EQUINIX INC
Form 10-K
February 27, 2017

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

FORM 10-K
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2016
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____________ to _____________
Commission file number 000-31293

EQUINIX, INC.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware | 77-0487526 |
| (State of incorporation) | (IRS 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 | Name of each exchange on which registered |
|---|---|
| Common Stock, $0.001 | The NASDAQ Stock Market LLC |

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Act.
Yes x No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ¨ No x
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 x 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 x No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.x
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer x Accelerated filer o Non-accelerated filer o Smaller reporting company o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ¨ No x

The aggregate market value of the voting and non-voting common stock held by non-affiliates computed by reference to the price at which the common stock was last sold as of the last business day of the registrant's most recently completed second fiscal quarter was approximately $27.6 billion. As of February 24, 2017, a total of 71,637,322 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III – Portions of the registrant's definitive proxy statement to be issued in conjunction with the registrant's 2017 Annual Meeting of Stockholders, which is expected to be filed not later than 120 days after the registrant's fiscal year ended December 31, 2016. Except as expressly incorporated by reference, the registrant's proxy statement shall not be deemed to be a part of this report on Form 10-K.

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DECEMBER 31, 2016
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PART I
ITEM 1. BUSINESS

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

Overview

Equinix, Inc. connects more than 8,500[(1)] companies directly to their customers and partners inside the world’s most interconnected data centers. Today, businesses leverage the Equinix interconnection platform in 41 strategic markets across the Americas, Asia-Pacific, and Europe, Middle East and Africa (EMEA). Equinix operates as a real estate investment trust ("REIT") for federal income tax purposes.

In September 2012, we announced that our Board of Directors approved a plan for Equinix to pursue conversion to a REIT. On December 23, 2014, our Board of Directors formally approved our conversion to a REIT effective on January 1, 2015. We implemented the REIT conversion in 2014, and began operating as a REIT for federal income tax purposes effective January 1, 2015. In May 2015, we received a favorable response to the private letter ruling (“PLR”) we had requested from the U.S. Internal Revenue Service (“IRS”) in connection with our REIT conversion for federal income tax purposes. Our REIT operations include almost all our data center operations in the U.S., Europe and Japan held through qualified REIT subsidiaries (“QRSs”). Our data center operations in other jurisdictions have been designated as taxable REIT subsidiaries (“TRSs”).

In January 2016, Equinix completed the acquisition of TelecityGroup, plc valued at approximately $3.7 billion. In December 2016, Equinix announced that it had signed a definitive agreement to purchase 24 new data center sites, consisting of 29 data centers across 15 metro areas, and their operations, from Verizon Communications Inc. ("Verizon") for $3.6 billion. This will be the 17th acquisition in our history and is consistent with our acquisition strategy of extending our platform to new markets and expanding our interconnection density. Organically, we continue to expand in key markets including the recent opening and expansion of six data centers on four continents: Sydney and Tokyo in 2016, and Abu Dhabi, Dubai, London, and São Paulo in Q1 2017.

Platform Equinix™ combines a global footprint of state-of-the-art International Business Exchange™ (IBX®) data centers, a variety of interconnection solutions, unique ecosystems and expert support. Together, these components accelerate business growth and opportunity for Equinix’s customers by securing their infrastructure and applications closer to their people, clouds, locations and data. This enables customers to improve performance with cost-effective and scalable interconnections, work with vendors to deploy new technologies, such as cloud computing, and collaborate with the widest variety of partners and customers to achieve their ambitions.

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

- Global Data Centers
  - A broad footprint of 150 IBX data centers in 21 countries on 5 continents, 14 million+ gross square feet globally.
  - More than $13.5 billion of capital invested in capacity, new markets and acquisitions since 1998.
  - Equinix delivered uptime of 99.9999% across its footprint in 2016.
- Interconnection
  - More than 1,400 networks and approximately 230,000+ cross connects in Equinix sites.
  - Equinix provides less than 10 milliseconds latency to the majority of the global markets in North America, Europe, Latin America and Asia-Pacific.

(1) All metrics in this Annual Report on Form 10-K are as of December 31, 2016

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Equinix enables its customers to leverage an Interconnection Oriented Architecture™ (IOA™) strategy - a proven and repeatable engagement model that both enterprises and service providers can leverage to directly and securely connect people, locations, clouds and data - by deploying IT infrastructures on Platform Equinix™.

- Partners, Customers and Prospects

Equinix sites house a blue-chip customer base of 8,500+ global businesses.

These customers represent a who's who of network, digital media, financial services, cloud/IT and enterprise leaders.

- Opportunity

Equinix data centers contain a dynamic marketplace for communications services, interconnecting businesses, networks, carriers and content providers to potential suppliers, customers and partners.

More than 8,500+ potential partners to deploy world-class solutions.

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

- Network and Mobile Providers (AT&T, British Telecom, China Mobile, Comcast, Level 3 Communications, Lycamobile, NTT Communications, SingTel Ltd., Syniverse Technologies, T-Mobile, TATA Communications, Verizon)
- Cloud and IT Services (Amazon Web Services, Box Inc., Google Cloud Platform, Carpathia Hosting Inc., NetApp, Microsoft Azure, Office 365, Salesforce.com, SoftLayer, Cisco Systems Inc., Oracle Cloud, Datapipe, CloudSigma, VMware vCloud Air, Workday, Inc.)
- Content Providers (Brightroll, eBay, ContentBridge, DIRECTV, Hulu, LinkedIn, Netflix, Priceline.com)
- Enterprise (Anheuser-Busch, InBev, Bechtel, BMC Software, Burger King Corporation, Caterpillar, Inc., CDM Smith, Chevron, GE, Harper Collins Publishers, Ingram Micro)
- Financial Companies (ACTIV Financial, Bloomberg, Chicago Board Options Exchange, DirectEdge, Quantlab Financial, NASDAQ, OMX Group Inc., NYSE Technologies, Thomson Reuters)

Equinix generates revenue by providing colocation and related interconnection and managed IT infrastructure offerings on a global platform of 150 IBX data centers.

