prepared by such Japanese Guarantor as of the latest fiscal year end;

(g) a legal opinion prepared by legal counsel to the Guarantor, which includes the statement opining that (i) the Guarantor has been validly existing, (ii) the execution of the Loan Documents to which the Guarantor is a party has been duly authorized, and (iii) the Loan Documents to which the Guarantor is a party are legal, valid, binding and enforceable.

16.2 If, on or after the date of this Agreement, a Subsidiary of the Borrower newly becomes a Material Subsidiary, the Borrower shall promptly following the submission of the Japan Accounting Documents for the fiscal year in which such Subsidiary first becomes a Material Subsidiary cause such new Material Subsidiary to submit the Letter of Guarantee to the Agent, and cause such new Material Subsidiary to submit all of the documents set forth in Article 16.1 with respect to such new Material Subsidiary to the Agent by the day of submission of the Letter of Guarantee, the contents of which shall be reasonably satisfactory to the Agent. Through the submission of the Letter of Guarantee, a joint and several guarantee agreement under which such new Material Subsidiary guarantees any and all obligations, which are owed, or will be owed in the future, by the Borrower and other Guarantors (only to the extent of the Guarantor Obligations) to each Lender and the Agent under this Agreement shall be formed.

16.3 Each Guarantor shall, respectively, jointly and severally with the Borrower and other Guarantors, guarantee to each Lender and the Agent any and all obligations, which are owed, or will be owed in the future, by the Borrower and other Guarantors (only to the extent of the Guarantor Obligations) to each Lender and the Agent under this Agreement. Each Lender and the Agent may, without making any exercise of rights or demand to the Borrower or other Guarantors, request each Guarantor to perform the guarantee obligations. If a payment that has already been made by the Borrower or each other Guarantor pursuant to this Agreement is not approved due to the liquidation, dissolution, commencement of Insolvency Proceedings of the Borrower or such other Guarantor, or is cancelled or returned for any other reason, each Guarantor shall, respectively, in the same manner as the case where the payment is not performed, assume the guarantee obligations with respect to such payment obligation, to the extent permitted under the Laws and Ordinances.

16.4 To the extent permitted under the Laws and Ordinances, each Guarantor shall not assert any exemption of its obligations against any Lender or the Agent, even if such Lender or the Agent, for its convenience, decrease obligations of guarantee, or otherwise raise any objection to, such Lender or the Agent, even if such Lender or the Agent, for its own convenience, alters (only to the extent it does not provide additional obligations or burdens on such Guarantor) or releases all or part of guarantee held by such Lender or the Agent with respect to any and all of the obligations that are, or will be in the future, owed to such Lender or the Agent by the Borrower under this Agreement. Each Guarantor shall not make any claim for damages sustained therefrom against each Lender and the Agent.

16.5 Even in the cases where a Guarantor has performed all or part of the guarantee obligations to any Lender or the Agent , if there is any continuing transaction between the Borrower and any Lender or the Agent (not limited to the Lender or the Agent to which the guarantee obligations have been performed), such Guarantor shall not exercise any right that has been obtained from such Lender or the Agent as applicable, by subrogation under the performance of the guarantee obligations, without the approval of such Lender and the Agent, as applicable. Until the Loans have been paid in full or fully discharged, each Guarantor shall, upon the request of the Agent or the Majority Lender(s), assign such right or priority without compensation to the Agent or the Lender that is designated by the Agent or the Majority Lender(s). Any costs and expenses for such assignment of right or priority shall be borne by the Borrower.

16.6 If any Guarantor provides any Lender or the Agent with any guarantee other than the guarantee obligations set forth in Article 16.3 with respect to the transactions between the Borrower and such Lender or the Agent, such guarantee shall not be altered at all due to the assumption of the guarantee obligations pursuant to Article 16.3. If any Guarantor provides any Lender or the Agent with a continuing guarantee (*ne-hosho*) under which the commitment amount has been set up with respect to the transactions between the Borrower and such Lender or the Agent, the Loan Amount of such Lender shall be added to the commitment amount of such guarantee. If any Guarantor provides any guarantee to any Lender or the Agent with respect to transactions between the Borrower and such Lender or the Agent in the future, the foregoing shall also apply.

16.7 Except as permitted pursuant to Article 22, each Guarantor shall not assert that the receivables of the Borrower or any other Guarantor due from any Lender or the Agent shall be set off against the obligations that are, or will be in the future, owed to such Lender or the Agent by the Borrower under this Agreement.

16.8 (i) Each Guarantor shall perform its guarantee obligations in the same currency as the obligations of the Borrower to be paid under this Agreement.

(ii) In the event that the Borrower pays or tenders any payment to the Lenders or the Agent in any currency (hereinafter referred to as the "**Other Currency**" in this Article 16.8) other than the currency set forth in Item (i) above, such tender or payment shall not reduce, discharge or otherwise affect in any manner the obligations of each Guarantor under Item (i) above to make payments in the currency as set forth therein, whether or not such tender or payment by the Borrower is given any effect under the Laws and Ordinances. Each Guarantor shall continue to owe obligations to make payments as set forth in Item (i) above regardless of any such tender or payment by the Borrower as if no such tender or payment by the Borrower had been made.

(iii) In the event that Item (ii) above is applicable, a Lender or the Agent may, upon acknowledging the full performance by each Guarantor of its obligations under this Agreement (including the obligations set forth in Item (i) of Article 31.3), pay to such Guarantor the amount that such Lender or the Agent has been paid or tendered and has actually received in any Other Currency; provided, however, that this shall not apply when such Guarantor assigns, upon the request of the Agent or the Majority Lender(s), the right to receive such payment to the Agent or the Lender that is designated by the Agent or the Majority Lender(s) in accordance with Article 16.5.

(iv) Regardless of any material or critical change in financial environments or circumstances or in the Laws and Ordinances, any governmental (including quasi-governmental) orders, rules, so-called rescheduling or other dispositions, or else (including any non-enforceable dispositions), which may take place whether in Japan or abroad, and whether or not it affects any of the obligations of the Borrower or any Guarantor in any manner, the obligations of each Guarantor to perform the guaranteed obligations in accordance with this Article 16 shall not be affected thereby in any manner and each Guarantor shall remain fully responsible and liable to perform its obligations under this Agreement (including its obligations under Items (i) through (iii) above) in accordance with this

Agreement. Notwithstanding the foregoing, if any Guarantor may not perform any of its obligations under this Agreement in the currency as set forth in Item (i) above or otherwise in accordance with this Item (iv) due to any restriction binding upon such Guarantor under the Foreign Exchange and Foreign Trade Law or any other applicable Laws and Ordinances or any governmental order or disposition, such Guarantor shall indemnify the Lenders or the Agent against any and all Damages incurred or suffered by the Lenders or the Agent within reasonable cause due to such order or restriction.

(v) The obligations which each Guarantor owes pursuant to Items (i) through (iv) above are indemnity obligations which are independent from the Borrower's principal obligations and each Guarantor hereby consents that Article 448 of the Civil Code of Japan does not apply to such obligations.

16.9 If the Borrower or any Guarantor divests 100% of the shares or assets of any Material Subsidiary pursuant to any Mergers and Consolidations (other than Permitted Intercompany Mergers and Consolidations) that are permitted under Article 20.1(3)(f) or 20.2(3)(g), All Lenders and the Agent shall execute an instrument releasing such Material Subsidiary from its obligations under the Letter of Guarantee concurrently with such divestiture, on the condition that (A)(i) the consideration for such divestiture is a fair market value and, upon the Agent's reasonable request, supporting materials with respect to such consideration reasonably satisfactory to the Agent have been provided to the Agent and All Lenders and (ii) the cash proceeds of such divestiture less reasonable expenses and any Taxes and Public Charges incurred in connection with such divestiture and the amount of indebtedness secured by shares of such Material Subsidiary or assets held by such Material Subsidiary that is required to be paid upon consummation of such sale, are applied to make a mandatory prepayment of the Loan to the extent, if any, required by Article 12, or (B) (in the case of divesture of assets) (i) a transferee is a Person incorporated in Japan that is Substantially Wholly-Owned by the Borrower and (ii) such transferee becomes a new Guarantor by following substantially the same process as provided in Article 16.2.

17. PERFORMANCE OF OBLIGATIONS BY BORROWER AND EACH GUARANTOR

17.1 In order to repay the obligations under this Agreement, the Borrower and each Guarantor shall, to the extent not in violation of the Laws and Ordinances, deposit the relevant amount in the Agent Account (i) by the Due Time, for those obligations the Due Dates of which are set forth herein, or (ii) promptly upon the Agent's request, for those obligations the Due Dates of which are not set forth herein. In such case, the obligations of the Borrower or each Guarantor to the Agent or a Lender shall have been performed at the time of such deposit in the Agent Account.

17.2 Unless otherwise set forth in this Agreement, none of the Borrower or the Guarantors may make payments of its obligations under this Agreement directly to any Lender other than the Agent, contrary to Article 17.1. A Lender receiving such payment shall immediately pay the money it has received to the Agent, and the obligations with respect to such money shall have been performed upon receipt of such money by the Agent. In addition, none of the Borrower or the Guarantors may perform its obligations under this Agreement by accord and satisfaction (*daibutsu bensai*) unless the Agent or the Majority Lender(s) give their prior approval in writing.

17.3 The payments by the Borrower and each Guarantor under this Agreement shall be applied to the obligations in the order set forth below (with respect to each Guarantor, including the guarantee obligations for the Borrower's obligations set forth in each item below):

(i) those expenses to be borne by the Borrower or each Guarantor under this Agreement, which the Agent has incurred in place of such Borrower or Guarantor, and the Agent Fee, and default interest thereon;

(ii) those expenses to be borne by the Borrower or each Guarantor under this Agreement, payable to a third party;

(iii) those expenses to be borne by the Borrower or each Guarantor under this Agreement, which any Lender has incurred in place of such Borrower or Guarantor, and default interest thereon;

(iv) the default interest (other than the default interest set forth in Items (i) and (iii) of this Article 17.3) and the Break Funding Cost;

(v) the interest on the Loan; and

(vi) the principal of the Loan.

17.4 Upon the application under Article 17.3, if the amount to be applied falls short of the amount outlined in any of the items thereunder, with respect to the first item not fully covered (hereinafter referred to as the "**Item Not Fully Covered**"), the remaining amount after the application to the item of the previous highest order of priority shall be applied to the Item Not Fully Covered, in proportion to the amount of the individual payment obligations owed by the Borrower or each Guarantor regarding the Item Not Fully Covered, which have become due and payable.

17.5 Unless otherwise required by the Laws and Ordinances, the Borrower and each Guarantor shall not deduct Taxes and Public Charges from the amount of obligations to be paid pursuant to this Agreement. If the Borrower or any Guarantor is required to deduct Taxes and Public Charges from the amount payable by such Borrower or Guarantor, such Borrower or Guarantor shall additionally pay the amount necessary in order for the relevant Lender or the Agent to be able to receive the amount that it would receive if no Taxes and Public Charges were imposed. In such case, such Borrower or Guarantor shall, within thirty (30) days from the date of payment, directly send to the relevant Lender or the Agent the certificate of such tax payment issued by the tax authorities in Japan or other competent Governmental Authorities.

17.6 If it is determined that the rate of the tax to be withheld from the interest payable by the Borrower to the Lenders will be changed on or after the date of the execution of this Agreement, the Borrower shall notify the Agent thereof promptly after such determination.

18. DISTRIBUTION TO LENDERS

18.1 If there are any remaining amounts after deducting the amounts set forth in Items (i) through (iii) of Article 17.3 from the amount paid by the Borrower or any Guarantor pursuant to Article 17, the Agent shall immediately distribute any such remaining amounts to the Lenders in accordance with the provisions of this Article 18.

18.2 If, prior to distribution by the Agent to the Lenders pursuant to this Article 18, (a) an order for provisional attachment (*kari sashiosae*), preservative attachment (*hozen sashiosae*) or attachment (*sashiosae*) in relation to the Loan Receivables or a right to claim the performance of the guarantee obligations is served on the Borrower or any Guarantor, (b) an assignment in relation to the Loan Receivables is made, or (c) a repayment of the obligations of the Borrower or any Guarantor by a third party is made, the rights and obligations of the Borrower, each Guarantor, the Agent and the Lenders shall be regulated in accordance with the following provisions:

(a) (1) If the Agent completes the distribution to the Lenders pursuant to this Article 18 before the Agent receives notice from the Borrower or any Guarantor pursuant to

Article 20.1(4) or 20.2(4) that it has received service of an order for provisional attachment (*kari sashiosae*), preservative attachment (*hozen sashiosae*) or attachment (*sashiosae*) with respect to the Loan Receivables or a right to claim the performance of the guarantee obligations:

In this case, even if the creditor which obtains an order for provisional attachment (*kari sashiosae*), preservative attachment (*hozen sashiosae*) or attachment (*sashiosae*), the Borrower, each Guarantor, the Lenders or any other third party suffers Damages as a result of such distribution by the Agent, the Agent shall not be liable in relation thereto, and such Borrower or Guarantor shall deal with such Damages at its own cost and liability. Such Borrower or Guarantor shall compensate the Agent for any Damages incurred by the Agent due to such distribution.

(2) If, after the performance by the Borrower or any Guarantor of its obligations in accordance with the provisions of Articles 17.1 and 17.2 and before the completion of the distributions to the Lenders by the Agent pursuant to this Article 18, the Agent receives notice from the Borrower or any Guarantor pursuant to Article 20.1(4) or 20.2(4) that it has received service of an order for provisional attachment (*kari sashiosae*), preservative attachment (*hozen sashiosae*) or attachment (*sashiosae*) with respect to the Loan Receivables or the right to claim the performance of the guarantee obligations for which such distribution is made:

In this case, (i) with respect to the money subject to such notice, the Agent shall withhold the distributions pursuant to this Article 18, and may take other measures in the manner that the Agent deems reasonable, and (ii) the Agent shall distribute the money paid by such Borrower or Guarantor, excluding the money subject to such notice, in accordance with the order of application set forth in Articles 17.3 and 17.4. If the creditor which obtains an order for provisional attachment (*kari sashiosae*), preservative attachment (*hozen sashiosae*) or attachment (*sashiosae*), the Borrower, each Guarantor, the Lenders or any other third party suffers any Damages as a result of the measures taken by the Agent pursuant to (i) above or the distribution by the Agent pursuant to (ii) above, the Agent shall not be liable in relation thereto, and such Borrower or Guarantor shall deal with such Damages at its own cost and liability. Such Borrower or Guarantor shall compensate the Agent for any Damages incurred by the Agent due to such measures or distribution.

(3) If the Agent receives notice from the Borrower or any Guarantor pursuant to Article 20.1(4) or 20.2(4) that it has received service of an order for provisional attachment (*kari sashiosae*), preservative attachment (*hozen sashiosae*) or attachment (*sashiosae*) before the performance by the Borrower or any Guarantor of the obligations in accordance with the provisions of Articles 17.1 and 17.2:

In this case, the Agent shall make distributions in accordance with the order of application set forth in Articles 17.3 and 17.4 on the premise that no receivables subject to such notice exist. If the creditor which obtains an order for provisional attachment (*kari sashiosae*), preservative attachment (*hozen sashiosae*) or attachment (*sashiosae*), the Borrower, each Guarantor, the Lenders or any other third party suffers any Damages as a result of the distribution by the Agent, the Agent shall not be liable in relation thereto, and such Borrower or Guarantor shall deal with such Damages at its own cost and liability. Such Borrower or Guarantor shall compensate the Agent for any Damages incurred by the Agent due to such distribution.

(b) If the Assignor and the Assignee, under their joint names, notify the Agent of an assignment of the Loan Receivables in accordance with Article 29.1:

In this case, the Agent shall, after receiving such notice, immediately commence all administrative procedures necessary in order to treat such Assignee as the creditor of such Loan Receivables, and the Agent shall be exempt from its obligations insofar as the Agent treats the previous Lender as the party of interest until the Agent notifies the Borrower, All Guarantors, the Assignor and the Assignee to the effect that such procedures have been completed. If the Assignee or any other third party suffers Damages due to such treatment by the Agent, the Agent shall not be liable in relation thereto, and the Borrower and the Assignor of such Loan Receivables shall deal with such Damages at their own cost and liability. The Borrower and the Assignor of such Loan Receivables shall jointly and severally compensate the Agent for any Damages incurred by the Agent arising out of this Item (b).

(c) If a third party making a repayment in accordance with the provisions of Article 30.2 and a Lender receiving such repayment, under their joint names, or the Borrower or each Guarantor, under its sole name, notifies the Agent of such repayment in accordance with Article 30.2:

In this case, the Agent shall, after receiving either of these notices, immediately commence all administrative procedures necessary in order to treat such right to receive indemnification obtained by the third party and such receivables obtained by subrogation in the same manner as the Loan Receivables subject to such repayment, and the Agent shall be exempt from its obligations insofar as the Agent treats the repayment by such third party as not having been made until the Agent notifies such Borrower or Guarantor, such third party and the Lender receiving the repayment by such third party to the effect that such procedures have been completed. If such third party or any other third party suffers Damages due to such treatment by the Agent, the Agent shall not be liable in relation thereto, and such Borrower or Guarantor and the Lender receiving such repayment shall deal with such Damages at their own cost and liability. Such Borrower or Guarantor and the Lender receiving such repayment shall jointly and severally compensate the Agent for any Damages incurred by the Agent arising out of this Item (c).

