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, 2020

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)

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

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

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 October 29, 2020 was 89,101,721.

EQUINIX, INC.

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PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

EQUINIX, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	September 30, 2020	December 31, 2019
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 2,645,045	$ 1,869,577
Short-term investments	14,186	10,362
Accounts receivable, net of allowance for doubtful accounts of $ 15,429 and $13,026	705,509	689,134
Other current assets	384,364	302,880
Assets held for sale	294,924	663
Total current assets	4,044,028	2,872,616
Property, plant and equipment, net	13,110,554	12,152,597
Operating lease right-of-use assets	1,436,337	1,475,367
Goodwill	5,125,230	4,781,858
Intangible assets, net	2,047,122	2,102,389
Other assets	673,443	580,788
Total assets	$ 26,436,714	$ 23,965,615
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 822,062	$ 760,718
Accrued property, plant and equipment	363,869	301,535
Current portion of operating lease liabilities	143,429	145,606
Current portion of finance lease liabilities	113,371	75,239
Current portion of mortgage and loans payable	78,273	77,603
Current portion of senior notes	2,043,994	643,224
Other current liabilities	231,185	153,938
Total current liabilities	3,796,183	2,157,863
Operating lease liabilities, less current portion	1,279,930	1,315,656
Finance lease liabilities, less current portion	1,680,510	1,430,882
Mortgage and loans payable, less current portion	1,241,777	1,289,434
Senior notes, less current portion	7,160,735	8,309,673
Other liabilities	721,613	621,725
Total liabilities	15,880,748	15,125,233
Commitments and contingencies (Note 11)		
Equinix stockholders' equity		
Common stock, $0.001 par value per share: 300,000,000 shares authorized; 89,431,296 issued and 89,101,716 outstanding in 2020 and 85,700,953 issued and 85,308,386 outstanding in 2019	89	86
Additional paid-in capital	14,950,522	12,696,433
Treasury stock, at cost; 329,580 shares in 2020 and 392,567 shares in 2019	(122,686)	(144,256)
Accumulated dividends	(4,879,618)	(4,168,469)
Accumulated other comprehensive loss	(1,101,801)	(934,613)
Retained earnings	1,709,308	1,391,425
Total Equinix stockholders' equity	10,555,814	8,840,606
Non-controlling interests	152	(224)
Total stockholders' equity	10,555,966	8,840,382
Total liabilities and stockholders' equity	$ 26,436,714	$ 23,965,615

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, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
	(Unaudited)			
Revenues	$ 1,519,767	$ 1,396,810	$ 4,434,430	$ 4,145,005
Costs and operating expenses:				
Cost of revenues	767,979	704,339	2,243,605	2,084,548
Sales and marketing	172,727	161,574	531,301	490,490
General and administrative	279,350	241,812	797,837	689,514
Transaction costs	5,840	2,991	30,987	8,236
Impairment charges	7,306	1,189	7,306	16,023
Gain on asset sales	(1,785)	(463)	(928)	(463)
Total costs and operating expenses	1,231,417	1,111,442	3,610,108	3,288,348
Income from operations	288,350	285,368	824,322	856,657
Interest income	1,452	8,201	7,410	20,165
Interest expense	(99,736)	(118,674)	(315,554)	(362,067)
Other income	162	3,428	9,610	15,442
Gain (loss) on debt extinguishment	(93,494)	315	(101,803)	(67)
Income before income taxes	96,734	178,638	423,985	530,130
Income tax expense	(29,903)	(57,827)	(104,847)	(147,720)
Net income	66,831	120,811	319,138	382,410
Net (income) loss attributable to non-controlling interests	(144)	39	(355)	45
Net income attributable to Equinix	$ 66,687	$ 120,850	$ 318,783	$ 382,455
Earnings per share ("EPS") attributable to Equinix:				
Basic EPS	$ 0.75	$ 1.42	$ 3.65	$ 4.57
Weighted-average shares for basic EPS	88,806	85,012	87,226	83,753
Diluted EPS	$ 0.74	$ 1.41	$ 3.63	$ 4.54
Weighted-average shares for diluted EPS	89,519	85,571	87,925	84,223

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,	
	2020	2019	2020	2019
	(Unaudited)			
Net income	$ 66,831	$ 120,811	$ 319,138	$ 382,410
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment ("CTA") gain (loss), net of tax effects of $ 0, $0, $0 and $(595)	299,441	(284,927)	66,935	(341,519)
Net investment hedge CTA gain (loss), net of tax effect of $ 0, $0, $0, and $10	(227,101)	188,897	(179,213)	227,890
Unrealized gain (loss) on cash flow hedges, net of tax effects of $ 8,708, $(5,245), $7,113 and $(7,336)	(33,842)	14,217	(54,966)	19,086
Net actuarial gain (loss) on defined benefit plans, net of tax effects of $(6), $2, $(3) and $3	22	(8)	77	(26)
Total other comprehensive income (loss), net of tax	38,520	(81,821)	(167,167)	(94,569)
Comprehensive income, net of tax	105,351	38,990	151,971	287,841
Net (income) loss attributable to non-controlling interests	(144)	39	(355)	45
Other comprehensive (income) loss attributable to non-controlling interests	(30)	28	(21)	35
Comprehensive income attributable to Equinix	$ 105,177	$ 39,057	$ 151,595	$ 287,921

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
	(Unaudited)	
Cash flows from operating activities:		
Net income	$ 319,138	$ 382,410
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	897,075	806,704
Stock-based compensation	215,591	174,413
Amortization of intangible assets	148,075	147,589
Amortization of debt issuance costs and debt discounts and premiums	11,788	9,429
Provision for allowance for doubtful accounts	6,466	8,588
Impairment charges	7,306	16,023
Gain on asset sales	(928)	(463)
Loss on debt extinguishment	101,803	67
Other items	14,764	9,909
Changes in operating assets and liabilities:		
Accounts receivable	(38,104)	(123,389)
Income taxes, net	(20,193)	73,144
Other assets	(127,535)	(62,036)
Operating lease right-of-use assets	114,611	108,226
Operating lease liabilities	(107,391)	(112,059)
Accounts payable and accrued expenses	35,846	6,660
Other liabilities	45,366	17,843
Net cash provided by operating activities	1,623,678	1,463,058
Cash flows from investing activities:		
Purchases of investments	(55,993)	(23,692)
Sales of investments	19,681	8,945
Business acquisitions, net of cash and restricted cash acquired	(478,248)	(34,143)
Purchases of real estate	(124,462)	(64,288)
Purchases of other property, plant and equipment	(1,448,174)	(1,364,960)
Proceeds from sale of assets, net of cash transferred	—	117
Net cash used in investing activities	(2,087,196)	(1,478,021)
Cash flows from financing activities:		
Proceeds from employee equity awards	62,118	52,018
Payment of dividends and special distribution	(710,177)	(625,804)
Proceeds from public offering of common stock, net of issuance costs	1,981,375	1,660,976
Proceeds from senior notes, net of debt discounts	2,585,736	—
Proceeds from mortgage and loans payable	750,790	—
Repayments of finance lease liabilities	(74,446)	(62,785)
Repayments of mortgage and loans payable	(808,609)	(53,796)
Repayment of senior notes	(2,440,761)	(150,000)
Debt extinguishment costs	(82,404)	—
Debt issuance costs	(26,266)	—
Net cash provided by financing activities	1,237,356	820,609
Effect of foreign currency exchange rates on cash, cash equivalents and restricted cash	5,637	(13,117)
Net increase in cash, cash equivalents and restricted cash	779,475	792,529
Cash, cash equivalents and restricted cash at beginning of period	1,886,613	627,604
Cash, cash equivalents and restricted cash at end of period	$ 2,666,088	$ 1,420,133
Cash and cash equivalents	$ 2,645,045	$ 1,402,400
Current portion of restricted cash included in other current assets	11,375	7,988
Non-current portion of restricted cash included in other assets	9,668	9,745
Total cash, cash equivalents, and restricted cash shown in the condensed consolidated statement of cash flows	$ 2,666,088	$ 1,420,133

See accompanying notes to condensed consolidated financial statements.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by Equinix, Inc. ("Equinix" or the "Company") and reflect all adjustments, consisting only of normal recurring adjustments, which in the opinion of management are necessary to fairly state the financial position and the results of operations for the interim periods presented. The condensed consolidated balance sheet data as of December 31, 2019 has been derived from audited consolidated financial statements as of that date. The condensed 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 ("U.S. 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 21, 2020. 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 Packet Host, Inc. from March 2, 2020, three data centers in Mexico acquired from Axtel S.A.B. de C.V from January 8, 2020, and Switch Datacenters' AMS1 data center business in Amsterdam, Netherlands from April 18, 2019. All intercompany accounts and transactions have been eliminated in consolidation.

Income Taxes

The Company elected to be taxed as a real estate investment trust for U.S. federal income tax purposes ("REIT") beginning with its 2015 taxable year. 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 U.S. federal taxable income of the Company and its QRSs, resulting in no U.S. federal income tax due. However, the Company's domestic taxable REIT subsidiaries ("TRSs") are subject to U.S. corporate income taxes on any taxable income generated by them. In addition, the foreign operations of the Company are subject to local income taxes regardless of whether the foreign operations are operated as QRSs or TRSs.

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 24.7% and 27.9% for the nine months ended September 30, 2020 and 2019, respectively.

Coronavirus (COVID-19) Update

In December 2019, a novel strain of coronavirus, referred to as Coronavirus disease 2019, or COVID-19, emerged. In February 2020, the World Health Organization ("WHO") raised the COVID-19 threat from high to very high, and in March 2020, the WHO characterized COVID-19 as a global pandemic.

During the nine months ended September 30, 2020, the COVID-19 pandemic did not have a material impact on the Company's financial statements. The Company recorded an insignificant amount of revenue reserve related to COVID-19 and experienced some decline in non-recurring revenue from Smart Hands services, as the Company had waived fees from affected customers in certain circumstances for a period of time. The Company has seen a modest but mixed impact from COVID-19 to its operating costs. The Company incurred one-time cash bonuses and compensation expense of $8.6 million for its IBX data center employees, as well as other employees to support their work-from-home requirements during the first quarter of 2020. Additionally, the Company increased its allowance for doubtful accounts for accounts receivable by an insignificant amount during the nine months ended September 30, 2020. This is partially offset by lower travel expenses due to travel restrictions as a result of COVID-19. The Company evaluated its goodwill, long-lived assets, including property, plant and equipment, lease right-of-use assets and intangible assets, noting no indicators of impairment.

The full impact that COVID-19 will have on the Company's consolidated financial statements remains uncertain and ultimately will depend on many factors, including the duration and potential cyclicity of the health crisis, further public policy actions to be taken in response, as well as the continued impact of the pandemic on the global economy and the Company's customers and vendors. The Company will continue to evaluate the nature and extent of these potential impacts to its business and condensed consolidated financial statements.

Recent Accounting Pronouncements

Accounting Standards Not Yet Adopted

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-06: Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity’s Own Equity (Subtopic 815-40). The ASU simplifies the accounting for convertible instruments by reducing the number of accounting models for convertible debt instruments and convertible preferred stock and modifies the disclosure requirement for the convertible instruments. Additionally, this ASU improves the consistency of EPS calculations by eliminating the use of the treasury stock method to calculate diluted EPS for convertible instruments and clarifies certain areas under the current EPS guidance. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021, with early adoption permitted at the beginning of the fiscal year after December 15, 2020. The Company is currently evaluating the extent of the impact of this ASU, but does not expect the adoption of this standard to have significant impact on its condensed consolidated financial statements.

In December 2019, FASB issued ASU 2019-12, Income Taxes ("Topic 740"): Simplifying the Accounting for Income T axes. The ASU simplifies accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The ASU also improves consistent application of and simplifies generally accepted accounting principles ("GAAP") for other areas of Topic 740 by clarifying and amending existing guidance. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted including adoption in any interim period for periods for which financial statements have not yet been issued. The Company is currently evaluating the extent of the impact of this ASU, but does not expect the adoption of this standard to have a significant impact on its condensed consolidated financial statements.

Accounting Standards Adopted

In March 2020, FASB issued ASU 2020-04, Reference Rate Reform ("Topic 848"): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The ASU provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The ASU is effective for all entities as of March 12, 2020 through December 31, 2022. The Company adopted the ASU upon its issuance and there was no impact on the Company's condensed consolidated financial statements for the nine months ended September 30, 2020 as a result of adopting this standard. The Company will evaluate its debt, derivative and lease contracts that are eligible for modification relief and may apply the elections prospectively as needed.

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 qualitative and quantitative 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. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. The Company adopted this new ASU on January 1, 2020 using the modified retrospective approach and recorded a net decrease to retained earnings of $0.9 million and a corresponding increase to allowance for doubtful accounts. The adoption did not have any significant impact on other financial assets within the scope of Topic 326, such as contract assets.

Accounts Receivable

Accounts receivables are recorded at invoice amount and are generally due in less than one year. Allowance for doubtful accounts are estimated losses resulting from the inability of customers making payments. An estimate of uncollectible amounts is made based on historical bad debts, age of customer receivable balances, customers' financial conditions, the impact of current and expected future economic conditions, inclusive of the effect of the COVID-19 pandemic on credit losses.

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

Balance at December 31, 2019	$	13,026
Adjustments due to adoption of ASU 2016-13		900
Provision for allowance for doubtful accounts		6,466
Net write-offs and recoveries		(5,181)
Impact of foreign currency exchange		218
Balance at September 30, 2020	$	15,429

2. Revenue

Contract Balances

The following table summarizes the opening and closing balances of the Company's accounts receivable, net; contract asset, current; contract asset, non-current; deferred revenue, current; and deferred revenue, non-current (in thousands):

	Accounts receivable, net	Contract assets, current	Contract assets, non-current	Deferred revenue, current	Deferred revenue, non-current
Beginning balances as of January 1, 2020	$ 689,134	$ 10,033	$ 31,521	$ 76,193	$ 46,555
Closing balances as of September 30, 2020	705,509	10,390	57,538	100,547	66,485
Increase	$ 16,375	$ 357	$ 26,017	$ 24,354	$ 19,930

The difference between the opening and closing balances of the Company's accounts receivable, net, contract assets and deferred revenues primarily results from revenue growth and the timing difference between the satisfaction of the Company's performance obligation and the customer's payment, as well as business combinations closed during the nine months ended September 30, 2020. The amount of revenue recognized during the nine months ended September 30, 2020 from the opening deferred revenue balance as of January 1, 2020 was $75.1 million.

Remaining performance obligations

As of September 30, 2020, approximately $7.8 billion of total revenues, including deferred installation revenues, are expected to be recognized in future periods, the majority of which will be recognized over the next 24 months. While initial contract terms vary in length, substantially all contracts thereafter automatically renew in one-year increments. Included in the remaining performance obligations is either 1) remaining performance obligations under the initial contract terms or 2) remaining performance obligations related to contracts in the renewal period once the initial terms have lapsed. The remaining performance obligations do not include variable consideration related to unsatisfied performance obligations such as the usage of metered power, service fees from xScale™ data centers, which are calculated based on future events or actual costs incurred in the future, or any contracts that could be terminated without any significant penalties such as the majority of interconnection revenues. The remaining performance obligations above include revenues to be recognized in the future related to arrangements where the Company is considered the lessor.

3. 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,	
	2020	2019	2020	2019
Net income	$ 66,831	$ 120,811	$ 319,138	$ 382,410
Net (income) loss attributable to non-controlling interests	(144)	39	(355)	45
Net income attributable to Equinix	$ 66,687	$ 120,850	$ 318,783	$ 382,455
Weighted-average shares used to calculate basic EPS	88,806	85,012	87,226	83,753
Effect of dilutive securities:				
Employee equity awards	713	559	699	470
Weighted-average shares used to calculate diluted EPS	89,519	85,571	87,925	84,223
EPS attributable to Equinix:				
Basic EPS	$ 0.75	$ 1.42	$ 3.65	$ 4.57
Diluted EPS	$ 0.74	$ 1.41	$ 3.63	$ 4.54

The Company has excluded common stock related to employee equity awards in the diluted EPS calculation above of approximately 16,000 shares and 17,000 shares for the three months ended September 30, 2020 and 2019, respectively, and approximately 31,000 and 22,000 shares for the nine months ended September 30, 2020 and 2019, respectively, because their effect would be anti-dilutive.

4. Acquisitions

2020 Acquisitions

On March 2, 2020, the Company acquired all outstanding shares and equity awards of Packet Host, Inc. (“Packet”), a leading bare metal automation platform for a total purchase consideration of approximately $290.3 million in cash. In addition, the Company paid $ 16.1 million in cash to accelerate the vesting of unvested Packet equity awards for certain Packet employees, which was recorded as stock-based compensation expense during the three months ended March 31, 2020. In connection with the acquisition, the Company also issued restricted stock awards with an aggregated fair value of $30.2 million and a three-year vesting period, which will be recognized as stock-based compensation costs over the vesting period. The acquisition, combined with the Company’s o wn organic bare metal service in development, is expected to accelerate Equinix's strategy to help enterprises deploy hybrid multicloud architectures on Equinix's data center platform.

On January 8, 2020, the Company completed the acquisition of three data centers in Mexico from Axtel S.A.B. de C.V. (“Axtel”) for a total purchase consideration of approximately $189.0 million, including $175.0 million in cash and $ 14.0 million the Company paid to the seller for recoverable value-added taxes ("VAT") incurred prior to the acquisition, which related to a corresponding VAT receivable acquired upon acquisition. The acquisition supports the Company’s ongoing expansion to meet customer demand in the Americas region.

Both acquisitions constitute a business under the accounting standard for business combinations and, therefore, were accounted for as business combinations using the acquisition method of accounting. 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 September 30, 2020, the Company had not completed the detailed valuation analysis to derive the fair value of assets acquired and liabilities assumed from the Packet acquisition, including property, plant and equipment, intangible assets and the related tax impacts; therefore, the purchase price allocation is based on provisional estimates and subject to continuing management analysis. As of September 30, 2020, the Company updated the preliminary allocation of purchase price for the Packet acquisition from the provisional amounts reported as of March 31, 2020, and the adjustments made were not significant. The changes in fair value of acquired assets and liabilities assumed did not have a significant impact on the Company's results of operations for any reporting periods prior to September 30, 2020. As of September 30, 2020, the Company had completed the detailed valuation analysis to derive the fair value of assets acquired and liabilities assumed from the Axtel acquisition and updated the final allocation of purchase price. No purchase price allocation adjustments were made from the provisional amounts reported as of March 31, 2020.

A summary of the preliminary allocation of total purchase consideration is presented as follows (in thousands):

	Packet	Axtel
Cash and cash equivalents	$ 1,068	$ —
Accounts receivable	5,098	—
Other current assets	299	14,048
Property, plant and equipment	27,945	76,407
Operating lease right-of-use assets	1,519	1,646
Intangible assets	62,700	22,750
Goodwill	227,669	78,902
Other assets	138	—
Total assets acquired	326,436	193,753
Accounts payable and accrued liabilities	(1,275)	(238)
Other current liabilities	(860)	—
Operating lease liabilities	(1,519)	(1,586)
Finance lease liabilities	(27,945)	—
Other liabilities	—	(162)
Deferred tax liabilities	(4,539)	(2,749)
Net assets acquired	$ 290,298	$ 189,018

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

Intangible Assets	Fair Value	Estimated Useful Lives (Years)	Weighted-average Estimated Useful Lives (Years)
Packet:			
Trade names	$ 1,600	3.0	3.0
Existing technology	5,100	3.0	3.0
Customer relationships	56,000	10.0	10.0
Axtel:			
Customer relationships	22,750	15.0	15.0

The fair value of the Packet trade name was estimated using the relief from royalty method under the income approach. The Company applied a relief from royalty rate of 1.0% and a discount rate of 8.0%. The fair value of existing technology was estimated under the cost approach by projecting the cost to recreate a new asset with an equivalent utility of the existing technology. The key assumptions of the cost approach include total cost, time to recreate and functional obsolescence.

The fair value of customer relationships acquired from Packet and Axtel was estimated by applying an income approach, 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 discount rate of 8.0% for Packet and 13.3% for Axtel, which reflects the nature of the assets as they relate to the risk and uncertainty of the estimated future operating cash flows, as well as the risk of the country within which the acquired business operates.

The fair value of property, plant and equipment acquired from Packet and Axtel was estimated by applying the cost approach, with the exception of land, which was estimated by applying the market approach. 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.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired and liabilities assumed. Goodwill is attributable to the workforce of the acquired business and the projected revenue increase expected to arise from future customers after the Packet and Axtel acquisitions. Goodwill from both acquisitions is not amortizable for local tax purposes and is attributable to the Company's Americas region.

The Company incurred transaction costs of approximately $ 11.2 million during the nine months ended September 30, 2020 and an insignificant amount of transaction costs during the three months ended September 30, 2020 for both the Packet and Axtel acquisitions combined. The operating results of both acquisitions are reported in the Americas region following the date of acquisition. During the three months ended September 30, 2020, the Company's results of operations include $13.4 million of revenues and $ 7.5 million of net loss from operations from the combined operations of Packet and Axtel. During the nine months ended September 30, 2020, the Company's results of operations include $34.9 million of revenues and $ 27.8 million of net loss from operations from the combined operations of Packet and Axtel. The net loss incurred during the nine months ended September 30, 2020 was primarily attributable to the $16.1 million stock-based compensation expense incurred to accelerate the vesting of certain Packet employees' unvested Packet equity awards at the close of the Packet acquisition.

Acquisition of Bell Data Centers (the "Bell Acquisition")

On October 1, 2020, the Company completed the acquisition of 12 data center sites across Canada from BCE Inc. ("Bell") for approximately C$ 961 million or approximately $723.9 million at the exchange rate in effect on October 1, 2020, with one remaining data center in Ottawa Canada, which the Company expects to be acquired in the fourth quarter of 2020 as the closing conditions are satisfied, for an additional purchase price of C$80.0 million, or $60.3 million at the exchange rate in effect on October 1, 2020. The acquisition supports the Company's ongoing expansion to meet customer demand in Canada. The operating results of the acquired business will be reported in the Americas region following the date of acquisition. The Bell Acquisition constitutes a business under the accounting standard for business combinations and, therefore, will be accounted for as a business combination using the acquisition method of accounting. Goodwill from the Bell Acquisition is not expected to be deductible for local tax purposes and is attributable to the Company's Americas region. The valuation of assets acquired and liabilities assumed are still being appraised by a third-party and as such, the purchase price allocation is not yet complete.

Pending Acquisition of GPX India

On August 7, 2020, the Company entered into an agreement to purchase the India operations of GPX Global Systems, Inc. ("GPX India"), representing two data centers in Mumbai, India for approximately $161.0 million in an all-cash transaction (the "GPX India Acquisition"). The GPX India Acquisition is expected to close in the first quarter of 2021, subject to customary closing conditions including regulatory approval. Upon the close of the acquisition, the operating results of the acquired business will be reported in the Asia-Pacific region.

2019 Acquisition

On April 18, 2019, the Company completed the acquisition of Switch Datacenters' AMS1 data center business in Amsterdam, Netherlands, for a cash purchase price of approximately €30.6 million or approximately $ 34.3 million, at the exchange rate in effect on April 18, 2019. As of September 30, 2019, the Company had completed the detailed valuation analysis to derive the fair value of assets acquired and liabilities assumed and updated the final allocation of purchase price.

5. Assets Held for Sale

In April 2020, the Company entered into its second joint venture in the form of a limited liability partnership with GIC, Singapore's sovereign wealth fund ("GIC"), to develop and operate xScale data centers in Asia-Pacific (the “Asia-Pacific Joint Venture”). xScale data centers are engineered to meet the technical and operational requirements and price points of core hyperscale workload deployments and also offer access to Equinix's comprehensive suite of interconnection and edge services. Upon closing, GIC will contribute cash in exchange for an 80% partnership interest in the Asia-Pacific Joint Venture. The Company has agreed to sell three development sites in Japan, Osaka 2, Tokyo 12, and Tokyo 14, to the Asia-Pacific Joint Venture in exchange for a 20% partnership interest in the Asia-Pacific Joint Venture and cash proceeds. The assets and liabilities of these data center facilities, which are currently included within the Company's Asia-Pacific operating segment, were classified as held for sale as of September 30, 2020. During the nine months ended September 30, 2020, the Company recorded an impairment charge of $7.3 million, reducing the carrying value of the Asia-Pacific Joint Venture assets to the estimated fair value less cost to sell. The estimated fair value was based on the expected sales price from a specific transaction between the Company and the Asia-Pacific Joint Venture, and falls into Level 3 of the fair value hierarchy due to its reliance on unobservable inputs. The transaction is expected to close in the fourth quarter of 2020, pending regulatory approval and other closing conditions.

In September 2020, the Company entered into an agreement to sell its Paris 9 ("PA9") data center to its EMEA Joint Venture (as defined in note 6 below). The assets and liabilities of the PA9 data center, which are currently included with the Company's EMEA operating segment, were classified as held for sale as of September 30, 2020. The transaction is expected to close in the fourth quarter of 2020, pending regulatory approval and other closing conditions.

The following table summarizes the assets and liabilities that were classified as assets and liabilities held for sale in the condensed consolidated balance sheet as of September 30, 2020 (in thousands):

	September 30, 2020
Other current assets	$ 11,281
Property, plant and equipment	276,330
Goodwill	7,313
Total assets held for sale	$ 294,924
Accounts payable and accrued liabilities [(1)]	$ 7,200
Total liabilities held for sale [(1)]	$ 7,200

(1) $7.2 million of accrued costs to sell the Asia-Pacific Joint Venture were recorded as transaction costs during the nine months ended September 30, 2020 and classified as liabilities held for sale as of September 30, 2020, reducing the carrying value of the disposal group to the estimated fair value less costs to sell. Liabilities held for sale were included within other current liabilities on the condensed consolidated balance sheet.

6. Equity Method Investments

On October 8, 2019, the Company entered into a joint venture in the form of a limited liability partnership with GIC (the "EMEA Joint Venture"), to develop and operate xScale data centers in Europe. Upon closing, GIC contributed €152.6 million in cash, or $167.4 million at the exchange rate in effect on October 8, 2019, for an 80% partnership interest in the EMEA Joint Venture. Equinix sold certain xScale data center facilities to the EMEA Joint Venture in exchange for net cash proceeds of $351.8 million, as well as a 20% partnership interest in the EMEA Joint Venture with a fair value of $ 41.9 million. The Company accounts for its investment in the EMEA Joint Venture using the equity method of accounting, whereby the investments were recorded initially at fair value, which equals to the cost of the Company's initial equity contribution, and subsequently adjusted for cash contributions and the Company's share of the income and losses of the investee.

During the three and nine months ended September 30, 2020, the Company made additional equity contributions of $ 3.6 million and $16.3 million to the EMEA Joint Venture, respectively. As of September 30, 2020 and December 31, 2019, the Company's equity method investments, comprised of the EMEA Joint Venture and other investments, were $84.7 million and $59.7 million, respectively, and were included within other assets on the consolidated balance sheet. The Company's share of income and losses of equity method investments was not significant for the three and nine months ended September 30, 2020 and was included in other income on the condensed consolidated statement of operations.

As part of the sale of its xScale data center facilities to the EMEA Joint Venture, the Company also received a contingent consideration upon completion of certain performance milestones. The milestone payments are primarily contingent on the receipt of local regulatory approval for certain sites. The contingent consideration is considered a derivative and is remeasured at its fair value each reporting period using inputs such as probabilities of payment, discount rates, foreign currency forward rates and projected payment dates. The fair value measurements were based on significant inputs that are not observable in the market and thus represent Level 3 measurements. As of September 30, 2020 and December 31, 2019, the fair value of the contingent consideration was $41.1 million and $40.1 million, respectively, which was included in other current assets and other assets on the condensed consolidated balance sheet. Changes in the fair value of the contingent consideration were recorded in gain (loss) on asset sales on the condensed consolidated statement of operations.

7. 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 the value of investments in its 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 debt obligations, which are designated as hedges against the Company's net investments in foreign subsidiaries. As of September 30, 2020 and December 31, 2019, the total principal amounts of foreign currency debt obligations designated as net investment hedges were $1.8 billion and $4.1 billion, respectively.