- Colocation offerings include operations space, storage space, cabinets and power for customers' colocation needs inside Equinix's IBX data centers.
- Interconnection offerings include:

Equinix Cloud Exchange™, which enables simultaneous, direct and secure connections to multiple clouds from a single port.

Equinix Performance Hub™, which takes enterprise IT inside any one of our global data centers, bringing our customers closer to their end users for improved network reliability, performance and security.

Equinix Data Hub™, which enables secure, compliant, efficient access to business-critical data and analytics wherever users are located around the globe.

- Equinix also offers cross connects, as well as switch ports, on the Equinix Internet Exchange. These offerings provide scalable and reliable connectivity that allows customers to exchange traffic directly and securely with the service provider of their choice or with each other, creating a performance optimized business ecosystem for the exchange of data between strategic partners, and collaboration and innovation opportunities that were not previously possible.
- Managed IT infrastructure services are offered in a few regional markets where customers typically have higher support needs. These services allow customers to leverage Equinix's technical and local market expertise.
- Equinix Professional Services guide customers though complex IT infrastructure changes and hybrid and multi-cloud deployments quickly and securely, while delivering continuous and reliable technical support. Equinix Professional Services for Cloud provides expert consulting to our customers to optimize cloud migrations, matching service providers and architectures to individual business needs.

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

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

Equinix is benefiting from a growth in demand for data center and interconnection offerings. Several factors contribute to this growth in demand, including:

- The growth of "proximity communities" that rely on immediate physical colocation and interconnection with their strategic partners and customers, such as financial exchange ecosystems for electronic trading and settlement, media and content provider ecosystems, and ecosystems for real-time bidding and fulfillment of internet advertising.
- The adoption of cloud computing technology services, including the growth of hybrid/multi-clouds, enterprise cloud service offerings such as Software-as-a-Service (SaaS), Infrastructure-as-a-Service (IaaS) and Platform-as-a-Service (PaaS) and security and disaster recovery services.
- The continuing growth of consumer internet traffic from new bandwidth-intensive services, such as video, voice over IP (VoIP), social media, mobile data, gaming, data-rich media, Ethernet and wireless services.
- The increasing requirements for anytime, anywhere and any device interconnection out at the edge of the corporate network to improve the performance, security, scalability and reliability of interconnecting people, locations, clouds and data.
- Significant increases in power and cooling requirements for today's data center equipment. New generations of servers continue to concentrate processing capability and the associated power consumption and cooling load into smaller footprints, and many legacy-built data centers are unable to accommodate these new power and cooling demands. The high capital costs associated with building and maintaining "in-sourced" data centers creates an opportunity for capital savings by leveraging an outsourced colocation model.

Industry Background

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

To accommodate the rapid growth of internet traffic, an organized approach for network interconnection was needed. This was the start of the network era, when networks gained mutual advantage by exchanging data traffic on interoperable platforms. The exchange of traffic between these networks became known as peering. Peering is when networks trade traffic at relatively equal amounts and set up agreements to trade traffic, often at no charge to the other party. At first, government and nonprofit organizations established places where these networks could exchange traffic, or peer, with each other. These points were known as network access points, or NAPs. Over time, many NAPs became a natural extension of carrier services and were run by such companies as MFS (now a part of Verizon Business), Sprint, Ameritech and Pacific Bell (the latter two are now part of AT&T).

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

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

The interconnection model has further evolved over the years to include new offerings, as the collaborative landscape of the interconnected era imposes new demands on connectivity. As enterprises become increasingly interdependent and cloud-enabled, they need real-time data exchange and reliable, instant connections between the various corners of any given digital ecosystem to compete. Starting with the peering and network communities, interconnection has been used for new network services, including carrier Ethernet, multiprotocol label switching (MPLS), virtual private networks (VPNs) and mobile services, in addition to traditional international private line and voice services. The industry is working to keep up with the rapid digital transformation of today's businesses, and it continues to evolve with a set of new offerings where interconnection is often used to solve the network-to-network and the cloud-to-cloud interconnection challenges.

In addition, the enterprise customer segment is also evolving. In the past, most enterprises opted to keep their data center requirements in-house. However, current trends are leading more enterprise chief information officers (CIOs) to either outsource their data center requirements, and/or extend their corporate wide area networks (WANs) into carrier-neutral colocation facilities. These trends include:

- globalization
- the proliferation of bandwidth intensive internet-facing applications and rich media content
- the need to provide access to cloud computing environments
- evolving Internet of Things (IoT) infrastructures
- business continuity and disaster recovery options
- tight corporate IT budgets

Industry analysts forecast the compound annual growth rate of the global carrier neutral colocation market to be approximately 8% between 2016 and 2020.