18.3 The distributions by the Agent to the Lenders shall be made in order, starting from Items (iv) to (vi) of Article 17.3. If there is an Item Not Fully Covered regarding the amounts to be distributed, the application and distribution with respect to such Item Not Fully Covered shall be made in accordance with the provisions of Article 17.4. In this case, each Lender, notwithstanding the provisions of Articles 17.3 and 17.4, may, at its sole discretion, determine the order of and procedures for the application of the amount so distributed to a repayment of obligations owed by the Borrower and each Guarantor to such Lender, and none of the Borrower or the Guarantors shall raise any objection to such determination; provided, however, that even if any Lender has made an application in an order different from that set forth in Articles 17.3 and 17.4, the Agent may deem such application to have been made in accordance with the provisions of Articles 17.3 and 17.4; and thereafter, the Agent may make distributions to each Lender on the premise that All Lenders have made applications in accordance with the provisions of Articles 17.3 and 17.4, and so far as the Agent makes distributions in such manner, it shall not be liable for any difference between the amount of such distributions and the amount applied to each Lender.

18.4 If the deposit of money by the Borrower or each Guarantor set forth in Article 17.1 fails to be completed by the Due Time, the Agent shall be under no obligation to make the distributions set forth in Article 18.1 on the same date. In such case, the Agent shall make such distributions immediately after receiving the deposit from such Borrower or Guarantor, and such Borrower or Guarantor shall bear any Damages incurred by the Lender or the Agent in connection therewith.

18.5 Upon the request of the Agent which is based on a reasonable cause, the Lenders which receive such request shall immediately notify the Agent of the amount (including details) of the receivables they hold against the Borrower or each Guarantor under this Agreement. In this case, the obligation of the Agent to make the distributions set forth in Article 18.1 shall arise at the time all such notices reach the Agent. In the cases where a Lender delays this notice without reasonable cause, such Lender shall bear all Damages incurred by any Lender or the Agent due to such delay.

18.6 The Agent may (but shall not be obliged to) make the distributions to the Lenders by Temporary Advancement. Such Temporary Advancement shall not constitute the performance of an obligation of the Borrower or each Guarantor. In the cases where a Temporary Advancement is made, if the Borrower or each Guarantor fails to perform its obligations in relation to such Temporary Advancement by the Due Time, the Lender who received such Temporary Advancement pursuant to this Article 18.6 shall, immediately upon the Agent's request, reimburse the Agent for the amount of such Temporary Advancement that such Lender received. In addition, the Lender shall, immediately upon the Agent's request, pay to the Agent any Temporary Advancement Costs required in making such Temporary Advancement, depending on the amount of Temporary Advancement that such Lender received. If a Lender has paid any Temporary Advancement Costs to the Agent, the Borrower or each Guarantor shall reimburse the Lender for such Temporary Advancement Costs. In the cases where the Agent completes the distributions to Lenders by Temporary Advancement before the Agent receives the notice from the Borrower or any Guarantor pursuant to Article 20.1(4) or 20.2(4) that it has received service of an order for provisional attachment (*kari sashiosae*), preservative attachment (*hozen sashiosae*) or attachment (*sashiosae*), even if the creditor which obtains an order for provisional attachment (*kari sashiosae*), preservative attachment (*hozen sashiosae*) or attachment (*sashiosae*), the Borrower, each Guarantor, the Lenders or any other third party suffers Damages as a result of such distribution by Temporary Advancement by the Agent, the Agent shall not be liable in relation thereto, and such Borrower or Guarantor shall deal therewith at its own cost and liability. Such Borrower or Guarantor shall compensate the Agent for any Damages incurred by the Agent due to such distribution by Temporary Advancement (including, without limitation, the money set forth in the third and fourth sentences of this Article 18.6, which should be refundable or payable by the Lender to the Agent, but which has not yet been refunded or paid).

19. REPRESENTATIONS AND WARRANTIES BY THE BORROWER AND GUARANTOR

19.1 The Borrower represents and warrants to each Lender and the Agent that each of the matters set forth below is true and correct as of the date of the execution of this Agreement and (except in the case of clause (xi) below) the Drawdown Date:

(i) the Borrower is a corporation duly incorporated and validly existing under the Laws and Ordinances of Japan;

(ii) the execution and delivery of, and the performance of the obligations under, this Agreement, and the consummation of any transactions contemplated hereby, by the Borrower are within the corporate purposes of the Borrower, and the Borrower has duly completed all procedures necessary therefor under the Laws and Ordinances, the articles of incorporation and other internal rules of the Borrower;

(iii) the execution and delivery of, and the performance of the obligations under, this Agreement, and the consummation of any transactions contemplated hereby, by the

Borrower do not result in any violation or breach of (a) the Laws and Ordinances, (b) the articles of incorporation and other internal rules of the Borrower, or (c) any material contract which binds the Borrower or the assets of the Borrower;

(iv) the person who signed or attached his/her name and seal to this Agreement as the representative of the Borrower is authorized to sign or attach his/her name and seal to this Agreement as the representative of the Borrower by all procedures necessary pursuant to the Laws and Ordinances, the regulations equivalent to the articles of incorporation or other internal rules of the Borrower;

(v) this Agreement constitutes legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with the terms of this Agreement;

(vi) the latest Japan Accounting Documents prepared by the Borrower and submitted to the Lender in accordance with Articles 4.1 (iv)(g) and 20.1(1)(b) were accurately and duly prepared in light of Japan GAAP or US GAAP, as the case may be, and have been audited as required in accordance with the Laws and Ordinances if an accounting auditor (*kaikei kansanin*) is appointed as required under the Laws and Ordinances;

(vii) to its knowledge, after the last day of the immediately preceding fiscal term, there has occurred no material change, which is reasonably expected to result in a material adverse effect on the business, assets, or financial condition of the Borrower or any Japanese Guarantor reflected in the Japan Accounting Documents for the immediately preceding fiscal term or which may materially adversely affect the performance of the obligations of the Borrower or any Japanese Guarantor under this Agreement (it being understood that no Permitted Intercompany Mergers and Consolidations, Exempted Restructuring Share Transfers or transfer or divestiture of the shares or assets of Terra Power or its Subsidiaries shall be deemed to have material adverse effect on the business, assets, or financial condition of the Borrower or any Japanese Guarantor reflected in the Japan Accounting Documents for the immediately preceding fiscal term or to materially adversely affect the performance of the obligations of the Borrower or any Japanese Guarantor under this Agreement);

(viii) no lawsuit, arbitration, administrative procedure or any other dispute has commenced or to its knowledge, is likely to commence with respect to the Borrower, which is reasonably expected to materially adversely affect the performance by the Borrower of the obligations under this Agreement;

(ix) no Event of Default nor Default has occurred;

(x) The Borrower is not an Antisocial Force Related Party; and

(xi) the outstanding balances of the Hybrid Loans as of the date of the execution of this Agreement shown in **Schedule 2** are true and accurate.

19.2 Each Guarantor (if a certain Guarantor is specifically referred to in each of the following items, that Guarantor) represents and warrants to each Lender and the Agent (only with respect to itself) that each of the matters set forth below is true and correct as of the date of the submission of the Letter of Guarantee and the Drawdown Date:

(i) such Guarantor is a legal entity duly incorporated and validly existing under the Laws and Ordinances of place of incorporation of such Guarantor;

(ii) the execution and delivery of, and the performance of the obligations under, this Agreement, and the consummation of any transactions contemplated hereby, by such Guarantor are within the corporate purposes of such Guarantor, and such Guarantor has duly completed all procedures necessary therefor under the Laws and Ordinances, the articles of incorporation and other internal rules of such Guarantor;

(iii) the execution and delivery of, and the performance of the obligations under, this Agreement, and the consummation of any transactions contemplated hereby, by such Guarantor do not result in any violation or breach of (a) the Laws and Ordinances, (b) the articles of incorporation and other internal rules of such Guarantor, or (c) any material contract which binds such Guarantor or the assets of such Guarantor;

(iv) the person who signed or attached his/her name and seal to this Agreement as the representative of such Guarantor is authorized to sign or attach his/her name and seal to this Agreement as the representative of such Guarantor by all procedures necessary pursuant to the Laws and Ordinances, the articles of incorporation or other internal rules of such Guarantor;

(v) this Agreement constitutes legal, valid and binding obligations of such Guarantor, enforceable against such Guarantor in accordance with the terms of this Agreement;

(vi) if such Guarantor is a Japanese Guarantor, the latest Japan Accounting Documents prepared by such Guarantor and submitted to the Lender in accordance with Article 16.1(f) (including as applied under Article 16.2) or Article 20.2(1)(c) are accurately and duly prepared in light of Japan GAAP or US GAAP, as the case may be;

(vii) if such Guarantor is a US Guarantor, the latest consolidated financial statements for the latest fiscal year and all the fiscal quarters following the end of the latest fiscal year that were filed by US Parent with the United States Securities and Exchange Commission (a) were prepared in accordance with US GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (b) fairly present in all material respects the financial condition of US Parent and its subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with US GAAP consistently applied throughout the period covered thereby, except, with respect to US GAAP application only, as otherwise expressly noted therein and subject, in the case of unaudited financial statements, to the absence of footnotes and to normal year-end audit adjustments;

(viii) if such Guarantor is a Japanese Guarantor, to its knowledge, after the last day of the immediately preceding fiscal term, there has occurred no material change, which is reasonably expected to result in a material adverse effect on the business, assets, or financial condition of the Borrower or any Japanese Guarantor reflected in the Japan Accounting Documents for the immediately preceding fiscal term or which may materially adversely affect the performance of the obligations of the Borrower or any Japanese Guarantor under this Agreement (it being understood that no Permitted Intercompany Mergers and Consolidations, Exempted Restructuring Share Transfers or transfer or divestiture of the shares or assets of Terra Power or its Subsidiaries shall be deemed to have material adverse effect on the business, assets, or financial condition of the Borrower or any Japanese Guarantor reflected in the Japan Accounting Documents for the immediately preceding fiscal term or to materially adversely affect the performance of the obligations of the Borrower or any Japanese Guarantor under this Agreement);

(ix) if such Guarantor is a US Guarantor, to its knowledge, after the last day of the fiscal term ending in December 2015, there has occurred no change that has not been publically disclosed in filings by US Parent with the United States Securities and Exchange Commission, which is reasonably expected to result in a material adverse effect on the business, assets, or financial condition of the Borrower or Guarantor or which may materially adversely affect the performance of the obligations of the Borrower or Guarantor under this Agreement (it being understood that no Permitted Intercompany Mergers and Consolidations, Exempted Restructuring Share Transfers or transfer or divestiture of the shares or assets of Terra Power or its Subsidiaries shall be deemed to have material adverse effect on the business, assets, or financial condition of the Borrower or any Guarantor or to materially adversely affect the performance of the obligations of the Borrower or any Guarantor under this Agreement);

(x) no lawsuit, arbitration, administrative procedure or any other dispute has commenced or, to its knowledge, is threatened in writing with respect to such Guarantor, which is reasonably expected to materially adversely affect the performance by such Guarantor of its obligations under this Agreement;

(xi) no Event of Default nor Default has occurred;

(xii) such Guarantor is not an Antisocial Force Related Party; and

(xiii) if such Guarantor is a Japanese Guarantor, such Guarantor is (a) directly or indirectly wholly owned by US Parent and (b) Substantially Wholly-Owned by the Borrower.

20. COVENANTS OF THE BORROWER AND EACH GUARANTOR

20.1 (1) The Borrower covenants to perform, at its expense, the matters set forth in each of the following items on and after the date of the execution of this Agreement and until the Borrower and All Guarantors complete the performance of all of their obligations under this Agreement to each Lender and the Agent:

(a) if the Borrower becomes aware that any Event of Default or Default has occurred, or is likely to occur, the Borrower shall promptly notify the Agent and All Lenders thereof;

(b) the Borrower shall submit to the Agent and All Lenders its Japan Accounting Documents within two (2) months following the end of each of the first, second and third fiscal quarters and within three (3) months following each fiscal year end;

(c) the Borrower shall submit to the Agent and All Lenders a copy of its tax return submitted to the tax authority of Japan within three (3) months following each fiscal year end;

(d) the Borrower shall submit to the Agent and All Lenders a document in the form attached hereto as **Exhibit E** whereby the situation of compliance with each of the matters set forth in Articles 20.1(2), 20.3 and 30.1 may be confirmed within three months following each fiscal year end;

(e) the Borrower shall promptly provide the Agent and All Lenders such additional information regarding the business or financial affairs of the Borrower as is reasonably available, regarding compliance with the terms of this Agreement, or regarding the status of the restructuring among the Borrower and its Subsidiaries as the Agent or a Lender through the Agent may from time to time reasonably request;

(f) if the Borrower's Officer becomes aware of occurrence of any material change with respect to the conditions of the assets, management or businesses of the Borrower or Japanese Guarantor (it being understood that Permitted Intercompany Mergers and Consolidations, Exempted Restructuring Share Transfers and transfers or divestitures of the shares, business or assets of Terra Power or its Subsidiaries shall not be deemed to be a material change with respect to the conditions of the assets, management or businesses of the Borrower or any Japanese Guarantor), or commencement of any lawsuit, which may materially affect the performance of the obligations of the Borrower or Japanese Guarantor under this Agreement, the Borrower shall promptly notify the Agent and All Lenders thereof;

(g) if the Borrower's Officer becomes aware of that any of the matters set forth in each item of Article 19.1 (other than clause (xi) thereof) or 19.2 is untrue, the Borrower shall promptly notify the Agent and All Lenders thereof;

(h) if the restructuring of the Borrower and its Subsidiaries are materially deviated from that described in the Restructuring Plan, or if the Borrower or its Subsidiaries otherwise consummate any Permitted Intercompany Mergers and Consolidations, Exempted Restructuring Share Transfers or transfers or divestitures of the shares, business or assets of Terra Power or its Subsidiaries, the Borrower shall notify the Agent and All Lenders thereof concurrently with the delivery of the Japan Accounting Documents for the immediately succeeding quarter end; provided that the Borrower shall provide updates on the status of the Restructuring Plan as may be reasonably requested by the Agent from time to time; and

(i) the Borrower shall submit to the Agent and All Lenders a document reporting the balance of the Hybrid Loans and other intercompany loans as of the end of each fiscal quarter in the form attached hereto as **Exhibit G**, together with a copy of any agreements related to any such loan entered into during such fiscal quarter, within two (2) months following the end of each of the first, second and third fiscal quarters and within three (3) months following each fiscal year end.

(2) The Borrower shall not grant any security to secure any obligations of the Borrower, any Guarantor or any third party; provided, however, that this provision shall not apply to the cases where such granting falls under any of the following items and, in the case of any transaction under item (e) below, the Borrower has given a prior written notice to the Agent thereof. For the purpose of this Article 20.1(2), the granting of security shall mean the granting of security interests (including a continuing collateral security interest (*ne-tanpo-ken*); the same shall apply hereinafter in this Article 20.1(2)) on any assets of the Borrower, or the pre-engagement agreement for the granting of security interests on any assets of the Borrower, and does not include any security interest granted pursuant to the Laws and Ordinances, such as lien (*sakidori tokken*) or possessory lien (*ryuchiken*):

(a) the cases where such granting of security is required by the Laws and Ordinances;

(b) the cases where the Borrower acquires assets on which security interests have already been granted (including the cases where the Borrower acquires assets on which security interests have already been granted, upon its merger, demerger, or business transfer);

(c) the cases where the Borrower grants any security over any cargo or the bill of lading relevant to the import and export when entering into any foreign exchange transaction in respect of the import and export;

(d) the cases where the Borrower grants any security in accordance with a pre-engagement agreement for the granting of security interests without a breach of this Agreement;

(e) the cases where any of the Borrower or Japanese Guarantors, individually or jointly, grants any security securing any obligation to the extent that funds obtained by owing such obligation shall be used solely for the purpose of maintenance capital expenditures, integration capital expenditures, growth capital expenditures or acquisition made by the Borrower or Japanese Guarantors; and

(f) the cases where the Borrower grants any security over the subject assets of any Permitted Financial Obligations to secure the Permitted Financial Obligations.