The Company also uses cross-currency interest rate swaps to hedge a portion of its net investment in its European operations. As of September 30, 2020, U.S. Dollar to Euro cross-currency interest rate swap contracts with a total notional amount of $3.3 billion were outstanding. As of December 31, 2019, U.S. Dollar to Euro cross-currency interest rate swap contracts with a total notional amount of $750.0 million were outstanding. At maturity of each outstanding contract, the Company will receive U.S. Dollars from and pay Euros to the contract counterparty. During the term of each contract, the Company receives interest payments in U.S. Dollars and makes interest payments in Euros based on a notional amount and fixed interest rates determined at contract inception.

From time to time, the Company uses foreign currency forward contracts to hedge against the effect of foreign exchange rate fluctuations on a portion of its net investment in its foreign subsidiaries. As of September 30, 2020, the total notional amount of foreign currency forward contracts designated as net investment hedges was $355.6 million. The Company had no foreign currency forward contracts designated as net investment hedges outstanding as of December 31, 2019.

The effect of net investment hedges on accumulated other comprehensive income and the condensed consolidated statements of operations for the three and nine months ended September 30, 2020 and 2019 was as follows (in thousands):

Amount of gain or (loss) recognized in accumulated other comprehensive income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Foreign currency debt	$ (130,774)	$ 151,825	$ (116,887)	$ 181,431
Cross-currency interest rate swaps (included component) (1)	(78,226)	30,505	(74,419)	36,331
Cross-currency interest rate swaps (excluded component) (2)	(16,588)	6,566	13,606	10,117
Foreign currency forward contracts (included component) (1)	(1,485)	—	(1,485)	—
Foreign currency forward contracts (excluded component) (3)	(28)	—	(28)	—
Total	$ (227,101)	$ 188,896	$ (179,213)	$ 227,879

Amount of gain or (loss) recognized in earnings:

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Location of gain or (loss)	2020	2019	2020	2019
Cross-currency interest rate swaps (excluded component) (2)	Interest expense	6,613	5,072	17,161	14,163
Foreign currency forward contracts (excluded component) (3)	Interest expense	1	—	1	—
Total		$ 6,614	$ 5,072	$ 17,162	$ 14,163

(1) Included component represents foreign exchange spot rates.
(2) Excluded component represents cross-currency basis spread and interest rates.
(3) Excluded component represents foreign currency forward points.

Cash Flow Hedges. The Company hedges its foreign currency translation exposure for forecasted revenues and expenses in its EMEA region between the U.S. Dollar and the British Pound, Euro, Swedish Krona and Swiss Franc. The foreign currency forward and option contracts that the Company uses to hedge this exposure are designated as cash flow hedges. As of September 30, 2020 and December 31, 2019, the total notional amounts of these foreign exchange contracts were $949.2 million and $824.8 million, respectively. As of September 30, 2020, the Company's foreign exchange contracts had maturity dates ranging from October 2020 to September 2022 and the Company recorded a net loss of $7.8 million within accumulated other comprehensive income (loss) relating to these foreign exchange contracts that will be reclassified to revenues and expenses as they mature in the next 12 months. As of December 31, 2019, the Company's foreign exchange contracts had maturity dates ranging from January 2020 to December 2021 and the Company recorded a net gain of $16.3 million within accumulated other comprehensive income (loss) relating to these foreign exchange contracts that will be reclassified to revenues and expenses as they mature in the next 12 months.

The Company enters into intercompany hedging instruments ("intercompany derivatives") with wholly-owned subsidiaries of the Company in order to hedge certain forecasted revenues and expenses denominated in currencies other than the U.S. Dollar. Simultaneously, the Company enters into derivative contracts with unrelated third parties to externally hedge the net exposure created by such intercompany derivatives.

The Company hedges the interest rate exposure created by anticipated fixed rate debt issuances through the use of treasury locks and forward starting swaps (collectively, interest rate locks), which are designated as cash flow hedges. As of September 30, 2020, the total notional amount of interest rate locks outstanding was $644.8 million.

As of December 31, 2019, the Company had no interest rate locks outstanding. During the nine months ended September 30, 2020, interest rate locks with a combined aggregate notional amount of $1.25 billion were settled related to the issuance of the 2025 Notes, 2027 Notes, 2030 Notes, and 2050 Notes in June 2020 as described in Note 10 below. When interest rate locks are settled, any accumulated gain or loss included as a component of other comprehensive income (loss) are amortized to interest expense over the term of the interest rate locks. As of September 30, 2020, the Company recorded a net loss of $ 3.6 million within accumulated other comprehensive income (loss) to be reclassified to interest expense in the next 12 months for interest rate locks. As of December 31, 2019, the net loss and gain in accumulated other comprehensive income (loss) to be reclassified to interest expense in the next 12 months for interest rate locks was not significant.

The effect of cash flow hedges on accumulated other comprehensive income and the condensed consolidated statements of operations for the three and nine months ended September 30, 2020 and 2019 was as follows (in thousands):

Amount of gain or (loss) recognized in accumulated other comprehensive income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Foreign currency forward and option contracts (included component) (1)	$ (40,770)	$ 20,979	$ (35,092)	$ 29,345
Foreign currency option contracts (excluded component) (2)	639	(1,518)	2,315	(2,923)
Interest rate locks	(2,420)	—	(29,302)	—
Total	$ (42,551)	$ 19,461	$ (62,079)	$ 26,422

Amount of gain or (loss) reclassified from accumulated other comprehensive income to income:

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Location of gain or (loss)	2020	2019	2020	2019
Foreign currency forward contracts	Revenues	$ 2,904	$ 27,843	$ 44,681	$ 56,388
Foreign currency forward contracts	Costs and operating expenses	(1,951)	(14,474)	(23,449)	(29,548)
Interest rate locks	Interest Expense	(731)	—	(473)	—
Total		$ 222	$ 13,369	$ 20,759	$ 26,840

Amount of gain or (loss) excluded from effectiveness testing included in income:

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Location of gain or (loss)	2020	2019	2020	2019
Foreign currency forward contracts	Other income (expense)	$ —	$ —	$ —	$ 88
Foreign currency option contracts (excluded component) (2)	Revenues	(430)	(538)	(1,454)	(555)
Total		$ (430)	$ (538)	$ (1,454)	$ (467)

(1) Included component represents foreign exchange spot rates.
(2) Excluded component represents option's time value.

Derivatives Not Designated as Hedging Instruments

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

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.

Foreign Currency Forward Contracts. The Company also uses foreign currency forward 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 monetary assets and liabilities change. Gains and losses on these contracts are included in other income (expense), on a net basis, along with the foreign currency gains and losses of the related foreign currency-denominated monetary assets and liabilities associated with these foreign currency forward contracts. As of September 30, 2020 and December 31, 2019, the total notional amounts of these foreign currency contracts were $ 4.6 billion and $2.5 billion, respectively.

The following table presents the effect of derivatives not designated as hedging instruments in the Company's condensed consolidated statements of operations (in thousands):

Amount of gain or (loss) recognized in earnings:

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Location of gain or (loss)	2020	2019	2020	2019
Embedded derivatives	Revenues	$ (3,308)	$ 2,830	$ 1,402	$ 3,552
Economic hedge of embedded derivatives	Revenues	3,259	(3,221)	(2,342)	(2,680)
Foreign currency forward contracts	Other income (expense)	(50,022)	77,644	(29,214)	96,143
Total		$ (50,071)	$ 77,253	$ (30,154)	$ 97,015

Fair Value of Derivative Instruments

The following table presents the fair value of derivative instruments recognized in the Company's condensed consolidated balance sheets as of September 30, 2020 and December 31, 2019 (in thousands):

	September 30, 2020		December 31, 2019	
	Assets [(1)]	Liabilities [(2)]	Assets [(1)]	Liabilities [(2)]
Designated as hedging instruments:				
Cash flow hedges				
Foreign currency forward and option contracts	$ 4,919	$ 22,792	$ 24,853	$ 5,898
Interest rate locks	—	3,848	—	—
Net investment hedges				
Cross-currency interest rate swaps	18,465	53,026	26,251	—
Foreign currency forward contracts	—	1,512	—	—
Total designated as hedging	23,384	81,178	51,104	5,898
Not designated as hedging instruments:				
Embedded derivatives	5,562	1,754	4,595	2,268
Economic hedges of embedded derivatives	691	—	1,367	—
Foreign currency forward contracts	14,257	35,706	641	27,446
Total not designated as hedging	20,510	37,460	6,603	29,714
Total Derivatives	$ 43,894	$ 118,638	$ 57,707	$ 35,612

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

Offsetting Derivative Assets and Liabilities

The Company presents its derivative instruments and the accrued interest related to cross-currency interest rate swaps at gross fair values in the condensed consolidated balance sheets. 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. For presentation on the condensed consolidated balance sheets, the Company does not offset fair value amounts recognized for derivative instruments or the accrued interest related to cross-currency interest rate swaps under master netting arrangements. The following table presents information related to these offsetting arrangements as of September 30, 2020 and December 31, 2019 (in thousands):

	Gross Amounts Offset in Consolidated Balance Sheet				
	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Net Amounts	Gross Amounts not Offset in the Balance Sheet	Net
September 30, 2020					
Derivative assets	$ 63,037	$ —	$ 63,037	$ (56,415)	$ 6,622
Derivative liabilities	129,889	—	129,889	(56,415)	73,474
December 31, 2019					
Derivative assets	$ 76,640	$ —	$ 76,640	$ (37,820)	$ 38,820
Derivative liabilities	45,832	—	45,832	(37,820)	8,012

8. Fair Value Measurements

Valuation Methods

Fair value estimates are made as of a specific point in time based on methods using the market approach valuation method which uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities or other valuation techniques. These techniques involve uncertainties and are affected by the assumptions used and the judgments made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors.

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

The Company uses the specific identification method in computing realized gains and losses. Realized gains and losses from the sale of investments are included within other income (expense) in the Company's condensed consolidated statements of operations. The Company's investments in publicly traded equity securities are carried at fair value. Unrealized gains and losses on publicly traded equity securities are reported within other income (expense) in the Company's condensed consolidated statements of operations.

Derivative Assets and Liabilities. Inputs used for valuations of derivatives are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market or can be corroborated by observable market data. The significant inputs used include spot currency rates and forward points, interest rate curves, and published credit default swap rates of its foreign exchange trading counterparties and other comparable companies. The Company has determined that the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, therefore the derivatives are categorized as Level 2.

The Company did not have any nonfinancial assets or liabilities measured at fair value on a recurring basis as of September 30, 2020 and December 31, 2019.

The Company's financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2020 were as follows (in thousands):

	Fair Value at September 30, 2020	Fair Value Measurement Using	
		Level 1	Level 2
Assets:			
Money market and deposit accounts	$ 672,179	$ 672,179	$ —
Publicly traded equity securities	5,884	5,884	—
Certificates of deposit	8,302	—	8,302
Derivative instruments [(1)]	43,894	—	43,894
Total	$ 730,259	$ 678,063	$ 52,196
Liabilities:			
Derivative instruments [(1)]	$ 118,638	$ —	$ 118,638

(1) 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 of December 31, 2019 were as follows (in thousands):

	Fair Value at December 31, 2019	Fair Value Measurement Using	
		Level 1	Level 2
Assets:			
Money market and deposit accounts	$ 886,547	$ 886,547	$ —
Publicly traded equity securities	2,779	2,779	—
Certificates of deposit	7,583	—	7,583
Derivative instruments [(1)]	57,707	—	57,707
Total	$ 954,616	$ 889,326	$ 65,290
Liabilities:			
Derivative instruments [(1)]	$ 35,612	$ —	$ 35,612

(1) Amounts are included within other current assets, other assets, other current liabilities and other liabilities in the Company's accompanying condensed consolidated balance sheet.

Other than the contingent consideration related to the EMEA Joint Venture as described in Note 6 above, the Company did not have any Level 3 financial assets or financial liabilities measured at fair value on a recurring basis as of September 30, 2020 and December 31, 2019.

9. Leases

Significant Lease Transactions

Silicon Valley 4 ("SV4") Data Center

In February 2020, the Company exercised its first renewal option available to extend the lease term for the SV4 Data Center for five years. The Company concluded that the two remaining renewal options of five-years each are reasonably certain to be exercised; therefore the concluded lease term is 15 years and 7 months. The lease was previously accounted for as an operating lease. The Company reassessed the lease classification of the SV4 lease and determined the lease should be accounted for as a finance lease. During the three months ended March 31, 2020, the Company recorded finance lease right-of-use ("ROU") asset and liability of $62.8 million and $63.3 million, respectively.

Hong Kong 1 ("HK1") Data Center

In March 2020, the Company entered into several lease agreements with the landlord to lease several premises in the HK1 Data Center. One of the premises commenced in March 2020 with an initial term of 18 years. The Company assessed the lease classification of that premises at the commencement date and determined the lease should be accounted for as a finance lease. The Company will assess the remaining premises when the leases commence. During the three months ended March 31, 2020, the Company recorded finance lease ROU asset and liability of $163.0 million Hong Kong dollars or $ 21.0 million at the exchange rate in effect on March 31, 2020.

Headquarter Office in Redwood City, California ("HQ Office")

In April 2020, the Company entered into a lease amendment to (i) extend the lease term of the existing space for another 10.5 years and (ii) lease additional space within its HQ Office building, which commenced on June 1, 2020. Both spaces have two five-year renewal options which the Company determined were not reasonably certain to be exercised. Therefore, the concluded lease term for both spaces was approximately 11 years, expiring on March 31, 2031. The existing space was previously accounted for as a finance lease. The Company concluded that the building and land components for both spaces should be accounted for as finance leases and operating leases, respectively. During the three months ended June 30, 2020, the Company recorded incremental finance lease ROU asset and liability of $42.2 million and operating lease ROU asset and liability of $ 8.3 million.

Singapore 1 ("SG1") Data Center

In May 2020, the Company exercised a three-year renewal option on the lease of the existing space and entered into a lease agreement to lease additional space in the SG1 Data Center. The building and land were originally accounted for as a finance lease and operating lease, respectively. The Company concluded the remaining five three-year renewal options were reasonably certain to be exercised and therefore, the concluded lease term was 18 years. The Company reassessed the lease classification and determined that the lease should be accounted for as finance lease. Land was determined to not be a component of the lease as the Company no longer controlled substantially all of the economic benefits from its use. The Company recorded incremental finance lease ROU asset and liability of $99.5 million Singapore dollars, or approximately $ 71.4 million, and de-recognized operating lease ROU asset and liability of $11.4 million Singapore dollars, or approximately $ 8.1 million, at the exchange rate in effect on June 30, 2020, during the three months ended June 30, 2020.

Abu Dhabi 1 ("AD1") Data Center

In June 2020, the Company entered into two lease agreements to lease additional spaces in the AD1 Data Center. The Company concluded lease terms of both leases are 10 years, including a three-year renewal option for one of the leases. The Company assessed the lease classifications and determined that the leases should be accounted for as finance leases. During the three months ended June 30, 2020, the Company recorded finance lease ROU assets and liabilities of 261.9 million United Arab Emirates Dirham in aggregate, or approximately $ 71.3 million at the exchange rate in effect on June 30, 2020.

Singapore Office ("SGO")

In April 2020, the Company entered into an office lease agreement, which commenced on August 1, 2020 with an initial term of seven years, as well as two three-year renewal options and a one-time early termination option for a certain floor after the third year of the lease. The Company determined that the renewal options and the early termination option were not reasonably certain to be exercised and therefore, the concluded lease term was seven years. The Company assessed the lease classification at the commencement date and concluded that the lease should be accounted for as an operating lease. During the three months ended September 30, 2020, the Company recorded operating lease ROU asset and liability of $64.2 million Singapore dollars, or approximately $47.1 million, at the exchange rate in effect on September 30, 2020.

Seoul 1 ("SL1") Data Center

In September 2020, the phase 2 from a previously signed lease for the SL1 data center was delivered and commenced, with an initial lease term of approximately four years and three five-year renewal options. The Company concluded that one renewal option of five years is reasonably certain to be exercised and therefore, the concluded lease term was approximately nine years. The Company assessed the lease classification of the lease at the commencement date and determined the lease should be accounted for as a finance lease. During the three months ended September 30, 2020, the Company recorded finance lease ROU asset and liability of 31,777 million Korean Won and 30,386 million Korean Won, respectively, or $27.2 million and $26.0 million, respectively, at the exchange rate in effect on September 30, 2020.

Lease Expenses

The components of lease expenses are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Finance lease cost				
Amortization of right-of-use assets [1]	$ 31,900	21,313	$ 85,962	$ 61,210
Interest on lease liabilities	28,443	28,039	84,706	82,673
Total finance lease cost	60,343	49,352	170,668	143,883
Operating lease cost	55,135	57,946	161,482	164,505
Total lease cost	$ 115,478	$ 107,298	$ 332,150	$ 308,388

[1] Amortization of right-of-use assets is included with depreciation expense, and is recorded within cost of revenues, sales and marketing and general and administrative expenses in the condensed consolidated statements of operations.

Other Information

Other information related to leases is as follows (in thousands):

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$ 81,827	$ 79,140
Operating cash flows from operating leases	154,262	157,106
Financing cash flows from finance leases	74,446	62,785
Right-of-use assets obtained in exchange for lease obligations: (1)		
Finance leases	$ 357,137	$ 196,725
Operating leases	65,906	143,144

	As of September 30, 2020	As of December 31, 2019
Weighted-average remaining lease term - finance leases (2)	14 years	15 years
Weighted-average remaining lease term - operating leases (2)	13 years	13 years
Weighted-average discount rate - finance leases	8 %	9 %
Weighted-average discount rate - operating leases	4 %	4 %
Finance lease assets (3)	$ 1,551,396	$ 1,277,614

(1) Represents all non-cash changes in ROU assets.
(2) Includes lease renewal options that are reasonably certain to be exercised.
(3) As of September 30, 2020 and December 31, 2019, the Company recorded accumulated amortization of finance lease assets of $564.8 million and $474.8 million, respectively. Finance lease assets are recorded within property, plant and equipment, net on the condensed consolidated balance sheets.

Maturities of Lease Liabilities

Maturities of lease liabilities as of September 30, 2020 are as follows (in thousands):

	Operating Leases	Finance Leases	Total
2020 (3 months remaining)	$ 38,827	$ 50,507	$ 89,334
2021	199,311	208,147	407,458
2022	195,390	208,088	403,478
2023	179,643	202,661	382,304
2024	167,778	200,213	367,991
Thereafter	1,143,207	2,021,849	3,165,056
Total lease payments	1,924,156	2,891,465	4,815,621
Plus amount representing residual property value	—	17,335	17,335
Less imputed interest	(500,797)	(1,114,919)	(1,615,716)
Total	$ 1,423,359	$ 1,793,881	$ 3,217,240

The Company entered into agreements with various landlords primarily to lease data center spaces and ground leases which have not yet commenced as of September 30, 2020. These leases will commence between 2020 and 2022, with lease terms of 10 to 49 years and a total lease commitment of approximately $682.0 million.

10. Debt Facilities

Mortgage and Loans Payable

As of September 30, 2020 and December 31, 2019, the Company's mortgage and loans payable consisted of the following (in thousands):

	September 30, 2020	December 31, 2019
Term loans	$ 1,243,882	$ 1,287,151
Mortgage payable and loans payable	77,982	82,967
	1,321,864	1,370,118
Less amount representing unamortized debt discount and debt issuance cost	(3,601)	(4,849)
Add amount representing unamortized mortgage premium	1,787	1,768
	1,320,050	1,367,037
Less current portion	(78,273)	(77,603)
Total	$ 1,241,777	$ 1,289,434

Senior Credit Facility - Revolving Facility

On December 12, 2017, the Company entered into a credit agreement with a group of lenders for a $ 3.0 billion credit facility ("Senior Credit Facility"), comprised of a $2.0 billion senior unsecured multicurrency revolving credit facility ("Revolving Facility") and an approximately $ 1.0 billion senior unsecured multicurrency term loan facility. The Revolving Facility allows the Company to borrow, repay and reborrow over its term. The Revolving Facility provides a sublimit for the issuance of letters of credit of up to $250.0 million at any one time.

In March 2020, the Company borrowed a total of $ 250.0 million under the Revolving Facility, which was fully repaid in May 2020. As of September 30, 2020, the Company had 35 irrevocable letters of credit totaling $74.1 million issued and outstanding under the Revolving Facility and the amount available to the Company to borrow under the Revolving Facility was approximately $1.9 billion as of September 30, 2020.

364-Day Facilities

On April 15, 2020, the Company entered into a credit agreement which provided for senior unsecured 364-day term loan facilities in an aggregate principal amount of $750.0 million, comprised of $500.0 million available to be borrowed on the closing date (the "Closing Date Facility") and $ 250.0 million available to be borrowed on or prior to July 14, 2020 (the "Delayed Draw Facility" and together with the Closing Date Facility, the "364-Day Facilities"). On April 15, 2020, the Company borrowed $391.0 million, as well as €100.0 million or $109.8 million at the exchange rate in effect on that date, under the Closing Date Facility. During the three months ended June 30, 2020, the Company repaid all amounts outstanding under the Closing Date Facility and terminated the 364-Day Facilities. The loss on debt extinguishment incurred in connection with the redemption and termination was not significant.

Senior Notes

As of September 30, 2020 and December 31, 2019, the Company's senior notes consisted of the following (in thousands):

	September 30, 2020		December 31, 2019	
	Amount	Effective Rate	Amount	Effective Rate
5.000% Infomart Senior Notes [1]	$ 300,000	4.49 %	$ 450,000	4.46 %
5.375% Senior Notes due 2022	—	— %	343,711	5.56 %
2.625% Senior Notes due 2024	1,000,000	2.79 %	1,000,000	2.79 %
2.875% Euro Senior Notes due 2024	—	— %	841,500	3.08 %
1.250% Senior Notes due 2025	500,000	1.46 %	—	— %
2.875% Euro Senior Notes due 2025	1,172,400	3.04 %	1,122,000	3.04 %
2.900% Senior Notes due 2026	600,000	3.04 %	600,000	3.04 %
5.875% Senior Notes due 2026	—	— %	1,100,000	6.03 %
2.875% Euro Senior Notes due 2026	1,172,400	3.04 %	1,122,000	3.04 %
1.800% Senior Notes due 2027	500,000	1.96 %	—	— %
5.375% Senior Notes due 2027	1,250,000	5.51 %	1,250,000	5.51 %
3.200% Senior Notes due 2029	1,200,000	3.30 %	1,200,000	3.30 %
2.150% Senior Notes due 2030	1,100,000	2.27 %	—	— %
3.000% Senior Notes due 2050	500,000	3.09 %	—	— %
	9,294,800		9,029,211	
Less amount representing unamortized debt issuance cost	(90,441)		(78,030)	
Add amount representing unamortized debt premium	370		1,716	
	9,204,729		8,952,897	
Less current portion	(2,043,994)		(643,224)	
Total	$ 7,160,735		$ 8,309,673	

[1] 5.000% Infomart Senior Notes consist of two tranches outstanding due in each of October 2020 and April 2021. The effective rate represents the weighted-average effective interest rates of the tranches outstanding at the periods presented in the table above.

Redemption of 5.375% Senior Notes due 2022

On January 2, 2020, the Company redeemed the remaining $343.7 million principal amount of the 5.375% Senior Notes due 2022. In connection with the redemption, the Company incurred $5.9 million of loss on debt extinguishment, including $4.6 million redemption premium that was paid in cash and $ 1.3 million related to the write-off of unamortized debt issuance costs.

1.250% Senior Notes due 2025, 1.800% Senior Notes due 2027, 2.150% Senior Notes due 2030, and 3.000% Senior Notes due 2050

On June 22, 2020, the Company issued $500.0 million aggregate principal amount of 1.250% senior notes due 2025 (the "2025 Notes"), $500.0 million aggregate principal amount of 1.800% senior notes due 2027 (the "2027 Notes"), $1.1 billion aggregate principal amount of 2.150% senior notes due 2030 (the "2030 Notes"), and $500.0 million aggregate principal amount of 3.000% senior notes due 2050 (the "2050 Notes"). Interest on these notes is payable semi-annually on January 15 and July 15 of each year, commencing on January 15, 2021. Debt issuance costs and debt discounts related to the 2025 Notes, 2027 Notes, 2030 Notes, and 2050 Notes were $5.3 million, $5.6 million, $12.9 million, and $14.2 million, respectively.

Redemption of 2.875% Euro Senior Notes due 2024 and 5.875% Senior Notes due 2026

On July 8, 2020, using a portion of the net cash proceeds from the 2025, 2027, 2030, and 2050 Notes, the Company redeemed all of the outstanding €750.0 million 2.875% Senior Notes due 2024 and $ 1.1 billion 5.875% Senior Notes due 2026. In connection with the redemption, the Company incurred $ 93.5 million of loss on debt extinguishment, including $77.8 million in redemption premium that was paid in cash and $ 15.7 million related to the write-off of unamortized debt issuance costs, during the three months ended September 30, 2020.

Maturities of Debt Instruments

The following table sets forth maturities of the Company's debt, including mortgage and loans payable, and senior notes, gross of debt issuance costs, debt discounts and debt premiums, as of September 30, 2020 (in thousands):

Years ending:		
2020 (3 months remaining)	$	1,928,414
2021		228,201
2022		1,189,716
2023		6,656
2024		1,006,165
Thereafter		6,259,299
Total	$	10,618,451

Fair Value of Debt Instruments

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

		September 30, 2020		December 31, 2019
Mortgage and loans payable	$	1,330,510	$	1,378,429
Senior notes		9,721,217		9,339,497

The fair values of the mortgage and loans payable and 5.000% Infomart Senior Notes, which are not publicly traded, were estimated by considering the Company's credit rating, current rates available to the Company for debt of the same remaining maturities and terms of the debt (Level 2). The fair value of the senior notes, which are traded in the public debt market, was based on quoted market prices (Level 1).

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,			
		2020		2019		2020		2019
Interest expense	$	99,736	$	118,674	$	315,554	$	362,067
Interest capitalized		7,091		8,424		20,002		24,188
Interest charges incurred	$	106,827	$	127,098	$	335,556	$	386,255

Total interest paid in cash, net of capitalized interest, during the three months ended September 30, 2020 and 2019 was $ 108.1 million and $144.8 million, respectively. Total interest paid in cash, net of capitalized interest, during the nine months ended September 30, 2020 and 2019 was $346.7 million and $388.5 million, respectively.

11. Commitments and Contingencies

Purchase Commitments

As a result of the Company's various IBX data center expansion projects, as of September 30, 2020, the Company was contractually committed for approximately $1.1 billion 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. The Company also had numerous other, non-capital purchase commitments in place as of September 30, 2020, such as commitments to purchase power in select locations through the remainder of 2020 and thereafter, and other open purchase orders for goods or services to be delivered or provided during the remainder of 2020 and thereafter. Such other miscellaneous purchase commitments totaled approximately $1.2 billion as of September 30, 2020. In addition, the Company entered into lease agreements in various locations that have not yet commenced as of September 30, 2020. For further information on lease commitments, see Note 9 above.

Equity Contribution Commitments

In connection with the EMEA Joint Venture closed in October 2019, the Company agreed to make future equity contributions to the EMEA Joint Venture. As of September 30, 2020, the Company had future equity contribution commitments of €10.9 million and £8.7 million, or $24.0 million in total at the exchange rate in effect on September 30, 2020.

Contingent Liabilities

The Company estimates exposure on certain liabilities, such as indirect and property taxes, based on the best information available at the time of determination. With respect to real and personal property taxes, the Company records what it can reasonably estimate based on prior payment history, assessed value by the assessor's office, current landlord estimates or estimates based on current or changing fixed asset values in each specific municipality, as applicable. However, there are circumstances beyond the Company's control whereby the underlying value of the property or basis for which the tax is calculated on the property may change, such as a landlord selling the underlying property of one of the Company's IBX data center leases or a municipality changing the assessment value in a jurisdiction and, as a result, the Company's property tax obligations may vary from period to period. Based upon the most current facts and circumstances, the Company makes the necessary property tax accruals for each of its reporting periods. However, revisions in the Company's estimates of the potential or actual liability could materially impact the financial position, results of operations or cash flows of the Company.