Equinix Value Proposition

More than 8,500 companies, including a diversified mix of cloud and IT service providers, content providers, enterprises, financial companies, and network and mobile service providers, currently operate within Equinix IBX data centers. These companies derive specific value from the following elements of the Equinix service offering:

- Interconnection leadership: The digital economy’s demands for fast, secure business collaboration puts the interconnection inside Equinix at a premium. Equinix accelerates business performance by connecting companies to their customers, employees, and partners inside the world's most interconnected data centers. Equinix is the global interconnection platform for the world's leading businesses from a broad range of industries, including cloud, networks, finance, and media and entertainment. Inside Equinix, customers can interconnect across industries with the speed, security, reliability and scalability needed to compete and grow. Equinix is where opportunity connects.
- Cloud access and expertise: Equinix is home to 2,500+ cloud and IT service providers and a variety of secure routes to the efficiencies, performance and cost-savings of the cloud. Equinix Cloud Exchange offers on-demand access to multiple cloud providers from multiple networks, enabling customers to design scalable cloud services tailored to their needs at a given moment. Equinix Professional Services for Cloud experts enable our customers to successfully deploy a mix of private, public, hybrid and multi-cloud environments to best fit their business and customer requirements.
- Comprehensive global solution: With 150 IBX data centers in 41 markets in the Americas, EMEA and Asia-Pacific, Equinix offers a consistent global solution.
- Premium data centers and expertise: Equinix IBX data centers feature advanced design, security, power and cooling elements to provide customers with industry-leading reliability, including average uptime of 99.9999% globally in

2016. While others in the market have business models that include additional offerings, Equinix is focused on colocation and interconnection as our core competencies. Equinix Professional Services offers practical guidance and proven solutions to help you optimize and future-proof your data center architecture.

- Dynamic business ecosystems: Equinix's network- and cloud-neutral model has enabled us to attract a critical mass of networks and cloud and IT services providers, and that, in turn, attracts other businesses seeking to interconnect within

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a single location. This ecosystem model reduces costs and optimizes the performance of data exchange, compared to connecting to multiple partners in disparate locations. As Equinix grows and attracts an ever-more diversified base of customers, the value of Equinix's IBX data center offering increases.

- Improved economics: Customers seeking to outsource their data center operations rather than build their own capital-intensive data centers enjoy significant capital cost savings. Customers also benefit from improved economics because of the broad access to networks and clouds that Equinix provides. Rather than purchasing costly local loops from multiple transit providers, customers can connect directly to more than 1,400 networks and 2,500 cloud and IT service providers inside Equinix's IBX data centers. According to a recent Forrester Total Economic Impact™ of Equinix Interconnection Solutions report, an enterprise that leverages Equinix colocation and interconnection solutions and services could realize a 300% return on investment in three years (risk-adjusted results), with a 4.2 months payback.
- Leading interconnection insight: After more than 18 years in the industry, Equinix has a specialized staff of industry experts, professional services specialists and solutions architects who helped build and shape the interconnection infrastructure of the internet, and who are now positioned to do the same for digital businesses. This specialization and industry knowledge base offers customers unique expertise and the competitive advantage needed to compete in the global digital economy.
- Lasting sustainability: Energy efficiency and environmental sustainability are part of everything we do, whether we're building new data centers or upgrading existing facilities. We have committed to design, build and operate our data centers with high energy efficiency standards, and we have a long term goal of using 100% clean and renewable energy across our global platform.

Our Strategy

Our objective is to expand our global leadership position as the premier network- and cloud-neutral data center platform for enterprises, cloud and IT services providers, media and content companies, financial services firms, IoT providers, and network and mobile services providers. The following are key components of our strategy:

Improve customer performance through interconnection. To succeed in today's digital economy, enterprises around the globe must adopt interconnected, on-demand digital IT architectures. The business connections forged in Equinix data centers through the power of interconnection are vital to accelerating our customers' businesses. To help companies understand, deploy and benefit from interconnection, Equinix created a blueprint for becoming an interconnected enterprise - the Interconnection Oriented Architecture™ (IOA™). Based on work with more than 170 Fortune 500 customers, an IOA is a proven and repeatable engagement model that both enterprises and solution providers can leverage to directly and securely connect people, locations, clouds and data. An IOA strategy shifts the fundamental IT delivery architecture from siloed and centralized to interconnected and distributed. Since the introduction of its IOA strategy, Equinix has created an "IOA Playbook" and "IOA Knowledge Base," which were developed from our aggregated learnings across more than 600 Equinix customer (enterprise and service provider) deployments. These tools are offered online at no charge to any organization and provide four fundamental, repeatable steps that organizations can take to deploy an IOA strategy across common digital workloads and offer application blueprints for networks, security, data and applications.

When combined with Equinix's critical mass of premier network and cloud providers and content companies, the increasing rate of adoption of an IOA strategy by the world's enterprise companies enables Equinix to extend its leadership as one of the core interconnection hubs of the information-driven, digital world. The density of providers inside Equinix is a key selling point for companies looking to connect with a diverse set of networks and deliver the best connectivity to their end customers out at the edge of the corporate network as well as network companies that want to sell bandwidth to companies and efficiently interconnect with other networks. Equinix currently houses more than 1,400 unique networks, including the top-tier networks, allowing its customers to directly interconnect with providers that best meet their unique price and performance needs. We have a growing mass of key players in cloud and IT services (Accenture, Amazon Web Services, AT&T, Google Cloud Platform, Microsoft Azure and Office 365, Oracle Cloud, Salesforce.com, SoftLayer, VMware vCloud Air), and in the enterprise and financial sectors (Bechtel, Bloomberg, Chicago Board of Trade, The GAP, McGraw-Hill, etc.). We expect these segments will continue to grow as they seek to leverage our density of network providers and interconnect directly with each other to improve performance.