(3) The Borrower covenants to comply with the matters set forth in each of the following items, on and after the date of the execution of this Agreement, and until the Borrower and All Guarantors complete the performance of all of their obligations under this Agreement to each Lender and the Agent:

(a) the Borrower shall maintain licenses and other similar permits that are necessary to conduct its main business, and continue to carry out the business in compliance with all Laws and Ordinances, except where the failure to maintain such licenses or permits could not reasonably be expected to result in a material adverse effect on the Borrower's business, assets or financial condition or ability to satisfy its obligations under this Agreement;

(b) the Borrower shall not change its main business in any material respect (it being understood that the sale or divestiture of the shares or assets of Terra Power or its Subsidiaries shall not constitute a change in the main business of the Borrower);

(c) unless otherwise specified in the Laws and Ordinances, the Borrower shall not subordinate the payments of any and all of its debts under this Agreement to the payments of any unsecured and unsubordinated debts (including any secured debts that will not be fully collected after the foreclosure sale of the security), or at least shall treat them *pari passu*;

(d) (i) the Borrower shall not bear any new Financial Obligations having a third party outside Equinix Group as creditor except:

(A) the Permitted Financial Obligations;

(B) the cases where the Borrower bears any new Financial Obligations having a third party outside Equinix Group as creditor to the extent that that funds obtained by owing such obligation shall be used solely for the purpose of maintenance capital expenditures, integration capital expenditures, growth capital expenditures or acquisitions by the Borrower; provided that if the principal amount of Financial Obligations that Borrower proposes to incur under this clause (B) in any single transaction or series of related transactions exceeds 1.0 billion yen (JPY 1,000,000,000), the Borrower shall provide a right of first offer for such Financial Obligations to the Lenders. If no or insufficient offers to satisfy in full such Financial Obligations requirements are made within twenty five (25) Business Days of the date on which the Lenders are offered the right to participate in any such Financial Obligations, together with information and materials sufficient for credit analysis, the Borrower or the Japan Guarantors may seek offers from third party finance providers to provide such Financial Obligations;

(C) the Permitted Treasury Obligations;

(D) the existing Financial Obligations of any Person who has been acquired by the Borrower;

(E) the Financial Obligations borne as the result of refinancing of the Financial Obligations set forth in (A) through (D) above; and

(ii) the Borrower shall not bear or maintain any intercompany loan (including corporate bonds and notes but excluding accounts payable incurred in the ordinary course of business which do not take a form of a loan) obligations having Equinix Group as creditor other than Permitted Intercompany Loans;

(e) unless the Borrower gives prior written notice to the Agent and All Lenders, the Borrower will not issue shares (of any type; including stock acquisition rights) other than to the Equinix Group.

(f) Unless the Agent and the Majority Lenders give their prior consent (such consent not to be unreasonably withheld), the Borrower shall not implement (x) any merger (*gappei*), demerger (*kaisha bunkatsu*), share exchange (*kabushiki kokan*) or share transfer (*kabushiki iten*), (y) any transfer or acceptance of all or substantially all of the business or assets (excluding the Material Assets) or (z) any transfer of shares of a Subsidiary to a third party that results in such entity ceasing to be a Subsidiary or any acceptance of shares of an entity from a third party that results in such entity becoming a Subsidiary (collectively, "**Mergers and Consolidations**"), which transaction will or may materially cause adverse effects on the performance by the Borrower or any Guarantor of the obligations under this Agreement except:

(i) intercompany Mergers and Consolidations among the Borrower, Japanese Guarantors and/or any other Person incorporated in Japan that is Substantially Wholly-Owned by the Borrower provided that if such Person remains existing after the completion of the Mergers and Consolidations, it shall become a new Guarantor by following substantially the same process as provided in Article 16.2. (such intercompany Mergers and Consolidations, "**Permitted Intercompany Mergers and Consolidations**");

(ii) Exempted Restructuring Share Transfers; and

(iii) transfers or divestitures of the business (for the avoidance of doubt, including any assets) or shares of Terra Power and its Subsidiaries;

(g) the Borrower shall not be an Antisocial Force Related Party;

(h) the Borrower shall not commit, or cause any third party to commit, any of the Antisocial Acts;

(i) Unless the Agent and the Majority Lenders give their prior consent, the Borrower shall not (i) transfer or assign its loan receivables or rights and obligations in relation to Permitted Intercompany Loans to any Person (other than a Japanese Guarantor, so long as such loan receivables or rights qualify as Permitted Intercompany Loans after giving effect to such transfer or assignment) or (ii) alter the terms of Permitted Intercompany Loans to the extent that such alteration would adversely affect the Lenders in material respects; provided however that alterations of the terms which will not satisfy the Subordination Requirements are deemed to be a breach of this item (i)(ii);

(j) the Borrower shall not sell or otherwise dispose of any Material Asset to any Person (including a member of the Equinix Group) other than (x) the Borrower, (y) a Japanese Guarantor or (z) a Person incorporated in Japan that is Substantially Wholly-Owned by the Borrower and that becomes a new Guarantor by following substantially the same process as provided in Article 16.2, unless (i) such sale or disposal is made on the terms and conditions that are arm's length, (ii) the Borrower notifies the Agent and All Lenders in writing at least thirty (30) days (or such shorter period of time approved by the Agent) prior to such sale or disposal of the intention of the sale or disposal together with materials that reasonably evidence the fairness of the price of the sale or disposal and (iii) the proceeds from such sale or disposal are applied to make a mandatory prepayment of the Loan to the extent, if any, required by Article 12.1;

(k) the Borrower shall repay in full or otherwise extinguish the Existing Financial Obligations on the Drawdown Date; and

(l) the Borrower shall maintain each Japanese Guarantor as a Substantially Wholly-Owned Subsidiary of the Borrower. For the avoidance of doubt, this item (l) shall not be interpreted to prohibit Permitted Intercompany Mergers and Consolidations;

(4) If the Borrower receives any service of an order for provisional attachment (*kari sashiosae*), preservative attachment (*hozen sashiosae*), or attachment (*sashiosae*) with respect to the Loan Receivables (including any similar procedure taken in any jurisdiction outside Japan), the Borrower shall promptly notify in writing the Agent and All Lenders to that effect, together with a copy of such order.

20.2 (1) Each Guarantor (or, if a certain Guarantor is specifically referred to in each of the following items, that Guarantor) covenants to perform, at its expense, the matters set forth in each of the following items on and after the date of the execution of this Agreement and until the Borrower and All Guarantors complete the performance of all of their obligations under this Agreement to each Lender and the Agent:

(a) if any Guarantor becomes aware that any Event of Default or Default has occurred, or is likely to occur, such Guarantor shall promptly notify the Agent and All Lenders thereof;

(b) US Parent shall promptly provide to the Agent and All Lenders a copy of the financial statements that US Parent files with the United States Securities and Exchange Commission or shall promptly notify the Agent and All Lenders when such financial statements have been posted to an internet website accessible by the Agent and All Lenders, which financial statements shall (i) be prepared in accordance with US GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (ii) fairly present in all material respects the financial condition of US Parent and its subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with US GAAP consistently applied throughout the period covered thereby, except, with respect to US GAAP application only, as otherwise expressly noted therein and subject, and in the case of unaudited financial statements, to the absence of footnotes and to normal year-end audit adjustments;

(c) For fiscal year 2016, each Japanese Guarantor shall submit to the Agent and All Lenders its Japan Accounting Documents within two months following the end of third fiscal quarter of fiscal year 2016 and within three months following the end of fiscal year 2016;

(d) each Japanese Guarantor shall submit to the Agent and All Lenders a copy of its tax return submitted to the tax authority of Japan within 3 months following each fiscal year end;

(e) each Japanese Guarantor shall submit to the Agent and All Lenders a document in the form attached hereto as **Exhibit F** whereby the situation of compliance with the matter set forth in Article 20.2(2) may be confirmed within three months following each fiscal year end;

(f) each Guarantor shall promptly provide the Agent and All Lenders with such additional information regarding the business or financial affairs of such Guarantor as is reasonably available or regarding compliance with the terms of Agreement, as the Agent or a Lender through the Agent may from time to time reasonably request;

(g) if any Japanese Guarantor's Officer becomes aware of occurrence of any material change with respect to the conditions of the assets, management or businesses of the Borrower or any Japanese Guarantor (it being understood that Permitted Intercompany Mergers and Consolidations, Exempted Restructuring Share Transfers and transfers or divestitures of the shares, the business or assets of Terra Power or its Subsidiaries shall not be deemed to be a material change with respect to the conditions of the assets, management or businesses of the Borrower or any Japanese Guarantor), or commencement of any lawsuit, which may materially affect the performance of the obligations of the Borrower or any Japanese Guarantor under this Agreement, such Japanese Guarantor shall promptly notify the Agent and All Lenders thereof;

(h) if any Japanese Guarantor's Officer becomes aware that any of the matters set forth in each item of Article 19.1 (other than clause (xi) thereof) or 19.2 is untrue, such Japanese Guarantor shall promptly notify the Agent and All Lenders thereof;

(i) each US Guarantor shall submit to the Agent and All Lenders on a quarterly basis, a certificate of the US Guarantor's Officer certifying whether or not such US Guarantor's Officer is aware that any of the matters set forth in each item of Article 19.1 or 19.2 is untrue; and

(j) if any change has occurred with respect to the rating of US Parent for its long-term unsecured and non-credit enhanced debt obligations by any Rating Agency (including the cases where the rating is newly given or the rating is withdrawn), US Parent shall promptly notify the Agent and All Lenders to that effect.

(2) Each Japanese Guarantor shall not grant any security to secure any obligations of the Borrower, any Guarantor or any third party; provided, however, that this provision shall not apply to the cases where such granting falls under any of the following items and, in the case of any transaction under item (e) below, such Japanese Guarantor has given a prior written notice to the Agent thereof. For the purpose of this Article 20.2(2), the granting of security shall mean the granting of security interests (including a continuing collateral security interest (*ne-tanpo-ken*); the same shall apply hereinafter in this Article 20.2(2)) on any assets of such Japanese Guarantor, or the pre-engagement agreement for the granting of security interests on any assets of such Japanese Guarantor, and does not include any security interest granted pursuant to the Laws and Ordinances, such as lien (*sakidori tokken*) or possessory lien (*ryuchiken*):

(a) the cases where such granting of security is required by the Laws and Ordinances;

(b) the cases where such Japanese Guarantor acquires assets on which security interests have already been granted (including the cases where such Japanese Guarantor acquires assets on which security interests have already been granted, upon its merger, demerger, or business transfer);

(c) the cases where such Japanese Guarantor grants any security over any cargo or the bill of lading relevant to the import and export when entering into any foreign exchange transaction in respect of the import and export;

(d) the cases where such Japanese Guarantor grants any security in accordance with a pre-engagement agreement for the granting of security interests without a breach of this Agreement;

(e) the cases where any of the Borrower or Japanese Guarantors, individually or jointly, grants any security securing any obligation to the extent that funds obtained by owing such obligation shall be used solely for the purpose of maintenance capital expenditures, integration capital expenditures, growth capital expenditures or acquisition made by the Borrower or Japanese Guarantors; and

(f) the cases where such Japanese Guarantor grants any security over the subject assets of any Permitted Financial Obligations to secure the Permitted Financial Obligations.

(3) Each Guarantor (or, if a certain Guarantor is specifically referred to in each of the following items, that Guarantor) covenants to comply with the matters set forth in each of the following items, on and after the date of the execution of this Agreement, and until the Borrower and All Guarantors complete the performance of all of their obligations under this Agreement to each Lender and the Agent:

(a) each Guarantor shall maintain licenses and other similar permits that are necessary to conduct its main business, and continue to carry out the business in compliance with all Laws and Ordinances, except where the failure to maintain such licenses or permits could not reasonably be expected to result in a material adverse effect on such Guarantor's business, assets or financial condition or ability to satisfy its obligations under this Agreement; provided, however, that nothing in this clause (a) shall be interpreted to prohibit any Mergers and Consolidations of the Borrower and the Japanese Guarantors permitted without the consent of the Lenders pursuant to Article 20.2 (3)(g);

(b) each Guarantor shall not change its main business in any material respect (it being understood that the sale or divestiture of the shares or assets of Terra Power and its Subsidiaries shall not constitute a change in the main business of any Guarantor);

(c) US Parent shall cause its Subsidiaries and Affiliates to carry out their businesses so as to satisfy the REIT Requirements;

(d) unless otherwise specified in the Laws and Ordinances, each Guarantor shall not subordinate the payments of any and all of its debts under this Agreement to the payments of any unsecured and unsubordinated debts (including any secured debts that will not be fully collected after the foreclosure sale of the security), or at least shall treat them *pari passu*;

(e) QAON, in its capacity as the borrower of the Existing Financial Obligations, shall repay in full or otherwise extinguish the Existing Financial Obligations on the Drawdown Date using the proceeds of intercompany loans with the Subordination Requirements (the "**Closing Date Intercompany Loans**") made by the Borrower to QAON (indirectly through Subsidiaries of the Borrower) from the proceeds of the Loans made on the Drawdown Date;

(f) (i) each Guarantor shall not bear any new Financial Obligations having a third party outside Equinix Group as creditor, except:

(A) in the case of US Guarantors, Financial Obligations that are not prohibited from being incurred under the US Guarantor Existing Material Debt Documents; and

(B) in the case of Japanese Guarantors, (1) the Permitted Financial Obligations, (2) any of the Japanese Guarantors may bear any new Financial Obligations having a third party outside Equinix Group as creditor to the extent that that funds obtained by owing such obligation shall be used solely for the purpose of maintenance capital expenditures, integration capital expenditures, growth capital expenditures or acquisition by the Japanese Guarantor; provided that if the principal amount of Financial Obligations that a Japanese Guarantor proposes to incur under this clause (B) in any single transaction or series of related transactions exceeds 1.0 billion yen (JPY 1,000,000,000), the Japanese Guarantor shall provide a right of first offer for such Financial Obligations to the Lenders (if no or insufficient offers to satisfy in full such Financial Obligations requirements are made within twenty five (25) Business Days of the date on which the Lenders are offered the right to participate in any such Financial Obligations, together with information and materials sufficient for credit analysis, the Japanese Guarantor may seek offers from third party finance providers to provide such Financial Obligations), (3) the Permitted Treasury Obligations, (4) the existing Financial Obligations of any Person who has been acquired by such Guarantor and (5) the Financial Obligations borne as the result of refinancing of the Financial Obligations set forth in (1) through (4) above.

(ii) each Guarantor shall not bear or maintain any intercompany loan (including corporate bonds and notes but excluding accounts payable incurred in the ordinary course of business which do not take a form of a loan) obligations having Equinix Group as creditor unless such intercompany loans are Permitted Intercompany Loans;

(g) Unless the Agent and the Majority Lenders give their prior consent (such consent not to be unreasonably withheld), each Japanese Guarantor shall not implement any Mergers and Consolidations, which transaction will or may materially cause adverse effects on the performance by the Borrower or any Guarantor of the obligations under this Agreement, except:

(i) Permitted Intercompany Mergers and Consolidations;

(ii) Exempted Restructuring Share Transfers; and

(iii) transfers or divestitures of the business (for the avoidance of doubt, including any assets) or the shares of Terra Power and its Subsidiaries;

(h) each Guarantor shall not become an Antisocial Force Related Party;

(i) each Guarantor shall not commit, or cause any third party to commit, any of the Antisocial Acts;

(j) US Parent shall maintain its direct or indirect ownership of the shares of the Borrower and Japanese Guarantors at 100%. For the avoidance of doubt, this item (j) shall not be interpreted to prohibit Permitted Intercompany Mergers and Consolidations;

(k) Unless the Agent and the Majority Lenders give their prior consent, each Guarantor shall not (i) transfer or assign its loan receivables or rights and obligations in relation to Permitted Intercompany Loans to any Person (other than a member of the Equinix Group so long as such loan receivables or rights qualify as a Permitted Intercompany Loans after giving effect to such transfer or assignment) or (ii) alter the terms of Permitted Intercompany Loans to the extent that such alternation would adversely affect the Lenders in material respects; provided however that alterations of the terms which will not satisfy the Subordination Requirements are deemed to be a breach of this item(k)(ii); and

(l) each Japanese Guarantor shall not sell or otherwise dispose of any Material Asset to any Person (including a member of the Equinix Group) other than the (x) Borrower, (y) a Japanese Guarantor or (z) a Person incorporated in Japan that is Substantially Wholly-Owned by the Borrower and that becomes a new Guarantor by following substantially the same process as provided in Article 16.2, unless (i) such sale or disposal is made on the terms and conditions that are arm's length, (ii) the Japanese Guarantor notifies the Agent and All Lenders in writing at least thirty (30) days (or such shorter period of time approved by the Agent) prior to such sale or disposal of the intention of the sale or disposal together with materials that reasonably evidence the fairness of the price of the sale or disposal and (iii) the proceeds from such sale or disposal are applied to make a mandatory prepayment of the Loan to the extent, if any, required by Article 12.1.

(4) If each Guarantor receives any service of an order for provisional attachment (*kari sashiosae*), preservative attachment (*hozen sashiosae*), or attachment (*sashiosae*) with respect to the right to claim the performance of the guarantee obligations against such Guarantor (including any similar procedure taken in any jurisdiction outside Japan), such Guarantor shall promptly notify in writing the Agent and All Lenders to that effect, together with a copy of such order.

20.3 (1) The Consolidated Fixed Charge Coverage Ratio as of the end of the fiscal year ending on December 2017 shall not be less than 1.20 to 1.00 and the Consolidated Fixed Charge Coverage Ratio as of the end of any subsequent fiscal year shall not be less than 1.50 to 1.00.

(2) The Consolidated Net Lease Adjusted Leverage Ratio as of the end of any fiscal year commencing with the fiscal year ending on December 2017 shall not exceed 6.00 to 1.00.

(3) The Consolidated Net Worth as of the end of any fiscal year commencing with the fiscal year ending on December 2017 shall be greater than or equal to 75% of the FY 2015 Total Net Worth.

(4) The Consolidated Income from Operations as of the end of any fiscal year commencing with the fiscal year ending on December 2017 shall not be negative in any two consecutive full fiscal years.