The Company's indirect and property tax filings in various jurisdictions are subject to examination by local tax authorities. 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 further changes to the tax laws and interpretations thereof. For example, we are currently undergoing audits and appealing the tentative assessments in a number of jurisdictions where we operate, such as Brazil and France. The final results of these audits and the outcomes of the appeals are uncertain and may not be resolved in our favor. The Company regularly assesses the likelihood of adverse outcomes resulting from these examinations and appeals that would affect the adequacy of its tax accruals for each of the reporting periods. If any issues arising from the tax examinations and appeals 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

Stockholders' Equity Rollforward

The following tables provide a rollforward of stockholders' equity for the three and nine months ended September 30, 2020 and 2019 (in thousands, except share and per share data):

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Dividends	AOCI (Loss)	Retained Earnings	Equinix Stockholders' Equity	Non-controlling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount							
Balance as of December 31, 2019	85,700,953	$ 86	(392,567)	$ (144,256)	$ 12,696,433	$ (4,168,469)	$ (934,613)	$ 1,391,425	$ 8,840,606	$ (224)	$ 8,840,382
Adjustment from adoption of new accounting standard update	—	—	—	—	—	—	—	(900)	(900)	—	(900)
Net income	—	—	—	—	—	—	—	118,792	118,792	165	118,957
Other comprehensive loss	—	—	—	—	—	—	(272,056)	—	(272,056)	(11)	(272,067)
Issuance of common stock and release of treasury stock for employee equity awards	405,550	—	50,594	16,958	13,432	—	—	—	30,390	—	30,390
Issuance of common stock under ATM Program	162,530	—	—	—	101,791	—	—	—	101,791	—	101,791
Dividend distribution on common stock, $2.66 per share	—	—	—	—	—	(227,387)	—	—	(227,387)	—	(227,387)
Settlement of accrued dividends on vested equity awards	—	—	—	—	109	(403)	—	—	(294)	—	(294)
Accrued dividends on unvested equity awards	—	—	—	—	—	(3,268)	—	—	(3,268)	—	(3,268)
Stock-based compensation, net of estimated forfeitures	—	—	—	—	81,690	—	—	—	81,690	—	81,690
Balance as of March 31, 2020	86,269,033	86	(341,973)	(127,298)	12,893,455	(4,399,527)	(1,206,669)	1,509,317	8,669,364	(70)	8,669,294
Net income	—	—	—	—	—	—	—	133,304	133,304	46	133,350
Other comprehensive income	—	—	—	—	—	—	66,378	—	66,378	2	66,380
Issuance of common stock and release of treasury stock for employee equity awards	34,146	—	688	256	(256)	—	—	—	—	—	—
Issuance of common stock for equity offering	2,587,500	3	—	—	1,683,103	—	—	—	1,683,106	—	1,683,106
Dividend distribution on common stock, $2.66 per share	—	—	—	—	—	(235,334)	—	—	(235,334)	—	(235,334)
Settlement of accrued dividends on vested equity awards	—	—	—	—	—	(44)	—	—	(44)	—	(44)
Accrued dividends on unvested equity awards	—	—	—	—	—	(4,136)	—	—	(4,136)	—	(4,136)
Stock-based compensation, net of estimated forfeitures	—	—	—	—	75,642	—	—	—	75,642	—	75,642

EQUINIX, INC.
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	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Dividends	AOCI (Loss)	Retained Earnings	Equinix Stockholders' Equity	Non-controlling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount							
Balance as of June 30, 2020	88,890,679	89	(341,285)	(127,042)	14,651,944	(4,639,041)	(1,140,291)	1,642,621	10,388,280	(22)	10,388,258
Net income	—	—	—	—	—	—	—	66,687	66,687	144	66,831
Other comprehensive income	—	—	—	—	—	—	38,490	—	38,490	30	38,520
Issuance of common stock and release of treasury stock for employee equity awards	287,635	—	11,705	4,356	27,372	—	—	—	31,728	—	31,728
Issuance of common stock under ATM Program	252,982	—	—	—	196,477	—	—	—	196,477	—	196,477
Dividend distribution on common stock, $2.66 per share	—	—	—	—	—	(236,538)	—	—	(236,538)	—	(236,538)
Settlement of accrued dividends on vested equity awards	—	—	—	—	81	(275)	—	—	(194)	—	(194)
Accrued dividends on unvested equity awards	—	—	—	—	—	(3,764)	—	—	(3,764)	—	(3,764)
Stock-based compensation, net of estimated forfeitures	—	—	—	—	74,648	—	—	—	74,648	—	74,648
Balance as of September 30, 2020	89,431,296	$ 89	(329,580)	$(122,686)	$14,950,522	$(4,879,618)	$(1,101,801)	$1,709,308	$10,555,814	$ 152	$10,555,966

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
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	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Dividends	AOCI (Loss)	Retained Earnings	Equinix Stockholders' Equity	Non-controlling interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount							
Balance as of December 31, 2018	81,119,117	$ 81	(396,859)	$(145,161)	$10,751,313	$(3,331,200)	$ (945,702)	$ 889,948	$ 7,219,279	$ —	$ 7,219,279
Adjustment from adoption of new accounting standard update	—	—	—	—	—	—	—	(5,973)	(5,973)	—	(5,973)
Net income (loss)	—	—	—	—	—	—	—	118,078	118,078	(331)	117,747
Other comprehensive income	—	—	—	—	—	—	3,337	—	3,337	7	3,344
Issuance of common stock and release of treasury stock for employee equity awards	360,464	—	1,706	360	27,233	—	—	—	27,593	—	27,593
Issuance of common stock for equity offering	2,985,575	3	—	—	1,213,431	—	—	—	1,213,434	—	1,213,434
Dividend distribution on common stock, $2.46 per share	—	—	—	—	—	(198,933)	—	—	(198,933)	—	(198,933)
Settlement of accrued dividends on vested equity awards	—	—	—	—	284	(387)	—	—	(103)	—	(103)
Accrued dividends on unvested equity awards	—	—	—	—	—	(2,395)	—	—	(2,395)	—	(2,395)
Stock-based compensation, net of estimated forfeitures	—	—	—	—	50,795	—	—	—	50,795	—	50,795
Balance as of March 31, 2019	84,465,156	84	(395,153)	(144,801)	12,043,056	(3,532,915)	(942,365)	1,002,053	8,425,112	(324)	8,424,788
Net income	—	—	—	—	—	—	—	143,527	143,527	325	143,852
Other comprehensive loss	—	—	—	—	—	—	(16,078)	—	(16,078)	(14)	(16,092)
Issuance of common stock and release of treasury stock for employee equity awards	26,435	—	359	76	(76)	—	—	—	—	—	—
Issuance of common stock under ATM Program	722,361	1	—	—	348,120	—	—	—	348,121	—	348,121
Dividend distribution on common stock, $2.46 per share	—	—	—	—	—	(207,949)	—	—	(207,949)	—	(207,949)
Settlement of accrued dividends on vested equity awards	—	—	—	—	12	(33)	—	—	(21)	—	(21)
Accrued dividends on unvested equity awards	—	—	—	—	—	(2,972)	—	—	(2,972)	—	(2,972)
Stock-based compensation, net of estimated forfeitures	—	—	—	—	59,502	—	—	—	59,502	—	59,502
Balance as of June 30, 2019	85,213,952	85	(394,794)	(144,725)	12,450,614	(3,743,869)	(958,443)	1,145,580	8,749,242	(13)	8,749,229
Net income (loss)	—	—	—	—	—	—	—	120,850	120,850	(39)	120,811
Other comprehensive loss	—	—	—	—	—	—	(81,793)	—	(81,793)	(28)	(81,821)
Issuance of common stock and release of treasury stock for employee equity awards	276,497	1	2,010	424	24,000	—	—	—	24,425	—	24,425

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	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Dividends	AOCI (Loss)	Retained Earnings	Equinix Stockholders' Equity	Non-controlling interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount							
Issuance of common stock under ATM Program	181,194	—	—	—	99,421	—	—	—	99,421	—	99,421
Dividend distribution on common stock, $2.46 per share	—	—	—	—	—	(209,226)	—	—	(209,226)	—	(209,226)
Settlement of accrued dividends on vested equity awards	—	—	—	—	12	(230)	—	—	(218)	—	(218)
Accrued dividends on unvested equity awards	—	—	—	—	—	(2,993)	—	—	(2,993)	—	(2,993)
Stock-based compensation, net of estimated forfeitures	—	—	—	—	61,403	—	—	—	61,403	—	61,403
Balance as of September 30, 2019	85,671,643	$ 86	(392,784)	$(144,301)	$12,635,450	$(3,956,318)	$(1,040,236)	$1,266,430	$ 8,761,111	$ (80)	$ 8,761,031

Accumulated Other Comprehensive Loss

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

	Balance as of December 31, 2019	Net Change	Balance as of September 30, 2020
Foreign currency translation adjustment ("CTA") gain (loss)	$ (1,056,918)	$ 66,914	$ (990,004)
Unrealized gain (loss) on cash flow hedges [1]	15,638	(54,966)	(39,328)
Net investment hedge CTA gain (loss) [1]	107,619	(179,213)	(71,594)
Net actuarial gain (loss) on defined benefit plans [2]	(952)	77	(875)
Accumulated other comprehensive loss attributable to Equinix	$ (934,613)	$ (167,188)	$ (1,101,801)

(1) Refer to Note 7 for a discussion of the amounts reclassified from accumulated other comprehensive loss to net income.

(2) The Company has a defined benefit pension plan covering all employees in one country where such plan is mandated by law. The Company does not have any defined benefit plans in any other countries. The unamortized gain (loss) on defined benefit plans includes gains or losses resulting from a change in the value of either the projected benefit obligation or the plan assets resulting from a change in an actuarial assumption, net of amortization.

Changes in foreign currencies can have a significant impact to the Company's consolidated balance sheets (as evidenced above in the Company's foreign currency translation loss), as well as its consolidated results of operations, as amounts in foreign currencies are generally translated 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, 2020, the U.S. Dollar was generally weaker relative to certain of the currencies of the foreign countries in which the Company operates as compared to December 31, 2019. Because of this, the U.S. Dollar had an overall favorable impact on the Company's condensed consolidated financial position because the foreign denominations translated into more U.S. Dollars as evidenced by a decrease in foreign currency translation loss for the nine months ended September 30, 2020 as reflected in the above table. 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 condensed consolidated financial position and results of operations including the amount of revenue that the Company reports in future periods.

Common Stock

In March 2019, the Company issued and sold 2,985,575 shares of common stock in a public offering pursuant to a registration statement and a related prospectus and prospectus supplement. The Company received net proceeds of approximately $1,213.4 million, net of underwriting discounts, commissions and offering expenses.

In May 2020, the Company issued and sold 2,587,500 shares of common stock in a public offering pursuant to a registration statement and a related prospectus and prospectus supplement. The Company received net proceeds of approximately $1,683.1 million, net of underwriting discounts, commissions and offering expenses.

In December 2018, the Company launched an ATM program, under which it may offer and sell from time to time up to an aggregate of $ 750.0 million of its common stock in "at the market" transactions (the "ATM Program"). For the three and nine months ended September 30, 2020, the Company sold 252,982 shares and 415,512 shares, respectively, under the ATM Program, for approximately $ 196.5 million and $298.3 million, respectively, net of payment of commissions to sales agents and other offering expenses. For the three and nine months ended September 30, 2019, the Company sold 181,194 shares and 903,555 shares, respectively, under the ATM program, for approximately $ 99.4 million and $447.5 million, respectively, net of payment of commissions to sales agents and other offering expenses. As of September 30, 2020, no shares remained available for sale under the ATM Program.

Stock-Based Compensation

For the nine months ended September 30, 2020, the Compensation Committee and/or the Stock Award Committee of the Company's Board of Directors, as the case may be, approved the issuance of an aggregate of 709,450 shares of restricted stock units to certain employees, including executive officers. These equity awards are subject to vesting provisions and have a weighted-average grant date fair value of $ 593.74 per share and a weighted-average requisite service period of 3.30 years. The valuation of restricted stock units with only a service condition or a service and performance condition require 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 revenues and adjusted funds from operations ("AFFO") per share as the performance measurements in the restricted stock units with both service and performance conditions that were granted in the nine months ended September 30, 2020.

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. The Company used total shareholder return ("TSR") as the performance measurement in the restricted stock units with a service and market condition that were granted in the nine months ended September 30, 2020. 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 2020 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 statements of operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Cost of revenues	$ 7,856	$ 7,104	$ 24,854	$ 18,616
Sales and marketing	17,630	15,794	54,390	44,252
General and administrative	49,762	40,973	152,414	111,545
Total	$ 75,248	$ 63,871	$ 231,658	$ 174,413

13. Segment Information

While the Company has one primary 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 revenues and adjusted EBITDA performance both on a consolidated basis and based on these three reportable segments.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

The following tables present revenue information disaggregated by product lines and geographic areas (in thousands):

	Three Months Ended September 30, 2020				Nine Months Ended September 30, 2020			
	Americas	EMEA	Asia-Pacific	Total	Americas	EMEA	Asia-Pacific	Total
Colocation [1]	$ 450,030	$ 391,773	$ 236,762	$ 1,078,565	$ 1,348,482	$ 1,135,247	$ 686,658	$ 3,170,387
Interconnection	156,677	55,700	48,565	260,942	460,993	155,145	136,376	752,514
Managed infrastructure	28,954	30,690	22,614	82,258	83,372	89,839	66,588	239,799
Other [1]	3,911	5,581	815	10,307	14,212	14,177	815	29,204
Recurring revenues	639,572	483,744	308,756	1,432,072	1,907,059	1,394,408	890,437	4,191,904
Non-recurring revenues	32,760	34,339	20,596	87,695	88,597	90,674	63,255	242,526
Total	$ 672,332	$ 518,083	$ 329,352	$ 1,519,767	$ 1,995,656	$ 1,485,082	$ 953,692	$ 4,434,430

[1] Includes some leasing and hedging activities.

	Three Months Ended September 30, 2019				Nine Months Ended September 30, 2019			
	Americas	EMEA	Asia-Pacific	Total	Americas	EMEA	Asia-Pacific	Total
Colocation [1]	$ 441,596	$ 357,201	$ 214,304	$ 1,013,101	$ 1,325,663	$ 1,036,121	$ 637,703	$ 2,999,487
Interconnection	146,212	41,063	39,495	226,770	427,235	117,202	114,148	658,585
Managed infrastructure	24,082	27,651	22,553	74,286	68,777	85,136	66,940	220,853
Other [1]	3,392	1,787	—	5,179	14,723	6,561	—	21,284
Recurring revenues	615,282	427,702	276,352	1,319,336	1,836,398	1,245,020	818,791	3,900,209
Non-recurring revenues	29,993	30,438	17,043	77,474	97,663	97,635	49,498	244,796
Total	$ 645,275	$ 458,140	$ 293,395	$ 1,396,810	$ 1,934,061	$ 1,342,655	$ 868,289	$ 4,145,005

[1] Includes some leasing and hedging activities.

No single customer accounted for 10% or greater of the Company's accounts receivable or revenues for the three and nine months ended September 30, 2020 and 2019.

The Company defines adjusted EBITDA as income from operations excluding depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges, transaction costs and gain or loss on asset sales as presented below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Adjusted EBITDA:				
Americas	$ 290,550	$ 306,656	$ 886,270	$ 923,546
EMEA	263,216	212,518	736,971	621,235
Asia-Pacific	183,479	155,528	518,255	467,086
Total adjusted EBITDA	737,245	674,702	2,141,496	2,011,867
Depreciation, amortization and accretion expense	(362,286)	(321,746)	(1,048,151)	(957,001)
Stock-based compensation expense	(75,248)	(63,871)	(231,658)	(174,413)
Impairment charges	(7,306)	(1,189)	(7,306)	(16,023)
Transaction costs	(5,840)	(2,991)	(30,987)	(8,236)
Gain on asset sales	1,785	463	928	463
Income from operations	$ 288,350	$ 285,368	$ 824,322	$ 856,657

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Depreciation and amortization:				
Americas	$ 182,537	$ 168,999	$ 534,545	$ 503,013
EMEA	100,861	86,607	286,247	258,752
Asia-Pacific	77,290	66,285	224,358	192,528
Total	$ 360,688	$ 321,891	$ 1,045,150	$ 954,293
Capital expenditures:				
Americas	$ 237,737	$ 203,281	$ 604,051	$ 521,399
EMEA	249,310	171,293	568,702	506,499
Asia-Pacific	78,238	182,248	275,421	337,062
Total	$ 565,285	$ 556,822	$ 1,448,174	$ 1,364,960

The Company's long-lived assets, including property, plant and equipment, net and operating lease right-of-use assets, located in the following geographic areas as of (in thousands):

	September 30, 2020	December 31, 2019
Americas	$ 5,717,181	$ 5,400,287
EMEA	4,566,129	4,051,701
Asia-Pacific	2,827,244	2,700,609
Total Property, plant and equipment, net	$ 13,110,554	$ 12,152,597
Americas	$ 356,465	$ 387,598
EMEA	511,294	521,129
Asia-Pacific	568,578	566,640
Total Operating lease right-of-use assets	$ 1,436,337	$ 1,475,367

14. Subsequent Events

Completion of the Bell Acquisition

In October 2020, the Company completed the acquisition of 12 data center sites in Canada and their operations from Bell, with one remaining data center in Ottawa Canada, which the Company expects to be acquired in the fourth quarter of 2020 as the closing conditions are satisfied. Refer to Note 4 for a discussion of this acquisition.

1.000% Senior Notes due 2025, 1.550% Senior Notes due 2028, and 2.950% Senior Notes due 2051

On October 7, 2020, the Company issued $ 700.0 million aggregate principal amount of 1.000% Senior Notes due 2025 (the "2025 Notes"), $ 650.0 million aggregate principal amount of 1.550% Senior Notes due 2028 (the "2028 Notes"), and $ 500.0 million aggregate principal amount of 2.950% Senior Notes due 2051 (the "2051 Notes"). Interest on these notes is payable semi-annually on March 15 and September 15 of each year, commencing March 15, 2021. Debt issuance costs and debt discounts related to the 2025 Notes, 2028 Notes, and 2051 Notes were $5.5 million, $5.2 million, and $5.3 million, respectively.

Redemption of 2.875% Senior Notes due 2025 and 2.875% Senior Notes due 2026

On October 23, 2020, the Company used a portion of the net cash proceeds from the issuance of 2025, 2028, and 2051 Notes, as described above, to fund the redemption of all of the outstanding €1.0 billion 2.875% Senior Notes due 2025 and € 0.5 billion aggregate principal amount of its outstanding € 1.0 billion aggregate principal amount 2.875% Senior Notes due 2026. In connection with the redemption, the Company incurred $ 44.2 million of loss on debt extinguishment, including $29.3 million in redemption premium that was paid in cash and $ 14.9 million related to the write-off of unamortized debt issuance costs.

Declaration of dividends

On October 28, 2020, the Company declared a quarterly cash dividend of $ 2.66 per share, which is payable on December 9, 2020 to the Company's common stockholders of record as of the close of business on November 18, 2020.

2020 ATM Program

On October 30, 2020, the Company entered into an equity distribution agreement with various financial institutions, establishing an "at the market" equity offering program, under which the Company may offer and sell from time to time up to an aggregate of $1.5 billion of its common stock in "at the market" transactions (the "2020 ATM Program"). No sales have been made under the 2020 ATM Program to date. The Company's previous equity distribution agreement, dated December 19, 2018 has been terminated.

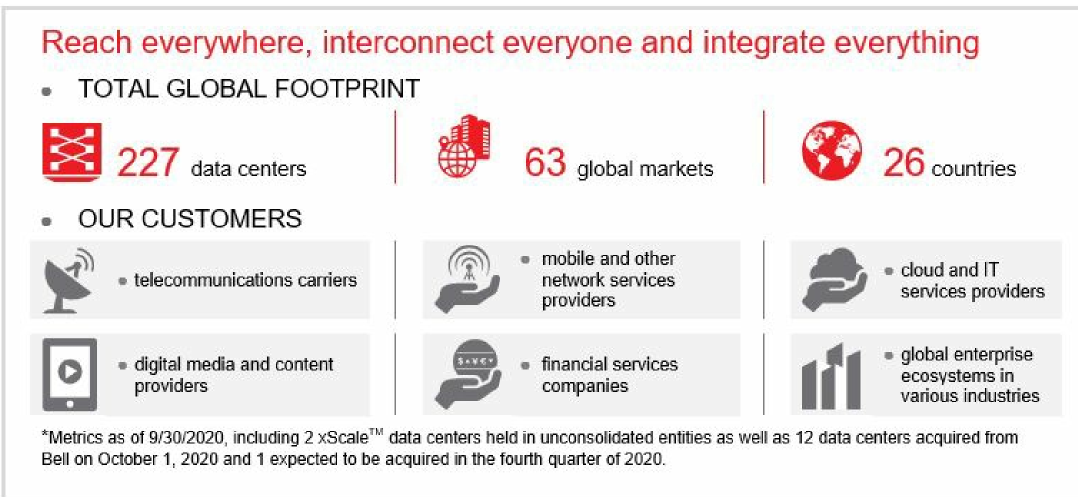
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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



Equinix provides a global, vendor-neutral data center, interconnection and edge services platform with offerings that aim to enable our customers to reach everywhere, interconnect everyone and integrate everything. Global enterprises, service providers and business ecosystems of industry partners rely on Equinix IBX data centers and expertise around the world for the safe housing of their critical IT equipment and to protect and connect the world's most valued information assets. They also look to Platform Equinix® for the ability to directly and securely interconnect to the networks, clouds and content that enable today's information-driven global digital economy. Recent Equinix IBX data center openings and acquisitions, as well as xScale™ data center investments, have expanded our total global footprint to 227 IBX and xScale data centers, including 12 data center sites acquired from Bell on October 1, 2020 and one remaining data center in Ottawa Canada which we expect to be acquired in the fourth quarter of 2020 as the closing conditions are satisfied, across 63 markets around the world. Equinix offers the following solutions:

- premium data center colocation;
- interconnection and data exchange solutions;
- edge services for deploying networking, security and hardware; and
- remote expert support and professional services.

Our interconnected data centers around the world allow our customers to increase information and application delivery performance to users, and quickly access distributed IT infrastructures and business and digital ecosystems, while significantly reducing costs. The Equinix global platform and the quality of our IBX data centers, interconnection offerings and edge services have enabled us to establish a critical mass of customers. As more customers choose Platform Equinix, for bandwidth cost and performance reasons it benefits their suppliers and business partners to colocate in the same data centers. This adjacency creates a “network effect” that enables our customers to capture 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 interconnection that increases data traffic exchange while lowering overall cost and increasing flexibility. Our focused business model is built on our critical mass of enterprise and service provider customers and the resulting "marketplace" effect. This global platform, combined with our strong financial position, continues to drive new customer growth and bookings.

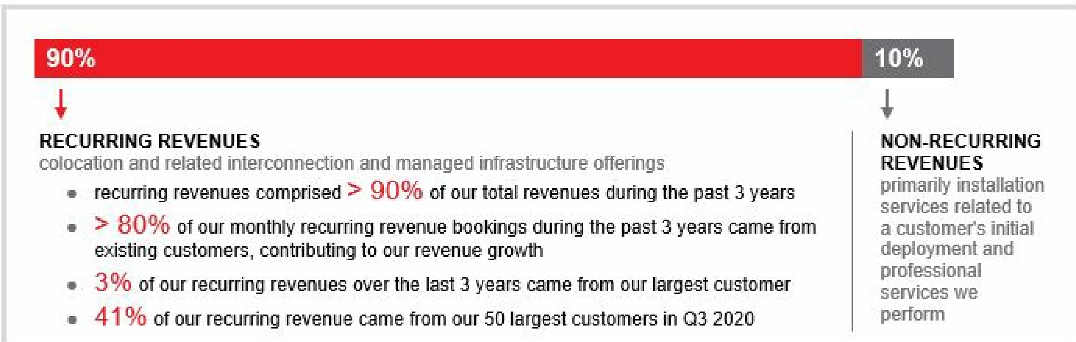
Historically, our market was served by large telecommunications carriers who have bundled their products and services with their colocation offerings. The data center market landscape has evolved to include private and vendor-neutral multitenant data center ("MTDC") providers, hyperscale cloud providers, managed infrastructure and application hosting providers, and systems integrators. It is estimated that Equinix is one of more than 1,200 companies that provide MTDC offerings around the world. Each of these data center solutions providers can bundle various colocation, interconnection and network offerings and outsourced IT infrastructure solutions. We are able to offer our customers a global platform that reaches 26 countries with the industry’s largest and most active ecosystem of partners in our sites, proven operational reliability, improved application performance and a highly scalable set of offerings.

The cabinet utilization rate represents the percentage of cabinet space billed versus total cabinet capacity, which is used to measure how efficiently we are managing our cabinet capacity. Our cabinet utilization rate varies from market to market among our IBX data centers across the Americas, EMEA and Asia-Pacific regions. Our cabinet utilization rates were approximately 79% and 81%, respectively, as of September 30, 2020 and 2019. Excluding the impact of our IBX data center expansion projects that have opened during the last 12 months, our cabinet utilization rate would have increased to approximately 81% as of September 30, 2020. 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 high power-demand customers. This increased power consumption has driven us 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.

In 2019, we closed our first joint venture with GIC to develop and operate xScale data centers to serve the needs of the growing hyperscale data center market in Europe, including large cloud service providers (the "EMEA Joint Venture"). In April 2020, we entered into an agreement to form a second joint venture with GIC to develop and operate xScale data centers in Asia-Pacific (the “Asia-Pacific Joint Venture”).

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, including but not limited to demand from new and existing customers, quality of the design, power capacity, access to networks, clouds and software partners, capacity availability in the current market location, amount of incremental investment required by us in the targeted property, automation capabilities, developer talent pool, 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.

Revenue:



Our business is based on a recurring revenue model comprised of colocation and related interconnection and managed infrastructure offerings. We consider these offerings recurring because our customers are generally billed on a fixed and recurring basis each month for the duration of their contract, which is generally one to three years in length. Our recurring revenues have comprised more than 90% of our total revenues during the past three years. In addition, during the past three years, more than 80% of our monthly recurring revenue bookings came from existing customers, contributing to our revenue growth. Our largest customer accounted for approximately 3% of our recurring revenues for both the three and nine months ended September 30, 2020 and 2019. Our 50 largest customers accounted for approximately 41% and 39%, respectively, of our recurring revenues for the three months ended September 30, 2020 and 2019. Our 50 largest customers accounted for approximately 39% of our recurring revenues for the nine months ended September 30, 2020 and 2019.

Our non-recurring revenues are primarily comprised of installation services related to a customer's initial deployment and professional services 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 period of the contract term. Additionally, revenue from contract settlements, when a customer wishes to terminate their contract early, is generally treated as a contract modification and recognized ratably over the remaining term of the contract, if any. As a percentage of total revenues, we expect non-recurring revenues to represent less than 10% of total revenues for the foreseeable future.

Operating Expenses:

Cost of Revenues. The largest components of our cost of revenues are depreciation, rental payments related to our leased IBX data centers, utility costs, including electricity, bandwidth access, IBX data center employees' salaries and benefits, including stock-based compensation, repairs and maintenance, supplies and equipment and security. A 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 that 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 or other 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. Our sales and marketing expenses consist primarily of compensation and related costs for sales and marketing personnel, including stock-based compensation, amortization of contract costs, marketing programs, public relations, promotional materials and travel, as well as bad debt expense and amortization of customer relationship intangible assets.

General and Administrative. Our 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 on back office systems.

Taxation as a REIT

We elected to be taxed as a real estate investment trust for U.S. federal income tax purposes ("REIT") beginning with our 2015 taxable year. As of September 30, 2020, our REIT structure included all of our data center operations in the U.S., Canada, Mexico, Japan, Singapore and the data center operations in EMEA with the exception of Bulgaria, the United Arab Emirates, and the data center operations outside Amsterdam in the Netherlands. Our data center operations in other jurisdictions are operated as taxable REIT subsidiaries ("TRSs"). We included our interest in the EMEA Joint Venture in our REIT structure.