Streamline ease of doing business globally. Customers say data center reliability, power availability and network choice are the most important attributes they consider when choosing a data center provider in a particular location. We have long been recognized as a leader in these areas, and our performance continues to improve.

In 2016, more than half of our revenue came from customers with deployments in all three of our global regions, and we expect seamless global solutions to become increasingly important data center selection criteria as globalization continues. We continue to focus on strategic acquisitions to expand our market coverage and on global product standardization, pricing and contracts harmonization initiatives to meet these global demands.



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Deepen existing ecosystems and develop new ones. As various enterprises and service and content providers locate in our IBX data centers, it benefits their suppliers and business partners to do the same and gain the full economic and performance benefits of direct interconnection for their business ecosystems. These partners, in turn, pull in their business partners, creating a “network effect” of customer adoption. Our interconnection offerings enable scalable, secure, reliable and cost-effective interconnectivity and optimized traffic exchange, which lowers overall costs and increases flexibility. The ability to directly interconnect with a wide variety of companies is a key differentiator for us and enables companies to create new opportunities within unique ecosystems by working together. We also have efficient and innovative internet and cloud exchange platforms in our IBX sites to accelerate commercial growth within the ecosystems via the network effect.

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

Accelerate global reach and scale. We continue to evaluate expansion opportunities in select markets based on customer demand. In January 2016, we closed the TelecityGroup acquisition in Europe, expanding Equinix's global interconnection platform to 150 data centers in 41 metros. In December 2016, we announced the signing of a definitive agreement to acquire a portfolio of Verizon’s data centers in 24 sites, consisting of 29 data center buildings across 15 metro areas. This strategic acquisition will further strengthen our global platform by increasing interconnection in the U.S. and Latin America and accelerate Equinix's penetration of the enterprise and strategic market sectors, including government and energy. In 2016, we also added capacity across our global footprint by opening TY5, our fifth IBX in Tokyo and SY4, our fourth IBX in Sydney. We have also opened AD1, our first IBX in Abu Dhabi, DX2, our second IBX in Dubai, LD10, our sixth IBX in London, and SP3, our third data center in São Paulo, in Q1 2017. At the close of the Verizon data center acquisition, expected in mid-2017, Equinix's total global footprint is expected to be 179 data centers in 43 markets and approximately 17 million gross square feet across the Americas, Europe and Asia-Pacific.

We expect to continue to execute our expansion strategy in a cost-effective and disciplined manner through a combination of acquiring existing data centers through lease or purchase, acquiring or investing in local data center operators, and building new IBX data centers based on key criteria, such as demand and potential financial return in each market.

Our Customers

Our customers include carriers, mobile and other bandwidth providers, cloud and IT services providers, content providers, financial companies and global enterprises. We provide each customer access to a choice of business partners and solutions based on their colocation, interconnection and managed IT service needs. As of December 31, 2016, we had more than 8,500 customers worldwide.

Customers in our five key customer categories include the following:

| Cloud and IT Services | Content Providers | Enterprise | Financial Companies | Network and Mobile Services |
|---|---|---|---|---|
| Amazon Web Services<br>Box Inc.<br>Carpathia Hosting Inc.<br>Cisco Systems Inc.<br>CloudSigma<br>Datapipe<br>Microsoft Azure and Office 365 NetApp<br>Oracle<br>Salesforce.com | Brightroll<br>ContentBridge<br>DIRECTV<br>eBay<br>Hulu<br>LinkedIn<br>Netflix<br>Priceline.com | Anheuser-Busch InBev<br>Bechtel<br>BMC Software Burger King Corporation<br>Caterpillar, Inc.<br>CDM Smith<br>Chevron<br>GE<br>Harper Collins Publishers | ACTIV Financial<br>Bloomberg<br>Chicago Board Options Exchange DirectEdge<br>Quantlab Financial<br>NASDAQ<br>OMX Group Inc. NYSE Technologies Thomson Reuters | AT&T<br>British Telecom<br>China Mobile Comcast<br>Level 3 Communications<br>Lycamobile<br>NTT Communications<br>SingTel Ltd.<br>Syniverse Technologies<br>T-Mobile |

| | | |
|---|---|---|
| SoftLayer | Ingram Micro | TATA |
| VMware vCloud Air | | Communications |
| Workday, Inc. | | Verizon |

Customers typically sign renewable contracts of one or more years in length. Our largest customer accounted for approximately 3% of our recurring revenues for the periods ended December 31, 2016 and 2015, and 2% of our recurring revenues for the period ended December 31, 2014. Our 50 largest customers accounted for approximately 36%, 34% and 36% of our recurring revenues for the years ended December 31, 2016, 2015 and 2014, respectively.

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Our Offerings

Equinix provides a choice of data center offerings primarily comprised of colocation, interconnection solutions, bundled offers and professional services.

Colocation and Related Offerings

Our IBX data centers provide our customers with secure, reliable and robust environments that are necessary for optimum internet commerce interconnection. Our IBX data centers include multiple layers of physical security, scalable cabinet space availability, on-site trained staff (24x7x365), dedicated areas for customer care and equipment staging, redundant AC/DC power systems and other redundant and fault-tolerant infrastructure systems. Some specifications of offerings provided by individual IBX data centers may differ based on original facility design or market.