21. EVENT OF DEFAULT

21.1 If any of the events set forth in the items below has occurred, all of the obligations of the Borrower under this Agreement payable to All Lenders and the Agent shall automatically become due and payable without any notice or demand by a Lender or the Agent, and the Borrower and All Guarantors shall immediately pay the principal of and interest on the Loan and the Break Funding Cost and any other payment obligation that the Borrower and All Guarantors owe pursuant to this Agreement, in accordance with the provisions of Article 17:

(i) if any payment by the Borrower or any Guarantor has been suspended (*shiharai teishi*), or if a petition (including any similar petition filed in any jurisdiction outside Japan) for the commencement of any Insolvency Proceedings is filed against the Borrower or any

Guarantor except the cases where such petition for the commencement of Insolvency Proceedings is frivolous or abusive on its face;

(ii) if the Borrower or any Guarantor adopts a resolution for dissolution or is given an order for dissolution, except as a result of Mergers and Consolidations or a dissolution of such Borrower or Guarantor that, in each case, is permitted under this Agreement;

(iii) if the Borrower or any Guarantor abolishes its major business, except as a result of Mergers and Consolidations or a dissolution of such Borrower or Guarantor that, in each case, is permitted under this Agreement;

(iv) if the Borrower or any Guarantor has received a disposition to suspend transactions with a clearinghouse (including any similar disposition in any jurisdiction outside Japan), or a disposition to suspend transactions by densai.net Co., Ltd. or a similar disposition by any other electronic monetary claim recording institution (including any similar disposition in any jurisdiction outside Japan); or

(v) if any order or notice of provisional attachment (*kari sashiosae*), preservative attachment (*hozen sashiosae*) or attachment (*sashiosae*) (including any similar procedure taken in any jurisdiction outside Japan) has been sent out, or any adjudication that orders an enforcement of preservative attachment (*hozen sashiosae*) or attachment (*sashiosae*) (including any similar adjudication rendered in any jurisdiction outside Japan) has been rendered, with respect to the deposit receivables or other receivables held by the Borrower or any Guarantor against a Lender, and such order or notice has not been cancelled within ten (10) days.

21.2 If any of the events set forth in the items below has occurred, all of the obligations of the Borrower under this Agreement payable to All Lenders and the Agent shall become due and payable upon notice to the Borrower and All Guarantors from the Agent based on the request of the Majority Lenders, and the Borrower and All Guarantors shall immediately pay the principal of and interest on the Loan and the Break Funding Cost and any other payment obligation that the Borrower and All Guarantors owe pursuant to this Agreement, in accordance with the provisions of Article 17:

(i) if the Borrower or any Guarantor has defaulted in performing when due its monetary obligations, whether under this Agreement or not, payable to a Lender or the Agent in whole or in part;

(ii) if any of the matters set forth in the items of Article 19.1 or 19.2 has been found to be untrue, except in minor respects, and it has not been cured within ten (10) Business Days;

(iii) except for the cases set forth in Item (i) of this Article 21.2, if the Borrower or any Guarantor has breached any of its obligations under this Agreement (or, in the case such breach is curable, if the Borrower or any Guarantor has committed such breach and such breach has not been cured within ten (10) Business Days);

(iv) if any of the outstanding corporate bonds issued by the Borrower or any Japanese Guarantor has been accelerated;

(v) if (a)(i) the Borrower or any Guarantor has defaulted in performing all or part of the payment of its monetary obligations (in the case of the Borrower or any Japanese Guarantor, limited to the monetary obligations whose amount is three hundred million yen (JPY 300,000,000) or more in the aggregate; in the case of any US Guarantor, limited to those monetary obligations a default by such US Guarantor in the payment of which results in an event of default under any of the US Guarantor Existing Material Debt Documents) other than those under this Agreement, or any of such obligations has been accelerated or (ii) if the Borrower or any Guarantor has defaulted in performing its guarantee obligations (in the case of the Borrower or any Japanese Guarantor, limited to the guarantee whose amount is three hundred million yen (JPY 300,000,000) or more in the aggregate; in the case of any US Guarantor, limited to those guarantee obligations a default by such US Guarantor in the performance of which results in an event of default under any of the US Guarantor Existing Material Debt Documents) for the benefit of a third party when such guarantee obligations have become due and payable; and (b) such default has not been cured within two (2) Business Days;

(vi) if the Borrower or any Guarantor has suspended its material business or received dispositions, such as a suspension of business or the like (including any similar disposition in any jurisdiction outside Japan), from the competent Government Authority;

(vii) if a petition for specific conciliation (*tokutei chotei*) (including any similar petition filed in any jurisdiction outside Japan) has been filed with respect to the Borrower or any Guarantor; or

(viii) except for each of the foregoing items, if the business or financial condition of the Borrower or any Guarantor has deteriorated, and the necessity arises to preserve its receivables.

21.3 If a notice dispatched by the Agent to the Borrower pursuant to Article 21.2 has been delayed or has not been delivered due to the fault of the Borrower or any Guarantor, all of the obligations of the Borrower under this Agreement shall become due and payable at the time when such notice should have been delivered to the Borrower, and the Borrower shall immediately pay the principal of and interest on the Loan and the Break Funding Cost and any other payment obligations that the Borrower and All Guarantors owe pursuant to this Agreement, in accordance with the provisions of Article 17.

21.4 If a Lender has become aware of the occurrence of any of the events set forth in Items (i) through (iv) of Article 21.1 or each item of Article 21.2, the Lender shall immediately notify the Agent of such occurrence, and the Agent shall notify all of the other Lenders of the occurrence of such event. If the event set forth in Item (v) of Article 21.1 has occurred, the relevant Lender that falls under the obligor of such receivables with respect to such event shall notify the Borrower, All Guarantors, all of the other Lenders and the Agent of such occurrence of the event when such Lender becomes aware of the occurrence.

22. SET-OFF

22.1 When the Borrower or any Guarantor is required to perform its obligations to the Agent or a Lender upon their due date, or upon acceleration or otherwise, (a) the Agent or the Lender may set off the receivables that it has against such Borrower or Guarantor under this Agreement, against its deposit obligations, the obligations under an insurance contract or other obligations that it owes to such Borrower or Guarantor, regardless of whether or not such obligations are due and payable, notwithstanding the provisions of Article 17.2, and (b) the Agent or the Lender may also omit giving prior notice and following the prescribed procedures, receive a refund of the deposited amount on behalf of such Borrower or Guarantor and apply this amount to the payment of obligations. The interest, Break Funding Cost and default interest and other payment for the receivables and obligations involved in such a set-off or application to payment shall be calculated on the premise that such receivables and obligations shall be extinguished on the day of such calculation. In such calculation, the rate therefor shall be in accordance with the provisions of the agreements related to the rate therefor, and the foreign exchange rate at the time such calculation is made, as reasonably determined by the Agent or the Lender, shall be applied. The application in such cases shall be made in accordance with the provisions of Articles 17.3 and 17.4.

22.2 If it is necessary for the Borrower or each Guarantor to preserve its receivables, such Borrower or Guarantor may set off (i) the deposit receivables, the receivables under the insurance contract or any other receivables that it has against the Agent or a Lender and that became due, against (ii) the obligations that it owes to the Agent or the Lender under this Agreement and that became due and payable, notwithstanding the provisions of Article 17.2. In this case, such Borrower or Guarantor shall give written set-off notice to the Agent and promptly submit to the Agent or the Lender the receivable certificates for the deposit receivables, the receivables under the insurance contract or other receivables being set off and the passbook impressed with the seal of the seal impression submitted. The interest and default interest for the receivables and obligations involved in such a set-off shall be calculated on the premise that such receivables and obligations shall be extinguished on the day of receipt of such set-off notice. In such calculation, the interest rate and default interest rate shall be in accordance with the provisions of the agreements related to such interest rate and default interest rate, and the foreign exchange rate at the time such calculation is made, as reasonably determined by the Agent or the Lender, shall be applied. The application in such cases shall be made in accordance with the provisions of Articles 17.3 and 17.4.

22.3 In the cases where the principal of an Individual Loan of a Lender is repaid or set off (including, without limitation, the cases where the principal of such Individual Loan is extinguished as a result of a set-off in accordance with the provisions of Article 22.1 and the cases where the guarantee obligation of any Guarantor for the principal of such Individual Loan is repaid or set off) on any day other than an Interest Payment Date due to a reason not attributable to such Lender, if the Reinvestment Rate related to the Individual Loan so repaid or set off falls below the Applicable Interest Rate for the Interest Calculation Period to which the date of such repayment or set-off belongs, the Borrower shall, in accordance with the provisions of Article 17, pay to such Lender the Break Funding Cost in relation to such repayment or set-off, on the same day as such repayment or set-off, unless otherwise set forth in this Agreement.

22.4 Upon any set-off or application of the sales proceeds to the payment pursuant to Article 22.1 or 22.2, the relevant Lender in the cases set forth in Article 22.1, or the relevant Borrower or Guarantor in the cases set forth in Article 22.2, shall promptly notify the Agent of the details thereof in writing. In the event any Damages are incurred by a Lender or the Agent due to the delay of such notice without any reasonable cause, either the Lender or such Borrower or Guarantor that failed to give such notice shall bear such Damages.

23. ARRANGEMENTS AMONG LENDERS AND AGENT

23.1 If the obligations of the Borrower or any Guarantor under this Agreement owed to any Lender (hereinafter referred to as the " **Extinguished-Obligation Lender**" in this Article 23.1) are extinguished other than in accordance with Articles 17 and 18 (including the cases where a set-off or application to payment is performed pursuant to Article 22.1 or 22.2), unless otherwise set forth in this Agreement, All Lenders and the Agent shall make arrangements among the Lenders and the Agent by way of assignment or purchase of receivables pursuant to the procedures set forth in each item below or any other measures similar thereto, in order that such arrangements shall achieve the same results whereby the repayment has been completed in accordance with the provisions of Articles 17 and 18 and the obligations owed to the Agent and the Lender have been extinguished. If All Lenders and the Agent do not agree upon such assignment or purchase or any other measures similar thereto, All Lenders shall abide by such measures as determined by the Agent at its sole discretion; provided, however, that if the assignment of the receivables is expected as the arrangement among the Lenders and the Agent set forth in this Article 23.1 (including, without limitation, such cases set forth in Item (ii) below), the Lender who is the potential assignor of such receivables may refuse the assignment:

(i) the Agent shall identify, and calculate each amount of, the receivables that the other Lenders and the Agent (hereinafter referred to in this Article 23.1 as the "**Remaining Lenders, etc.**") should have received pursuant to the provisions of Articles 17 and 18 assuming that the amount of obligations so extinguished had been paid to the Agent in accordance with the provisions of Article 17.1 at the time of such extinguishment;

(ii) the Extinguished-Obligation Lender shall purchase, from the Remaining Lenders, etc., the receivables, which are identified by the Agent in accordance with the provisions of Item (i) above, the amount of which is equivalent to the amount calculated by the Agent in accordance with the provisions of Item (i) above, at their face value; and

(iii) if the purchase of receivables in accordance with the provisions of Item (ii) above is made, the Remaining Lenders, etc. who sold such receivables shall, at their own expense, notify such Borrower or Guarantor, promptly after the sale, by means of a document bearing the notarized date (*kakutei hizuke*) prescribed in Article 467 of the Civil Code of Japan.

24. RIGHTS AND OBLIGATIONS OF AGENT

24.1 The Agent shall, pursuant to the entrustment by All Lenders, perform the Agent Services and exercise rights for the benefit of All Lenders, and shall exercise the rights deemed by the Agent to be ordinarily necessary or appropriate when performing the Agent Services. The Agent shall not be liable for the obligations other than those expressly specified in each provision of this Agreement, nor shall it be liable for any non-performance of obligations by any Lender under this Agreement. In addition, the Agent shall be an agent of the Lenders and, unless otherwise set forth herein, shall never act as an agent of the Borrower or each Guarantor.

24.2 The Agent may rely upon any communication, instrument and document which are deemed to be true and correct, and to have been signed by or to have the name and seal attached by, and to have been delivered by, the appropriate persons, and may act in reliance upon any written opinion or explanatory letter of experts appointed by the Agent to the extent reasonably necessary in relation to this Agreement.

24.3 The Agent shall perform its duties and exercise its authorities set forth in this Agreement with due care of a good manager.

24.4 Neither the Agent nor any of its directors, employees or agents shall be liable to the Lenders for any acts or omissions conducted thereby pursuant to, or in connection with, this Agreement, except for its willful misconduct or gross negligence. The Lenders shall jointly and severally indemnify the Agent for any and all liabilities and Damages (including, without limitation, any expenses paid to avoid any damages or losses and paid in order to recover any damages or losses (including attorneys' fees)) incurred by the Agent in the course of the performance of its duties under this Agreement, to the extent not reimbursed by the Borrower or any Guarantor; provided, however, that in the cases where the Agent is also acting as a Lender, the Lenders other than the Agent shall jointly and severally indemnify the Agent for the amount remaining after deducting the portion for which the Agent should contribute, calculated pursuant to the Participation Ratio of the Agent acting as a Lender (or, if any of the Lenders cannot perform the indemnity for which it is liable, the ratio calculated by dividing the Participation Ratio of the Agent acting as a Lender by the aggregate of the Participation Ratio of the Lenders other than such Lender which cannot perform the indemnity).

24.5 When the Agent receives written instructions from the Majority Lender(s), the Agent shall take action in compliance with such instructions so far as such instructions are lawful. In this case, the Agent shall not be liable to the Borrower, each Guarantor or the Lenders for any results of such actions to the extent it would not constitute a breach of due care of a good manager.

24.6 Unless the Agent receives from the Borrower, any Guarantor or a Lender a notice of the existence of any of the Events of Default or Defaults, the Agent shall be deemed to have been unable to become aware of such existence.

24.7 The Agent shall not be liable for the validity of this Agreement, nor shall it guarantee any matters represented by the parties in this Agreement. The Lenders shall enter into and conduct the transactions contemplated under this Agreement at their sole discretion by investigating the necessary matters including the creditworthiness of the Borrower and each Guarantor based on the documents, information and other data as they have deemed appropriate.

24.8 In the cases where the Agent is also acting as a Lender, the Agent shall have the same rights and obligations as each of the other Lenders, irrespective of the Agent’s obligations under this Agreement. In addition, the Agent may engage in commonly accepted banking transactions with the Borrower or each Guarantor other than under this Agreement. Furthermore, the Agent shall not be obliged to disclose to the other Lenders the information concerning the Borrower or each Guarantor that it has obtained through the transactions with such Borrower or Guarantor other than under this Agreement (any information that has been disclosed to the Agent by such Borrower or Guarantor shall, unless expressly identified as being made in relation to this Agreement, be deemed to be provided in relation to the transactions with such Borrower or Guarantor other than under this Agreement), nor shall the Agent be obliged to distribute to the other Lenders any money that it has received from the Borrower or each Guarantor through the transactions with such Borrower or Guarantor other than under this Agreement.

24.9 The calculation of the Individual Loan Amount and the calculation of the amounts to be distributed to each Lender pursuant to the provisions of Article 18 shall be made in accordance with the following: (i) for the amounts to be distributed to each Lender other than the Lender designated by the Agent (hereinafter referred to as the “**Fraction Integrating Lender**” in this Article 24.9; provided, however, that if the Agent is also acting as a Lender, the Lender who is also appointed as the Agent will be the Fraction Integrating Lender), any amount less than one yen (JPY 1) shall be rounded down, and (ii) for the amounts to be distributed to the Fraction Integrating Lender, such amounts shall be the difference between the aggregate of the amounts to be distributed to All Lenders and the aggregate of the amounts distributed to the other Lenders. Except for such cases, all calculations of fractions less than one yen (JPY 1) that are required under this Agreement shall be made in the manner deemed appropriate by the Agent.

24.10 Any determination of interest rates, Interest Calculation Periods and repayment dates, any other determination and the amounts payable under this Agreement, which are included in a notice given by the Agent to the Borrower, the Guarantors or the Lenders, shall be conclusive and binding on the Borrower, the Guarantors and the Lenders, in the absence of manifest error.

24.11 If the Agent receives any notice from the Borrower or any Guarantor which is required to be given to each Lender under this Agreement, the Agent shall promptly inform All Lenders of the details of such notice, and if the Agent receives any notice from a Lender which is required to be given to the Borrower, All Guarantors or the other Lenders under this Agreement, the Agent shall promptly inform the Borrower, All Guarantors or All Lenders, as the case may be, of the details of such notice. The Agent shall make any documents, which the Agent has obtained from the Borrower or any Guarantor and keeps, available to the Lenders during its ordinary business hours.

25. RESIGNATION AND DISMISSAL OF AGENT

25.1 The procedures for the resignation of the Agent shall be as follows:

(i) the Agent may resign from its position as the Agent by giving written notice to All Lenders, the Borrower and All Guarantors; provided, however, that such resignation shall not become effective until a successor Agent is appointed and such successor Agent accepts such appointment;

(ii) if the Agent gives notice pursuant to Item (i) above, the Majority Lender(s) shall appoint a successor Agent upon obtaining the consent of the Borrower; and

(iii) if a successor Agent is not appointed by the Majority Lender(s) within thirty (30) days after the notice of resignation is given as set forth in Item (i) above (including the day of such notice), or if the entity being appointed by the Majority Lender(s) as a successor Agent does not accept such assumption of office of the Agent, the Agent in office at that time may, upon obtaining the consent of the Borrower, appoint a successor Agent on behalf of the Majority Lender(s).