As a REIT, we generally are permitted to deduct from our U.S. federal taxable income the dividends we pay to our stockholders. The income represented by such dividends is not subject to U.S. federal income taxes 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 is subject to U.S. federal and state corporate income taxes, as applicable. Likewise, our foreign subsidiaries continue to be subject to local 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 U.S. federal corporate income tax on any 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 C corporation (such as an asset held by us or 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 after the date we first owned the asset as a REIT asset 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 remain qualified for U.S. federal income taxation as a REIT, we will be subject to U.S. federal income taxes at regular corporate income tax rates. Even if we remain qualified for U.S. federal income 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 U.S. federal income tax regime for REITs, many states do not completely follow federal rules, and some may not follow them at all.

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

On each of March 18, 2020, June 17, 2020 and September 23, 2020 we paid a quarterly cash dividend of $2.66 per share. On October 28, 2020, we declared a quarterly cash dividend of $2.66 per share, payable on December 9, 2020, to our common stockholders of record as of the close of business on November 18, 2020. We expect the amount of all of our 2020 quarterly distributions and other applicable distributions to equal or exceed our REIT taxable income to be recognized in 2020.

The Impact of COVID-19 on Our Results and Operations

In December 2019, a novel strain of coronavirus, referred to as Coronavirus disease 2019, or COVID-19, emerged. In February 2020, the World Health Organization (WHO) raised the COVID-19 threat from high to very high, and in March 2020, the WHO characterized COVID-19 as a global pandemic. The global pandemic and the efforts implemented to address the pandemic, including the issuance of “shelter-in-place” orders and social distancing guidelines, have impacted major economic and financial markets globally.

Many of our IBX data centers have been identified as "essential businesses" or "critical infrastructure" by local governments for purposes of remaining open during the COVID-19 pandemic. All of our IBX data centers remain operational at the time of filing of this quarterly report on Form 10-Q. We have activated our business continuity plans globally with the goal of providing seamless operations throughout our facilities, including provisions for ensuring all data centers remain staffed and fully operational and that our IBXs are equipped with the necessary equipment and supplies. We have implemented precautionary measures to minimize the risk of operational impact and to protect the health and safety of our employees, customers, partners and communities. These include implementing tools such as an appointment-based system to control timing and frequency of visits while also encouraging our customers to leverage our IBX technicians via Smart Hands, our remote operational support service, in order to restrict visits and minimize the number of people and the amount of time spent in our IBX facilities.

Most of our corporate offices remain closed as a result of the pandemic and we instructed our non-IBX employees in these offices to work from home until further notice. We have announced a phased plan for return-to-office for non-IBX attached sites and have been following this plan to open certain offices with occupancy limits as local conditions allow. Additionally, we have decided to continue to limit employee travel and have made the decision to either postpone or virtualize all global events through January 2021.

We are experiencing some construction delays, however, to date, the construction delays and additional costs are insignificant relative to the overall project duration and budget. All equipment for construction projects which are scheduled to be placed in service in 2020 has been ordered, and is currently being manufactured or delivered. We are actively monitoring our vendors and suppliers to evaluate any anticipated changes in equipment availability or delivery timetables. We have redundancies built into our supply chain of vendors and, to the best of our ability, we keep a stock of critical items on site to ensure repairs can be completed. To date, we have not observed any significant disruption to our IBX data center operations due to supply chain impacts from COVID-19.

During the three and nine months ended September 30, 2020, the COVID-19 pandemic did not have a material impact on our results of operations. The majority of our revenue is derived from large companies across a diverse set of industries. Customers operating in sectors more drastically impacted by the COVID-19 pandemic, such as retail, travel, and energy, made up an insignificant percentage of our revenue. During the nine months ended September 30, 2020, we booked an insignificant revenue reserve due to the COVID-19 impact. Smart Hands service revenues declined during the nine months ended September 30, 2020, as we waived Smart Hands service fees from the affected customers in certain circumstances during the first few months of the pandemic. We ceased to waive Smart Hands service fees for most customers as of June 30, 2020. We assessed realized and potential credit deterioration of our customers due to changes in the macroeconomic environment, considered the potential for payment term revision requests, and as a result, increased our allowance for doubtful accounts for accounts receivable by an insignificant amount for the nine months ended September 30, 2020. We also incurred one-time cash bonuses and compensation expense of $8.6 million for our IBX employees as well as other employees to support their work-from-home requirements during the first quarter of 2020. We have seen some travel expense savings during the nine months ended September 30, 2020 and expect to see a reduction for the rest of this year resulting from travel restrictions imposed in response to the COVID-19 pandemic.

Looking ahead, the full impact of the COVID-19 pandemic on our financial condition or results of operations remains uncertain and will depend on a number of factors, the duration and potential cyclicity of the health crisis, further public policy actions to be taken in response, as well as the continued impact of the pandemic on the global economy and our customers and vendors. Our past results may not be indicative of our future performance and historical trends may differ materially.

For additional details regarding the impacts and risks to our business from the COVID-19 pandemic, refer to Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and Part II, Item 1A. Risk Factors included elsewhere in this Quarterly Report on Form 10-Q.

2020 Highlights:

- In January, we redeemed the remaining $343.7 million principal amount of the 5.375% Senior Notes due 2022. See Note 10 within the Condensed Consolidated Financial Statements.
- In January, we completed the acquisition of three data centers in Mexico from Axtel S.A.B. de C.V. ("Axtel") for a total purchase consideration of approximately $189.0 million. See Note 4 within the Condensed Consolidated Financial Statements.
- In March, we completed the acquisition of Packet Host, Inc. ("Packet"), a leading bare metal automation platform for a total cash purchase price of approximately $290.3 million. See Note 4 within the Condensed Consolidated Financial Statements.

- In March, we borrowed a total of $250.0 million under our Revolving Facility, which was fully repaid in May. As of September 30, 2020, the amount available to borrow under the Revolving Facility was approximately $1.9 billion. See Note 10 within the Condensed Consolidated Financial Statements.
- In April, we entered into a credit agreement which provides for senior unsecured 364-day term loan facilities in an aggregate principal amount of $750.0 million. On April 15, 2020, we borrowed $391.0 million, as well as €100.0 million or $109.8 million at the exchange rate in effect on that date. In May and June, we repaid all amounts outstanding under the 364-day term loan facilities. See Note 10 within the Condensed Consolidated Financial Statements.
- In April, we entered into an agreement to form a second joint venture in the form of a limited liability partnership with GIC to develop and operate xScale data centers in Asia-Pacific. Upon closing, GIC will contribute cash in exchange for an 80% partnership interest in the Asia-Pacific Joint Venture. We agreed to sell three development sites in Japan, Osaka 2, Tokyo 12, and Tokyo 14, to the Asia-Pacific Joint Venture in exchange for a 20% partnership interest in the Asia-Pacific Joint Venture and cash proceeds. The assets and liabilities of these data center facilities, which are currently included within our Asia-Pacific operating segment, were classified as held for sale as of September 30, 2020. The transaction is expected to close in the fourth quarter of 2020, pending regulatory approval and other closing conditions. See Note 5 within the Condensed Consolidated Financial Statements.
- In May 2020, we issued and sold 2,587,500 shares of common stock in a public offering for net proceeds of approximately $1,683.1 million, after deducting underwriting discounts, commissions and offering expenses. See Note 12 within the Condensed Consolidated Financial Statements.
- In June, we issued $2.6 billion in Senior Notes due 2025, 2027, 2030 and 2050. In July, using a portion of the proceeds, we redeemed all of our outstanding €750.0 million 2.875% Senior Notes due 2024 and $1.1 billion 5.875% Senior Notes due 2026. See Note 10 within the Condensed Consolidated Financial Statements.
- In August, we entered into an agreement to purchase the India operations of GPX Global Systems, Inc. ("GPX India"), representing two data centers in Mumbai, India for approximately $161.0 million in an all-cash transaction (the “GPX India Acquisition”). The GPX India Acquisition is expected to close in the first quarter of 2021, subject to customary closing conditions including regulatory approval. See Note 4 within the Condensed Consolidated Financial Statements.
- During the nine months ended September 30, 2020, we sold 415,512 shares under our "at-the-market" stock offering program (the "ATM Program") for approximately $298.3 million in proceeds, net of payment of commissions to sales agents and other offering expenses. See Note 12 within the Condensed Consolidated Financial Statements.
- In October, we completed the acquisition of 12 data center sites across Canada from BCE Inc. ("Bell"), with one remaining data center in Ottawa Canada, which we expect to be acquired in the fourth quarter of 2020 as the closing conditions are satisfied. See Note 4 within the Condensed Consolidated Financial Statements.
- In October, we issued $1.85 billion in Senior Notes due in 2025, 2028 and 2051. On October 23, 2020, using a portion of the net proceeds, we redeemed all of our outstanding €1.0 billion aggregate principal amount 2.875% Senior Notes due 2025, as well as €0.5 billion of our outstanding €1.0 billion aggregate principal amount 2.875% Senior Notes due 2026. See Note 14 within the Condensed Consolidated Financial Statements.
- In October, we entered into an equity distribution agreement with various financial institutions, establishing an "at the market" equity offering program, under which we may offer and sell from time to time up to an aggregate of $1.5 billion of our common stock in "at the market" transactions. See Note 14 within the Condensed Consolidated Financial Statements.

Results of Operations

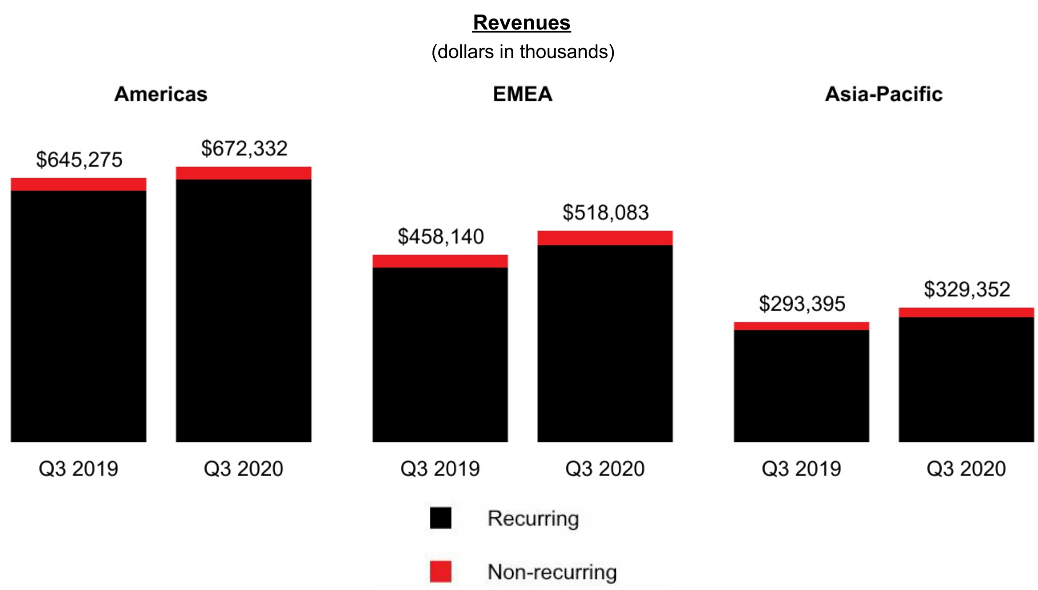
Our results of operations for the three and nine months ended September 30, 2020 include the results of operations from the acquisitions of Packet Host, Inc. from March 2, 2020 and three data centers in Mexico from Axtel S.A.B. de C.V. from January 8, 2020.

In order to provide a framework for assessing our performance excluding the impact of foreign currency fluctuations, we supplement the year-over-year actual change in operating results with comparative changes on a constant currency basis. Presenting constant currency results of operations is a non-GAAP financial measure. See “Non-GAAP Financial Measures” below for further discussion.

Three Months Ended September 30, 2020 and 2019

Revenues. Our revenues for the three months ended September 30, 2020 and 2019 were generated from the following revenue classifications and geographic regions (dollars in thousands):

	Three Months Ended September 30,				% Change	
	2020	%	2019	%	Actual	Constant Currency
Americas:						
Recurring revenues	$ 639,572	42 %	$ 615,282	44 %	4 %	6 %
Non-recurring revenues	32,760	2 %	29,993	2 %	9 %	11 %
	672,332	44 %	645,275	46 %	4 %	6 %
EMEA:						
Recurring revenues	483,744	32 %	427,702	31 %	13 %	14 %
Non-recurring revenues	34,339	2 %	30,438	2 %	13 %	7 %
	518,083	34 %	458,140	33 %	13 %	14 %
Asia-Pacific:						
Recurring revenues	308,756	21 %	276,352	20 %	12 %	10 %
Non-recurring revenues	20,596	1 %	17,043	1 %	21 %	19 %
	329,352	22 %	293,395	21 %	12 %	10 %
Total:						
Recurring revenues	1,432,072	95 %	1,319,336	95 %	9 %	10 %
Non-recurring revenues	87,695	5 %	77,474	5 %	13 %	11 %
	$ 1,519,767	100 %	$ 1,396,810	100 %	9 %	10 %



Americas Revenues. During the three months ended September 30, 2020, Americas revenue increased by 4% (6% on a constant currency basis). Growth in Americas revenues was primarily due to:

- approximately $13.4 million of incremental revenues from the Packet and Axtel acquisitions;
- $6.9 million of incremental revenues generated from our recently-opened IBX data centers or IBX data center expansions;
- higher non-recurring revenues, primarily due to increases in Equinix Infrastructure Service ("EIS") products sales; and
- an increase in orders from both our existing customers and new customers during the period.

EMEA Revenues. During the three months ended September 30, 2020, EMEA revenue increased by 13% (14% on a constant currency basis). Growth in EMEA revenues was primarily due to:

- approximately $24.8 million of incremental revenues generated from our recently-opened IBX data centers or IBX data center expansions;
- higher non-recurring revenues, primarily due to increases in EIS products sales; and
- an increase in orders from both our existing customers and new customers during the period.

The increase was partially offset by:

- a net decrease of $24.8 million of realized cash flow hedge gains from foreign currency forward contracts.

Asia-Pacific Revenues. During the three months ended September 30, 2020, Asia-Pacific revenue increased by 12% (10% on a constant currency basis). Growth in Asia-Pacific revenue was primarily due to:

- approximately $10.8 million of incremental revenues generated from our recently-opened IBX data centers or IBX data center expansions;
- higher non-recurring revenues, primarily due to increases in EIS products sales; and
- an increase in orders from both our existing customers and new customers during the period.

Cost of Revenues. Our cost of revenues for the three months ended September 30, 2020 and 2019 were split among the following geographic regions (dollars in thousands):

	Three Months Ended September 30,				% Change	
	2020	%	2019	%	Actual	Constant Currency
Americas	$ 307,594	40 %	$ 286,274	41 %	7 %	10 %
EMEA	278,577	36 %	253,715	36 %	10 %	9 %
Asia-Pacific	181,808	24 %	164,350	23 %	11 %	9 %
Total	$ 767,979	100 %	$ 704,339	100 %	9 %	9 %

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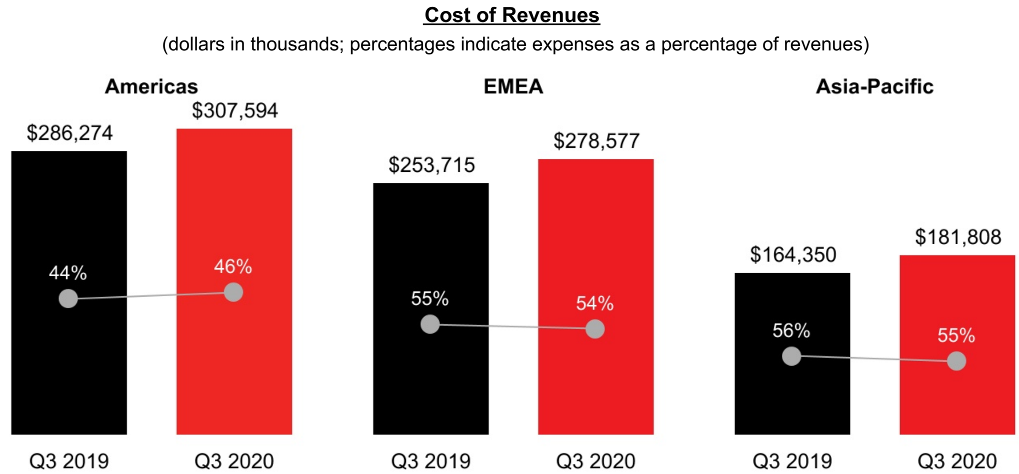


Americas Cost of Revenues. During the three months ended September 30, 2020, Americas cost of revenues increased by 7% (10% on a constant currency basis). The increase in our Americas cost of revenues was primarily due to:

- approximately $10.0 million of incremental cost of revenues from the Packet and Axtel acquisitions;
- $5.3 million of higher property taxes driven by IBX data center expansions;
- $3.4 million of higher costs incurred to support growth in EIS revenues; and
- $2.3 million of higher outside service costs, primarily driven by additional spending on personal protective equipment and cleaning services for our IBX employees in response to the COVID-19 pandemic.

EMEA Cost of Revenues. During the three months ended September 30, 2020, EMEA cost of revenues increased by 10% (9% on a constant currency basis). The increase in our EMEA cost of revenues was primarily due to:

- $15.9 million of higher depreciation expenses driven by IBX data center expansions in the United Kingdom, United Arab Emirates, and Germany;
- $7.9 million of higher compensation costs, including salaries, bonuses and stock-based compensation, primarily due to headcount growth;
- $3.8 million of higher utilities costs, primarily driven by expansions and higher utility usage in Germany;
- $3.6 million of higher rent and facilities costs and repairs and maintenance expense; and
- $3.4 million of higher taxes, licenses, and insurance, primarily driven by IBX data center expansions in the United Kingdom.

This increase was partially offset by:

- $9.1 million decrease of realized cash flow hedge losses from foreign currency forward contracts.

Asia-Pacific Cost of Revenues. During the three months ended September 30, 2020, Asia-Pacific cost of revenues increased by 11% (9% on a constant currency basis). The increase in our Asia-Pacific cost of revenues was primarily due to:

- $10.5 million of higher depreciation expense, primarily from IBX data center expansions in Singapore, Hong Kong, and Australia;
- $3.1 million of higher utilities costs, primarily driven by expansions and higher utility usage in Hong Kong, Australia, and Japan; and
- $1.9 million of higher compensation costs, including salaries, bonuses and stock-based compensation, primarily due to headcount growth.

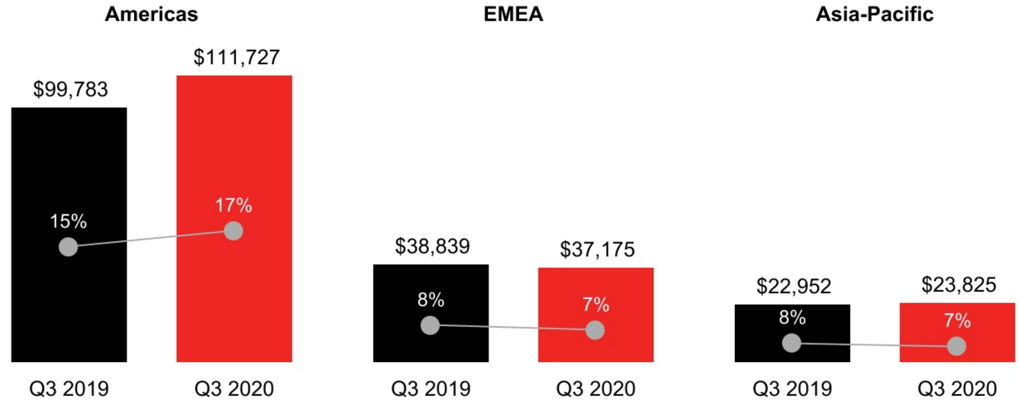
We expect Americas, EMEA and Asia-Pacific cost of revenues to increase as we continue to grow our business, including from the impact of acquisitions.

Sales and Marketing Expenses. Our sales and marketing expenses for the three months ended September 30, 2020 and 2019 were split among the following geographic regions (dollars in thousands):

	Three Months Ended September 30,				% Change	
	2020	%	2019	%	Actual	Constant Currency
Americas	$ 111,727	65 %	$ 99,783	62 %	12 %	13 %
EMEA	37,175	22 %	38,839	24 %	(4) %	(5) %
Asia-Pacific	23,825	13 %	22,952	14 %	4 %	2 %
Total	$ 172,727	100 %	$ 161,574	100 %	7 %	8 %

Sales and Marketing Expenses

(dollars in thousands; percentages indicate expenses as a percentage of revenues)



Americas Sales and Marketing Expenses. During the three months ended September 30, 2020, Americas sales and marketing expenses increased by 12% (13% on a constant currency basis). The increase in our Americas sales and marketing expenses was primarily due to:

- $9.7 million of higher compensation costs, including sales compensation, salaries and stock-based compensation, primarily due to additional compensation expenses incurred related to our recent acquisitions and overall headcount growth; and
- $2.9 million of higher advertising and promotions costs, primarily due to higher spending for online advertising and digital consultancy.

The increase was partially offset by lower travel and entertainment expenses resulting from travel restrictions imposed in response to the COVID-19 pandemic.

EMEA Sales and Marketing Expenses. Our EMEA sales and marketing expense did not materially change during the three months ended September 30, 2020 as compared to the three months ended September 30, 2019.

Asia-Pacific Sales and Marketing Expenses. Our Asia-Pacific sales and marketing expense did not materially change during the three months ended September 30, 2020 as compared to the three months ended September 30, 2019.

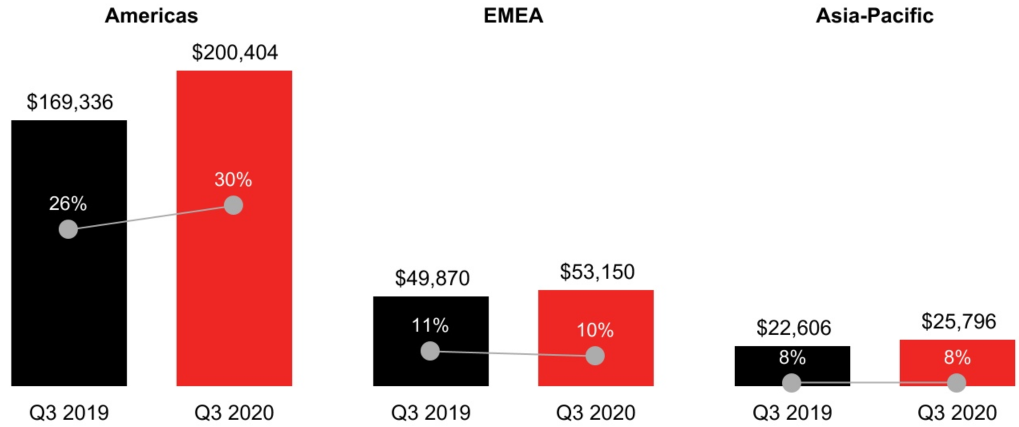
We anticipate that we will continue to invest in Americas, EMEA and Asia-Pacific sales and marketing initiatives and expect our Americas, EMEA and Asia-Pacific sales and marketing expenses to increase as we grow our business. Additionally, given that certain global sales and marketing functions are located within the U.S., we expect Americas sales and marketing expenses as a percentage of revenues to be higher than our other regions.

General and Administrative Expenses. Our general and administrative expenses for the three months ended September 30, 2020 and 2019 were split among the following geographic regions (dollars in thousands):

	Three Months Ended September 30,				% Change	
	2020	%	2019	%	Actual	Constant Currency
Americas	$ 200,404	72 %	$ 169,336	70 %	18 %	19 %
EMEA	53,150	19 %	49,870	21 %	7 %	7 %
Asia-Pacific	25,796	9 %	22,606	9 %	14 %	13 %
Total	$ 279,350	100 %	$ 241,812	100 %	16 %	16 %

General and Administrative Expenses

(dollars in thousands; percentages indicate expenses as a percentage of revenues)



Americas General and Administrative Expenses. During the three months ended September 30, 2020, Americas general and administrative expenses increased by 18% (19% on a constant currency basis). The increase in our Americas general and administrative expenses was primarily due to:

- $13.5 million of higher compensation costs, including salaries, bonuses and stock-based compensation, partially due to additional compensation expenses incurred related to our recent acquisitions, higher payroll taxes and overall headcount growth;
- $7.3 million of higher consulting expenses in support of our business growth;
- $6.0 million of higher depreciation expense associated with systems to support the integration and growth of our business; and
- $4.2 million of higher office expenses due to additional software and support services.

The increase was partially offset by $4.8 million lower travel and entertainment expenses resulting from travel restrictions imposed in response to the COVID-19 pandemic.

EMEA General and Administrative Expenses. During the three months ended September 30, 2020, EMEA general and administrative expenses increased by 7% (and also 7% on a constant currency basis). The increase in our EMEA general and administrative expenses was primarily due to:

- $8.4 million of higher compensation costs, including salaries, bonuses and stock-based compensation, primarily due to additional compensation expenses incurred related to our recent acquisitions, higher payroll taxes and overall headcount growth.

This increase was partially offset by:

- $2.2 million of lower costs incurred related to lower travel and entertainment expenses resulting from travel restrictions imposed in response to the COVID-19 pandemic; and
- $1.8 million net decrease of realized cash flow hedge losses from foreign currency forward contracts.

Asia-Pacific General and Administrative Expenses. During the three months ended September 30, 2020, Asia-Pacific general and administrative expenses increased by 14% (13% on a constant currency basis). The increase in our Asia-Pacific general and administrative expenses was primarily due to:

- $2.1 million of higher compensation costs, including salaries, bonuses and stock-based compensation, primarily due to additional compensation expenses incurred related to our recent acquisitions, higher payroll taxes and overall headcount growth.

Going forward, although we are carefully monitoring our spending, we expect Americas, EMEA and Asia-Pacific general and administrative expenses to increase as we continue to further scale our operations to support our growth, including investments in our back office systems and investments to maintain our qualification for taxation as a REIT and to integrate recent acquisitions. Additionally, given that our corporate headquarters is located within the U.S., we expect Americas general and administrative expenses as a percentage of revenues to be higher than our other regions.

Transaction Costs. During the three months ended September 30, 2020, we recorded transaction costs of $5.8 million, primarily related to costs incurred in connection with the acquisition of Bell data centers in the Americas region and the pending acquisition of GPX India in the Asia-Pacific region. During the three months ended September 30, 2019, we recorded transaction costs of $3.0 million, primarily related to costs incurred in connection with the formation of the Joint Venture in the EMEA region.

Impairment Charge. During the three months ended September 30, 2020, we recorded an impairment charge of $7.3 million in the Asia-Pacific region as a result of the fair value adjustment of the Asia-Pacific Joint Venture xScale data center assets, which were classified as a held for sale asset as of September 30, 2020. During the three months ended September 30, 2019, we did not record a significant amount of impairment charges.

Gain on Asset Sales. During the three months ended September 30, 2020 and September 30, 2019, we did not record a significant amount of gain on asset sales.

Income from Operations. Our income from operations for the three months ended September 30, 2020 and 2019 was split among the following geographic regions (dollars in thousands):

	Three Months Ended September 30,				% Change	
	2020	%	2019	%	Actual	Constant Currency
Americas	$ 50,657	18 %	$ 88,494	31 %	(43)%	(38) %
EMEA	148,992	51 %	113,771	40 %	31 %	39 %
Asia-Pacific	88,701	31 %	83,103	29 %	7 %	4 %
Total	$ 288,350	100 %	$ 285,368	100 %	1 %	3 %

Americas Income from Operations. During the three months ended September 30, 2020, Americas income from operations decreased by 43% (38% on a constant currency basis). The decrease in our Americas income from operations was primarily due to higher operating expenses as a percentage of revenues. Namely, a large increase in general and administrative expenses was primarily driven by higher compensation costs, which were in part related to the Packet and Axtel acquisitions, along with higher office, consulting and depreciation expenses.

EMEA Income from Operations. During the three months ended September 30, 2020, EMEA income from operations increased by 31% (39% on a constant currency basis). The increase in our EMEA income from operations was primarily due to higher revenues as a result of our IBX data center expansion activity and organic growth, as described above, as well as lower operating expenses as a percentage of revenues.