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

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

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

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

Interconnection Solutions

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

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

Equinix Internet Exchange™. Customers may choose to connect to and peer through the central switching fabric of our Equinix Internet Exchange, rather than purchase a direct physical cross connection. With a connection to this switch, a customer can aggregate multiple interconnects over one physical connection with multiple, linked 100-gigabit ports of capacity, instead of purchasing individual physical cross connects. The offering is priced per IBX data center with an initial installation fee and an ongoing monthly recurring charge.

Equinix Metro Connect. Customers who are located in one IBX data center may need to interconnect with networks or other customers located in an adjacent or nearby IBX data center in the same metro area. Metro Connect allows customers to seamlessly

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interconnect between IBX data centers at capacities up to 100 Gigabits per second level. Metro Connect offerings are priced with an initial installation fee and an ongoing monthly recurring charge dependent on the capacity purchased by the customer.

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

Equinix Cloud Exchange™. The Equinix Cloud Exchange is an advanced interconnection solution that enables seamless, on-demand, direct access to multiple clouds from multiple networks around the world. Cloud Exchange provides virtualized, private direct connections that bypass the internet to provide better security and performance with a range of bandwidth options. It allows businesses to connect to many participants (clouds, networks, enterprise customers) over a single physical port, enabling dynamic bandwidth allocation among various parties. The Equinix Cloud Exchange Portal and APIs simplify the process of provisioning and managing connections to multiple cloud services and networks. Equinix Cloud Exchange offerings are priced with an initial installation fee and an ongoing monthly recurring charge dependent on the capacity purchased by the customer.

Equinix Performance Hub™

The Equinix Performance Hub enables companies to securely and directly connect to leading public clouds, easily deploy a private cloud, and lay the foundation of a hybrid cloud. Performance Hub solutions are extensions of a company's IT network that reside within Equinix data centers. An Equinix Performance Hub places corporate IT resources near large user populations in IBX data centers connected to many networks and clouds. Performance Hub solutions can be implemented gradually, without closing or moving out of existing data centers. This distributed, connectivity-driven approach to data center computing has been proven by Gartner, 451 Group, and many enterprise customers to provide dramatic benefits in application and network performance, as well as in business and IT agility. The Performance Hub offering is priced per IBX data center with an initial installation fee and an ongoing recurring monthly charge.

Equinix Data Hub™

Equinix Data Hub is an extension of the Equinix Performance Hub™ framework and is a data center solution that addresses enterprise demands for real-time analytics, IoT, data collection and data protection. Data Hub empowers organizations to build a globally optimized data platform located in strategic data centers around the world and maintain full control over business-critical data for any and all security and compliance demands. Data Hub use cases include: cloud integrated tiered storage, big data analytics infrastructures and data protection and replication. The Data Hub offering is priced per IBX data center with an initial installation fee and an ongoing recurring monthly charge.

Equinix Professional Services

Exponential increases in data traffic and growing demand for interconnection mean pressure on companies to stay competitive. They need a partner with deep knowledge of the global terrain and trends so they can maximize new technology and information and meet the needs of dispersed and demanding end users. Equinix Professional Services are uniquely positioned to be that partner. Equinix experts help companies tap the resources and opportunities for innovation available on a global platform of 8,500+ companies in 41 markets, including more than 1,400 network service providers and 2,500 cloud and IT services providers. Our consultants have the know-how and experience to help customers introduce new service offerings, optimize IT architectures, simplify hybrid and multi-cloud migrations and stay up-and-running. Equinix professional services are priced at the project level and include:

Cloud Consulting Services. Migration to a hybrid or multi-cloud environment comes with uncertainty, but it's also become essential: The cloud's cost advantages and flexibility are too critical to forego in an era of rising electronic collaboration and user expectations. Equinix's Professional Services for Cloud, are designed to take the mystery out of cloud migration with a detailed assessment, design and implementation process that gives customers a faster, smoother path to the cloud. The 2,500 cloud and IT service providers and 1,400 network service providers within Equinix's network help our experts tailor cloud deployments to individual business needs and maximize their cloud performance, savings and security while ensuring future resilience and agility.

Network and IOA Transformation Services. Digital transformation creates new revenue streams from information about an organizations’ physical operations, it also creates congestion and performance issues for an organization’s legacy network. The

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growth in data, applications and locations that must be served by a digital enterprise, plus the reduction in latency required by real-time applications all put enormous stress on legacy IT infrastructure. Equinix's Professional Services for network and IOA transformation helps companies plan and build their future network and infrastructure architecture, ready for the challenges of digital business today and tomorrow.

Global Solutions Architects™

Equinix Global Solutions Architects (GSAs) are industry experts, innovators and thought leaders, committed to helping companies deploy their IT infrastructures in ways that best serve their business needs and fully exploit the advantages offered by Equinix's global interconnection platform. Equinix's GSAs have decades of combined experience in cloud deployments, facility operations, business analytics and network design and operations. They work as extensions of our customers' IT and technology teams, helping efficiently deploy high-performance solutions, advising them on service provider choices, and designing IT architectures that help them reach today's goals and anticipate tomorrow's requirements.

Solution Validation Centers™

Equinix Solution Validation Centers (SVCs) are state-of-the-art facilities that allow customers to test and fine-tune their IT infrastructure, network, cloud and data center rollouts in a real-world environment before full build-out and deployment. Customers can measure how their applications perform when moved off legacy systems, spot and address unforeseen technical barriers, and optimize various infrastructure components, network connections and applications. Our SVCs operate in 18 strategic markets globally, helping companies reduce risk and maximize their IT investments.