25.2 The procedures for the dismissal of the Agent shall be as follows:

(i) the Majority Lender(s) may dismiss the Agent by giving written notice to all of the other Lenders, the Borrower, All Guarantors and the Agent; provided, however, that such dismissal shall not become effective until a successor Agent is appointed and such successor Agent accepts such appointment; and

(ii) if the Majority Lender(s) gives notice pursuant to Item (i) above, the Majority Lender(s) shall appoint a successor Agent upon obtaining the consent of the Borrower.

25.3 If the entity appointed as the successor Agent pursuant to Article 25.1 or 25.2 accepts the assumption of office, the former Agent shall deliver to the successor Agent all the documents and materials it has kept as the Agent under this Agreement, and shall give all the support necessary for the successor Agent to perform the duties of the Agent under this Agreement.

25.4 The successor Agent shall succeed to the rights and obligations of the former Agent under this Agreement, and the former Agent shall be exempted from all of its obligations as the Agent at the time of the assumption of office by the successor Agent; provided, however, that the provisions of this Agreement relevant to any actions (including omissions) conducted by the former Agent during the period it was in office shall remain in full force and effect.

25.5 If any of the following events occurs, notwithstanding the provisions of Articles 25.1 through 25.4, the Agent may resign from its position as the Agent upon agreement with the Majority Lender(s). If the Agent resigns from its position as the Agent pursuant to this Article 25.5, the resigning Agent shall promptly notify the Borrower and All Guarantors of such resignation, and the Borrower and the Guarantors shall not object to such resignation. Even if the Agent resigns from its position as the Agent pursuant to this Article 25.5, the Borrower shall not be released from its obligations to pay the Agent Fee that has already accrued:

(i) if a petition (including any similar petition filed in any jurisdiction outside Japan) for the commencement of bankruptcy procedures (*hasan tetsuzuki kaishi*), commencement of civil rehabilitation procedures (*minji saisei tetsuzuki kaishi*), commencement of corporate reorganization procedures (*kaisha kosei tetsuzuki kaishi*), commencement of special liquidation (*tokubetsu seisan kaishi*), or commencement of any other similar statutory insolvency procedures is filed against the Borrower; or

(ii) if the Borrower fails to pay the Agent Fee and the Agent requests the Borrower to pay the Agent Fee by setting a reasonable period of time but the Borrower fails to pay the Agent Fee within such period.

26. CLARIFICATION OF INTENTION OF LENDERS

26.1 The procedures for the clarification of the intention of the Majority Lender(s) and All Lenders shall be as follows:

(i) if a Lender deems that any event which requires the instructions of the Majority Lender(s) or All Lenders set forth in this Agreement has occurred, such Lender may give notice to the Agent to request the clarification of the intention of the Majority Lender(s) or All Lenders, as the case may be;

(ii) the Agent shall, upon receipt of the notice set forth in Item (i) above, promptly give notice to All Lenders to seek the clarification of the intention of the Majority Lender(s) or All Lenders, as the case may be;

(iii) upon receipt of the notice set forth in Item (ii) above, each Lender shall make its decision on the relevant event and inform the Agent of its decision within ten (10) Business Days after the receipt of such notice; and

(iv) if a clarification of the intention of the Majority Lender(s) or All Lenders is made pursuant to Items (i) through (iii) above, the Agent shall promptly notify the Borrower, All Guarantors and All Lenders of the result thereof as the instruction of the Majority Lender(s) or All Lenders, as the case may be.

26.2 If the Agent deems that any event which requires the clarification of the intention of the Majority Lender(s) or All Lenders other than in the case of Article 26.1 has occurred, the Agent may give notice to All Lenders to seek such clarification. Furthermore, the provisions of Items (iii) and (iv) of Article 26.1 shall apply to the procedures to be taken after such notice is given.

27. AMENDMENT TO THIS AGREEMENT

27.1 The terms of this Agreement may be amended or supplemented by the written agreement of the Borrower, All Guarantors, the Majority Lenders and the Agent and waived by the written agreement of the Majority Lenders and the Agent; provided, however, that the matters set forth in the following items may be amended or supplemented only by the written agreement of the Borrower, All Guarantors, All Lenders and the Agent and waived only by written agreement of All Lenders and the Agent; provided, further, that notwithstanding items (8) through (10) below the covenants and/or representations and warranties set forth in Article 16 or the Letter of Guarantee (except for an obligation to be a Guarantor), the covenants set forth in Article 20, and the events of default set forth in Article 21 may be waived by the written agreement of only the Majority Lenders and the Agent:

(1) The imposition of additional duties on Lenders including increases of the Loan Amount;

(2) Reduction of loan principal, interest, or other amounts to be paid by Borrower pursuant to this Agreement;
(3) Extension of any Due Date;
(4) Reduction of the Spread or the Base Rate;
(5) Amendment to the definition of "Majority Lender";
(6) Modification of Article 3.1;
(7) Modification to the conditions precedent set forth in Article 4;
(8) Modification of Article 16 or release of any Guarantor from the guarantee obligations under the Letter of Guarantee (except for release of such Guarantor from its obligations under the Letter of Guarantee as permitted herein, which shall not require written agreements of any Lenders or Agent (including, without limitation, in connection with the Permitted Intercompany Mergers and Consolidations, or Mergers and Consolidations pursuant to Article 16.9));
(9) Modification to the covenants set forth in Article 20;
(10) Modification to the events of default set forth in Article 21;
(11) Amendment of this article; and
(12) Amendment to any provision concerning which the consent of All Lenders is required by this Agreement.

27.2 Notwithstanding the provisions of Article 27.1, if the Agent resigns in accordance with Article 25.5 and a successor of the Agent is not immediately appointed through an agreement of the Majority Lender(s), this Agreement may be amended, upon a written agreement of the Majority Lender(s) and the Agent (or a written agreement of the Majority Lender(s) if the Agent has already resigned), to the extent reasonably necessary to make it possible for each Lender to exercise its rights individually. The party that amended this Agreement in accordance with this Article 27.2 shall provide the other parties hereto with a written notice of the details of the amendment without delay.

28. ASSIGNMENT OF STATUS AS A PARTY

28.1 The Borrower may not assign to any third party its status as a party under this Agreement, or its rights and obligations under this Agreement, unless All Lenders, All Guarantors and the Agent give their prior consent in writing.

28.2 No Guarantor may transfer its status as a party under this Agreement, or its rights and obligations under this Agreement, unless the Borrower, other Guarantors, All Lenders and the Agent give their prior consent in writing; provided, however, that (x) any direct or indirect wholly-owned subsidiary of US Parent may assume the obligations of a US Guarantor (other than US Parent) in connection with the consolidation or merger of such US Guarantor with such direct or indirect wholly-owned subsidiary resulting in such direct or indirect wholly-owned subsidiary as the surviving company and (y) any Japanese Guarantor may complete Permitted Intercompany Mergers and Consolidations.

28.3 Unless otherwise set forth in this Agreement, a Lender may not assign to any third party all or part of its status as a party under this Agreement, along with its rights and obligations associated therewith, if the Lending Obligations have not been completed, unless all the requirements set forth in the items below have been fulfilled (provided, however, that if an Event of Default has occurred and is continuing, only the fulfillment of the requirements set forth in items (i), (ii) and (v) below is required) (hereinafter in this Article 28, any Lender who makes such assignment in accordance with this Article 28 shall be referred to as an "**Assigning Lender**," and any Lender who accepts such assignment in accordance with this Article 28 shall be referred to as a "**Successive Lender**"). The Assigning Lender and the Successive Lender shall, under their joint names, immediately send to the Agent a notice of assignment of status as a party. All of the other Lenders and the Agent hereby express their consent to such assignment in advance:

(i) the Successive Lender shall not be an Antisocial Force Related Party;

(ii) if such assignment is made with respect to a part of the status as a party under this Agreement, both the Assigning Lender and the Successive Lender shall become the Lenders under this Agreement and each of the provisions of this Agreement shall apply to these Lenders on and after the assignment date, and thereafter the Individual Loan Amount of the Assigning Lender prior to such assignment of the status shall be partially reduced and the portion of the Individual Loan Amount so reduced shall apply to the Successive Lender as its Individual Loan Amount (provided, however, that, if such Successive Lender has already been a Lender under this Agreement prior to such assignment, the amount that shall apply to such Successive Lender thereafter shall be the total of the amount equivalent to such reduced Individual Loan Amount and its Individual Loan Amount prior to such assignment);

(iii) the Successive Lender shall be a Qualified Assignee or an assignee proposed by the Agent and approved by the Borrower and All Guarantors (such approval not to be unreasonably withheld);

(iv) if such assignment is made with respect to part of the status as a party under this Agreement, both the amount to be reduced from the Individual Loan Amount and the Individual Loan Amount of the Assigning Lender after such reduction shall be not less than one hundred million yen (JPY 100,000,000);

(v) no withholding tax or other taxes shall arise from the assignment, and there shall be no increase in the amount of interest expense payable by the Borrower or any Guarantor to the Successive Lender in accordance with the provisions of Article 17.5 (provided, however, that any assignment of the status as a party under this Agreement from a Lender to any of its foreign Subsidiaries or Affiliates as a result of any revocation of the Lender's lending business in Japan shall be excluded); and

(vi) the Borrower and All Guarantors shall consent in writing to such assignment (such consent not to be unreasonably withheld if the requirement set forth in item (iii) above is satisfied).

28.4 All expenses incurred from the assignment made pursuant to Article 28.3 shall be borne by the Assigning Lender; provided, however, that if an Event of Default has occurred and is continuing, all expenses shall be borne by the Borrower. The Assigning Lender shall pay to the Agent, by the actual date of such assignment, the amount of five hundred thousand yen (JPY 500,000), together with the applicable consumption tax and local consumption tax, as a consideration for the administrative procedures performed in connection with the assignment.

29. ASSIGNMENT OF LOAN RECEIVABLES, ETC.

29.1 Unless otherwise set forth in this Agreement, a Lender may not assign all or part of its Loan Receivables, or its rights and obligations or any other status as a party under this Agreement associated with such Loan Receivables, if the Lending Obligations have been completed or terminated unless all the requirements set forth in the items below are fulfilled (provided, however, that if an Event of Default has occurred and is continuing, only the fulfillment of the requirement set forth in items (i), (ii) and (v) below is required). The Assignor and the Assignee shall perfect the assignment against third parties and the obligor regarding the assignment of receivables as of the date of the assignment. In this case, the Assignor and the Assignee shall, under their joint names, immediately send to the Agent and All Guarantors a notice of assignment of loan receivables, etc. All of the other Lenders, the Borrower, All Guarantors and the Agent hereby express their consent to such assignment in advance. In this case, the Assignee shall be treated as a Lender in connection with the application of each provision of this Agreement to the assigned portion of such Loan Receivables, any and all rights and obligations associated therewith and any other status as a party under this Agreement:

(i) the Assignee shall not be an Antisocial Force Related Party;

(ii) with respect to the Loan Receivables to which the Assignee has succeeded, as well as any and all rights and obligations and other status as a party under this Agreement associated with such Loan Receivables, the Assignee shall be bound upon by each provision of this Agreement related thereto;

(iii) the Assignee shall be a Qualified Assignee;

(iv) if such assignment is made by way of splitting, each split amount of the principal of the Loan Receivables of the Assignor and the Assignee shall be not less than one hundred million yen (JPY 100,000,000);

(v) no withholding tax or other taxes shall arise from the assignment, and there shall be no increase in the amount of interest expense payable by the Borrower or any Guarantor to the Assignee in accordance with the provisions of Article 17.5 (provided, however, that any assignment from a Lender to any of its foreign Subsidiaries or Affiliates as a result of any revocation of the Lender's lending business in Japan shall be excluded); and

(vi) the Borrower and All Guarantors shall consent in writing to such assignment (such consent not to be unreasonably withheld if the requirement set forth in item (iii) above is satisfied).

29.2 All expenses incurred from the assignment made pursuant to Article 29.1 shall be borne by the Assignor; provided, however, that if an Event of Default has occurred and is continuing, all expenses shall be borne by the Borrower. The Assignor shall pay to the Agent, by the actual date of such assignment, the amount of five hundred thousand yen (JPY 500,000), together with the applicable consumption tax and local consumption tax, as a consideration for the administrative procedures performed in connection with the assignment.

30. COLLECTION FROM A THIRD PARTY

30.1 Other than the guarantee provided by each Guarantor under this Agreement, the Borrower shall not, on or after the date of the execution of this Agreement, consign any third party to guarantee (including any guarantee by encumbrance of property but not including any continuing guarantee (*ne-hosho*) or any guarantee by encumbrance of property that is a continuing collateral security (*ne-tanpo*)) the performance of obligations by the Borrower under this Agreement, nor shall the Borrower make any third party assume or perform its obligations under this Agreement, unless it obtains prior consent in writing from the Agent and All Lenders.

30.2 A Lender may receive the repayment of the obligations of the Borrower or a Guarantor under this Agreement from a third party (provided, however, that such third party does not include any Guarantor defined as such in this Agreement), if all the requirements set forth in the items below are fulfilled. If a Lender receives any repayment from a third party in accordance with the provisions of this Article 30.2, the Lender shall, under the joint name with such third party, and the Borrower and each Guarantor shall, respectively, under its sole name, immediately notify the Agent of the fact that such repayment was made. The provisions of Article 17.2 shall not apply to the receipt of the repayment in accordance with this Article 30.2, and with respect to the extinguishment of the obligations of the Borrower or any Guarantor under this Agreement resulting from the receipt of the repayment, no arrangement among the Lenders and the Agent set forth in Article 23.1 shall be made:

(i) when the third party exercises against the Borrower or any Guarantor its right to receive indemnification from such Borrower or Guarantor obtained as a result of the repayment made by it to the Lender and its right to the receivables to which it has become entitled by subrogating the Lender, it shall consent in writing to treat such rights in the same way as the receivables in relation to such repayment and to be bound by the provisions of this Agreement to such extent, and to submit such written consent to the Agent for the benefit of the Lender and the Agent;

(ii) the third party is a Qualified Assignee, and is not a Subsidiary or an Affiliate of such Borrower or Guarantor, and such Borrower or Guarantor is not a Subsidiary or an Affiliate of such third party;

(iii) if the repayment is made for the obligations with respect to the Loan Receivables, one hundred million yen (JPY 100,000,000) or more of the principal of the relevant Loan Receivables shall be repaid; and

(iv) no withholding tax or other taxes shall arise from the repayment, and there will be no increase in the amount of the interest expense payable by the Borrower or any Guarantor to the third party in accordance with the provisions of Article 17.5.

In the case of any exercise of the right to receive indemnification or any obtainment by subrogation of the Loan Receivables by the third party, such obtainment of the right to receive indemnification or such obtainment by subrogation shall be considered to be the assignment of the Loan Receivables pursuant to the provisions of Article 29, and the provisions of Article 29.2 shall apply *mutatis mutandis*.

31. GENERAL PROVISIONS

31.1 Confidentiality Obligations

The Lenders and the Agent shall maintain the confidentiality of all information provided by the Borrower or the Guarantors to the Lenders and the Agent in connection with the Agreement, except:

(i) If the notice of failure to make an Individual Loan has been given pursuant to the provisions of Article 6.1, or if any of Events of Default or Defaults has occurred, or if the clarification of the intention of the Majority Lender(s) has been required pursuant to the provisions of Article 26, the Agent and a Lender may disclose to each other any information with regard to the Borrower or any Guarantor or the transactions with the Borrower or any Guarantor, which either party has obtained in connection with this Agreement or an agreement other than this Agreement, to the extent reasonably necessary.

(ii) Upon the assignment of status as a party pursuant to the provisions of Article 28 or an assignment of the Loan Receivables, etc. pursuant to the provisions of Article 29, a Lender may disclose any information with regard to this Agreement to the Assignee (including the Successive Lender set forth in Article 28) or a person considering becoming an

Assignee (including an intermediary of such assignment), on the condition that such Lender imposes the confidentiality obligations on the other party. The information with regard to this Agreement referred to in this Item (ii) shall mean any information regarding the credit of the Borrower and each Guarantor that has been obtained in connection with this Agreement, any information regarding the content of this Agreement and other information incidental thereto, and any information regarding the content of the Loan Receivables, etc. to be assigned and other information incidental thereto, and shall not include any information regarding the credit of the Borrower and each Guarantor that has been obtained in connection with any agreement other than this Agreement.

(iii) A Lender or the Agent may disclose information with regard to this Agreement, to the extent reasonably necessary, upon an order, direction, request, or the like made pursuant to applicable laws or made by administrative agencies, judicial agencies or other relevant authorities, or central banks or self-regulatory agencies in or outside Japan, or may disclose information with regard to this Agreement to an attorney, judicial scrivener, certified public accountant, accounting firm, tax accountant, rating agency, or any other expert who needs to receive the disclosure of confidential information in relation to his/her work. A Lender or the Agent may also disclose information with regard to this Agreement to its Parent Company, Subsidiary, and Affiliate to the extent necessary and appropriate for internal control purposes.

31.2 Risk Bearing, Exemption, and Compensation and Indemnification

(i) If any documents furnished by the Borrower or any Guarantor to the Agent or each Lender have been lost, destroyed or damaged for any unavoidable reasons, such as an incident or a natural disaster, such Borrower or Guarantor shall, upon consultation with the Agent, perform its obligations under this Agreement based on the records, such as books and vouchers, of the Agent or the Lender. Such Borrower or Guarantor shall, upon the request of the Agent or a Lender through the Agent, promptly prepare substitute documents and furnish them to the Agent or the Lender through the Agent.