Asia-Pacific Income from Operations. During the three months ended September 30, 2020, Asia-Pacific income from operations increased by 7% (4% on a constant currency basis). The increase in our Asia-Pacific income from operations was primarily due to higher revenues as a result of our IBX data center expansion activity and organic growth, as described above, as well as lower operating expenses as a percentage of revenues.

Interest Income. Interest income was $1.5 million and $8.2 million, respectively, for the three months ended September 30, 2020 and 2019. The average annualized yield for the three months ended September 30, 2020 was 0.16% versus 2.15% for the three months ended September 30, 2019.

Interest Expense. Interest expense decreased to $99.7 million for the three months ended September 30, 2020 from $118.7 million for the three months ended September 30, 2019, primarily attributable to the tender and redemption of the 5.375% Senior Notes due 2022, 2.875% Euro Senior Notes due 2024 and 5.875% Senior Notes due 2026, partially offset by the issuance of the 1.250% Senior Notes due 2025, 1.800% Senior Notes due 2027, 2.150% Senior Notes due 2030, and 3.000% Senior Notes due 2050. During the three months ended September 30, 2020 and 2019, we capitalized $7.1 million and $8.4 million, respectively, of interest expense to construction in progress.

Other Income. We recorded net other income of $0.2 million and $3.4 million, respectively, for the three months ended September 30, 2020 and 2019. Other income is primarily comprised of foreign currency exchange gains and losses during the periods.

Gain (Loss) on Debt Extinguishment. We recorded a loss on debt extinguishment of $93.5 million during the three months ended September 30, 2020 due to the redemption of 2.875% Euro Senior Notes due 2024 and 5.875% Senior Notes due 2026. We did not record a significant amount of gain on debt extinguishment during the three months ended September 30, 2019.

Income Taxes. We operate as a REIT for U.S. federal income tax purposes. As a REIT, we are generally not subject to U.S. federal and state income taxes on our taxable income distributed to stockholders. We intend to distribute or have distributed the entire taxable income generated by the operations of our REIT and QRSs for the tax years ending December 31, 2020 and December 31, 2019, respectively. As such, other than tax on built-in-gains recognized, state income taxes, and foreign income and withholding taxes, as applicable, no provision for income taxes has been included for the REIT and its QRSs in the accompanying condensed consolidated financial statements for the three months ended September 30, 2020 and 2019.

We have made TRS elections for some of our subsidiaries in and outside the U.S. In general, a TRS may provide services that may otherwise be considered impermissible for REITs to provide and may hold assets that may not be REIT compliant. 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 QRSs or TRSs have been accrued, as necessary, for the three months ended September 30, 2020 and 2019.

For the three months ended September 30, 2020 and 2019, we recorded $29.9 million and $57.8 million of income tax expense, respectively. Our effective tax rates were 30.9% and 32.4% for the three months ended September 30, 2020 and 2019, respectively.

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 excluding depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges, transaction costs and gain or loss on asset sales. See "Non-GAAP Financial Measures" below for more information about adjusted EBITDA and a reconciliation of adjusted EBITDA to income or loss from operations. Our adjusted EBITDA for the three months ended September 30, 2020 and 2019 was split among the following geographic regions (dollars in thousands):

	Three Months Ended September 30,				% Change	
	2020	%	2019	%	Actual	Constant Currency
Americas	$ 290,550	39 %	$ 306,656	46 %	(5) %	(3) %
EMEA	263,216	36 %	212,518	31 %	24 %	25 %
Asia-Pacific	183,479	25 %	155,528	23 %	18 %	16 %
Total	$ 737,245	100 %	$ 674,702	100 %	9 %	10 %

Americas Adjusted EBITDA. During the three months ended September 30, 2020, Americas adjusted EBITDA decreased by 5% (3% on a constant currency basis). The decrease in our Americas adjusted EBITDA was primarily due to the increase in cash compensation expenses, consulting expenses and office expenses.

EMEA Adjusted EBITDA. During the three months ended September 30, 2020, EMEA adjusted EBITDA increased by 24% (25% on a constant currency basis). The increase in our EMEA adjusted EBITDA was primarily due to higher revenues as a result of our IBX data center expansion activity and organic growth as described above, as well as lower operating expenses as a percentage of revenues.

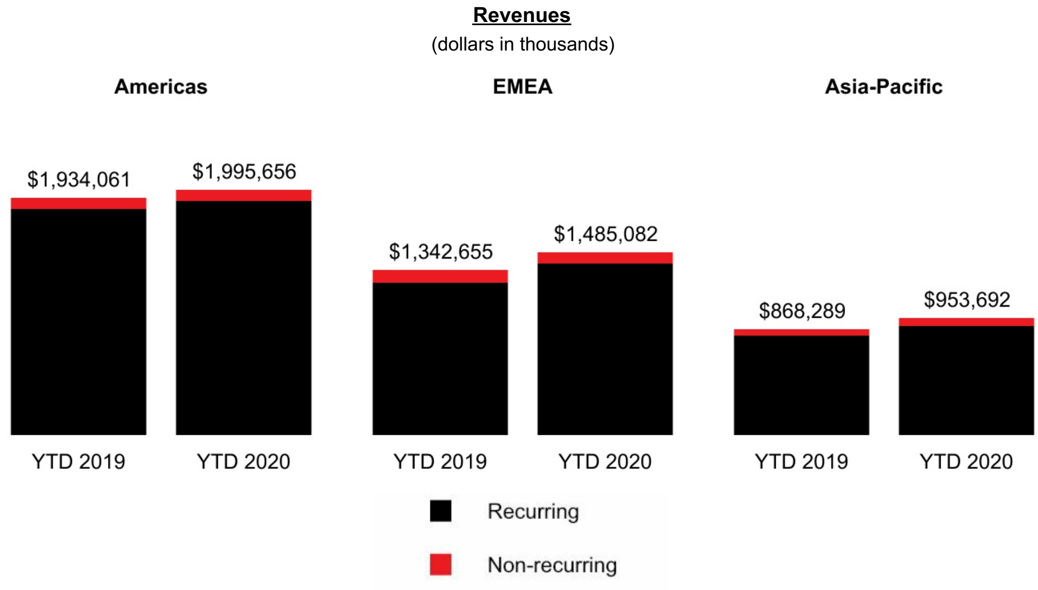
Asia-Pacific Adjusted EBITDA. During the three months ended September 30, 2020, Asia-Pacific adjusted EBITDA increased by 18% (16% on a constant currency basis). The increase in our Asia-Pacific adjusted EBITDA was primarily due to higher revenues as a result of our IBX data center expansion activity and organic growth as described above, as well as lower operating expenses as a percentage of revenues.

Nine Months Ended September 30, 2020 and 2019

Revenues. Our revenues for the nine months ended September 30, 2020 and 2019 were generated from the following revenue classifications and geographic regions (dollars in thousands):

	Nine Months Ended September 30,				% Change	
	2020	%	2019	%	Actual	Constant Currency [(1)]
Americas:						
Recurring revenues	$ 1,907,059	43 %	$ 1,836,398	44 %	4 %	6 %
Non-recurring revenues	88,597	3 %	97,663	3 %	(9) %	(8) %
	1,995,656	46 %	1,934,061	47 %	3 %	5 %
EMEA:						
Recurring revenues	1,394,408	31 %	1,245,020	30 %	12 %	13 %
Non-recurring revenues	90,674	2 %	97,635	2 %	(7) %	(7) %
	1,485,082	33 %	1,342,655	32 %	11 %	12 %
Asia-Pacific:						
Recurring revenues	890,437	20 %	818,791	20 %	9 %	9 %
Non-recurring revenues	63,255	1 %	49,498	1 %	28 %	28 %
	953,692	21 %	868,289	21 %	10 %	10 %
Total:						
Recurring revenues	4,191,904	94 %	3,900,209	94 %	7 %	9 %
Non-recurring revenues	242,526	6 %	244,796	6 %	(1) %	— %
	$ 4,434,430	100 %	$ 4,145,005	100 %	7 %	8 %

(1) As defined in the "Non-GAAP Financial Measures" section in Item 2 of this Quarterly Report on Form 10-Q.



Americas Revenues. During the nine months ended September 30, 2020, Americas revenue increased by 3% (5% on a constant currency basis). Growth in Americas revenues was primarily due to:

- approximately $34.9 million of incremental revenues from the Packet and Axtel acquisitions;
- $13.6 million of incremental revenues generated from our recently-opened IBX data centers or IBX data center expansions; and
- an increase in orders from both our existing customers and new customers during the period.

The increase was partially offset by lower non-recurring revenues, primarily due to decreases in EIS products sales and lower revenues from Smart Hands products as during the nine months ended September 30, 2020, we waived certain Smart Hands service fees from the affected customers in order to restrict visits to our IBX facilities during the COVID-19 pandemic.

EMEA Revenues. During the nine months ended September 30, 2020, EMEA revenue increased by 11% (12% on a constant currency basis). Growth in EMEA revenues was primarily due to:

- approximately $53.4 million of incremental revenues generated from our recently-opened IBX data centers or IBX data center expansions; and
- an increase in orders from both our existing customers and new customers during the period.

The increase was partially offset by:

- a net decrease of $12.6 million of realized cash flow hedge gains from foreign currency forward contracts; and
- lower non-recurring revenues, primarily due to decreases in EIS products sales and lower revenues from Smart Hands products as during the nine months ended September 30, 2020, we waived certain Smart Hands service fees from the affected customers in order to restrict visits to our IBX facilities during the COVID-19 pandemic.

Asia-Pacific Revenues. During the nine months ended September 30, 2020, Asia-Pacific revenue increased by 10% (and also 10% on a constant currency basis). Growth in Asia-Pacific revenue was primarily due to:

- approximately $29.7 million of incremental revenues generated from our recently-opened IBX data centers or IBX data center expansions;

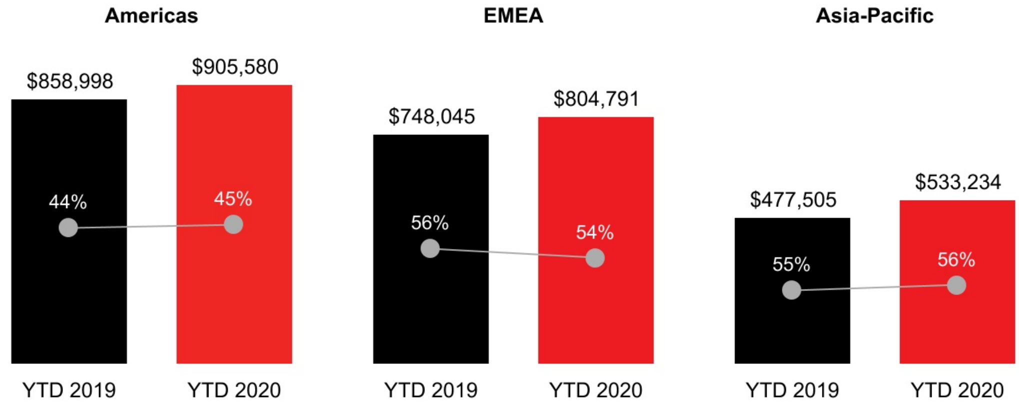
- higher non-recurring revenues, primarily due to increases in EIS products sales; and
- an increase in orders from both our existing customers and new customers during the period.

Cost of Revenues. Our cost of revenues for the nine months ended September 30, 2020 and 2019 were split among the following geographic regions (dollars in thousands):

	Nine Months Ended September 30,				% Change	
	2020	%	2019	%	Actual	Constant Currency
Americas	$ 905,580	40 %	$ 858,998	41 %	5 %	8 %
EMEA	804,791	36 %	748,045	36 %	8 %	8 %
Asia-Pacific	533,234	24 %	477,505	23 %	12 %	12 %
Total	$ 2,243,605	100 %	$ 2,084,548	100 %	8 %	9 %

Cost of Revenues

(dollars in thousands; percentages indicate expenses as a percentage of revenues)



Americas Cost of Revenues. During the nine months ended September 30, 2020, Americas cost of revenues increased by 5% (8% on a constant currency basis). The increase in our Americas cost of revenues was primarily due to:

- approximately $27.9 million of incremental cost of revenues from the Packet and Axtel acquisitions;
- $8.5 million of higher compensation costs, including salaries, bonuses and stock-based compensation, primarily due to headcount growth and additional bonuses paid to IBX employees for supporting our business during the COVID-19 pandemic;
- $5.2 million of higher property tax costs driven by IBX data center expansions;
- $4.1 million of higher consulting services and office expense, primarily due to project integration and additional spending on personal protective equipment for our IBX employees in response to the COVID-19 pandemic; and
- $3.4 million of higher utilities cost driven by IBX data center expansions primarily in U.S.

This increase was partially offset by:

- $2.0 million of lower costs related to decreased EIS revenues.

EMEA Cost of Revenues. During the nine months ended September 30, 2020, EMEA cost of revenues increased by 8% (and also 8% on a constant currency basis). The increase in our EMEA cost of revenues was primarily due to:

- $34.2 million of higher depreciation expenses driven by IBX data center expansions in the United Kingdom, Germany, United Arab Emirates, and the Netherlands;

- $19.1 million of higher compensation costs, including salaries, bonuses and stock-based compensation, primarily due to headcount growth and additional bonuses to IBX employees for supporting our business during the COVID-19 pandemic;
- $10.0 million of higher utilities costs driven by increased utility usage to support IBX data center expansions and utility price increases, primarily in Germany;
- $9.2 million of higher rent and facilities costs and repairs and maintenance expense in Germany, the Netherlands, the United Kingdom, and Spain; and
- $8.2 million of higher consulting services and office expense, primarily due to the timing of spending and additional spending on personal protective equipment for our IBX employees in response to the COVID-19 pandemic.

This increase was partially offset by:

- $16.5 million of net decrease in other cost of revenue, primarily due to lower costs related to decreased EIS revenues in Germany, the United Kingdom, and Sweden; and
- $8.7 million of lower other expenses, as there was a general contractor bankruptcy during the nine months ended September 30, 2019, which resulted in incremental legal claim charges in the prior year.

Asia-Pacific Cost of Revenues. During the nine months ended September 30, 2020, Asia-Pacific cost of revenues increased by 12% (and also 12% on a constant currency basis). The increase in our Asia-Pacific cost of revenues was primarily due to:

- $31.6 million of higher depreciation expense, primarily from IBX data center expansions in Singapore, Japan, Australia and Hong Kong;
- $9.2 million of higher utilities costs, primarily driven by expansions and higher utility usage in Hong Kong, Singapore, and Japan;
- $6.5 million of higher costs from increased EIS revenues, primarily in Japan; and
- $6.0 million of higher compensation costs, including salaries, bonuses and stock-based compensation, primarily due to headcount growth and additional bonuses to IBX employees for supporting our business during the COVID-19 pandemic.

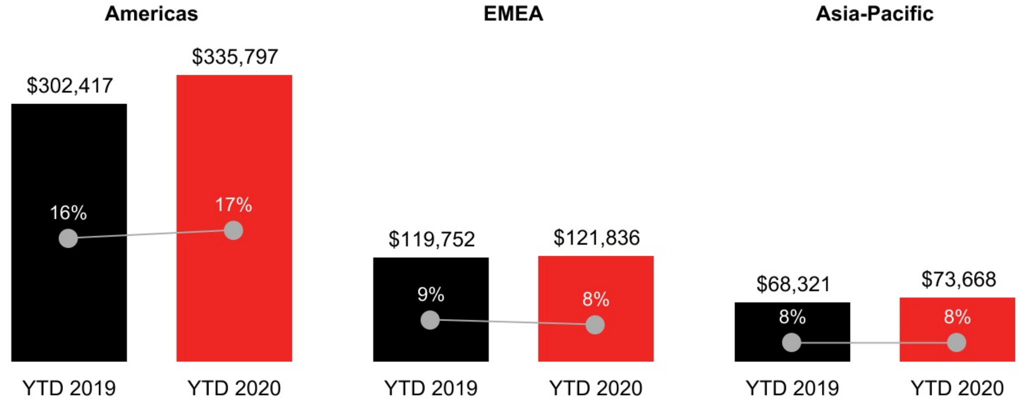
We expect Americas, EMEA and Asia-Pacific cost of revenues to increase as we continue to grow our business, including from the impacts of acquisitions.

Sales and Marketing Expenses. Our sales and marketing expenses for the nine months ended September 30, 2020 and 2019 were split among the following geographic regions (dollars in thousands):

	Nine Months Ended September 30,				% Change	
	2020	**%**	**2019**	**%**	**Actual**	**Constant Currency**
Americas	$ 335,797	63 %	$ 302,417	62 %	11 %	12 %
EMEA	121,836	23 %	119,752	24 %	2 %	3 %
Asia-Pacific	73,668	14 %	68,321	14 %	8 %	9 %
Total	$ 531,301	100 %	$ 490,490	100 %	8 %	9 %

Sales and Marketing Expenses

(dollars in thousands; percentages indicate expenses as a percentage of revenues)



Americas Sales and Marketing Expenses. During the nine months ended September 30, 2020, Americas sales and marketing expenses increased by 11% (12% on a constant currency basis). The increase in our Americas sales and marketing expenses was primarily due to:

- $25.7 million of higher compensation costs, including sales compensation, salaries and stock-based compensation, partially due to additional compensation expenses incurred related to our recent acquisitions and headcount growth;
- $6.3 million of higher advertising and promotions expenses primarily due to higher spending in online advertising, digital marketing strategies and digital consultancy; and
- $3.8 million of higher amortization expenses due to recent acquisitions of Axtel and Packet.

This increase was partially offset by $3.3 million lower travel and entertainment expenses resulting from travel restrictions imposed in response to the COVID-19 pandemic.

EMEA Sales and Marketing Expenses. Our EMEA sales and marketing expense did not materially change during the nine months ended September 30, 2020 as compared to the nine months ended September 30, 2019.

Asia-Pacific Sales and Marketing Expenses. During the nine months ended September 30, 2020, Asia-Pacific sales and marketing expenses increased by 8% (9% on a constant currency basis). The increase in our Asia-Pacific sales and marketing expenses was primarily due to:

- $6.3 million increase of higher compensation costs, including sales compensation, salaries, and stock-based compensation due to headcount growth.

This increase was partially offset by lower travel and entertainment expenses resulting from travel restrictions imposed in response to the COVID-19 pandemic.

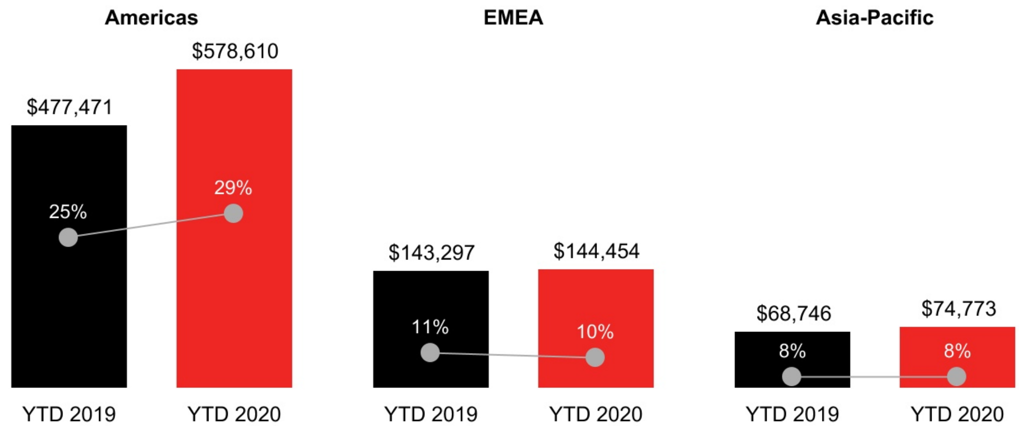
We anticipate that we will continue to invest in Americas, EMEA and Asia-Pacific sales and marketing initiatives and expect our Americas, EMEA and Asia-Pacific sales and marketing expenses to increase as we grow our business. Additionally, given that certain global sales and marketing functions are located within the U.S., we expect Americas sales and marketing expenses as a percentage of revenues to be higher than our other regions.

General and Administrative Expenses. Our general and administrative expenses for the nine months ended September 30, 2020 and 2019 were split among the following geographic regions (dollars in thousands):

	Nine Months Ended September 30,				% Change	
	2020	%	2019	%	Actual	Constant Currency
Americas	$ 578,610	73 %	$ 477,471	69 %	21 %	22 %
EMEA	144,454	18 %	143,297	21 %	1 %	1 %
Asia-Pacific	74,773	9 %	68,746	10 %	9 %	10 %
Total	$ 797,837	100 %	$ 689,514	100 %	16 %	17 %

General and Administrative Expenses

(dollars in thousands; percentages indicate expenses as a percentage of revenues)



Americas General and Administrative Expenses. During the nine months ended September 30, 2020, Americas general and administrative expenses increased by 21% (22% on a constant currency basis). The increase in our Americas general and administrative expenses was primarily due to:

- $54.6 million of higher compensation costs, including salaries, bonuses and stock-based compensation, partially due to additional compensation expenses incurred related to our recent acquisitions, higher payroll taxes, higher corporate bonus payment and overall headcount growth;
- $17.7 million of higher depreciation expense associated with the implementation of certain systems to support the integration and growth of our business;
- $15.9 million of higher consulting expenses in support of our business growth in Information Technology, Human Resources, and Finance; and
- $11.6 million of higher office expenses due to additional software and support services.

This increase was partially offset by:

- $7.9 million net decrease due to lower travel and entertainment expenses resulting from travel restrictions imposed in response to the COVID-19 pandemic.

EMEA General and Administrative Expenses. Our EMEA general and administrative expense did not materially change during the nine months ended September 30, 2020 as compared to the nine months ended September 30, 2019.

Asia-Pacific General and Administrative Expenses. During the nine months ended September 30, 2020, Asia-Pacific general and administrative expenses increased by 9% (10% on a constant currency basis). The increase in our Asia-Pacific general and administrative expense was primarily due to:

- $4.4 million of higher compensation costs, including salaries, bonuses and stock-based compensation, primarily due to headcount growth.

Going forward, although we are carefully monitoring our spending, we expect Americas, EMEA and Asia-Pacific general and administrative expenses to increase as we continue to further scale our operations to support our growth, including investments in our back office systems and investments to maintain our qualification for taxation as a REIT and to integrate recent acquisitions. Additionally, given that our corporate headquarters is located within the U.S., we expect Americas general and administrative expenses as a percentage of revenues to be higher than our other regions.

Transaction costs. During the nine months ended September 30, 2020, we recorded transaction costs totaling $31.0 million, primarily related to costs incurred in connection with the recent acquisitions and the anticipated formation of the Asia-Pacific Joint Venture. During the nine months ended September 30, 2019, we recorded transaction costs totaling $8.2 million, primarily related to costs incurred in connection with the formation of the EMEA Joint Venture.

Impairment Charge. During the nine months ended September 30, 2020, we recorded impairment charges of $7.3 million in the Asia-Pacific region as a result of the fair value adjustment of the Asia-Pacific Joint venture xScale data centers, which were classified as a held for sale asset as of September 30, 2020. During the nine months ended September 30, 2019, we recorded impairment charges of $16.0 million in the Americas region primarily as a result of the fair value adjustment for the New York 12 data center, which was classified as a held for sale asset.

Gain on Asset Sales. During the nine months ended September 30, 2020 and September 30, 2019, we did not record a significant amount of gain on asset sales.

Income from Operations. Our income from operations for the nine months ended September 30, 2020 and 2019 was split among the following geographic regions (dollars in thousands):

	Nine Months Ended September 30,				% Change	
	2020	%	2019	%	Actual	Constant Currency
Americas	$ 156,388	19 %	$ 277,700	32 %	(44)%	(40) %
EMEA	413,150	50 %	325,333	38 %	27 %	31 %
Asia-Pacific	254,784	31 %	253,624	30 %	— %	1 %
Total	$ 824,322	100 %	$ 856,657	100 %	(4)%	(2) %

Americas Income from Operations. During the nine months ended September 30, 2020, Americas income from operations decreased by 44% (40% on a constant currency basis). The decrease in our Americas income from operations was primarily due to higher operating expenses as a percentage of revenues. Namely, a large increase in general and administrative expenses was primarily driven by higher compensation costs and consulting expenses, which were in part related to the Packet and Axtel acquisitions, along with higher office expenses and depreciation expense.

EMEA Income from Operations. During the nine months ended September 30, 2020, EMEA income from operations increased by 27% (31% on a constant currency basis). The increase in our EMEA income from operations was primarily due to higher revenues as a result of our IBX data center expansion activity and organic growth, as described above, as well as lower operating expenses as a percentage of revenues.

Asia-Pacific Income from Operations. Our Asia-Pacific Income from Operations did not materially change during the nine months ended September 30, 2020 as compared to the nine months ended September 30, 2019.

Interest Income. Interest income was $7.4 million and $20.2 million, respectively, for the nine months ended September 30, 2020 and 2019. The average annualized yield for the nine months ended September 30, 2020 was 0.50% versus 1.85% for the nine months ended September 30, 2019.

Interest Expense. Interest expense decreased to $315.6 million for the nine months ended September 30, 2020 from $362.1 million for the nine months ended September 30, 2019, primarily attributable to the tender and redemption of the 5.375% Senior Notes due 2022, 5.375% Senior Notes due 2023, 2.875% Euro Senior Notes due 2024, 5.750% Senior Notes due 2025, and 5.875% Senior Notes due 2026, partially offset by the issuance of the 2.625% Senior Notes due 2024, 1.250% Senior Notes due 2025, 2.900% Senior Notes due 2026, 1.800% Senior Notes due 2027, 3.200% Senior Notes due 2029, 2.150% Senior Notes due 2030, and 3.000% Senior Notes due 2050. We capitalized $20.0 million and $24.2 million of interest expense to construction in progress for the nine months ended September 30, 2020 and 2019, respectively.

Other Income. We recorded net other income of $9.6 million and $15.4 million, respectively, for the nine months ended September 30, 2020 and September 30, 2019, which was primarily due to foreign currency exchange gains and losses, net of the impact from derivative instruments used to manage foreign exchange risks.

Loss on debt extinguishment. We recorded loss on debt extinguishment of $101.8 million during the nine months ended September 30, 2020, due to the redemption of 2.875% Euro Senior Notes due 2024, 5.875% Senior Notes due 2026 and the remaining balance of the 5.375% Senior Notes due 2022, as well as the termination of 364-day term loan facilities. During the nine months ended September 30, 2019, we did not record a significant amount of loss on debt extinguishment.

Income Taxes. We operate as a REIT for U.S. federal income tax purposes. As a REIT, we are generally not subject to U.S. federal and state income taxes on our taxable income distributed to stockholders. We intend to distribute or have distributed the entire taxable income generated by the operations of our REIT and QRSs for the tax years ending December 31, 2020 and December 31, 2019, respectively. As such, other than tax on built-in-gains recognized, state income taxes, and foreign income and withholding taxes, as applicable, no provision for income taxes has been included for the REIT and its QRSs in the accompanying condensed consolidated financial statements for the nine months ended September 30, 2020 and 2019.

We have made TRS elections for some of our subsidiaries in and outside the U.S. In general, a TRS may provide services that may otherwise be considered impermissible for REITs to provide and may hold assets that may not be REIT compliant. 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 QRSs or TRSs have been accrued, as necessary, for the nine months ended September 30, 2020 and 2019.

For the nine months ended September 30, 2020 and 2019, we recorded $104.8 million and $147.7 million of income tax expense, respectively. Our effective tax rates were 24.7% and 27.9%, for the nine months ended September 30, 2020 and 2019, respectively.