Smart Hands Services™

The Equinix Smart Hands service enables customers to use our highly trained IBX data center personnel to act as their hands (or eyes and ears) when their own staff can't be on-site. Smart Hands technicians offer a range of services, from routine equipment inventory and labeling to more complex installations and configuring. Smart Hands technicians also provide technical assistance and troubleshooting services.

Equinix Customer Portal

The Equinix Customer Portal offers all-day, every day access to our customer care personnel, so customers can report problems, schedule shipments or order Smart Hands services at any time of the day or night. Equinix conducts a significant portion of its transactions with its customers via this portal.

Business Continuity Trading Rooms

Trading infrastructure is mission-critical for financial firms worldwide, and our Business Continuity Trading Rooms (BCTRs) ensure that trading doesn't stop, even if primary operations are knocked off-line or disabled. A BCTR backs up our customers' trading operations in one of our secure data center facilities, right down to telephone services and multiple desktop monitors. BCTR offerings are protected with backup generators and uninterruptible power supply to guarantee reliability and deliver peace of mind.

Sales and Marketing

Sales. We use a direct sales force and channel marketing program to market our offerings to global enterprises, content providers, financial companies, and mobile and network service providers. We organize our sales force by customer type, as well as by establishing a sales presence in diverse geographic regions, which enables efficient servicing of the customer base from a network of regional offices. In addition to our worldwide headquarters located in Silicon Valley, we have established an Asia-Pacific regional headquarters in Hong Kong and a European regional headquarters in Amsterdam. Our Americas sales offices are located in Ashburn, Boston, Chicago, Los Angeles, New York, Rio de Janeiro, São Paulo, Silicon Valley and Toronto. Our EMEA sales offices are located in Amsterdam, Dubai, Dublin, Dusseldorf, Enschede, Frankfurt, Geneva, Helsinki, London, Manchester, Milan, Munich, Paris, Sofia, Stockholm, Warsaw and Zurich. Our Asia-Pacific sales offices are located in Beijing, Hong Kong, Jakarta, Osaka, Seoul, Shanghai, Singapore, Sydney, Melbourne and Tokyo.

Our sales team works closely with each customer to foster the natural network effect of our IBX model, resulting in access to a wider potential customer base via our existing customers. As a result of the IBX interconnection model, IBX data center participants often encourage their customers, suppliers and business partners to also locate in our IBX data centers. These customers,

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suppliers and business partners, in turn, encourage their business partners to locate in our IBX data centers, resulting in additional customer growth. This network effect significantly reduces our new customer acquisition costs. In addition, large network providers, cloud providers or managed service providers may refer customers to Equinix as a part of their total customer solution. Equinix also focuses the selling by our vertical sales specialists on supporting specific industry requirements for network, mobile, and media and content providers, financial services, cloud computing, systems integrators and enterprise customer segments.

The Equinix channel program adds an ecosystem of leading system integrators and service providers, from managed to network to cloud services. They help our customers design and deploy the right cloud and IT solutions enterprises need to reach their customers, employees and supply chains. Our channel partners understand how to leverage and integrate the advantages of the Platform Equinix™ global footprint, high performance connectivity options and global supply-chain ecosystems to deliver solutions that precisely meet our customers' performance, reliability and cost requirements.

Marketing. To support our sales efforts and to actively promote our brand in the Americas, Asia-Pacific and EMEA, we conduct comprehensive marketing programs. Our marketing strategies include active public relations and ongoing customer communications programs. Our marketing efforts are focused on major business and trade publications, online media outlets, industry events and sponsored activities. Our staff holds leadership positions in key networking organizations, and we participate in a variety of internet, enterprise IT, computer and financial industry conferences, placing our officers and employees in keynote speaking engagements at these conferences. We also regularly measure customer satisfaction levels and host key customer forums to ensure customer needs are understood and incorporated in product and service planning efforts. From a brand perspective, we build recognition through our website, external blog and social media channels, by sponsoring or leading industry technical forums, by participating in internet industry standard-setting bodies and through advertising and online campaigns. We continue to develop and host industry educational forums focused on peering technologies and practices for ISPs and content providers.

Our Competition

While a large number of enterprises own their own data centers, many others outsource some or all of their requirements to multi-tenant internet data center facilities, such as those operated by Equinix. We believe that the outsourcing trend is likely to accelerate in the coming years. It is estimated that Equinix is one of more than 650 companies that provide internet data center offerings around the world, ranging in size from firms with a single data center in a single market to firms in over 20 markets. Equinix competes with these firms, which vary in terms of their data center offerings, including:

Colocation Providers

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

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

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

Providers in addition to Equinix that offer colocation both globally and locally include firms such as AT&T, COLT, and NTT.

Carrier-Neutral Colocation Providers

In addition to data center space and power, colocation providers also offer interconnection. Some of these providers, known as network or carrier-neutral colocation providers, can offer customers the choice of hundreds of network service providers or ISPs to choose from. Typically, customers use interconnection to buy internet connectivity, connect to VoIP telephone networks, perform financial exchange and settlement functions or perform business-to-business e-commerce. Carrier-neutral data centers are often located in key network hubs around the world, such as New York, Ashburn, Va., London, Amsterdam, Singapore and

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Hong Kong. Two types of data center facilities offering carrier-neutral colocation are used for many network-to-network interconnections:

- A Meet Me Room (MMR) is typically a smaller space, generally 5,000 square feet or less, located in a major carrier hotel and often found in a wholesale data center facility.
- A carrier-neutral data center is generally larger than an MMR and may be a stand-alone building separate from existing carrier hotels.