(ii) If a Lender or the Agent performs transactions after comparing, with due care, the signature or seal impression of the representative or agent of the Borrower or each Guarantor to be used for the transactions in relation to this Agreement with the signature or seal impression submitted by such Borrower or Guarantor in advance, such Borrower or Guarantor shall bear any Damages incurred as a result of an event such as forgery, alteration or theft of the seals.

(iii) The Borrower or any Guarantor will not make any claim against a Lender or the Agent for any Damages incurred by such Borrower or Guarantor as a result of such Lender or the Agent taking any actions permitted under this Agreement to the extent such actions are not made with gross negligence (including deciding not to make the Individual Loan, providing the Borrower and All Guarantors with a notice in accordance with Article 21.2, and disclosing information in accordance with Item (i) of Article 31.1) due to a violation of this Agreement by such Borrower or Guarantor or the fact that any of the items in Article 19.1 or 19.2 is not true (including the fact that any of the matters set forth in Item (x) of Article 19.1 or Item (xii) of Article 19.2 is not true, a violation of Item (g) or (h) of Article 20.1(3) by the Borrower, or a violation of Item (h) or (i) of Article 20.2(3) by any Guarantor; hereinafter referred to as a " **Breach of Obligations by Borrower, Etc.**" in this Item (iii)). The Borrower or any Guarantor shall bear any Damages incurred by a Lender and/or the Agent that arise as a result of a Breach of Obligations by Borrower, Etc. or as a result of a Lender not performing the indemnity pursuant to the provisions of Article 24.4.

31.3 Currency Indemnity

(i) In the event that a judgment or order is rendered or issued by any court for the payment of the principal of or interest on the Loan or any other amount payable to a Lender or the Agent under this Agreement, and such judgment or order is expressed in a currency other than the currency in which the obligations of the Borrower under this Agreement must be paid (hereinafter referred to as the "**Currency of Payment**" in this Item (i)), or is expressed in the Currency of Payment but is to be enforced in a currency other than the Currency of Payment, any amount received or recovered in such other currency by such Lender or the Agent in respect of such judgment or order shall only constitute a discharge to the Borrower or each Guarantor to the extent of the amount received or recovered in the Currency of Payment and the Borrower and each Guarantor shall undertake to pay to such Lender or the Agent the amount necessary to make up any deficiency arising or resulting from any variation in rates of exchange between (a) the date as of which any amount expressed in the Currency of Payment is (or is to be treated as) converted into such other currency for the purposes of any such judgment or order and (b) the date or dates of discharge of such judgment or order (or a part thereof). The undertaking in this Item (i) shall constitute a separate and independent obligation of the Borrower or each Guarantor from its other obligations, shall give rise to a separate and independent cause of action against the Borrower or each Guarantor, shall apply irrespective of any indulgence granted by any Lender or the Agent from time to time, and shall continue in full force and effect notwithstanding any judgment or order.

(ii) Each Guarantor hereby agrees that Article 448 of the Civil Code of Japan does not apply to such obligations.

31.4 Severability

Even if any provision which constitutes a part of this Agreement becomes null, illegal or unenforceable, the validity, legality and enforceability of all the other provisions shall in no way be prejudiced or affected.

31.5 Exception to Application of Bank Transactions Agreements

The Agreement on Bank Transactions (*ginko torihiki yakujosho*) and the Agreement on Financial Transactions (*kinyu torihiki yakujosho*) shall not apply to this Agreement or the transactions contemplated under this Agreement.

31.6 Notices

(i) Any notice under this Agreement shall be made in writing expressly stating that it is made for the purpose of this Agreement, and shall be given by any of the methods set forth in Sub-items (a) through (d) below to the address or the facsimile number of the receiving party set forth in "Contact Information" of **Schedule 1** attached hereto. Each party to this Agreement may change its contact information by giving notice thereof to the Agent:

(a) personal delivery;

(b) registered mail or courier service;

(c) transmission by facsimile; or

(d) exchange service (only for any notice between the Lenders and the Agent).

(ii) The notice pursuant to Item (i) above shall be deemed to have been delivered at the time, in the case of transmission by facsimile, when the receipt of the facsimile is confirmed by the facsimile transmitter of the sender, and in the case of any other methods, when actually received.

(iii) Any notice, information, or report (including any Japan Accounting Documents) to be sent from the Borrower or a Guarantor to the Agent and All Lenders hereunder must be given to the Agent which shall be forwarded by the Agent to All Lenders (unless the Agent is unable due to circumstances outside of its control to forward such items to All Lenders, in which case the Borrower or such Guarantor shall send such items directly to All Lenders).

31.7 Changes in Notified Matters

(i) In the case of any changes to the matters for which a Lender, the Borrower or each Guarantor has given notice to the Agent (such as the trade name or name, representative, agent, signature, seal or address), such Lender, Borrower or Guarantor shall immediately notify the Agent of such changes in writing.

(ii) If any notice to be given under this Agreement is delayed or not delivered as a result of the failure to comply with the notice requirements set forth in Item (i) above, such notice shall be deemed to have been provided as of the date and time when it should have been received under normal circumstances.

31.8 Funds Transfer

Fees for the payments made under this Agreement from a party to this Agreement to any of the other parties to this Agreement shall be borne by the party who makes such payment.

31.9 Calculations

Unless otherwise expressly set forth with respect to any calculation made under this Agreement, all calculations shall be made on a day-to-day basis, inclusive of the first day and exclusive of the last day, and on the basis of a year of 365 days, wherein the division shall be done at the end of the calculation, and fractions less than one yen (JPY 1) shall be rounded down.

31.10 Preparation of Notarized Deeds

The Borrower and each Guarantor shall, at any time upon the request of the Agent or the Majority Lender(s), take the necessary procedures to cause a notary public to execute a notarized deed in which such Borrower or Guarantor acknowledges its obligations under this Agreement and agrees to compulsory execution with regard thereto (including any similar procedure taken in any jurisdiction outside Japan). The expenses for the execution of such notarized deed shall be borne by such Borrower or Guarantor.

31.11 Governing Law and Jurisdiction

This Agreement shall be governed by the laws of Japan, and the Tokyo District Court shall be the competent court of non-exclusive agreed jurisdiction over any disputes arising in connection with this Agreement.

31.12 Language

This Agreement shall be prepared in the English language, and the English language version shall be deemed to be the original.

31.13 Consultation

In the event that any matter not set forth in this Agreement or any doubt with respect to the interpretation of this Agreement arises among the parties, the Borrower, each Guarantor and the Lenders shall hold consultations and determine the response thereto.

31.14 Time

All references to time in this Agreement shall mean Tokyo time, unless otherwise expressly set forth in this Agreement.

31.15 Accounting Standards for Financial Covenants; Changes in US GAAP

(a) Accounting Standards for Financial Covenants. All accounting terms used in the calculation of the Financial Covenants shall be construed in conformity with, and all financial data (including financial statements, financial ratios and other financial calculations) required to be submitted pursuant to this Agreement to calculate the Financial Covenants, shall be prepared in conformity with, US GAAP applied on a consistent basis, as in effect from time to time, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any Financial Covenant) contained herein, indebtedness of the Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 on financial liabilities shall be disregarded.

(b) Changes in US GAAP. If at any time any change in US GAAP would affect the computation of any Financial Covenant, and either the Borrower or the Majority Lenders shall so request, the Agent, the Lenders and the Borrower shall negotiate in good faith to amend such Financial Covenant to preserve the original intent thereof in light of such change in US GAAP (subject to the approval of the All Lenders); provided that, until so amended, (i) such Financial Covenant shall continue to be computed in accordance with US GAAP prior to such change therein and (ii) the Borrower shall provide to the Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such Financial Covenant made before and after giving effect to such change in US GAAP.

IN WITNESS WHEREOF, one (1) original of this Agreement has been executed, the representatives, or any agent of such representatives, of the Borrower, each Lender and the Arranger and the Agent have signed or affixed their names and seals hereto, and the Agent shall retain such original. Furthermore, each Lender, the Borrower and the Arranger shall receive a copy hereof from the Agent.

September 30, 2016

Revenue

Stamp

Borrower (address, name, and seal):

_/s/_Kei Furuta, Representative Director
World Trade Center Bldg., 2-4-1, Hamamatsu-cho, Minato-ku, Tokyo________
(Equinix Japan K.K.)

Arranger and Agent (address, name, and seal):

_____/s/_Takashi Oyamada, President____________
(The Bank of Tokyo-Mitsubishi UFJ, Ltd.)

Lender (address, name, and seal):

_____/s/_Takashi Oyamada, President___________
(The Bank of Tokyo-Mitsubishi UFJ, Ltd.)

Lender (address, name, and seal):

_/s/Hideaki Sakai, General Manager__________
(Mizuho Bank, Ltd.)

Lender (address, name, and seal):

_/s/ Takeshi Kunibe, President and Chief Executive Officer
(Sumitomo Mitsui Banking Corporation)

Lender (address, name, and seal):

/s/ Shinichiro Seto, Senior Managing Executive Officer
(Shinsei Bank, Limited)

Lender (address, name, and seal):

_/s/ Hiroshi Sato, General Manager_____________
(IBJ Leasing Company, Limited)

Lender (address, name, and seal):

/s/ Masahito Shimamura, Business Department No.4
(Mitsubishi UFJ Lease & Finance Company Limited)

Lender (address, name, and seal):

_/s/ Atsushi Nii, General Manager_______________
(Sumitomo Mitsui Trust Bank, Limited)

Lender (address, name, and seal):

__/s/ Masaru Irie, Chief Executive Officer_______
(The Tokyo Star Bank, Limited)

Lender (address, name, and seal):

_/s/ Haruyuki Urata, President_________________
(ORIX Bank Corporation)

Lender (address, name, and seal):

_/s/ Takashi Ogasawara, General Manager_______
(Resona Bank, Ltd.)

Lender (address, name, and seal):

__/s/ Kenichi Kawamura, President______________
(The Bank of Yokohama, Ltd.)

Lender (address, name, and seal):

__/s/ Shinsuke Baba, Representative Director, President and Chief Executive Officer______
(Aozora Bank, Ltd.)

Lender (address, name, and seal):

/s/ Hiroyuki Sekihara, General Manager________
(The Shoko Chukin Bank, Ltd.)

Schedule 1 (List of Parties)

List of Parties

1. Borrower

Corporate Name	Equinix Japan K.K.
Address	World Trade Center Bldg., 4-1, Hamamatsucho 2-chome, Minato-ku, Tokyo, Japan
Contact Information	World Trade Center Bldg., 4-1, Hamamatsucho 2-chome, Minato-ku, Tokyo 105-6133, Japan Hideho TSUJI (Finance Manager) Hideo FUKAI (Senior General Manager) Syuichi YAMANAKA (General Manager) Telephone No.: 03-6402-6970 Facsimile No.: 03-3436-6775

2. Agent

Corporate Name	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Address	JP Tower, 7-2, Marunouchi 2-Chome, Chiyoda-ku, Tokyo, Japan
Office	Financial Solutions Division, Administration Office
Contact Information	JP Tower, 7-2, Marunouchi 2-Chome, Chiyoda-ku 100-0005, Tokyo, Japan Telephone No.: 03-6259-7688 Facsimile No.: 03-5252-5941

3. Lenders

Corporate Name	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Address	4-2, Toranomon 1-Chome, Minato-ku, Tokyo, Japan
Lending Office	Toranomon Branch
Contact Information	4-2, Toranomon 1-Chome, Minato-ku, Tokyo 105-0001, Japan ・Tomoyuki KURATA (Chief Manager) ・Ayano NAKAJIMA (Manager) Telephone No.: 03-3591-3780 Facsimile No.: 03-3591-3953
Individual Loan Amount	JPY 10,000,000,000

Corporate Name	Mizuho Bank, Ltd.
Address	5-5, Otemachi 1-Chome, Chiyoda-ku, Tokyo, Japan
Lending Office	Head Office
Contact Information	5-5, Otemachi 1-Chome, Minato-ku, Tokyo 100-8176, Japan ・Shunsuke AOYAMA (Manager, Corporate Banking Team No.1, Corporate Banking Division No.18) Telephone No.: 03-5222-4478 Facsimile No.: 03-3214-0710 ・Takahiro HIGASHI (Senior Manager, Corporate Banking Team No.1, Corporate Banking Division No.18) Telephone No.: 03-5252-8844 Facsimile No.: 03-3214-0710
Individual Loan Amount	JPY 5,000,000,000

Corporate Name	Sumitomo Mitsui Banking Corporation
Address	1-2, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan
Lending Office	Mitadori Corporate Business Office
Contact Information	28-1, Shiba 5-Chome, Minato-ku, Tokyo 108-0014, Japan ・Junya SUZUKI (Assistant Vice President) ・Yuko MATSUHASHI (Deputy General Manager)Telephone No.: 03-3453-1552 Facsimile No.: 03-3453-3917
Individual Loan Amount	JPY 5,000,000,000

Corporate Name	Shinsei Bank, Limited
Address	4-3, Nihonbashi-muromachi 2-Chome, Chuo-ku, Tokyo, Japan
Lending Office	Corporate Banking Business Division I
Contact Information	4-3, Nihonbashi-muromachi 2-Chome, Chuo-ku, Tokyo 103-8303, Japan ・Ryuhei NAKAMARU (Manager) ・Yusuke IKEDA Telephone No.: 03-6880-8420 Facsimile No.: 03-4560-1728
Individual Loan Amount	JPY 5,000,000,000

Corporate Name	IBJ Leasing Company, Limited
Address	2-6, Toranomon 1-Chome, Minato-ku, Tokyo, Japan
Lending Office	Corporate Business Department (Tokyo Regional No.1)
Contact Information	2-6, Toranomon 1-Chome, Minato-ku, Tokyo 105-0001, Japan ・Daisuke NISHIMURA (Manager) ・Yushiro MORI (Assistant General Manager) Telephone No.: 03-5253-6650 Facsimile No.: 03-5253-6595
Individual Loan Amount	JPY 3,000,000,000

Corporate Name	Mitsubishi UFJ Lease & Finance Company Limited
Address	5-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan
Lending Office	Head Office
Contact Information	5-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo 100-6525, Japan ・Takaaki KONO (Chief Manager, Section No. 1, Business Department No. 4) ・Hiromi SHIBATA (Assistant Manager, Section No. 1, Business Department No. 4) Telephone No.: 03-6865-3019 Facsimile No.: 03-6865-3964
Individual Loan Amount	JPY 3,000,000,000

Corporate Name	Sumitomo Mitsui Trust Bank, Limited
Address	4-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan
Lending Office	Corporate Business Department, Tokyo
Contact Information	4-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo 100-8233, Japan ・Hirofumi TAKAKU (Manager) Telephone No.: 03-6256-5204 Facsimile No.: 03-3286-8839 ・Yasue KURIHARA (Officer) Telephone No.: 03-6256-5198 Facsimile No.: 03-3286-8839
Individual Loan Amount	JPY 3,000,000,000

Corporate Name	The Tokyo Star Bank, Limited
Address	3-5, Akasaka 2-Chome, Minato-ku, Tokyo, Japan
Lending Office	Institutional Strategic Development Department
Contact Information	3-5, Akasaka 2-Chome, Minato-ku, Tokyo 107-8480, Japan ・Ichizo KOBAYASHI (Vice President, Corporate Strategic Development) Telephone No.: 03-3224-6045 Facsimile No.: 03-3224-1305 ・Yukiko HAGINO (Assistant Vice President, Corporate Strategic Development) Telephone No.: 03-3224-3810 Facsimile No.: 03-3224-1305
Individual Loan Amount	JPY 3,000,000,000

Corporate Name	ORIX Bank Corporation
Address	22-8, Shiba 3-Chome, Minato-ku, Tokyo, Japan
Lending Office	Head Office
Contact Information	22-8, Shiba 3-Chome, Minato-ku, Tokyo 105-0014, Japan Attention: ・Kazuya TAKAHASHI (Assistant Manager, Division II, Corporate Business Division I) ・Tomoki TABUCHI (Assistant Manager, Division II, Corporate Business Division I) Telephone No.: 03-6722-3674 Facsimile No.: 03-6722-3699
Individual Loan Amount	JPY 2,500,000,000

Corporate Name	Resona Bank, Ltd.
Address	2-1, Bingomachi 2-Chome, Chuo-ku, Osaka, Japan
Lending Office	Shinjuku Branch
Contact Information	2-1, Shinjuku 3-Chome, Shinjuku-ku, Tokyo 160-0022, Japan ・Tomoko KUNII (Sales Division I) Telephone No.: 03-3356-3232 Facsimile No.: 03-3354-0188 ・Hiroyuki ONO (Manager, Sales Division I) Telephone No.: 03-3356-3493 Facsimile No.: 03-3354-0188
Individual Loan Amount	JPY 2,500,000,000

Corporate Name	The Bank of Yokohama, Ltd.
Address	1-1, Minatomirai 3-Chome, Nishi-ku, Yokohama, Kanagawa, Japan
Lending Office	Shinagawa Branch
Contact Information	3-6, Minami-shinagawa 2-Chome, Shinagawa-ku, Tokyo 140-0004, Japan ・Nobuyuki IMAI (Acting Head of Section, Public Relation Section) ・Yoshihiro SHIRAI (Section Chief, Public Relation Section) Telephone No.: 03-3472-3911 Facsimile No.: 03-3472-3916
Individual Loan Amount	JPY 2,500,000,000