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 excluding depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges, transaction costs and gain on asset sales. See "Non-GAAP Financial Measures" below for more information about adjusted EBITDA and a reconciliation of adjusted EBITDA to income or loss from operations. Our adjusted EBITDA for the nine months ended September 30, 2020 and 2019 was split among the following geographic regions (dollars in thousands):

	Nine Months Ended September 30,				% Change	
	2020	%	2019	%	Actual	Constant Currency
Americas	$ 886,270	41 %	$ 923,546	46 %	(4) %	(2) %
EMEA	736,971	34 %	621,235	31 %	19 %	20 %
Asia-Pacific	518,255	25 %	467,086	23 %	11 %	12 %
Total	$ 2,141,496	100 %	$ 2,011,867	100 %	6 %	8 %

Americas Adjusted EBITDA. During the nine months ended September 30, 2020, Americas adjusted EBITDA decreased by 4% (2% on a constant currency basis). The decrease in our Americas adjusted EBITDA was primarily due to the increase in cash compensation expenses, consulting expenses and office expenses.

EMEA Adjusted EBITDA. During the nine months ended September 30, 2020, EMEA adjusted EBITDA increased by 19% (20% on a constant currency basis). The increase in our EMEA adjusted EBITDA was primarily due to higher revenues as a result of our IBX data center expansion activity and organic growth, as described above.

Asia-Pacific Adjusted EBITDA. During the nine months ended September 30, 2020, Asia-Pacific adjusted EBITDA increased by 11% (12% on a constant currency basis). The increase in our Asia-Pacific adjusted EBITDA was primarily due to higher revenues as a result of our IBX data center expansion activity and organic growth as described above.

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 EBITDA and adjusted funds from operations ("AFFO"), 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 adjusted EBITDA and AFFO, we exclude amortization expense related to acquired intangible assets. Amortization expense is significantly affected by the timing and magnitude of our acquisitions and these charges may vary in amount from period to period. We exclude amortization expense to facilitate a more meaningful evaluation of our current operating performance and comparisons to our prior periods. 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 can vary significantly from period to period based on share price, the timing, size and nature of equity awards. As such, we, and many investors and analysts, exclude stock-based compensation expense to compare our operating results with those of other companies. 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 gain or loss on asset sales as it represents profit or loss that is not meaningful in evaluating the current or future operating performance. Finally, we exclude transaction costs from AFFO and adjusted EBITDA to allow more comparable comparisons of our financial results to our historical operations. The transaction costs relate to costs we incur in connection with business combinations and the formation of joint ventures, including advisory, legal, accounting, valuation, and other professional or consulting fees. Such charges generally are not relevant to assessing the long-term performance of the company. In addition, the frequency and amount of such charges vary significantly based on the size and timing of the transactions. Management believes items such as restructuring charges, impairment charges, gain or loss on asset sales and transaction costs are non-core transactions; however, these types of costs may occur in future periods.

Adjusted EBITDA

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Income from operations	$ 288,350	$ 285,368	$ 824,322	$ 856,657
Depreciation, amortization, and accretion expense	362,286	321,746	1,048,151	957,001
Stock-based compensation expense	75,248	63,871	231,658	174,413
Transaction costs	5,840	2,991	30,987	8,236
Impairment charges	7,306	1,189	7,306	16,023
Gain on asset sales	(1,785)	(463)	(928)	(463)
Adjusted EBITDA	$ 737,245	$ 674,702	$ 2,141,496	$ 2,011,867

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

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. FFO represents net income (loss), excluding gain (loss) 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.

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, transaction costs, an installation revenue adjustment, a straight-line rent expense adjustment, a contract cost adjustment, amortization of deferred financing costs and debt discounts and premiums, gain (loss) on debt extinguishment, an income tax expense adjustment, recurring capital expenditures, net income (loss) from discontinued operations, net of tax, and adjustments from FFO to AFFO for unconsolidated joint ventures' and noncontrolling interests' share of these items. The adjustments for installation revenue, straight-line rent expense and contract costs 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 and debt discounts and premiums as these expenses relate to the initial costs incurred in connection with debt financings that have no current or future cash obligations. We exclude gain (loss) 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, uncertain tax positions and deferred taxes 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 data 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 were as follows (in thousands):

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net income	$ 66,831	$ 120,811	$ 319,138	$ 382,410
Net (income) loss attributable to non-controlling interests	(144)	39	(355)	45
Net income attributable to Equinix	66,687	120,850	318,783	382,455
Adjustments:				
Real estate depreciation	232,110	209,903	676,510	624,655
(Gain) loss on disposition of real estate property	(1,313)	732	1,569	3,421
Adjustments for FFO from unconsolidated joint ventures	699	—	2,021	—
FFO attributable to common shareholders	$ 298,183	$ 331,485	$ 998,883	$ 1,010,531

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
FFO attributable to common shareholders	$ 298,183	$ 331,485	$ 998,883	$ 1,010,531
Adjustments:				
Installation revenue adjustment	(3,797)	5,759	(3,629)	8,280
Straight-line rent expense adjustment	3,019	2,716	7,220	7,394
Contract cost adjustment	(7,111)	(10,179)	(22,852)	(29,305)
Amortization of deferred financing costs and debt discounts and premiums	3,884	3,196	11,788	9,429
Stock-based compensation expense	75,248	63,871	231,658	174,413
Non-real estate depreciation expense	78,356	63,151	220,565	182,049
Amortization expense	50,222	48,837	148,075	147,589
Accretion expense	1,598	(145)	3,001	2,708
Recurring capital expenditures	(38,327)	(47,404)	(86,191)	(105,077)
(Gain) Loss on debt extinguishment	93,494	(315)	101,803	67
Transaction costs	5,840	2,991	30,987	8,236
Impairment charges	7,306	1,189	7,306	16,023
Income tax expense adjustment	11,480	7,592	22,383	26,174
Adjustments for AFFO from unconsolidated joint ventures	287	—	1,183	—
AFFO attributable to common shareholders	$ 579,682	$ 472,744	$ 1,672,180	$ 1,458,511

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 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. During the three months ended September 30, 2020 as compared to the same period in 2019 the U.S. dollar was weaker relative to the Euro, British Pound, and Australian dollar, which resulted in a favorable foreign currency impact on revenue, operating income and adjusted EBITDA, and an unfavorable foreign currency impact on operating expenses. During the nine months ended September 30, 2020 as compared to the same period in 2019, the U.S. dollar was stronger relative to the Brazilian real, Singapore dollar and Australian dollar, which resulted in an unfavorable foreign currency impact on revenue, operating income and adjusted EBITDA, and a favorable foreign currency impact on operating expenses. 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. Our constant currency presentation excludes the impact of our foreign currency cash flow hedging activities. 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 period revenues and certain operating expenses from entities reporting in currencies other than the U.S. dollar are converted into U.S. dollars at constant exchange rates rather than the actual exchange rates in effect during the respective periods (i.e. average rates in effect for the nine months ended September 30, 2019 are used as exchange rates for the nine months ended September 30, 2020 when comparing the nine months ended September 30, 2020 with the nine months ended September 30, 2019).

Liquidity and Capital Resources

As of September 30, 2020, our total indebtedness was comprised of debt and financing obligations totaling $12.4 billion consisting of:

- $9.3 billion of principal from our senior notes;
- Approximately $1.8 billion from our finance lease liabilities; and
- $1.3 billion of principal from our mortgage and loans payable (gross of debt issuance cost, debt discount, plus mortgage premium).

During the nine months ended September 30, 2020, we completed the following significant financing activities:

- Issued and sold 415,512 shares of common stock under our ATM Program, for proceeds of approximately $298.3 million, net of payment of commissions and other offering expenses;
- Borrowed and repaid $250.0 million under our revolving credit facility;
- Redeemed the remaining $343.7 million principal amount of our 5.375% Senior Notes due 2022, all of the outstanding €750.0 million principal amount of our 2.875% Senior Notes due 2024 and $1.1 billion principal amount of our 5.875% Senior Notes due 2026;
- Issued and sold 2,587,500 shares of common stock for net proceeds of approximately $1,683.1 million;
- Borrowed and repaid $391.0 million as well as €100.0 million or $109.8 million at the exchange rate in effect on the date of borrowing under the 364-day term loan facilities, which were also terminated in June 2020; and
- Issued $500.0 million of 1.250% Senior Notes due 2025, $500.0 million of $1.800% Senior Notes due 2027, $1.1 billion of 2.150% of Senior Notes due 2030 and $500.0 million of $3.000% Senior Notes due 2050.

As of September 30, 2020, we had $2.7 billion of cash, cash equivalents and short-term investments. In addition to our cash and investment portfolio, we had approximately $1.9 billion of additional liquidity available to us from our $2.0 billion revolving facility and general access to both public and private debt and the equity capital markets. We also have additional liquidity available to us from our ATM programs, under which we may offer and sell from time to time our common stock in "at the market" transactions. As of September 30, 2020, we had completed sales under the ATM program that was previously launched in December 2018. On October 30, 2020, we launched another ATM program allowing for aggregate sales of up to $1.5 billion (the "2020 ATM Program"). No sales have been made under the 2020 ATM Program to date.

Customer collections are our primary source of cash, in addition to any further financing activity we may pursue. We believe we have a strong customer base and have continued to experience relatively strong collections.

We believe we have sufficient cash, coupled with anticipated cash generated from operating activities and external financing sources, to meet our operating requirements, including repayment of the current portion of our debt as it becomes due, distribution of dividends and completion of our publicly-announced acquisition and expansion projects. We also believe that our financial resources will allow us to manage the anticipated impact of COVID-19 on our business operations for the foreseeable future, which could include reductions in revenue and delays in payments from customers and partners.

As we continue to grow, we may pursue additional expansion opportunities, primarily the build out of new IBX data centers, in certain of our existing markets which are at or near capacity within the next year, as well as potential acquisitions and joint ventures. We may elect to access the equity or debt markets from time to time opportunistically, particularly if financing is available on attractive terms. We will continue to evaluate our operating requirements and financial resources in light of future developments, including those relating to the COVID-19 pandemic.

Sources and Uses of Cash

	Nine Months Ended September 30,	
	2020	2019
	(dollars in thousands)	
Net cash provided by operating activities	$ 1,623,678	$ 1,463,058
Net cash used in investing activities	(2,087,196)	(1,478,021)
Net cash provided by financing activities	1,237,356	820,609

Operating Activities

Cash provided by our operations is generated by colocation, interconnection, managed infrastructure and other revenues. Our primary use of cash from our operating activities includes compensation and related costs, interest payments, other general corporate expenditures and taxes. Net cash provided by operating activities increased from the nine months ended September 30, 2019 to the nine months ended September 30, 2020 primarily due to improved operating results offset by increases in cash paid for cost of revenues, operating expenses and income taxes.

Investing Activities

The net cash used in investing activities for the nine months ended September 30, 2020 was primarily due to capital expenditures of $1,448.2 million as a result of our expansion activity, purchases of real estate of $124.5 million, business acquisitions of Packet and Axtel for $478.2 million, and purchases of investments of $56.0 million, partially offset by proceeds from sales of investments of $19.7 million. The net cash used in investing activities for the nine months ended September 30, 2019 was primarily due to capital expenditures of $1,365.0 million as a result of our expansion activity, purchases of real estate of $64.3 million, the AM11 data center acquisition of $34.1 million, and purchases of certificates of deposit of $23.7 million, partially offset by proceeds from sales of investments of $8.9 million.

We anticipate our IBX data center expansion construction activity will be similar or increase from our 2019 levels. If the opportunity to expand is greater than planned and we have sufficient funding to pursue such expansion opportunities, we may further increase the level of capital expenditure to support this growth as well as pursue additional business and real estate acquisitions or joint ventures.

Financing Activities

The net cash used in financing activities for the nine months ended September 30, 2020 was primarily due to:

- the issuance of $2.6 billion in Senior Notes due 2025, 2027, 2030, and 2050;

- the sale and issuance of 2,587,500 shares of common stock in a public offering for net proceeds of approximately $1,683.1 million;
- borrowings under the revolving credit facility of $250.0 million and the 364-Day term loan facilities of $500.8 million;
- the sale of 415,512 shares of common stock under the ATM Program, for net proceeds of $298.3 million; and
- proceeds from the employee stock purchase plan of $62.1 million.

The proceeds were offset by:

- the repayment of senior notes of $2,440.8 million;
- repayments of mortgage and loans payable of $808.6 million;
- dividend distributions of $710.2 million;
- debt extinguishment costs of $82.4 million;
- repayments of finance lease liabilities of $74.4 million; and
- debt issuance costs paid of $26.3 million.

The net cash provided by financing activities for the nine months ended September 30, 2019 was primarily due to:

- the sale of 2,985,575 shares of common stock in a public equity offering for net proceeds of approximately $1,213.4 million;
- the sale of 903,555 shares of common stock under the ATM Program, for net proceeds of $447.5 million; and
- proceeds from employee awards of $52.0 million.

The proceeds were partially offset by:

- dividend distributions of $625.8 million;
- the repayment of senior notes of $150.0 million;
- repayments of finance lease liabilities of $62.8 million; and
- repayments of mortgage and loans payable of $53.8 million.

Contractual Obligations and Off-Balance-Sheet Arrangements

We lease a majority of our IBX data centers and certain equipment under long-term lease agreements. The following represents our debt maturities, financings, leases and other contractual commitments as of September 30, 2020 (in thousands):

	2020 (3 months remaining)	2021	2022	2023	2024	Thereafter	Total
Term loans and other loans payable (1)	$ 19,814	$ 78,201	$ 1,189,716	$ 6,656	$ 6,165	$ 23,099	$ 1,323,651
Senior notes (1)	1,908,600	150,000	—	—	1,000,000	6,236,200	9,294,800
Interest (2)	93,918	246,035	237,237	221,117	220,923	987,337	2,006,567
Finance leases (3)	50,507	208,147	208,088	202,661	200,213	2,021,849	2,891,465
Operating leases (3)	38,827	199,311	195,390	179,643	167,778	1,143,207	1,924,156
Other contractual commitments (4)	966,865	700,531	151,282	79,443	45,091	404,825	2,348,037
Asset retirement obligations (5)	1,825	4,202	13,503	5,787	7,281	76,589	109,187
	$ 3,080,356	$ 1,586,427	$ 1,995,216	$ 695,307	$ 1,647,451	$ 10,893,106	$ 19,897,863

(1) Represents principal and unamortized mortgage premium only.
(2) Represents interest on mortgage payable, loans payable, senior notes and term loans based on their respective interest rates as of September 30, 2020, as well as the credit facility fee for the revolving credit facility.
(3) Represents lease payments under finance and operating lease arrangements, including renewal options that are certain to be exercised.
(4) Represents off-balance sheet arrangements. Other contractual commitments are described below.
(5) Represents liability, net of future accretion expense.

In connection with certain of our leases and other contracts requiring deposits, we entered into 35 irrevocable letters of credit totaling $74.1 million under the revolving credit facility. These letters of credit were provided in lieu of cash deposits under certain lease obligations. If beneficiaries of the letters of credit were to draw down on these letters of credit triggered by an event of default under the lease, we would be required to fund these letters of credit either through cash collateral or borrowing under the revolving credit facility. These contingent commitments are not reflected in the table above.

We had accrued liabilities related to uncertain tax positions totaling approximately $156.0 million as of September 30, 2020. 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.

As of September 30, 2020, we were contractually committed for $1,139.0 million of unaccrued capital expenditures, primarily for IBX data center 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 2020 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, 2020, 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 2020 and beyond. Such other purchase commitments as of September 30, 2020, which total $1,209.0 million, are also reflected in the table above as "other contractual commitments."

In connection with the EMEA Joint Venture which closed in October 2019, we agreed to make future equity contributions to the EMEA Joint Venture. As of September 30, 2020, we had future equity contribution commitments of €10.9 million and £8.7 million, or $24.0 million in total at the exchange rate in effect on September 30, 2020, to fund the EMEA Joint Venture's future development over the next 3 years, which are not reflected in the table above.

Additionally, we entered into lease agreements in various locations for total lease commitments of approximately $682.0 million, excluding potential lease renewals. These lease agreements will commence between 2020 and 2022 with lease terms of 10 to 49 years, which are not reflected in the table above.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements and accompanying notes are prepared in accordance with U.S. 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 condensed consolidated financial statements are presented fairly and in accordance with U.S. 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, 2019.

Recent Accounting Pronouncements

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risk

There have been no significant changes to our exposure management and procedures in relation to 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, 2020 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, 2019, other than factors discussed below.

The uncertainty that exists with respect to the economic impact of the COVID-19 pandemic introduced significant volatility in the financial markets. See Part II, Item 1A. Risk Factors for additional information regarding potential risks to our business, financial condition and operating results related to the COVID-19 pandemic.

Foreign Currency Risk

To help manage the exposure to foreign currency exchange rate fluctuations, we have implemented a number of hedging programs, in particular (i) a cash flow hedging program to hedge the forecasted revenues and expenses in our EMEA region, (ii) a balance sheet hedging program to hedge the re-measurement of monetary assets and liabilities denominated in foreign currencies, and (iii) a net investment hedging program to hedge the long term investments in our foreign subsidiaries. Our hedging programs reduce, but do not entirely eliminate, the impact of currency exchange rate movements and its impact on the consolidated statements of operations.

We have entered into various foreign currency debt obligations. As of September 30, 2020, the total principal amount of foreign currency debt obligations was $4.5 billion, including $3.2 billion denominated in Euro, $565.1 million denominated in British Pound, $405.3 million denominated in Japanese Yen and $273.5 million denominated in Swedish Krona. As of September 30, 2020, we have designated $1.8 billion of the total principal amount of foreign currency debt obligations as net investment hedges against our net investments in foreign subsidiaries. For a net investment hedge, changes in the fair value of the hedging instrument designated as a net investment hedge are recorded as a component of other comprehensive income (loss) in the consolidated balance sheets. Fluctuations in the exchange rates between these foreign currencies and the U.S. Dollar will impact the amount of U.S. Dollars that we will require to settle the foreign currency debt obligations at maturity. If the U.S. Dollar would have been weaker or stronger by 10% in comparison to these foreign currencies as of September 30, 2020, we estimate our obligation to cash settle the principal of these foreign currency debt obligations in U.S. Dollars would have increased or decreased by approximately $496.4 million and $406.2 million, respectively.

We also entered into cross-currency interest rate swaps where we receive a fixed amount of U.S. Dollars and pay a fixed amount of Euros. As of September 30, 2020, U.S. Dollar to Euro cross-currency interest rate swap contracts with a total notional amount of $3,348.0 million were outstanding. The cross-currency interest rate swaps are designated as hedges of our net investment in European operations and changes in the fair value of these swaps are recorded as a component of accumulated other comprehensive income (loss) in the condensed consolidated balance sheet. If the U.S. Dollar weakened or strengthened by 10% in comparison to Euro, we estimate our obligation to cash settle these hedges would have increased or decreased by approximately $413.3 million and $338.2 million, respectively.

The U.S. Dollar weakened relative to certain of the currencies of the foreign countries in which we operate during the nine months ended September 30, 2020. This has impacted our condensed consolidated financial position and results of operations during this period, including the amount of revenues that we reported. Continued strengthening or weakening of the U.S. Dollar will continue to impact us in future periods.

With the existing cash flow hedges in place, a hypothetical additional 10% strengthening of the U.S. Dollar for the nine months ended September 30, 2020 would have resulted in a reduction of our revenues and operating expenses including depreciation and amortization expense by approximately $125.9 million and $121.8 million, respectively.

With the existing cash flow hedges in place, a hypothetical additional 10% weakening of the U.S. Dollar for the nine months ended September 30, 2020 would have resulted in an increase of our revenues and operating expenses including depreciation and amortization expense by approximately $151.6 million and $147.4 million, respectively.

Interest Rate Risk

We are exposed to interest rate risk related to our outstanding debt. An immediate increase or decrease in current interest rates from their position as of September 30, 2020 would not have a material impact on our interest expense due to the fixed coupon rate on the majority of our debt obligations. However, the interest expense associated with our senior credit facility and term loans that bear interest at variable rates could be affected. For every 100-basis point increase or decrease in interest rates, our annual interest expense could increase by approximately $10.6 million or decrease by approximately $0.3 million based on the total balance of our term loan borrowings as of September 30, 2020. As of September 30, 2020, we had not employed any interest rate derivative products to hedge our variable rate debt obligations. However, we may enter into interest rate hedging agreements in the future to mitigate our exposure to interest rate risk.

We periodically enter into interest rate locks to hedge the interest rate exposure created by anticipated fixed rate debt issuances, which are designated as cash flow hedges. When interest rate locks are settled, any accumulated gain or loss included as a component of other comprehensive income (loss) will be amortized to interest expense over the life of the related debt. We expect gains or losses in our interest rate locks to offset the losses and gains in the financial instruments they hedge.

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.*** There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the nine months ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

As a result of the COVID-19 pandemic, our established business continuity plans were activated in order to mitigate the impact to the control environment, including our global workforce shifting to a primarily work from home environment beginning in March 2020. While pre-existing controls were not specifically designed to operate in a work from home operating environment, we believe that our internal controls over financial reporting continue to be effective.

(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

The following is a description of reportable legal proceedings, including those involving governmental authorities under federal, state and local laws regulating the discharge of materials into the environment.

In March 2019, charges were brought by the Public Prosecutor in Milan, Italy against Equinix (Italia) S.r.l. and Eric Schwartz, at that time one of the directors of Equinix (Italia) S.r.l., following the discovery of levels of copper in ground water in excess of those permitted by law and alleged to have been released by Equinix into the water supply. We determined that the copper levels detected had been misinterpreted by the Public Prosecutor's office, which had multiplied the findings tenfold. On March 13, 2019, we asked for an initial extension to file our defense and requested that the charges against both Equinix and Mr. Schwartz be dropped on the grounds that the levels of copper found were in fact less than double the permitted amounts. The Public Prosecutor accepted that the number it originally used was incorrect, but did not agree to drop the charges and has requested a trial date. Our defense was filed April 15, 2019. A trial date was set for March 6, 2020, but the hearing was postponed to October due to the COVID-19 pandemic. A hearing took place in October but owing to the backlog of cases, the Court has rescheduled hearings on the substance of the case. Our external counsel has engaged with the prosecutor and agreed to a plea bargain for Mr. Schwartz comprising of payment of an amount between €12,700 and €25,000, plus a fine of €2,700. This arrangement must be approved by the Court. This arrangement must be approved by the Court in a hearing scheduled for November 5, 2020.

We have recently completed adoption of a formal compliance program pursuant to Italian Legislative Decree No. 231/2001 ("Decree 231"), which we expect will reduce our exposure to fines and penalties in a Court verdict by 50%. After adoption of Decree 231, the exposure for Equinix would be effectively reduced to €175,000. The hearing on the merits of the case against Equinix is now scheduled for December 11, 2020.

While it is not possible to accurately predict the final outcome of this pending Court proceeding, if it is decided adversely to Equinix, we expect there would be no material effect on our consolidated financial position. Nevertheless, this proceeding is reported pursuant to Securities and Exchange Commission regulations.

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:

The COVID-19 pandemic could have a negative effect on our business, results of operations and financial condition.

We have continuously monitored our global operations as the COVID-19 pandemic has spread across the globe and have implemented procedures focusing on the health and safety of our employees, customers, partners and communities, the continuity of our business offerings and compliance with governmental regulations and local public health guidance and ordinances. We have activated our business continuity and pandemic plans and while our business operations have continued without interruption and our IBX data centers have remained fully operational to date, we cannot guarantee our business operations or our IBX data centers will not be negatively impacted in the future. Our IBX data centers have been designated “essential businesses” or “critical infrastructure” for purposes of remaining open during the COVID-19 pandemic in all of the jurisdictions that have published these exemptions but not all jurisdictions have created such designations. Any change in these classifications could cause operational disruptions or closures of the affected IBX data centers.

We have implemented processes to limit and schedule access to certain IBX data centers as well as implemented social distancing and hygiene protocols in response to the growing number of suspected and confirmed COVID-19 cases. These proactive actions we have taken or may take in the future and any restrictions imposed by the government could result in business delays, operational disruption and customer dissatisfaction. Employee illnesses resulting from the pandemic could result in further inefficiencies or delays and a suspected or confirmed case in an IBX data center could require temporary closure of the affected IBX data center for cleaning or until local regulatory requirements are fulfilled. Any closure of an IBX data center or limitation of customer access could cause customer dissatisfaction if customers are unable to access their equipment within the IBX data center.

We also have service level agreements which could be affected if we are required to close an IBX data center for any reason.

Preventative measures instituted by governments and businesses to mitigate the spread of COVID-19, including travel restrictions, social distancing requirements, shelter in place orders, and quarantines, have negatively impacted the global economy and may adversely impact us, our customers and vendors. Some of our customers have been negatively impacted by the COVID-19 pandemic which could affect our revenues. Certain customers have requested revised payment terms and more customers could potentially request such terms. If such an increase in requests for revised payment terms occurs, some delays in accounts receivable collection would result. A prolonged economic downturn could result in a larger customer churn than we currently anticipate and reduced demand for our products and services, in which case our revenues could be significantly impacted. Given the uncertainty around the duration and extent of the COVID-19 pandemic, we cannot accurately predict at this time how the pandemic will affect our business growth over time.

We do not expect the construction delays that we have experienced to have a material effect on the company at this time, but additional supply disruptions because of the COVID-19 pandemic could occur and cause construction delays that are significant in the future. Significant construction delays would interfere with our ability to meet commitments to customers who have contracted for space in new IBX data centers under construction and could have a material impact on our business. While we have received "essential business" permits for construction in some jurisdictions, these classifications may not extend to the construction of new IBX data centers in all of our jurisdictions. We are also reliant on third party construction labor to build and expand our IBX data centers, to which we may not have access due to the COVID-19 pandemic. We rely on materials, products and manufacturing from regions of the world which are impacted by the pandemic. It may not be possible to find replacement products or supplies and ongoing delays could affect our business and growth.

While the full extent and impact of the COVID-19 pandemic cannot be reasonably estimated at this time, it could have a material adverse impact on our business and financial condition. The extent to which the COVID-19 pandemic will impact our financial condition or results of operations will depend on many factors and future developments, including new information about the COVID-19 pandemic, additional surges in infection rates and any new government regulations which may emerge to contain the virus, among others.

Adverse global economic conditions, like the ones we are currently experiencing during the COVID-19 pandemic, could adversely impact our business and financial condition.

Adverse global economic conditions like the ones we are currently experiencing because of the COVID-19 pandemic and uncertain conditions in the credit markets have created, and in the future may increase risk to our financial outlook. The uncertain global economy could also result in material churn in our customer base, reductions in revenues from our offerings, longer sales cycles, slower adoption of new technologies and increased price competition, which could adversely affect our liquidity. Customers and vendors filing for bankruptcy could also lead to costly and time-intensive actions with adverse effects, including greater difficulty or delay in accounts receivable collection. The uncertain economic environment could also have an impact on our foreign exchange forward contracts if our counterparties' credit deteriorates or if they are otherwise unable to perform their obligations. Finally, volatility in the financial markets like we are currently experiencing could affect our ability to access the capital markets at a time when we desire, 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.

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 may have to 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. These construction projects expose us to many risks which could have an adverse effect on our operating results and financial condition. As described above, the COVID-19 pandemic has exacerbated many of these construction risks and has created additional risks for our business. Some of the risks associated with construction projects include:

- construction delays;
- lack of availability and delays for data center equipment, including items such as generators and switchgear;
- unexpected budget changes;

- increased prices for and delays in obtaining building supplies, raw materials and data center equipment;
- labor availability, labor disputes and work stoppages with contractors, subcontractors and other third parties, including interruptions in work due to the COVID-19 pandemic;
- unanticipated environmental issues and geological problems;
- delays related to permitting and approvals to open from public agencies and utility companies; and
- delays in site readiness leading to our failure to meet commitments made to customers planning to expand into a new build.

Construction projects are dependent on permitting from public agencies and utility companies. Any delay in permitting could affect our growth. We are currently experiencing permitting delays in most metros due to reduced production from labor availability and from other COVID-19 pandemic related permitting restrictions or stoppages. While we don't currently anticipate any material long-term negative impact to our business because of these construction delays, these types of delays and stoppages related to permitting from public agencies and utility companies could worsen and have an adverse effect on our bookings, revenue or growth.

Additionally, all construction related projects require 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, significant subcontractor or key supplier experience financial problems 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 metro connect 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.