Providers in addition to Equinix that we believe could be defined as offering carrier-neutral colocation include CoreSite, Digital Realty Trust, Global Switch, Interxion and Telehouse.

Wholesale Data Center Providers

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

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

Managed Hosting Providers

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

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

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

Examples of managed hosting providers include: AT&T, CenturyLink, NaviSite, Rackspace, SunGard and Verizon Business.

Unlike other providers whose core businesses are bandwidth or managed services, we focus on neutral interconnection hubs for cloud and IT service providers, content providers, financial companies, enterprises and network service providers. As a result, we do not have the limited choices found commonly at other hosting/colocation companies. We compete based on the quality of our IBX data centers, our ability to provide a one-stop global solution in our Americas, EMEA and Asia-Pacific locations, the performance and diversity of our network- and cloud-neutral strategy, and the economic benefits of the aggregation of top network, cloud and business ecosystems under one roof. We expect to continue to benefit from several industry trends, including the need for contracting with multiple networks due to the uncertainty in the telecommunications market; customers’ increasing power requirements; enterprise customers’ increased use of virtualization and outsourcing; the continued growth of broadband and significant growth in Ethernet as a network alternative; and the growth in mobile applications.

Our Business Segment Financial Information

We currently operate in three reportable segments comprised of our Americas, EMEA and Asia-Pacific geographic regions. Information attributable to each of our reportable segments is set forth in Note 17 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

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## Employees

We had 5,993 employees as of December 31, 2016. We had 2,510 employees based in the Americas, 2,063 employees based in EMEA and 1,420 employees based in Asia-Pacific. Of those employees, 2,827 employees were in engineering and operations, 1,177 employees were in sales and marketing and 1,989 employees were in management, finance and administration.

## Available Information

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

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

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## ITEM 1A. RISK FACTORS

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

Risks Related to the Acquisition and Integration of the Verizon Assets.

Consummation of the Verizon Asset Purchase is subject to the satisfaction of certain conditions which, if not satisfied, may result in the Verizon Asset Purchase not proceeding.

On December 6, 2016, we entered into a transaction agreement with Verizon, pursuant to which we agreed to acquire Verizon’s colocation services business at 24 data center sites (the “Business”), for a cash purchase price of approximately $3.6 billion (the “Verizon Asset Purchase”). We expect to fund the Verizon Asset Purchase with a combination of cash on hand and the proceeds of debt and equity financings. The completion of the Verizon Asset Purchase is subject to closing conditions, including:

- the absence of any injunction, law or order that makes unlawful the consummation of the Verizon Asset Purchase;
- the material accuracy of the representations and warranties of, and the material compliance with covenants by, the other party; and
- the delivery of required closing documents.

Our obligation to consummate the Verizon Asset Purchase is also conditioned on, among other things:

- the absence of any pending or threatened proceeding brought by a governmental authority pursuant to applicable antitrust laws that seeks to enjoin or preclude the closing of the Verizon Asset Purchase or seeks to impose certain restrictions on us or the Business; and
- no material adverse effect having occurred with respect to the Business.

Although we believe that the conditions will be satisfied, it is possible that the parties may not satisfy these conditions, or that they may not be satisfied by September 6, 2017 (the “End Date”), provided that the End Date may be extended to December 6, 2017 in certain circumstances, 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 Verizon Asset Purchase will be completed, or that there will not be a delay in the completion of the Verizon Asset Purchase. Any delay could, among other things, result in additional transaction costs, loss of revenue or other negative effects resulting from uncertainty about completion of the Verizon Asset Purchase.

Additionally, either party may terminate the Verizon Asset Purchase transaction agreement upon a breach by the other party of any representation, warranty or covenant made by such breaching party in the transaction agreement, such that the applicable condition to closing is not satisfied and such breach is not cured by the earlier of 30 days after written notice or the End Date. The transaction agreement also provides that upon termination of the Verizon Asset Purchase transaction agreement under specified antitrust-related circumstances, we will pay to Verizon a termination fee of up to $200 million.

We also have a $2 billion bridge loan commitment to complete the Verizon Asset Purchase that we intend to replace with permanent financing prior to the closing. If we are unable to secure alternative financing, the terms of the bridge loan would be more costly than our existing debt obligations.

If the Verizon Asset Purchase 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 Verizon Asset Purchase.

We expect to incur significant transaction and acquisition-related integration costs in connection with the consummation of the Verizon Asset Purchase.

We expect to incur significant costs in connection with consummating the Verizon Asset Purchase and integrating the Verizon assets into Equinix. However, the actual costs incurred may exceed those estimated and there may be further unanticipated costs and the assumption of known and unknown liabilities. While we have assumed that we will incur transaction and integration expenses, there are factors beyond our control that could affect the total amount or the timing of such expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. In addition, under the transaction agreement, Verizon will contribute specified assets and liabilities of the acquired business to newly formed entities, and we will acquire the equity interests of such entities. However, the contributed assets may not be sufficient to operate all aspects of the acquired business.

Accordingly, we may have to use assets or resources from our existing business or acquire additional assets in order to operate the acquired business.