Corporate Name	Aozora Bank, Ltd.
Address	3-1, Kudan-minami 1-Chome, Chiyoda-ku, Tokyo, Japan
Lending Office	Corporate Business Division IV
Contact Information	3-1, Kudan-minami 1-Chome, Chiyoda-ku, Tokyo 102-8660, Japan ・Kentaro FUJIMORI (Manager) ・Kenji MAEKAWA (Assistant Manager) Telephone No.: 03-5212-9532 Facsimile No.: 03-3239-9543
Individual Loan Amount	JPY 2,000,000,000

Corporate Name	The Shoko Chukin Bank, Ltd.
Address	10-17, Yaesu 2-Chome, Chuo-ku, Tokyo, Japan
Lending Office	Kanda Branch
Contact Information	3-12, Kandakajicho 3-Chome, Chiyoda-ku, Tokyo 101-0045, Japan ・Makoto MATSUURA (Secretary, First Section) ・Kenji YAMADA (Manager, First Section) Telephone No.: 03-3254-6814 Facsimile No.: 03-3254-2544
Individual Loan Amount	JPY 1,000,000,000

5. Summary of Loan Amount

(1) Loan Amount

The Bank of Tokyo-Mitsubishi UFJ, Ltd.	JPY 10,000,000,000
Mizuho Bank, Ltd.	JPY 5,000,000,000
Sumitomo Mitsui Banking Corporation	JPY 5,000,000,000
Shinsei Bank, Limited	JPY 5,000,000,000
IBJ Leasing Company, Limited	JPY 3,000,000,000
Mitsubishi UFJ Lease & Finance Company Limited	JPY 3,000,000,000
Sumitomo Mitsui Trust Bank, Limited	JPY 3,000,000,000
The Tokyo Star Bank, Limited	JPY 3,000,000,000
ORIX Bank Corporation	JPY 2,500,000,000
Resona Bank, Ltd.	JPY 2,500,000,000
The Bank of Yokohama, Ltd.	JPY 2,500,000,000
Aozora Bank, Ltd.	JPY 2,000,000,000
The Shoko Chukin Bank, Ltd.	JPY 1,000,000,000

Schedule 2 (Hybrid Loan Agreements)

List of Hybrid Loan Agreements

	Contract	Borrower	Lender	Outstanding Balance as of September 30, 2016
1	Memorandum of an Agreement dated as of October 23, 2015, by and among US Parent, EPLLC, EJKK, EJE, EJAE2 and QAON	QAON	EJAE2	JPY 12,300,000,000
		EJAE2	EPLLC	JPY 615,000,000
		EJAE2	EJE	JPY 11,685,000,000
		EJE	EJKK	JPY 11,685,000,000
		EJKK	US Parent	JPY 11,685,000,000
2	Memorandum of an Agreement dated as of May 31, 2015, by and between US Parent and EJKK	EJKK	US Parent	JPY 15,737,126,334
3	Memorandum of an Agreement dated as of June 26, 2015, by and between US Parent and EJKK	EJKK	US Parent	JPY 300,000,000
4	Memorandum of an Agreement dated as of August 26, 2015, by and between US Parent and EJKK	EJKK	US Parent	JPY 800,000,000
5	Memorandum of an Agreement dated as of December 9, 2015, by and between QAON and Bit-isle	Bit-isle	QAON	JPY 21,115,419,473
6	Memorandum of an Agreement dated as of May 25, 2015, by and between EJKK and EJE	EJE	EJKK	JPY 1,600,000,000

Schedule 3 (Material Assets)

List of Material Assets

Owner	Location	Details of the Material Assets
EJKK	5-1 Heiwajima 6-Chome Ota-Ku, Tokyo, Japan	TY1 – Tokyo IBX First Data Center
EJKK	8-21 Higashi Shinagawa 3-Chome Shinagawa-ku, Tokyo, Japan	TY2 – Tokyo IBX Second Data Center
EJKK	9-20 Edagawa 1-Chome Koto-ku, Tokyo, Japan	TY3 – Tokyo IBX Third Data Center
EJKK	9-5 Otemachi, 1-Chome Chiyoda-ku, Tokyo, Japan	TY4 – Tokyo IBX Fourth Data Center
EJKK	10-19 Edagawa, 1-Chome Koto-ku, Tokyo, Japan	TY5 – Tokyo IBX Fifth Data Center
Bit-isle	2-43 Higashi-shinagawa 2-Chome Shinagawa-ku, Tokyo, Japan	TY6 – Sinagawa Area First Data Center
Bit-isle	2-43 Higashi-shinagawa 2-Chome Shinagawa-ku, Tokyo, Japan	TY7 – Sinagawa Area Second Data Center
Bit-isle	1-7 Higashi-shinagawa 2-Chome Shinagawa-ku, Tokyo, Japan	TY8 – Sinagawa Area Third Data Center
Bit-isle	12-3 Suido 1-Chome Bunkyo-ku, Tokyo, Japan	TY9 – Bunkyo Area Fourth Data Center
Bit-isle	12-6 Suido 1-Chome Bunkyo-ku, Tokyo, Japan	TY10 – Bunkyo Area Fifth Data Center
EJKK	26-1 Shinmachi 1-Chome Nishi-ku, Osaka City, Osaka Japan	OS1- Osaka Data Center
Bit-isle	3-30 Kawaramachi 1-Chome Chuo-ku, Osaka City, Osaka, Japan	OS2 – Osaka Data Center

Schedule 4 (Payment Schedule)

Payment Schedule

Principal Repayment Date	Repayment Amount of Principal of Loan
January 31, 2017	JPY 625,000,000
April 30, 2017	JPY 625,000,000
July 31, 2017	JPY 625,000,000
October 31, 2017	JPY 625,000,000
January 31, 2018	JPY 625,000,000
April 30, 2018	JPY 625,000,000
July 31, 2018	JPY 625,000,000
October 31, 2018	JPY 625,000,000
January 31, 2019	JPY 625,000,000
April 30, 2019	JPY 625,000,000
July 31, 2019	JPY 625,000,000
October 31, 2019	JPY 625,000,000
January 31, 2020	JPY 625,000,000
April 30, 2020	JPY 625,000,000
July 31, 2020	JPY 625,000,000
October 31, 2020	JPY 625,000,000
January 31, 2021	JPY 625,000,000
April 30, 2021	JPY 625,000,000
July 31, 2021	JPY 625,000,000
October 29, 2021	JPY 35,625,000,000

Exhibit A (Letter of Guarantee)

Revenue

Stamp
¥200

Letter of Guarantee

To: Lenders
(meaning the Lenders under the Agreement set forth below at the time of submission hereof)

c/o: The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the Agent
Attention: Financial Solutions Division, Administration Office

Date: [Month, Date, Year]

Term Loan Agreement (JPY 47,500,000,000)

dated September 30, 2016

We hereby submit this letter of guarantee (the "Letter of Guarantee") to you in connection with the Term Loan Agreement (JPY 47,500,000,000) dated September 30, 2016 among Equinix Japan K.K. (the "Borrower") as Borrower, The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger and agent, and the financial institutions set forth in **Schedule 1** attached thereto as lenders (the "Lenders"), as amended from time to time (the "Agreement"). Terms defined in the Agreement have the same meaning in this Letter of Guarantee unless given a different meaning in this Letter of Guarantee.

1. GUARANTEE

1.1 Pursuant to Article [16.1/16.2] of the Agreement, we shall, jointly and severally with the Borrower and each other Guarantor, guarantee to each Lender and the Agent any and all obligations, which are owed, or will be owed in the future, by the Borrower and each other Guarantor (only to the extent of the Guarantor Obligations) to each Lender and the Agent under the Agreement.

1.2 We agree to become a party to the Agreement and be bound by the terms of the Agreement as a Guarantor on and after the date hereof.

2. REPRESENTAIONS AND WARRANTIES

2.1 Pursuant to Article 19.2 of the Agreement, we represent and warrant to each Lender and the Agent that each of the matters set forth therein is true and correct with respect the Guarantor as of the date hereof.

3. NOTICES

3.1 The contact information of the Guarantor set forth in **Schedule 1** attached to the Agreement shall be as follows:

Corporate Name	[Guarantor]
Address	●
Contact Information	● ● Telephone No.: ● Facsimile No.: ●

4. GENERAL PROVISIONS

4.1 Governing Law and Jurisdiction

This Letter of Guarantee shall be governed by the laws of Japan, and the Tokyo District Court shall be the competent court of non-exclusive agreed jurisdiction over any disputes arising in connection with this Letter of Guarantee.

4.2 Language

This Letter of Guarantee shall be prepared in the English language, and the English language version shall be deemed to be the original.

4.3 Consultation

In the event that any matter not set forth in this Letter of Guarantee or any doubt with respect to the interpretation of this Letter of Guarantee arises among the parties, the Guarantor may directly or through the Borrower consult with the Agent and the Lenders.

[Name of Guarantor]

By: ________________________

Exhibit B   (Confirmation Letter)

Confirmation Letter

Date: ________________

To: Lenders
(meaning the Lenders under the Agreement set forth below at the time of submission hereof)

c/o: The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the Agent
Attention: Financial Solutions Division, Administration Office

__________________ [Seal]
(Borrower/Guarantor)

Term Loan Agreement (JPY 47,500,000,000)

In reference to the execution of, and the drawdown of the Loans pursuant to, the Term Loan Agreement (hereinafter referred to as the "Agreement") dated September 30, 2016 for Equinix Japan K.K. (hereinafter referred to as the "Borrower"), in which The Bank of Tokyo-Mitsubishi UFJ, Ltd. acts as the agent, we, in our capacity as the [Borrower / Guarantor], hereby confirm that we have completed all the necessary procedures in accordance with the Laws and Ordinances and our internal rules. The capitalized terms used herein shall have the same meanings as defined in the Agreement unless otherwise defined herein.

[End of Document]

Exhibit C (Receipt)

Revenue

Stamp
¥200

Receipt

Date: ________________

To: Lenders
(meaning the Lenders set forth in the table below; the same shall apply hereinafter)

c/o: The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the Agent
Attention: Financial Solutions Division, Administration Office

__________________ [Seal]
(Borrower)

Term Loan Agreement (JPY 47,500,000,000)
Receipt of Loan

We hereby confirm that we borrowed the following Loan from each Lender, and have duly received the Loan money as of today.

Description

Total: JPY ________________

Lenders	Borrowed Amount
	JPY
	JPY
	JPY
	JPY
	JPY
	JPY
	JPY
	JPY
	JPY

[End of Document]

Exhibit D (Certificate on Conditions Precedent for Drawdown)

Certificate on Conditions Precedent for Drawdown

To: Lenders
(meaning the Lenders under the Agreement set forth below at the time of submission hereof)

c/o: The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the Agent
Attention: Financial Solutions Division, Administration Office

Date: [Month, Date, Year]

Equinix Japan K.K. – Term Loan Agreement (JPY 47,500,000,000)

dated September 30, 2016

We hereby confirm that all the conditions precedent for the Loan Drawdown stipulated in Article 4.1 of the Term Loan Agreement (JPY 47,500,000,000) dated September 30, 2016 among Equinix Japan K.K. (the "Borrower") as Borrower, The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger and agent, and the financial institutions set forth in **Schedule 1** attached thereto as lenders (the "Lenders"), as amended from time to time (the "Agreement") have been satisfied as of the date hereof. The capitalized terms used herein shall have the same meanings as defined in the Agreement unless otherwise defined herein.

Equinix Japan K.K.

By: _______________________

Exhibit E (Report on the Situation of Compliance with the Negative Pledge Provisions, Financial Covenants and the Provisions for Collection from a Third Party)

Report on the Situation of Compliance with the Negative Pledge Provisions, Financial Covenants and the Provisions for Collection from a Third Party

To: Lenders
(meaning the Lenders under the Agreement set forth below at the time of submission hereof)

c/o: The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the Agent
Attention: Financial Solutions Division, Administration Office

Date: [Month, Date, Year]

__________________ [Seal]
(Borrower)

Equinix Japan K.K. – Term Loan Agreement (JPY47,500,000,000)

dated September 30, 2016

In accordance with the provisions of Item (d) of Article 20.1(1) of the Term Loan Agreement (JPY 47,500,000,000) dated September 30, 2016 among Equinix Japan K.K. (the "Borrower") as Borrower, The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger and agent, and the financial institutions set forth in **Schedule 1** attached thereto as lenders (the "Lenders"), as amended from time to time (the "Agreement"), we, as the Borrower, hereby report to the Agent and All Lenders on the situation of compliance with each of the matters set forth in Articles 20.1(2) and, 20.3 and 30.1 of the Agreement during the period commencing on (and including) [the date of the execution of the Agreement/the first day of the relevant fiscal term set forth in 1. below] *[Select "the date of the execution of the Agreement" only in the case of the first report]* and ending on (and including) the date of submission hereof (hereinafter referred to as the "Reporting Period"), as follows. The capitalized terms used herein shall have the same meanings as defined in the Agreement unless otherwise defined herein.

Description

1. Relevant Fiscal Term: Fiscal term ending on [Month] [Day], [Year]

2. Report on the Negative Pledge Provisions in Article 20.1(2) during the Reporting Period:

( ) A. We have not granted any security (other than those granted pursuant to the Laws and Ordinances or any other security granted pursuant to Items (a) to (d), or (f) of Article 20.1(2)).

( ) B. We have granted security pursuant to Item (e) of Article 20.1(2) or with written consent of the Majority Lenders as stated below.

(Millions of yen)

Details of the Obligation (*1)	Amount of the Obligation (*2)	Details of the Assets Granted as Security (*3)	Book Value of the Assets Granted as Security (*4)	Grant of Security pursuant to Item (e) or with Written Consent of Lender
Total		Total		

3. Report on the Financial Covenants in Article 20.3 during the Reporting Period:

Following are the calculations of the Borrower's financial covenants. Unless otherwise defined, all items shall be calculated in accordance with US GAAP, consistently applied from one period to the next. In the event of a conflict between the Agreement and this Schedule, the terms of the Agreement shall govern.

A. Article 20.3(1) – CONSOLIDATED FIXED CHARGE COVERAGE RATIO

A.1.	Consolidated Net Income[1]	$________
A.2.	EJKK's and the Japanese Guarantors' consolidated interest expense (to the extent deducted in calculating Line A.1)	$________
A.3.	EJKK's and the Japanese Guarantors' consolidated income tax expense (to the extent deducted in calculating Line A.1)	$________
A.4.	EJKK's and the Japanese Guarantors' consolidated depreciation expense (to the extent deducted in calculating Line A.1)	$________
A.5.	EJKK's and the Japanese Guarantors' consolidated amortization expense (to the extent deducted in calculating Line A.1)	$______________
A.6.	EJKK's and the Japanese Guarantors' consolidated non-cash stock based compensation expense (to the extent deducted in calculating Line A.1)	$______________
A.7.	EJKK's and the Japanese Guarantors' consolidated rent expense (to the extent deducted in calculating Line A.1)	$______________
A.8.	**Consolidated EBITDAR (the sum of Lines A.1 through A.7)**[1&2]	$______________
A.9.	EJKK's and the Japanese Guarantors' consolidated current maturities of long-term debt for the next 12 months (but excluding the final installment of the Loan)	$______________
A.10.	EJKK's and the Japanese Guarantors' consolidated principal portion of the current maturity of Capital Lease obligations for the next 12 months	$________
A.11.	EJKK's and the Japanese Guarantors' consolidated interest expense	$________
A.12.	EJKK's and the Japanese Guarantors' consolidated rent expense	$________
A.13.	**Consolidated Fixed Charges (sum of Lines A.9 through A.12)**	**$_________**
A.14.	**Consolidated Fixed Charge Coverage Ratio (Line A.8 divided by Line A.13)**	**___ : 1.00**

[1] **FOOTNOTE REGARDING CERTAIN EXPENSE ITEMS:** For purposes of calculating Consolidated EBITDAR, Consolidated Net Income shall be determined without deduction for any of the following items: (a) noncash expenses, charges and losses (including the write-down of any unamortized transaction costs, fees, original issue or underwriting discounts and expenses as a result of the redemption, refinancing, refunding, prepayment or exchange of, or modification to the terms of, any indebtedness, to the extent not prohibited by the Agreement) not to exceed JPY1,500,000,000 in the aggregate in any fiscal year of EJKK and the Japanese Guarantors on a consolidated basis, (b) one-time costs, fees, original issue or underwriting discounts, premiums, expenses, charges and losses incurred in connection with any actual or proposed (1) issuance of indebtedness or equity securities, (2) redemptions, refinancings, refundings, prepayments or exchanges of, or modifications to the terms of, any indebtedness, (3) restructurings of or modifications to any operating leases, (4) acquisitions, (5) investments or (6) dispositions, in each case to the extent not prohibited by the Agreement (including, for the avoidance of doubt, the entry by EJKK into the Agreement and the other Loan Documents) and (c) ongoing expenses relating to the maintenance of US Parent's status as a REIT and compliance with REIT rules and regulations. Attached as **Schedule 1-A** hereto is a detailed calculation of such Consolidated Net Income showing an accounting of the foregoing expense items (described in clauses (a) through (c), inclusive), if any, as part of such Consolidated Net Income amount.