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, including most recently that of data centers from BCE Inc. ("Bell") in October 2020, Packet Host, Inc. in March 2020, and three data centers from Axtel S.A.B. de C.V. in Mexico in January 2020. We expect to make additional acquisitions in the future, which may include (i) acquisitions of businesses, products, solutions 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; (iii) acquisitions through investments in local data center operators; or (iv) acquisitions in new markets with higher risk profiles. 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, many of which could be exasperated by the Covid-19 pandemic, 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 as a result of:
    1. an injunction, law or order that makes unlawful the consummation of the acquisition;
    2. inaccuracy or breach of the representations and warranties of, or the non-compliance with covenants by, either party;
    3. the nonreceipt of closing documents; or
    4. for other reasons;
- the possibility that there could be a delay in the completion of an acquisition, which could, among other things, result in additional transaction costs, loss of revenue or other negative effects resulting from uncertainty about completion of the respective acquisition;

- the dilution of our existing stockholders as a result of our issuing stock as consideration in a transaction or selling stock in order to fund the transaction;
- the possibility of customer dissatisfaction if we are unable to achieve levels of quality and stability on par with past practices;
- the possibility that we will be unable to retain relationships with key customers, landlords and/or suppliers of the acquired businesses, some of which may terminate their contracts with the acquired business as a result of the acquisition or which may attempt to negotiate changes in their current or future business relationships with us;
- the possibility that we could lose key employees from the acquired businesses;
- the possibility that we may be unable to integrate or migrate IT systems, which could create a risk of errors or performance problems and could affect our ability to meet customer service level obligations;
- the potential deterioration in 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 qualification for taxation as a REIT;
- the possibility that we may not be able to prepare and issue our financial statements and other public filings in a timely and accurate manner, and/or maintain an effective control environment, due to the strain on the finance organization when multiple acquisitions and integrations are occurring at the same time;
- the possibility that future acquisitions may trigger property tax reassessments resulting in a substantial increase to our property taxes beyond that which we anticipated;
- the possibility that future acquisitions may be in geographies and regulatory environments to which we are unaccustomed and we may become subject to complex requirements and risks with which we have limited experience;
- 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;
- the possibility of pre-existing undisclosed liabilities, including, but not limited to, lease or landlord related liability, tax 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 possibility that we receive limited or incorrect information about the acquired business in the diligence process, particularly in light of the travel bans and other restrictions imposed due to COVID-19; and
- the possibility that we do not have full visibility into customer agreements and customer termination rights during the diligence process which could expose us to additional liabilities after completing the acquisition.

The occurrence of any of these risks could have a material adverse effect on our business, results of operations, financial condition or cash flows. If an acquisition does not proceed or is materially delayed for any reason, the price of our common stock may be adversely impacted, and we will not recognize the anticipated benefits of the acquisition.

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.

We have experienced an information technology security breach in the past and may be vulnerable to future security breaches which could disrupt our operations and have a material adverse effect on our financial performance and operating results.

Despite our efforts to protect against cyber-attacks, we are not fully insulated from these types of security breaches, and such an attack could adversely impact our competitiveness and results of operations. In September 2020, we discovered ransomware on certain of our internal systems, encrypting files and holding them for ransom. Our teams responded quickly to address the incident and notified law enforcement, and after a thorough review of the incident by our management and experts retained to assist in this incident, the investigation was closed as of October 14, 2020. Our IBX data centers and our service offerings, including managed services, remained fully operational during the attack and the incident did not affected our ability to support our customers. We further believe that we were able to contain the incident and that the resolution will prevent the release of any data associated with this attack. While the event has been resolved and has not caused a material disruption to our systems nor resulted in any material costs to Equinix, our team is also working to protect against any future attacks. We will continue to face risks associated with unauthorized access to our computer systems, loss or destruction of data, computer viruses, ransomware, 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, vendors or third parties. 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. Because of the COVID-19 pandemic, many of our non-IBX employees are working from home and could potentially be exposed to new security risks or attempted breaches because of these new work environments. 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. Any breaches that may occur in the future 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 to our clients' networks and data, which is gained from these services, 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 responsible for any such 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.

The anticipated benefits of our Joint Ventures with GIC may not be fully realized, or take longer to realize than expected.

On October 8, 2019, we entered into a joint venture with GIC, Singapore's sovereign wealth fund, to develop and operate xScale™ data centers in Europe (the "EMEA Joint Venture"). We sold our London 10 and Paris 8 data centers and certain construction development and leases in London and Frankfurt to the EMEA Joint Venture. The data centers and facilities are now owned by wholly-owned subsidiaries of EMEA Hyperscale 1 C.V., a Dutch limited partnership of which Equinix owns a 20% interest, GIC owns an 80% interest, and Equinix will operate the facilities. In September 2020, we also entered into an agreement to sell our Paris 9 ("PA9") data center to EMEA Joint Venture.

On April 18, 2020, we signed an agreement to enter into a second joint venture with GIC, to develop and operate xScale™ data centers in Asia-Pacific (the "Asia-Pacific Joint Venture", and together with the EMEA Joint Venture, the "Joint Ventures"). We have agreed to sell 3 development sites in Japan to the Asia-Pacific Joint Venture upon closing. Pursuant to the terms of the Asia-Pacific Joint Venture, upon closing, the sites will be acquired and held by a wholly-owned subsidiary of APAC 1 Hyperscale LP, a limited partnership formed and registered under the laws of Singapore, of which Equinix will own a 20% interest and GIC will own an 80% interest, and Equinix will develop the data centers and operate the facilities. The completion of the Asia-Pacific Joint Venture is subject to closing conditions, including:

- certain financing conditions, including the fulfilment by each of Equinix and GIC of their funding obligations and obtaining certain external financing arrangements;
- completion of pre-closing reorganization; and
- obtaining required regulatory approvals.

Although we believe that the conditions will be satisfied, it is possible that the parties may not satisfy these conditions, or that they may only be satisfied subject to certain conditions or undertakings, which may not be acceptable. We cannot provide any assurance that the Asia-Pacific Joint Venture will be completed on the proposed terms, or that there will not be a delay in the completion of the Asia-Pacific Joint Venture. Failure to complete the Asia-Pacific Joint Venture in a timely manner or at all could adversely impact the price of our common stock and we could fail to recognize the anticipated benefits of the Asia-Pacific Joint Venture.

The success of the Asia-Pacific Joint Venture will depend, in part, on the successful development of the data center sites, and we may not realize all of the anticipated benefits. Such development may be more difficult, time-consuming or costly than expected and 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.

We may not realize all of the anticipated benefits from either of the Joint Ventures. The success of these Joint Ventures will depend, in part, on the successful partnership between Equinix and GIC. Such a partnership is subject to risks as outlined below, and more generally, to the same types of business risks as would impact our IBX data center business. A failure to successfully partner, or a failure to realize our expectations for the Joint Ventures, could materially impact our business, financial condition and results of operations. These joint ventures could also be negatively impacted by development and construction delays, including those resulting from the COVID-19 pandemic.

Joint venture investments, such as our Joint Ventures with GIC, could expose us to risks and liabilities in connection with the formation of the new joint ventures, the operation of such joint ventures without sole decision-making authority, and our reliance on joint venture partners who may have economic and business interests that are inconsistent with our business interests.

In addition to our current and proposed Joint Ventures with GIC, we may co-invest with other third parties through partnerships, joint ventures or other entities in the future. These joint ventures could result in our acquisition of non-controlling interests in, or shared responsibility for, managing the affairs of a property or portfolio of properties, partnership, joint venture or other entity. We may be subject to additional risks, including:

- we may not have the right to exercise sole decision-making authority regarding the properties, partnership, joint venture or other entity;
- if our partners become bankrupt or fail to fund their share of required capital contributions, we may choose to or be required to contribute such capital;
- our partners may have economic, tax or other business interests or goals which are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives;
- our joint venture partners may take actions that are not within our control, which could require us to dispose of the joint venture asset, transfer it to a TRS in order for Equinix to maintain its qualification for taxation as a REIT, or purchase the partner's interests or assets at an above-market price;
- our joint venture partners may take actions unrelated to our business agreement but which reflect poorly on Equinix because of our joint venture;
- disputes between us and our partners may result in litigation or arbitration that would increase our expenses and prevent our management from focusing their time and effort on our day-to-day business; and
- we may in certain circumstances be liable for the actions of our third-party partners or guarantee all or a portion of the joint venture's liabilities, which may require the company to pay an amount greater than its investment in the joint venture.

Each of these factors may result in returns on these investments being less than we expect or in losses, and our financial and operating results may be adversely affected.

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 our qualification for taxation as a REIT. As of September 30, 2020, our total indebtedness (gross of debt issuance cost, debt discount, and debt premium) was approximately $12.4 billion, our stockholders' equity was $10.6 billion and our cash, cash equivalents, and investments totaled $2.7 billion. In addition, as of September 30, 2020, we had approximately $1.9 billion of additional liquidity available to us from our $2.0 billion revolving credit facility. In addition to our substantial debt, we lease many of our IBX data centers and certain equipment under lease agreements, some of which are accounted for as operating leases. As of September 30, 2020, we recorded operating lease liabilities of $1.4 billion, which represents our obligation to make lease payments under those lease arrangements.

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 credit rating agencies, or of a downgrade to our current rating;
- 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;
- 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.

The phase out of the London Interbank Offered Rate (“LIBOR”), and uncertainty as to its replacement, may adversely affect our business.

On July 27, 2017, the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit rates for the calibration of LIBOR after 2021 after which time it can no longer guarantee its availability. Although alternative reference rates have been proposed, it is unknown at this point which of these alternative reference rates will attain market acceptance as replacements for LIBOR.

Certain term loan borrowings under our Senior Credit Facility bear interest at rates that are calculated based on LIBOR. In addition, certain of our agreements, including financing, customer, vendor, leasing, intercompany, derivative and joint venture agreements, also make reference to LIBOR. To prepare for the phase out of LIBOR, we may need to renegotiate the Senior Credit Facility and other agreements and may not be able to do so on terms that are favorable to us. It is also currently unknown what impact any contract modification will have on our financial statements. Further, the financial markets may be disrupted as a result of the phase out of LIBOR if banks fail to execute a smooth transition to an alternate rate.

Disruption in the financial markets or the inability to renegotiate our agreements to remove and replace LIBOR on favorable terms, or a negative impact from any contract modifications, could have an adverse effect on our business, financial position, and operating results.

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

For the years ended December 31, 2019, 2018 and 2017, we recognized approximately 58%, 55% and 55%, respectively, of our revenues outside the U.S. We currently operate outside of the U.S. in Canada, Mexico, Asia-Pacific, EMEA, and South America.

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 such as the United Kingdom's withdrawal from the European Union ("Brexit") and the recent Hong Kong security law;
- 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;
- compliance with evolving governmental regulation with which we have little experience; and
- compliance with evolving and varied regulations related to the COVID-19 pandemic.

Geo-political events, such as the COVID-19 pandemic, Brexit, political unrest in Hong Kong, the recent Hong Kong security law, and the trade war between the U.S. and China, may increase the likelihood of the listed risks to occur and could have a negative effect on our business in those regions. With respect to Brexit, it is possible that the level of economic activity in the United Kingdom and the rest of Europe will be adversely impacted and that we will face increased regulatory and legal complexities in these regions which could have an adverse impact on our business and employees in EMEA and could adversely affect our financial condition and results of operations. 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 the General Data Protection Regulation (GDPR) and other data privacy laws and 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 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, Colombia, Indonesia, Mexico, Oman, 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, 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 to be not 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 could 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.

Sales or issuances of shares of our common stock may adversely affect the market price of our common stock.

Future sales or issuances of common stock or other equity related securities may adversely affect the market price of our common stock, including any shares of our common stock issued to finance capital expenditures, finance acquisitions or repay debt. We established our ATM Program through which we were permitted, from time to time, to issue and sell shares of our common stock to or through sales agents up to established limits. By the end of the third quarter of 2020, we had no shares available for sale under our ATM Program. On October 30, 2020, we entered into a new “at-the-market” stock offering program which could lead to additional dilution for our stockholders in the future. We may also seek authorization to sell additional shares of common stock under the 2020 ATM Program or through other means which could lead to additional dilution for our stockholders. Please see Note 12 within the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q for sales of our common stock under the ATM Program.

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 recently been and may continue to be highly volatile. General economic and market conditions, like the current instability due to the COVID-19 pandemic, and market conditions for telecommunications and real estate investment trust 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:

- news or regulations regarding the COVID-19 pandemic;
- our operating results or forecasts;
- new issuances of equity, debt or convertible debt by us, including issuances through our 2020 ATM Program;
- increases in market interest rates and changes in other general market and economic conditions, including inflationary concerns;
- 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;

- changes in U.S. or foreign tax laws;
- changes in management or key personnel;
- developments in our relationships with 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. One of the factors that investors may consider in deciding whether to buy or sell our common stock is our distribution rate as a percentage of our stock price relative to market interest rates. If market interest rates increase, prospective investors may demand a higher distribution rate or seek alternative investments paying higher dividends or interest. As a result, interest rate fluctuations and conditions in the capital markets may affect the market value 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 risks, 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.

Our derivative transactions expose us to counterparty credit risk.

Our derivative transactions expose us to risk of financial loss if a counterparty fails to perform under a derivative contract. Disruptions in the financial markets could lead to sudden decreases in a counterparty's liquidity, which could make them unable to perform under the terms of their derivative contract and we may not be able to realize the benefit of the derivative contract.

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 and other 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 and other 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. For example, we are currently undergoing audits and appealing the tentative assessments in a number of jurisdictions where we operate. The final results of these audits and the outcomes of the appeals are uncertain and may not be resolved in our favor. Additionally, the COVID-19 pandemic has led to increased spending by many governments. Because of this, there could be pressure to increase taxes in the future to pay back debts and generate revenues. The nature and timing of any future changes to each jurisdiction's tax laws and the impact on our future tax liabilities because of the COVID-19 pandemic or for any other reason 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 revenue 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 to pursuing a particular sale or customer that does not result in revenues. 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 may be further exacerbated by the COVID-19 pandemic.

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 negative impact on our ability to provide our services, or damage to customer infrastructure within our IBX data centers, 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 and ensure our IBX data centers and non-IBX offices remain operational at all times. 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 and office buildings. 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 buildings 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. Newly acquired data centers also may not have the same power infrastructure and design in place as our own IBX data centers. These legacy designs could require upgrades in order to meet our standards and our customers' expectations. Until the legacy systems are brought up to Equinix standards, customers in these legacy IBX data centers could be exposed to higher risks of unexpected power outages. We have experienced power outages because of these legacy design issues in the past and our customers could experience these in the future.

Problems at one or more of our IBX data centers or corporate offices, whether or not within our control, could result in service interruptions or significant infrastructure or equipment damage. These could result 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;
- global pandemics such as the COVID-19 pandemic; and
- failure of business partners who provide our resale products.

We have service level commitment obligations to certain 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. Any such settlement may result in a reduction of revenue under U.S. generally accepted accounting principles ("GAAP"). 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 and processes. Difficulties from or disruptions to these efforts may interrupt our normal operations and adversely affect our business and operating results.

We have been investing heavily in our back-office information technology systems and processes for a number of years and expect such investment to continue for the foreseeable future in support of our pursuit of global, scalable solutions across all geographies and functions that we operate in. These continuing investments include: 1) ongoing improvements to the customer experience from initial quote to customer billing and our revenue recognition process; 2) integration of recently-acquired operations onto our various information technology systems; and 3) implementation of new tools and technologies to either further streamline and automate processes, such as our procurement system, or to support our compliance with evolving U.S. GAAP, such as the new revenue accounting, derivatives and hedging and leasing standards. As a result of our continued work on these projects, we may experience difficulties with our systems, management distraction and significant business disruptions. For example, 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 also 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. Finally, the collective impact of these changes to our business has placed significant demands on impacted employees across multiple functions, increasing the risk of errors and control deficiencies in our financial statements, distraction from the effective operation of our business and difficulty in attracting and retaining employees. Any such difficulties or disruptions may adversely affect our business and operating results.

Inadequate or inaccurate external and internal information, including budget and planning data, could lead to inaccurate financial forecasts and inappropriate financial decisions.

Our financial forecasts are dependent on estimates and assumptions regarding budget and planning data, market growth, foreign exchange rates, our ability to remain qualified for taxation as a REIT, and our ability to generate sufficient cash flow to reinvest in the business, fund internal growth, make acquisitions, pay dividends and meet our debt obligations. Our financial projections are based on historical experience and on various other assumptions that our management believes to be reasonable under the circumstances and at the time they are made.

The COVID-19 pandemic is expected have a material effect on many aspects of the economy, but the extent of its impact on Equinix is difficult to predict at this time. We continue to evolve our forecasting models as the situation unfolds but if our predictions are inaccurate and our results differ materially from our forecasts, we could make inappropriate financial decisions. Additionally, inaccuracies in our models could adversely impact our compliance with REIT asset tests, future profitability, stock price and/or stockholder confidence.

The level of 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 earthquake insurance for certain of our IBX data centers, but for our data centers in high risk zones, including those in California and Japan, 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.

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, permits or leases for the removal or cleanup of such substances or materials, the cost of which could be substantial.

We purchase significant amounts of electricity from generating facilities and utility companies that are subject to environmental laws, regulations and permit requirements. These environmental requirements are subject to material change, which could result in increases in our electricity suppliers' compliance costs that may be passed through to us. Regulations promulgated by the U.S. EPA or other international regulators could limit air emissions from coal-fired power plants, restrict discharges of cooling water, and otherwise impose new operational restraints on conventional power plants that could increase costs of electricity. Regulatory programs intended to promote increased generation of electricity from renewable sources may also increase our costs of procuring electricity. In addition, we are directly subject to environmental, health and safety laws regulating air emissions, storm water management and other issues arising in our business. For example, our emergency generators are subject to state and federal regulations governing air pollutants, which could limit the operation of those generators or require the installation of new pollution control technologies. While environmental regulations do not normally impose material costs upon our operations, unexpected events, equipment malfunctions, human error and changes in law or regulations, among other factors, can lead to additional capital requirements, limitations upon our operations and unexpected increased costs.

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. There has been interest in the U.S. Congress and in countries we operate abroad in addressing climate change. In the U.S., these have been expressed by a number of bills introduced in the most recent Congressional Session. Federal legislative proposals to address climate change include measures ranging from "carbon taxes," to tax credits, to federally imposed limitations on GHG emissions. The course of future legislation and regulation in the U.S. and abroad remains difficult to predict and the potential increased costs associated with GHG regulation or taxes cannot be estimated at this time.

State regulations also have the potential to increase our costs of obtaining electricity. Certain states and countries in which we operate have issued or are considering and may enact environmental regulations that could materially affect our facilities and electricity costs. For example, California has limited GHG emissions from new and existing conventional power plants by imposing regulatory caps and by auctioning the rights to emission allowances. Washington, Oregon and Massachusetts have issued regulations to implement similar carbon cap and trade programs, and other states are considering proposals to limit carbon emissions through cap and trade programs, carbon pricing programs and other mechanisms. Some northeastern states adopted a multi-state program for limiting carbon emissions through the Regional Greenhouse Gas Initiative ("RGGI") cap and trade program. State and international 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, they could have a material adverse effect on electricity costs in the future.

Aside from regulatory requirements, we have separately undertaken efforts to procure energy from renewable energy projects in order to support new renewables development. The costs of procuring such energy may exceed the costs of procuring electricity from existing sources, such as existing utilities or electric service provided through conventional grids. These efforts to support and enhance renewable electricity generation may increase our costs of electricity above those that would be incurred through procurement of conventional electricity from existing sources.

Our business may be adversely affected by climate change and responses to it.

Severe weather events, such as droughts, heat waves, fires, hurricanes, and flooding, pose a threat to our data centers and our customers' IT infrastructure through physical damage to facilities or equipment, power supply disruption, and long-term effects on the cost of electricity. The frequency and intensity of severe weather events are reportedly increasing locally and regionally as part of broader climate changes. Global weather pattern changes may also pose long-term risks of physical impacts to our business.

We maintain disaster recovery and business continuity plans that would be implemented in the event of severe weather events that interrupt our business or affect our customers' IT infrastructure. While these plans are designed to allow us to recover from natural disasters or other events that can interrupt our business, we cannot be certain that our plans will protect us or our customers from all such disasters or events. Failure to prevent impact to customers from such events could adversely affect our business.

We are dedicated to sustainability and face pressures from our customers and stockholders, who are increasingly focused on climate change, to prioritize sustainable energy practices, reduce our carbon footprint and promote sustainability. To address these goals and concerns, we pursue opportunities to improve energy efficiency and implement energy-saving retrofits. In addition, we have established a long-term goal of using 100% clean and renewable energy. As a result of these and other initiatives, we have made progress towards reducing our carbon footprint. It is possible, however, that our customers and investors might not be satisfied with our sustainability efforts or the speed of their adoption. If we do not meet our customers' or stockholders' expectations, our business and/or our share price could be harmed.

Concern about climate change in various jurisdictions may result in more stringent laws and regulatory requirements regarding emissions of carbon dioxide or other GHGs. As described above under "RISK FACTORS -

Environmental regulations may impose upon us new or unexpected costs," restrictions on carbon dioxide or other GHG emissions could result in significant increases in operating or capital costs, including higher energy costs generally, and increased costs from carbon taxes, emission cap and trade programs and renewable portfolio standards that are imposed upon our electricity suppliers. These higher energy costs, and the cost of complying across our global platform, or of failing to comply with these and other climate change regulations, may have an adverse effect on our business and our results of operations.

Our business could be harmed by prolonged power outages, shortages or capacity constraints.

Our IBX data centers are affected by problems accessing electricity sources, such as planned or unplanned power outages and limitations on transmission or distribution. Unplanned power outages, including, but not limited to those relating to large storms, earthquakes, fires, tsunamis, cyberattacks and planned power outages by public utilities such as those related to Pacific Gas and Electric Company's ("PG&E") planned outages in California to minimize fire risks, could harm our customers and our business. While many of our offices are closed because of the COVID-19 pandemic, our employees in California may be subjected to planned power outages at home which could be difficult to track and could affect our day to day operations of our non-IBX employees. Our international operations are sometimes located outside of developed, reliable electricity markets, where we are exposed to some insecurity in supply associated with technical and regulatory problems, as well as transmission constraints. 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. We attempt to limit our exposure to system downtime by using backup generators and alternative power supplies, but these measures may not always prevent downtime, which can adversely affect customer experience and revenues.

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 increasing per unit of equipment. 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, which can result in growth in the aggregate power consumption of our facilities beyond our original plan and expectations. This means that limitations on the capacity of our electrical delivery systems and equipment could limit customer utilization of our IBX data centers. These limitations 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.

Each new facility requires access to significant quantities of electricity. Limitations on generation, transmission and distribution may limit our ability to obtain 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.

Any power outages, shortages or capacity constraints may have an adverse effect on our business and our results of operations.

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 impacted. 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.

If we are unable to implement our evolving organizational structure or if we are unable to recruit or retain key executives and qualified personnel, our business could be harmed.

In connection with the evolving needs of our customers and our business, we undertook a review of our organizational architecture and have made, and will continue to make, changes as a result of that review. There can be no assurances that the changes won't result in attrition, that the significant amount of management and other employees' time and focus to implement the changes won't divert attention from operating and growing the business, or that any changes will result in increased organizational effectiveness. We must also continue to identify, hire, train and retain key personnel who maintain relationships with our customers and who can provide the technical, strategic and marketing skills required for our company's growth. 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 key executives and personnel could cause disruption, harm our business and hamper our ability to grow our company.

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

The global multi-tenant data center market is highly fragmented. It is estimated that Equinix is one of more than 1,200 companies that provide these offerings around the world. Equinix competes with these firms which vary in terms of their data center offerings. We must continue to evolve our product strategy and be able to differentiate our IBX data centers and product offerings from those of our competitors.

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.

If we cannot continue to develop, acquire, market and provide new offerings or enhancements to existing offerings that meet customer requirements and differentiate us from our customers, our operating results could suffer.

As our customers evolve their IT strategies, we must remain flexible and evolve along with new technologies and industry and market shifts. Ineffective planning and execution in our cloud and product development strategies may cause difficulty in sustaining our competitive advantages.

The process of developing and acquiring new offerings and enhancing existing offerings is complex. If we fail to anticipate customers' evolving needs and expectations or do not adapt to technological and IT trends, our results of operations could suffer. In order to adapt effectively, we sometimes must make long-term investments, develop, acquire or obtain certain intellectual property and commit significant resources before knowing whether our predictions will accurately reflect customer demand for the new offerings. If we misjudge customer needs in the future, our new offerings may not succeed, and our revenues and earnings may be harmed. Additionally, any delay in the development, acquisition, marketing or launch of a new offering could result in customer dissatisfaction or attrition. If we cannot continue adapting our products, or if our competitors can adapt their products more quickly than us, our business could be harmed.

We recently announced our Joint Ventures with GIC and are also in discussions with a targeted set of hyperscale customers to develop capacity to serve their larger footprint needs by leveraging existing capacity and dedicated hyperscale builds. We have announced our intention to seek additional joint venture partners for certain of our hyperscale builds. There can be no assurances that our joint ventures will be successful or that we find additional partners or that we are able to successfully meet the needs of these customers.

We also recently acquired Packet Host, Inc., a bare metal automation company to facilitate a new product offering for Equinix. While we believe this new product offering will be desirable to our customers and will complement our other offerings on Platform Equinix, we cannot guarantee the success of this product or any other new product offering. Our company has not historically offered hardware solutions, and this is a new market area for us which can bring challenges and could harm our business if not executed in the time or manner that we expect.

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, 2019, 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 integration of recently acquired businesses, the adoption of new accounting principles and tax laws, and our overhaul of our back office systems that, for example, support the 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.

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 solutions at our IBX data centers;
- changes in general economic conditions, such as from the COVID-19 pandemic or other economic downturns, or specific market conditions in the telecommunications and internet industries, any of which could have a material impact on us or 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;
- additions and changes in product offerings and our ability to ramp up and integrate new products 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 electricity;
- 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 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 process and system upgrades and acquisitions.

Our DSO may be negatively impacted by ongoing process and system upgrades which can impact our customers' experience in the short term, together with integrating recent acquisitions into our processes and systems, which may have a negative impact on our operating cash flows, liquidity and financial performance.

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 U.S. 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 periodically monitor the remaining net book values of our property, plant and equipment, including at the individual IBX data center level. Although each individual IBX data center is currently performing in accordance 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, 2020, our retained earnings were $1,709.3 million. Although we have generated net income for each fiscal year since 2008, except for the year ended December 31, 2014, we are currently investing heavily in our future growth through the build out of multiple additional IBX data centers, expansions of IBX data centers and acquisitions of complementary businesses. As a result, we will incur higher depreciation and other operating expenses, as well as transaction 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 the 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. 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 disrupt our business, harm our customer relationships, expose us to liability under our customer contracts, cause us to take impairment charges and affect our operating results negatively.

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

We derive 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 often have unique terms and conditions, such as most favored customer obligations, and 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, any uncertain global economic climate, including the one we are currently experiencing as a result of the COVID-19 pandemic, could 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 or seek bankruptcy protection 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. Further, any payments made in settlement may directly reduce our revenue under U.S. GAAP and could negatively impact our operating results for the period. For all of these reasons, litigation 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 ("FCC") recently overturned network neutrality rules, which may result in material changes in the regulations and contribution regime affecting us and our customers. Furthermore, the U.S. Congress and state legislatures are reviewing and considering changes to the new FCC rules making the future of network neutrality and its impact on Equinix uncertain. There may also be forthcoming regulation in the U.S. on a federal or state level in the areas of cybersecurity, data privacy, taxation and data security, any of which could impact Equinix and our customers. Similarly, data privacy regulations continue to evolve and must be addressed by Equinix as a global company.

We remain focused on whether and how existing and changing laws, such as those governing intellectual property, privacy, libel, telecommunications services, data flows/data localization, carbon emissions impact, and taxation apply to the internet and to related offerings such as ours and those which might have a material effect on our customers’ decisions to purchase our services. Substantial resources may be required to comply with regulations or bring any non-compliant business practices into compliance with such regulations. In addition, the continuing 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.

While our business and IBX data centers are currently all operational and have been designated "critical infrastructure" or "essential services" in order to remain open in many jurisdictions during the COVID-19 pandemic, any regulations restricting our ability to operate our business due to COVID-19 could have a material adverse effect on our business. Additionally, the "essential services" and "critical infrastructure" designations we have experienced could lead countries or local regulators to impose additional regulations on the data center industry following the COVID-19 pandemic in order to have better visibility and control over our industry for future events.