[2] **FOOTNOTE REGARDING PERMITTED MERGERS AND CONSOLIDATIONS:** For purposes of calculating Consolidated EBITDAR for any period in which an acquisition has been consummated, Consolidated EBITDAR shall be adjusted to include the historical EBITDAR (to be calculated in accordance with the US GAAP in the same method as Consolidated EBITDAR to the extent applicable; the same applies hereinafter) of the Person acquired in such acquisition for the applicable Measurement Period on a pro forma basis as if such acquisition had been consummated on the first day of the applicable Measurement Period, as the EBITDAR of such acquired Person is reflected in its historical audited financial statements for the most recently ended fiscal year, and management prepared unaudited statements for any periods following the end of such fiscal year. In the event that there are only unaudited financial statements prepared in accordance with US GAAP or no financial statements prepared in accordance with US GAAP available for such acquired Person, then the pro forma adjustments described in the preceding sentence shall be made based on such unaudited financial statements or reasonable estimates as may be agreed between the Borrower and the Agent based on good faith discussion between the Borrower and the Agent.

B. Article 20.3(2) – CONSOLIDATED NET LEASE ADJUSTED LEVERAGE RATIO

B.1.	EJKK's and the Japanese Guarantors' Consolidated Funded Indebtedness[3]	$________
B.2.	EJKK's and the Japanese Guarantors' consolidated rent expense	$________
B.3.	Line B.2 multiplied by 6	$________
B.4.	The amount of unencumbered and unrestricted cash, cash equivalents, freely tradable and liquid short term investments, and freely tradable and liquid long term investments of EJKK and the Japanese Guarantors	$________
B.5.	**Consolidated Net Lease Adjusted Indebtedness (Line B.1 plus Line B.3, then minus Line B.4)**	**$________**
B.6.	**Consolidated EBITDAR (Line A.8)**	**$________**
B.7.	**Consolidated Net Lease Adjusted Leverage Ratio (Line B.5 divided by Line B.6)**	**___ : 1.00**

[3] **FOOTNOTE REGARDING REDEMPTION OF CERTAIN DEBT SECURITIES:** "Consolidated Funded Indebtedness" shall not include, as of any date of determination, (x) Permitted Intercompany Loans or (y) the outstanding principal amount of any debt securities issued by EJKK to the extent that (i) as of such date, EJKK shall have delivered (or the indenture trustee under the applicable indenture shall have delivered on EJKK's behalf) to the holders of such debt securities an irrevocable notice of redemption with respect to all of such debt securities and shall have deposited funds with the indenture trustee or into an escrow account in an amount

required to effect such redemption, unless any portion of such debt securities shall not in fact be redeemed within 35 days of such notice of redemption and deposit of funds or (ii) the proceeds of such debt securities are held by the trustee of the related indenture and have not been released to EJKK or are deposited into an escrow account pending the closing of an acquisition or the redemption of other debt securities solely until such proceeds are released, it being understood that any such proceeds shall not be included in the calculation of clause (iii) of the definition of Consolidated Net Lease Adjusted Indebtedness.

C. Article 20.3(3) – CONSOLIDATED NET WORTH

C.1.	The total equity of EJKK and the Japanese Guarantors which would be shown as total equity on a consolidated balance sheet of EJKK and the Japanese Guarantors as of such time prepared in accordance with the US GAAP, but without elimination of amounts attributable to minority interests, if any, in the stock of Subsidiaries	$_______
C.2.	The outstanding amount of the Permitted Intercompany Loans advanced by any US Guarantor to EJKK or the Japanese Guarantors as of the date of the consolidated balance sheet of EJKK	$_______
C.3.	The outstanding amount of loans advanced by EJKK or the Japanese Guarantors to any Person in which US Parent directly or indirectly has any interest (except for EJKK and Japanese Guarantor) as of the date of the consolidated balance sheet of EJKK	$_______
C.4.	**Consolidated Net Worth (Line C.1 plus Line C.2 minus Line C.3.)**	**$_______**

D. Article 20.3(4) – CONSOLIDATED INCOME FROM OPERATIONS

D.1.	**Consolidated Income from Operations of the previous Reporting Period**	**$_______**
D.2.	**Consolidated Income from Operations of the Reporting Period**	**$_______**

4. Report on the Provisions for Collection from a Third Party in Article 30.1 during the Reporting Period

( ) Other than the guarantee provided by each Guarantor under the Agreement, we have not consigned any third party (other than a party that is or becomes part of the Equinix Group) to guarantee (including any guarantee by encumbrance of property but not including any continuing guarantee (*ne-hosho*) or any guarantee by encumbrance of property that is a continuing collateral security (*ne-tanpo*)) our performance of obligations under the Agreement, nor have we made any third party (other than a party that is or becomes part of the Equinix Group) assume or perform our obligations under the Agreement.

( ) Other than the guarantee provided by each Guarantor under the Agreement, we have consigned a third party (other than a party that is or becomes part of the Equinix Group) to guarantee (including any guarantee by encumbrance of property but not including any continuing guarantee (*ne-hosho*) or any guarantee by encumbrance of property that is a continuing collateral security (*ne-tanpo*)) our performance of obligations under the Agreement, or made a third party (other than a party that is or becomes part of the Equinix Group) assume or perform our obligations under the Agreement, with the prior consent in writing from the Agent and All Lenders.

[End of Document]

< Instructions for completing the items>

2. Situation of Granting of Security during the Reporting Period: Circle either A or B, and if B is applicable, fill in the table below.

*1 and *2: If the relevant security was granted for a loan or business transaction, state the details of such loan or business transaction.

If there is no such loan or business transaction, fill in the columns “Details of the Assets Granted as Security (*3)” and “Book Value of the Assets Granted as Security (*4)” only.

(Example) *1: Loan on bill (loan on deed, overdraft, etc.) dated [Month] [Day], [Year]; sale and purchase of products dated [Month] [Day], [Year]

*3: (Example) Real estate, time deposit, shares

*4: State the book value of the relevant assets granted as security as of the end of the relevant fiscal term.

Schedule 1-A

Consolidated Net Income Detail

Exhibit F (Report on the Situation of Compliance with the Negative Pledge Provisions)

Report on the Situation of Compliance with the Negative Pledge Provisions

To: Lenders
(meaning the Lenders under the Agreement set forth below at the time of submission hereof)

c/o: The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the Agent
Attention: Financial Solutions Division, Administration Office

Date: [Month, Date, Year]

__________________ [Seal]
(Guarantor)

Equinix Japan K.K. – Term Loan Agreement (JPY 47,500,000,000)

dated September 30, 2016

In accordance with the provisions of Item (e) of Article 20.2(1) of the Term Loan Agreement (JPY 47,500,000,000) dated September 30, 2016 among Equinix Japan K.K. (the "Borrower") as Borrower, The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger and agent, and the financial institutions set forth in **Schedule 1** attached thereto as lenders (the "Lenders"), as amended from time to time (the "Agreement"), we, as a Guarantor, hereby report to the Agent and All Lenders on the situation of compliance with the matter set forth in Article 20.2(2) of the Agreement during the period commencing on (and including) [the date of the execution of the Agreement/the first day of the relevant fiscal term set forth in 1. below] *[Select "the date of the execution of the Agreement" only in the case of the first report]* and ending on (and including) the date of submission hereof (hereinafter referred to as the "Reporting Period"), as follows. The capitalized terms used herein shall have the same meanings as defined in the Agreement unless otherwise defined herein.

Description

1. Relevant Fiscal Term: Fiscal term ending on [Month] [Day], [Year]

2. Report on the Negative Pledge Provisions in Article 20.2(2) during the Reporting Period:

( ) A. We have not granted any security (other than those granted pursuant to the Laws and Ordinances or any other security granted pursuant to Items (a) to (d), or (f) of Article 20.2(2)).

( ) B. We have granted security pursuant to Item (e) of Article 20.2(2) or with written consent of the Agent and the Majority Lenders as stated below.

(Millions of yen)

Details of the Obligation (*1)	Amount of the Obligation (*2)	Details of the Assets Granted as Security (*3)	Book Value of the Assets Granted as Security (*4)	Grant of Security pursuant to Item (e) or with Written Consent of Lender
Total		Total		

[End of Document]

< Instructions for completing the items>

2. Situation of Granting of Security during the Reporting Period: Circle either A or B, and if B is applicable, fill in the table below.

*1 and *2: If the relevant security was granted for a loan or business transaction, state the details of such loan or business transaction.

If there is no such loan or business transaction, fill in the columns “Details of the Assets Granted as Security (*3)” and “Book Value of the Assets Granted as Security (*4)” only.

(Example) *1: Loan on bill (loan on deed, overdraft, etc.) dated [Month] [Day], [Year]; sale and purchase of products dated [Month] [Day], [Year]

*3: (Example) Real estate, time deposit, shares

*4: State the book value of the relevant assets granted as security as of the end of the relevant fiscal term.

Exhibit G (Report on the Balance of the Hybrid Loans and Other Intercompany Loans)

Report on the Balance of the Hybrid Loans and Other Intercompany Loans

To: Lenders
(meaning the Lenders under the Agreement set forth below at the time of submission hereof)

c/o: The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the Agent
Attention: Financial Solutions Division, Administration Office

Date: [Month, Date, Year]

__________________ [Seal]
(Borrower)

Equinix Japan K.K. – Term Loan Agreement (JPY 47,500,000,000)

dated September 30, 2016

In accordance with the provisions of Item (i) of Article 20.1(1) of the Term Loan Agreement (JPY 47,500,000,000) dated September 30, 2016 among Equinix Japan K.K. (the "Borrower") as Borrower, The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger and agent, and the financial institutions set forth in **Schedule 1** attached thereto as lenders (the "Lenders"), as amended from time to time (the "Agreement"), we, as the Borrower, hereby report to the Agent and All Lenders on the balance of the Hybrid Loans and other intercompany loans as of the end of [January/April/July/October] [Year], as follows. The capitalized terms used herein shall have the same meanings as defined in the Agreement unless otherwise defined herein.

Description

1. List of Hybrid Loans

	Contract	Borrower	Lender	Outstanding Balance as of [●]
1	Memorandum of an Agreement dated as of October 23, 2015, by and among US Parent, EPLLC, EJKK, EJE, EJAE2 and QAON	QAON	EJAE2	
		EJAE2	EPLLC	
		EJAE2	EJE	
		EJE	EJKK	
		EJKK	US Parent	
2	Memorandum of an Agreement dated as of May 31, 2015, by and between US Parent and EJKK	EJKK	US Parent	
3	Memorandum of an Agreement dated as of June 26, 2015, by and between US Parent and EJKK	EJKK	US Parent	
4	Memorandum of an Agreement dated as of August 26, 2015, by and between US Parent and EJKK	EJKK	US Parent	
5	Memorandum of an Agreement dated as of December 9, 2015, by and between QAON and Bit-isle Equinix Inc.	Bit-isle Equinix Inc.	QAON	
6	Memorandum of an Agreement dated as of May 25, 2015, by and between EJKK and EJE	EJE	EJKK	

2. List of other intercompany loans

Date	Borrower	Lender	Amount	Contract
			JPY ●	

Exhibit 21.1

Subsidiaries of Equinix, Inc.

Name	Jurisdiction
Equinix LLC	Delaware, U.S.
Equinix (US) Enterprises, Inc.	Delaware, U.S.
Equinix Professional Services, Inc.	Delaware, U.S.
Equinix South America Holdings, LLC	Delaware, U.S.
Equinix RP II LLC	Delaware, U.S.
CHI 3, LLC	Delaware, U.S.
NY3, LLC	Delaware, U.S.
SV1, LLC	Delaware, U.S.
LA4, LLC	Delaware, U.S.
NY2 Hartz Way LLC	Delaware, U.S.
Equinix Pacific LLC	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 (Singapore) Enterprises Pte. Ltd.	Singapore
Equinix Asia Pacific Holdings Pte. Ltd.	Singapore
Equinix (Japan) Enterprises K.K.	Japan
EJAE2 G.K.	Japan
QAON G.K	Japan
Equinix Japan KK (in Kanji)	Japan
Bit-Isle Equinix, Inc.	Japan
Bit-Surf Inc.	Japan
siteRock K.K.	Japan
Terra Power Co., Ltd.	Japan
Nihon Clean Energy Co., Ltd.	Japan
TP1 GK	Japan
libraNEO Co., Ltd.	Japan
Equinix Australia Pty Limited	Australia
Equinix (Australia) Enterprises Pty Limited	Australia
Equinix Hong Kong Limited	Hong Kong
Equinix (Hong Kong) Enterprises Limited	Hong Kong
Equinix Information Technologies Hong Kong Limited	Hong Kong
Equinix Information Technology (Shanghai) Co Ltd.	People’s Republic of China
Equinix YP Information Technology (Shanghai) Co Ltd.	People’s Republic of China
Equinix (China) Investment Co., Ltd.	China
Equinix Group Limited	United Kingdom
Equinix (UK) Limited	United Kingdom

Equinix (Services) Limited	United Kingdom
Equinix Corporation Limited	United Kingdom
Equinix Investments Limited	United Kingdom
Equinix (London) Limited	United Kingdom
Equinix (UK) Enterprises Ltd	United Kingdom
Equinix (Real Estate) GmbH	Germany
Equinix (Germany) GmbH	Germany
Upminster GmbH	Germany
Equinix (Germany) Enterprises GmbH	Germany
Equinix (France) SAS	France
Equinix (France) Enterprises SAS	France
Interconnect Exchange Europe SL	Spain
Equinix (Switzerland) GmbH	Switzerland
Equinix (Switzerland) Enterprises GmbH	Switzerland
Equinix (Netherlands) Holdings BV	The Netherlands
EQIX (Global Holdings) C.V.	The Netherlands
Equinix (EMEA) B.V.	The Netherlands
Equinix (EMEA) Acquisition Enterprises B.V.	The Netherlands
Equinix (UK) Acquisition Enterprises Limited	United Kingdom
Equinix (Netherlands) B.V.	The Netherlands
Virtu Secure Web Services B.V.	The Netherlands
Equinix (Real Estate) B.V.	The Netherlands
Equinix (Spain), S.L.	Spain
Equinix (Netherlands) Enterprises B.V.	The Netherlands
Equinix (Luxembourg) Holdings S.à r.l.	Luxembourg
Equinix (Luxembourg) Investments S.à r.l.	Luxembourg
Equinix (EMEA) Holdings B.V.	The Netherlands
Equinix Middle East FZ-LLC	United Arab Emirates
Equinix Italia S.r.L	Italy
ancotel UK Ltd	United Kingdom
ancotel Hong Kong Limited	Hong Kong
Equinix do Brasil Soluções de Tecnologia em Informática S.A.	Brazil
Equinix do Brasil Telecomunicações Ltda.	Brazil
Equinix Do Brasil Participacoes Ltda.	Brazil
Moran Road Partners, LLC	Delaware, U.S.
Switch & Data LLC	Delaware, U.S.
Switch & Data Facilities Company LLC	Delaware, U.S.
Switch and Data Operating Company LLC	Delaware, U.S.
Equinix Canada Ltd.	Canada
Equinix (Canada) Enterprises Ltd.	Canada
Switch and Data CA Nine LLC	Delaware, U.S.
Switch & Data MA One LLC	Delaware, U.S.

Switch And Data NJ Two LLC	Delaware, U.S.
Switch & Data/NY Facilities Company, LLC	Delaware, U.S.
Switch and Data VA Four LLC	Delaware, U.S.
Switch & Data WA One LLC	Delaware, U.S.
EPS Enterprises, Inc.	Delaware, U.S.
Telecity Group Limited	United Kingdom
TelecityGroup Investments Ltd.	United Kingdom
TelecityGroup International Ltd.	United Kingdom
Newincco 992 Ltd.	United Kingdom
Internet Facilitators Holdings Ltd.	United Kingdom
TelecityGroup Europe (1) Cooperatief W.A.	The Netherlands
Equinix Turkey Enterprises Internet Hixmetleri Anonim Sirketi	Turkey
Equinix (Poland) Sp. Z.o.o.	Poland
TelecityGroup UK Ltd.	United Kingdom
Equinix (Bulgaria) Data Centers EAD	Bulgaria
TelecityGroup Holdings Ltd.	United Kingdom
Internet Facilitators Ltd.	United Kingdom
TelecityGroup Europe (2) B.V.	The Netherlands
Equinix Turkey Internet Hizmetleri Anonim Sirketi	Turkey
Equinix (Finland) OY	Finland
TelecityGroup Italia SpA.	Italy
TelecityGroup France SA	France
Equinix (Sweden) AB	Sweden
TelecityGroup Spain S.A.	Spain
Equinix (Ireland) Holdings LTD	Ireland
Telecity UK Ltd.	United Kingdom
Open Hub Med Societa Consortile a responsabilita limitata	Italy
Equinix (Ireland) LTD	Ireland
TelecityGroup Germany GmbH	Germany
Equinix (Ireland) Enterprises LTD	Ireland
Equinix (Real Estate) Holdings SC	France
Equinix (Real Estate) SCI	France
Equinix Sweden Enterprises AB	Sweden

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen M. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equinix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 4, 2016

/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 quarterly report on Form 10-Q of Equinix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 4, 2016

/s/ Keith D. Taylor

Keith D. Taylor
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Equinix, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2016, 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

November 4, 2016

Exhibit 32.2

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

In connection with the Quarterly Report of Equinix, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2016, 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
November 4, 2016