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.

Risks Related to Our Taxation as a REIT

We may not remain qualified for taxation as a REIT.

We have elected to be taxed as a REIT for U.S. federal income tax purposes beginning with our 2015 taxable year. We believe that our organization and method of operation comply with the rules and regulations promulgated under the Internal Revenue Code of 1986, as amended (the "Code"), such that we will continue to qualify for taxation as a REIT. However, we cannot assure you that we have qualified for taxation as a REIT or that we will remain so qualified. Qualification for taxation as a REIT involves the application of highly technical and complex provisions of the Code to our operations as well as various factual determinations concerning matters and circumstances not entirely within our control. There are limited judicial or administrative interpretations of applicable REIT provisions of the Code.

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 U.S. federal and state income tax on our taxable income at regular corporate income tax 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 for taxation as a REIT.

Any such corporate tax liability could be substantial and would reduce the amount of cash available for other purposes. If we fail to remain qualified for taxation as a REIT, we may need to borrow additional funds or liquidate some investments to pay any additional tax liability. Accordingly, funds available for investment and distributions to stockholders could be reduced.

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 2020 and have declared a quarterly distribution to be paid on December 9, 2020. 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, or in limited circumstances, the following 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 U.S. 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, interest expense deductions limited by Section 163(j) of the Code, 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 U.S. 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, sell assets or raise equity to satisfy our REIT distribution requirements.

Due to the size and timing of future distributions, including any distributions made to satisfy REIT distribution requirements, we may need to borrow funds, sell assets or raise equity, even if the then-prevailing market conditions are not favorable for these borrowings, sales 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, to sell assets, 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 described elsewhere in this Form 10-Q.

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.

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

To remain qualified for taxation 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 20% 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 our qualification for taxation as a REIT, we must 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 income tax rates for our undistributed REIT taxable income, as well as U.S. federal income tax at regular corporate income tax rates for income recognized by our TRSs; we also pay taxes in the foreign jurisdictions in which our international assets and operations are held and conducted regardless of our qualification for taxation as a REIT. 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.

Our ability to fully deduct our interest expense may be limited, or we may be required to adjust the tax depreciation of our real property in order to maintain the full deductibility of our interest expense.

The Code limits interest deductions for businesses, whether in corporate or passthrough form, to the sum of the taxpayer's business interest income for the tax year and 50% (30% for tax years after 2020) of the taxpayer's adjusted taxable income for that tax year. This limitation does not apply to an "electing real property trade or business". Although REITs are permitted to make such an election, we do not currently intend to do so. If we so elect in the future, depreciable real property that we hold (including specified improvements) would be required to be depreciated for U.S. federal income tax purposes under the alternative depreciation system of the Code, which generally imposes a class life for depreciable real property as long as 40 years.

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.

Our operations include an extensive use of TRSs. 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 (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. Further, a substantial portion of our TRSs are overseas, and a material change in foreign currency rates could also negatively impact our ability to remain qualified for taxation as a REIT.

The Code imposes limitations on the ability of our TRSs to utilize specified income tax deductions, including limits on the use of net operating losses and limits on the deductibility of interest expense.

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, including 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 our 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 U.S. federal corporate level income tax at the highest regular corporate income tax rate (currently 21%) 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 C corporation (such as an asset that we or our QRSs hold following the liquidation or other conversion of a former TRS). This 21% tax is generally applicable to any disposition of such an asset during the five-year period after the date we first owned the asset as a REIT asset, 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.

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 income or gain in the TRSs. As a result, our financial performance, including our AFFO, may also fluctuate.

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

Dividends payable by U.S. corporations to noncorporate stockholders, such as individuals, trusts and estates, are generally eligible for reduced U.S. federal income tax rates applicable to "qualified dividends." Distributions paid by REITs generally are not treated as "qualified dividends" under the Code, and the reduced rates applicable to such dividends do not generally apply. However, for tax years beginning before 2026, REIT dividends paid to noncorporate stockholders are generally taxed at an effective tax rate lower than applicable ordinary income tax rates due to the availability of a deduction under the Code for specified forms of income from passthrough entities. More favorable rates will nevertheless continue to apply to regular corporate "qualified" dividends, which may cause some investors to perceive that an investment in a REIT is less attractive than an investment in a non-REIT entity that pays dividends, thereby reducing the demand and market price of 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. 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 monitor and 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.

In addition, the ownership and transfer restrictions could delay, defer or prevent a transaction or a change in control that might involve a premium price for our stock or otherwise be in the best interest of our stockholders. As a result, the overall effect of the ownership and transfer restrictions may be to render more difficult or discourage any attempt to acquire us, even if such acquisition may be favorable to the interests of our stockholders.

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

At any time, the U.S. federal or state income tax laws governing REITs, or the administrative interpretations of those laws, may be amended. U.S. federal and state tax laws are constantly under review by persons involved in the legislative process, the Internal Revenue Service, 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, particularly non-U.S. TRSs.

We could incur adverse tax consequences if we fail to integrate an acquisition target in compliance with the requirements to qualify for taxation as a REIT.

We periodically explore and occasionally consummate merger and acquisition transactions. When we consummate these transactions, we structure the acquisition to successfully manage the REIT income, asset, and distribution tests that we must satisfy. We believe that we have and will in the future successfully integrate our acquisition targets in a manner that has and will allow us to timely satisfy the REIT tests applicable to us, but if we failed or in the future fail to do so, then we could jeopardize or lose our qualification for taxation as a REIT, particularly if we were not eligible to utilize relief provisions set forth in the Code.

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

		Incorporated by Reference			
Exhibit Number	Exhibit Description	Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
2.1	Rule 2.7 Announcement, dated as 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	
2.4	Transaction Agreement, dated as of December 6, 2016, by and between Verizon Communications Inc. and Equinix, Inc.	8-K	12/6/2016	2.1	
2.5	Amendment No. 1 to the Transaction Agreement, dated February 23, 2017, by and between Verizon Communications Inc. and Equinix, Inc.	10-K	12/31/2016	2.5	
2.6	Amendment No.2 to the Transaction Agreement, dated April 30, 2017, by and between Verizon Communications Inc. and Equinix, Inc.	8-K	5/1/2017	2.1	
2.7	Amendment No.3 to the Transaction Agreement, dated June 29, 2018, by and between Verizon Communications Inc. and Equinix, Inc.	10-Q	8/8/2018	2.7	
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, dated as of November 20, 2014, between Equinix, Inc. and U.S. Bank National Association as trustee.	8-K	11/20/2014	4.1	

4.3	Fourth Supplemental Indenture, dated as of March 22, 2017 between Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	3/22/2017	4.2
4.4	Form of 5.375% Senior Notes due 2027 (see Exhibit 4.3).			
4.5	Fifth Supplemental Indenture, dated as of September 20, 2017 among Equinix, Inc. and U.S. Bank National Association, as trustee, and Elavon Financial Services DAC, UK Branch, as paying agent.	8-K	9/20/2017	4.2
4.6	Form of 2.875% Senior Notes due 2025 (see Exhibit 4.5).			
4.7	Indenture, dated as of December 12, 2017, between Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	12/5/2017	4.1
4.8	Supplemental Indenture, dated as of December 12, 2017, among Equinix, Inc. and U.S. Bank National Association, as trustee, and Elavon Financial Services DAC, UK Branch, as paying agent.	8-K	12/5/2017	4.2
4.9	Form of 2.875% Senior Notes due 2026 (see Exhibit 4.8).			
4.10	Third Supplemental Indenture, dated as of April 2, 2018, among Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	4/3/2018	4.2
4.11	Form of 5.00% Senior Notes due October 2020 (see Exhibit 4.10).			
4.12	Form of 5.00% Senior Notes due April 2021 (see Exhibit 4.10).			
4.13	Fourth Supplemental Indenture, dated as of November 18,2019, among Equinix, Inc and U.S. Bank National Association, as trustee.	8-K	11/18/2019	4.2
4.14	Form of 2.625% Senior Notes due 2024 (See Exhibit 4.14).			
4.15	Fifth Supplemental Indenture, dated as of November 18, 2019, among Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	11/18/2019	4.4
4.16	Form of 2.900% Senior Notes due 2026 (See Exhibit 4.16).			
4.17	Sixth Supplemental Indenture, dated as of November 18, 2019, among Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	11/18/2019	4.6
4.18	Form of 3.200% Senior Notes due 2029 (See Exhibit 4.18)	8-K	6/22/2020	
4.19	Seventh Supplemental Indenture, dated as of June 22, 2020, among Equinix, Inc. and U.S. Bank National Association, as trustee	8-K	6/22/2020	4.2
4.20	Form of 1.250% Senior Note due 2025 (See Exhibit 4.20)	8-K	6/22/2020	4.3
4.21	Eighth Supplemental Indenture, dated as of June 22, 2020, among Equinix, Inc. and U.S. Bank National Association, as trustee	8-K	6/22/2020	4.4

4.22	Form of 1.800% Senior Note due 2027 (See Exhibit 4.22)	8-K	6/22/2020	4.5
4.23	Ninth Supplemental Indenture, dated as of June 22, 2020, among Equinix, Inc. and U.S. Bank National Association, as trustee	8-K	6/22/2020	4.6
4.24	Form of 2.150% Senior Note due 2030 (see Exhibit 4.24)	8-K	6/22/2020	4.7
4.25	Tenth Supplemental Indenture, dated as of June 22, 2020, among Equinix, Inc. and U.S. Bank National Association, as trustee	8-K	6/22/2020	4.8
4.26	Form of 3.000% Senior Note due 2050 (See Exhibit 4.26)	8-K	6/22/2020	4.9
4.27	Eleventh Supplemental Indenture, dated as of October 7, 2020, among Equinix, Inc. and U.S. Bank National Association, as trustee	8-K	10/7/2020	4.2
4.28	Form of 1.000% Senior Note due 2025 (included in Exhibit 4.28)	8-K	10/7/2020	4.3
4.29	Twelfth Supplemental Indenture, dated as of October 7, 2020, among Equinix, Inc. and U.S. Bank National Association, as trustee	8-K	10/7/2020	4.4
4.30	Form of 1.550% Senior Note due 2028 (included in Exhibit 4.30)	8-K	10/7/2020	4.5
4.31	Thirteenth Supplemental Indenture, dated as of October 7, 2020, among Equinix, Inc. and U.S. Bank National Association, as trustee	8-K	10/7/2020	4.6
4.32	Form of 2.950% Senior Note due 2051 (included in Exhibit 4.32)	8-K	10/7/2020	4.7
4.33	Form of Registrant's Common Stock Certificate.	10-K	12/31/2014	4.13
4.34	Description of Securities.	10-K	12/31/2019	4.31
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-K	12/31/2016	10.2
10.3**	2000 Director Option Plan, as amended.	10-K	12/31/2016	10.3
10.4**	2001 Supplemental Stock Plan, as amended.	10-K	12/31/2016	10.4
10.5**	2020 Equity Incentive Plan	DEF14A	4/27/2020	Appendix A
10.6**	Equinix, Inc. 2004 Employee Stock Purchase Plan, as amended.	10-Q	6/30/2014	10.5
10.7**	Switch & Data 2007 Stock Incentive Plan.	S-1/A (File No. 333-137607) filed by Switch & Data Facilities Company	2/5/2007	10.9
10.8**	Repatriation Agreement by and between Equinix, Inc. and Eric Schwartz dated June 5.	10-Q	6/30/2019	10.17

10.9**	2018 Form of Revenue/AFFO Restricted Stock Unit Agreement for Executives.	10-Q	3/31/2018	10.31
10.10**	2018 Form of TSR Restricted Stock Unit Agreement for Executives.	10-Q	3/31/2018	10.32
10.11**	2018 Form of Time-Based Restricted Stock Unit Agreement for Executives.	10-Q	3/31/2018	10.33
10.12**	2019 Form of Revenue/AFFO per Share Restricted Stock Unit Agreement for Executives.	10-Q	3/31/2019	10.29
10.13**	2019 Form of TSR Restricted Stock Unit Agreement for Executives.	10-Q	3/31/2019	10.30
10.14**	2019 Form of Time-Based Restricted Stock Unit Agreement for Executives.	10-Q	3/31/2019	10.31
10.15**	2020 Equinix, Inc. Annual Incentive Plan.	10-Q	3/31/2020	10.18
10.16**	2020 Form of Revenue/AFFO per Share Restricted Stock Unit Agreement for Executives.	10-Q	3/31/2020	10.19
10.17**	2020 Form of TSR Restricted Stock Unit Agreement for Executives.	10-Q	3/31/2020	10.20
10.18**	2020 Form of Time-Based Restricted Stock Agreement for Executives.	10-Q	3/31/2020	10.21
10.19	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
10.20	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
10.21	Credit Agreement dated as of December 12, 2017 among Equinix, Inc. as Borrower, The Guarantors Parties (defined therein), Bank of America, N.A., as Administrative Agent, Lender and L/C issuer, Barclays Bank PLS, Goldman Sachs Bank USA, HSBC Securities (USA) Inc. ING Capital LLC, TD Securities (USA) LLC, and Wells Fargo Bank, National Association as Co-Documentation Agents, the Other Lenders Party (defined therein) and Bank of America, N.A., Citibank, N.A., JPMorgan Chase Bank, N.A., MUFG, and RBC Capital Markets as Joint Lead Arrangers and Joint Book Runners.	10-K	12/31/2017	10.40

10.22	Consent and First Amendment to Credit Agreement, dated as of June 28, 2018 by and among Equinix, Inc. as Borrower, the Guarantors (defined therein), the Lenders (as such term is defined in the Credit Agreement referred to therein), and BANK OF AMERICA, N.A., as Administrative Agent.	10-Q	8/8/2018	10.35
10.23	Second Amendment to Credit Agreement, dated as of July 26, 2018, by and between Equinix, Inc. as Borrower, the financial institutions defined therein, MUFG Bank, Ltd., as Technical Agent and Bank of America, N.A. as Administrative Agent, under that certain Credit Agreement dated December 12, 2017.	10-Q	8/8/2018	10.36
10.24	Third Amendment to Credit Agreement, dated as of April 26, 2019, by and among Equinix, Inc., Delaware corporation ("Equinix" or the "Borrower"), each "Lender" (as such term is defined in the Credit Agreement referred to therein) party hereto, and BANK OF AMERICA, N.A., as Administrative Agent, under that certain Credit Agreement dated December 12, 2017.	10-Q	6/30/2019	10.34
10.25	Credit Agreement dated April 15, 2020, by and among Equinix, as borrower, a syndicate of financial institutions, as lenders, MUFG Bank, Ltd.as administrative agent, and MUFG Union Bank, N.A., Sumitomo, Mitsui Banking Corporation, TD Securities (USA) LLC and Mizuho Bank, Ltd., as joint lead arrangers.	10-Q	6/30/2020	10.25
10.26**	Relocation Letter Agreement by and between Equinix, Inc. and Charles Meyers dated October 12, 2018.	10-K	2/22/2019	10.37
10.27**	Change in Control Severance Agreement between Equinix, Inc and Mike Campbell dated October 3, 2019.	10-Q	9/30/2019	10.25
10.28**	Change in Control Severance Agreement between Equinix, Inc and Brandi Galvin Morandi dated October 3, 2019.	10-Q	9/30/2019	10.26
10.29**	Change in Control Severance Agreement between Equinix, Inc and Karl Strohmeyer dated October 3, 2019.	10-Q	9/30/2019	10.27
10.30**	Change in Control Severance Agreement between Equinix, Inc and Peter Van Camp dated October 3, 2019.	10-Q	9/30/2019	10.28
10.31**	Change in Control Severance Agreement between Equinix, Inc and Charles Meyers dated October 4, 2019.	10-Q	9/30/2019	10.29
10.32**	Change in Control Severance Agreement between Equinix, Inc and Eric Schwartz dated October 3, 2019.	10-Q	9/30/2019	10.30
10.33**	Change in Control Severance Agreement between Equinix, Inc and Keith Taylor dated October 3, 2019.	10-Q	9/30/2019	10.31
10.34**	Change in Control Severance Agreement between Equinix, Inc and Sara Baack dated October 3, 2019.	10-Q	9/30/2019	10.32

10.35**	Side Letter Agreement Regarding RSUs between Equinix, Inc. and Sara Baack dated October 3, 2019.	10-Q	9/30/2019	10.33	
10.36**	Side Letter Agreement Regarding RSUs between Equinix, Inc. and Charles Meyers dated October 4, 2019.	10-Q	9/30/2019	10.34	
10.37**	Side Letter Agreement Regarding RSUs between Equinix, Inc. and Eric Schwartz dated October 3, 2019.	10-Q	9/30/2019	10.35	
10.38**	Side Letter Agreement Regarding RSUs between Equinix, Inc. and Keith Taylor dated October 3, 2019.	10-Q	9/30/2019	10.36	
10.39**	Side Letter Agreement Regarding RSUs between Equinix, Inc. and Mike Campbell dated October 3, 2019.	10-Q	9/30/2019	10.37	
10.40**	Side Letter Agreement Regarding RSUs between Equinix, Inc. and Brandi Galvin Morandi dated October 3, 2019.	10-Q	9/30/2019	10.38	
10.41**	Side Letter Agreement Regarding RSUs between Equinix, Inc. and Karl Strohmeyer dated October 3, 2019.	10-Q	9/30/2019	10.39	
10.42**	Side Letter Agreement Regarding RSUs between Equinix, Inc. and Peter Van Camp dated October 3, 2019.	10-Q	9/30/2019	10.40	
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 - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				X

104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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: October 30, 2020

By: /s/ KEITH D. TAYLOR
Chief Financial Officer
(Principal Financial Officer)

INDEX TO EXHIBITS

Exhibit Number	Description of Document
21.1	Subsidiaries of Equinix, Inc.
31.1	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Document.
101.LAB	Inline XBRL Taxonomy Extension Labels Document.
101. PRE	Inline XBRL Taxonomy Extension Presentation Document.
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

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

Exhibit 21.1

Subsidiaries of Equinix, Inc.

Entity	**Jurisdiction**
Equinix Canada Holdings Limited	Canada
Equinix (Australia) Enterprises Holdings Pty Limited	Australia
Equinix (Australia) Enterprises Pty Limited	Australia
Equinix Australia Pty Limited	Australia
McLaren Pty Limited	Australia
Metronode (ACT) Pty Limited	Australia
Metronode (NSW) Pty Ltd	Australia
Metronode C1 Pty Limited	Australia
Metronode Group Pty Limited	Australia
Metronode Investments Pty Limited	Australia
Metronode M2 Pty Ltd	Australia
Metronode P2 Pty Limited	Australia
MGH Pegasus Pty Ltd	Australia
Equinix Australia National Pty. Ltd.	Australia
Metronode S2 Pty Ltd	Australia
Metronode New Zealand Limited	New Zealand
MGH Bidco Pty Limited	Australia
MGH Finco Pty Limited	Australia
MGH Holdco Pty Ltd	Australia
McLaren Unit Trust	Australia
Equinix South America Holdings, LLC	Delaware, U.S.
Equinix do Brasil Soluções de Tecnologia em Informática Ltda.	Brazil
Equinix do Brasil Telecomunicações Ltda.	Brazil
Equinix Colombia, Inc.	British Virgin Islands
Equinix (Bulgaria) Data Centers EOOD	Bulgaria
Equinix (Canada) Enterprises Ltd.	Canada
Equinix Canada (TR3) Ltd.	Canada
Equinix Canada Ltd.	Canada
CHI 3, LLC	Delaware, U.S.
DCI Management, Inc.	Delaware, U.S.
DCI Tech Holdings Infomart, LLLP	Delaware, U.S.
Equinix (EMEA) Management, Inc.	Delaware, U.S.
Equinix (US) Enterprises, Inc.	Delaware, U.S.
Equinix LLC	Delaware, U.S.
Equinix Pacific LLC	Delaware, U.S.
Equinix Professional Services, Inc.	Delaware, U.S.
Equinix Government Solutions LLC	Delaware, U.S.
Equinix RP II LLC	Delaware, U.S.
Infomart Dallas GP, LLC	Delaware, U.S.
Infomart Dallas, LP	Delaware, U.S.
Infomart Holdings, LLC	Delaware, U.S.
Infomart Venture, LLC	Delaware, U.S.

Entity	Jurisdiction
LA4, LLC	Delaware, U.S.
Moran Road Partners, LLC	Delaware, U.S.
NY2 Hartz Way, LLC	Delaware, U.S.
SV1, LLC	Delaware, U.S.
Switch & Data Facilities Company LLC	Delaware, U.S.
Switch & Data LLC	Delaware, U.S.
Switch & Data MA One LLC	Delaware, U.S.
Switch & Data WA One LLC	Delaware, U.S.
Switch & Data/NY Facilities Company LLC	Delaware, U.S.
Switch and Data CA Nine LLC	Delaware, U.S.
Switch And Data NJ Two LLC	Delaware, U.S.
Switch and Data Operating Company LLC	Delaware, U.S.
CHI 3 Procurement, LLC	Illinois, U.S.
VDC I, LLC	Delaware, U.S.
VDC II, LLC	Delaware, U.S.
VDC V, LLC	Delaware, U.S.
Equinix Hyperscale (LP) LLC	Delaware, U.S.
Equinix Hyperscale (GP) LLC	Delaware, U.S.
Packet Host, Inc.	Delaware, U.S.
PacketHost, Inc.,	Philippines
Packet Host, Ltd.	Japan
Packet Host Pte. Ltd.	Singapore
Equinix (Finland) Enterprises Oy	Finland
Equinix (Finland) Oy	Finland
Equinix (France) Enterprises SAS	France
Equinix (Real Estate) Holdings SC	France
Equinix (Real Estate) SCI	France
Equinix France SAS	France
Equinix (Germany) Enterprises GmbH	Germany
Equinix (Germany) GmbH	Germany
Equinix (Real Estate) GmbH	Germany
Upminster GmbH	Germany
Equinix Hyperscale 1 (FR9) GmbH	Germany
Equinix Hyperscale 1 (FR11) GmbH	Germany
Equinix (Hong Kong) Enterprises Limited	Hong Kong
Equinix Hong Kong Limited	Hong Kong
Equinix (Ireland) Enterprises Limited	Ireland
Equinix (Ireland) Limited	Ireland
Equinix (Italia) Enterprises S.r.l.	Italy
Equinix Italia S.r.l.	Italy
Open Hub Med Societa Consortile a responsabilita limitata	Italy
Equinix (Japan) Enterprises K.K.	Japan
Equinix (Japan) Technology Services K.K.	Japan
Equinix Japan K.K (in Kanji)	Japan
Equinix Muscat LLC	Oman
Equinix Middle East Services LLC	Oman

Entity	**Jurisdiction**
Equinix (China) Investment Holding Co., Ltd (亿利互连(中国)投资有限公司)	People’s Republic of China
Equinix Information Technology (Shanghai) Co., Ltd. (亿利互连信息技术(上海)有限公司)	People’s Republic of China
Equinix WGQ Information Technology (Shanghai) Co., Ltd. (亿利互连(上海)通讯科技有限公司)	People’s Republic of China
Equinix YP Information Technology (Shanghai) Co., Ltd. (亿利互连数据系统(上海)有限公司)	People’s Republic of China
Gaohong Equinix (Shanghai) Information Technology Co., Ltd (高鸿亿利(上海)信息技术有限公司)	People’s Republic of China
Equinix India Private Limited	India
Equinix (Poland) Technology Services sp. z o.o.	Poland
Equinix (Poland) Enterprises sp. z o.o.	Poland
Equinix (Poland) sp. z o.o.	Poland
Equinix (Portugal) Data Centers, S.A.	Portugal
Equinix II (Portugal) Enterprises Data Centers, Unipessoal Lda	Portugal
Equinix Korea LLC	Republic of Korea
Equinix (Singapore) Enterprises Pte. Ltd.	Singapore
Equinix Asia Pacific Holdings Pte. Ltd.	Singapore
Equinix Asia Pacific Pte. Ltd.	Singapore
Equinix Singapore Holdings Pte. Ltd.	Singapore
Equinix Singapore Pte. Ltd.	Singapore
Equinix (Spain) Enterprises, S.L.U.	Spain
Equinix (Spain), S.A.U.	Spain
Equinix (Sweden) AB	Sweden
Equinix (Sweden) Enterprises AB	Sweden
Equinix (Switzerland) Enterprises GmbH	Switzerland
Equinix (Switzerland) GmbH	Switzerland
EMEA Hyperscale 1 C.V.	The Netherlands
Equinix Hyperscale 1 Holdings B.V.	The Netherlands
Equinix (EMEA) Acquisition Enterprises B.V.	The Netherlands
Equinix (EMEA) B.V.	The Netherlands
Equinix (Netherlands) B.V.	The Netherlands
Equinix (Netherlands) Enterprises B.V.	The Netherlands
Equinix (Netherlands) Holdings B.V.	The Netherlands
Virtu Secure Webservices B.V.	The Netherlands
Equinix (EMEA) Hyperscale Services B.V.	The Netherlands
Equinix Turkey Data Merkezi Üretim Inşaat Sanayi ve Ticaret Anonim Şirketi	Turkey
Equinix Turkey Enterprises Data Merkezi Üretim Inşaat Sanayi ve Ticaret Anonim Şirketi	Turkey
Equinix Middle East FZ-LLC	United Arab Emirates
Equinix Hyperscale 1 (LD11) Limited	United Kingdom
Equinix (Services) Limited	United Kingdom
Equinix (UK) Enterprises Limited	United Kingdom
Equinix (UK) Limited	United Kingdom
Equinix Hyperscale 1 (France) Holdings SAS	France
Equinix Hyperscale 1 (PA9) SAS	France

Entity	**Jurisdiction**
Equinix Hyperscale 1 (PA8) SAS	France
Equinix Hyperscale 1 (UK) Financing Limited	United Kingdom
Equinix Hyperscale 1 (LD13) Limited	United Kingdom
Equinix, Hyperscale 1 (AM9) B.V.	The Netherlands
Equinix (ML-A) S.r.l.	Italy
Equinix (MA5) Limited	United Kingdom
Equinix (Poland) Services sp. z o.o	Poland
Equinix Hyperscale 1 (TY14) TMK	Japan
Equinix Hyperscale 1 (OS2) TMK	Japan
Equinix Hyperscale 1 (TY12)TMK	Japan
Equinix Mexico Holdings, S. de R.L. de C.V.	Mexico
Equinix MX Sales, S. de R.L. de C.V.	Mexico
Equinix Apodaca, S. de R.L. de C.V.	Mexico
Equinix Queretaro, S. de R.L. de C.V.	Mexico
Equinix MX Services, S.A. de C.V.	Mexico
Equinix APAC 1 Hyperscale Holdings 1 Pte. Ltd.	Singapore
Equinix APAC 1 Hyperscale Holdings 2 Pte. Ltd.	Singapore
Equinix Hyperscale 1 GK	Japan
Equinix Hyperscale 1 (TY12) GK	Japan
Equinix Hyperscale 1 (TY14) GK	Japan
Equinix Hyperscale 1 (OS2) GK	Japan
Equinix (FR-A) GmbH	Germany
Equinix Hyperscale 1 (Japan) TMK	Japan
Equinix (FR-B) GmbH	Germany
Equinix (PA-A) SAS	France
Equinix (PA-B) SAS	France
Equinix Hyperscale (GP) Pte. Ltd.	Singapore
Equinix APAC Hyperscale 1 (LP) LLC	Delaware, U.S.
Equinix (APAC) Hyperscale Services Pte. Ltd.	Singapore
APAC 1 Hyperscale LP	Singapore
Equinix APAC 1 Hyperscale Holdings Pte. Ltd.	Singapore

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Charles Meyers, 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.

/s/ Charles Meyers

Charles Meyers
Chief Executive Officer and President
Dated: October 30, 2020

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.

/s/ Keith D. Taylor

Keith D. Taylor
Chief Financial Officer
Dated: October 30, 2020

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, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Charles Meyers, 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/ Charles Meyers

Charles Meyers
Chief Executive Officer and President

October 30, 2020

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, 2020, 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

October 30, 2020