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

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

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

We will incur significant transaction-related costs in connection with the Verizon Asset Purchase and the integration process. We may encounter material challenges in connection with this integration process, including from, without limitation:

- retaining relationships with key customers, landlords and suppliers of the acquired business, some of which may terminate their contracts with the acquired business as a result of the Verizon Asset Purchase or which may attempt to negotiate changes in their current or future business relationships with us;
- expanding our relationships with U.S. government customers, which will subject us to complex regulatory and compliance requirements and risks with which we have limited experience;
- integrating or migrating IT systems, which may create a risk of errors or performance problems and could affect our ability to meet customer service level obligations;
- our reliance on transition services from Verizon to operate the acquired business, and our need to develop sustainable alternative arrangements upon expiration or interruption of those transition services;
- the diversion of management's attention from ongoing business concerns and performance shortfalls at Equinix as a result of the devotion of management's attention to the Verizon Asset Purchase;
- managing a larger company;
- integrating two unique corporate cultures, which may prove to be challenging;
- retaining key employees, who may experience uncertainty associated with the Verizon Asset Purchase and who may depart before or after the Verizon Asset Purchase because of issues relating to the uncertainty and difficulty of the integration or a desire not to remain with us following the Verizon Asset Purchase; and
- unforeseen expenses or delays associated with the Verizon Asset Purchase.

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

Our business, financial condition and results of operations may be adversely affected following consummation of the Verizon Asset Purchase if we are not able to obtain requisite consents or enter into certain agreements.

Pursuant to the transaction agreement, Verizon has agreed to use its commercially reasonable efforts until 12 months following the consummation of the Verizon Asset Purchase to obtain any consents from customers, landlords, and other third parties that may be necessary in connection with the Verizon Asset Purchase, or to amend its agreements with such third parties so that we will be entitled to the rights and benefits currently enjoyed by Verizon under such agreements on substantially the same terms as then in effect. To the extent that we or Verizon are not able to obtain such consents, we may not be able to realize the anticipated benefits of the Verizon Asset Purchase.

We would incur adverse tax consequences if the Verizon Asset Purchase causes us to fail to qualify as a REIT for U.S. federal income tax purposes.

We believe that, following the Verizon Asset Purchase, we will integrate Verizon's assets and operations in a manner that will allow us to timely satisfy the REIT income, asset, and distribution tests applicable to us. However, if we fail to do so, we could jeopardize or lose our qualification for taxation as a REIT, particularly if we were ineligible to utilize relief provisions set forth in the Internal Revenue Code (the "Code").

Risks Related to Our Taxation as a REIT

We may not remain qualified for taxation as a REIT.

We have elected to be taxed as a REIT for 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 Code such that we will

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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 also limited judicial or administrative interpretations of applicable REIT provisions.

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

- we will not be allowed a deduction for distributions to stockholders in computing our taxable income;
- we will be subject to federal and state income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate 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 as a REIT.

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

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

We paid quarterly distributions in 2016. The amount, timing and form of any future distributions will be determined, and will be subject to adjustment, by our Board of Directors. To remain qualified for taxation as a REIT, we are generally required to distribute at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gain) each year, or in limited circumstance, 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 federal income tax purposes, or the effect of nondeductible expenditures, such as capital expenditures, payments of compensation for which Section 162(m) of the Code denies a deduction, the creation of reserves or required debt service or amortization payments.

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

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

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

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

Whether we issue equity, at what price and the amount and other terms of any such issuances will depend on many factors, including alternative sources of capital, our then-existing leverage, our need for additional capital, market conditions and other factors beyond our control. If we raise additional funds through the issuance of equity securities or debt convertible into equity securities, the percentage of stock ownership by our existing stockholders may be reduced. In addition, new equity securities or convertible debt securities could have rights, preferences and privileges senior to those of our current stockholders, which could substantially decrease the value of our securities owned by them. Depending on the share price we are able to obtain, we may have to sell a significant number of shares in order to raise the capital we deem necessary to execute our long-term strategy, and our stockholders may experience dilution in the value of their shares as a result.

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

At any time, the federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. Federal and state tax laws are constantly under review by persons involved in the legislative process, the IRS, the U.S. Department

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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 taxable REIT subsidiaries (“TRSs”). We cannot predict with certainty whether, when, in what forms, or with what effective dates, the tax laws, regulations and administrative interpretations applicable to us may be changed.

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

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 25% (20% from and after our 2018 taxable year) of the value of the assets of a REIT may be represented by securities of one or more TRSs. Similar rules apply to other nonqualifying assets. These limitations may affect our ability to make large investments in other non-REIT qualifying operations or assets. In addition, in order to maintain 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 tax rates for our undistributed REIT taxable income, as well as U.S. federal income tax at regular corporate tax rates for income recognized by our TRSs. Because of these distribution requirements, we will likely not be able to fund future capital needs and investments from operating cash flow. As such, compliance with REIT tests may hinder our ability to make certain attractive investments, including the purchase of significant nonqualifying assets and the material expansion of non-real estate activities.

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

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

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

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

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

Our cash distributions are not guaranteed and may fluctuate.

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

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

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

Even if we remain qualified for taxation as a REIT, we may be subject to some federal, state, local and foreign taxes on our income and assets, including alternative minimum taxes, taxes on any undistributed income, and state, local or foreign income, franchise, property and transfer taxes. In addition, we could in certain circumstances be required to pay an excise or penalty tax, which could be significant in amount, in order to utilize one or more relief provisions under the Code to maintain 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 federal corporate level tax at the highest regular corporate tax rate (currently 35%) on gain recognized from a sale of a REIT asset where our basis in the asset is determined by reference to the basis of the asset in the hands of a C corporation (such as (i) an asset that we held as of the effective date of our REIT election, that is, January 1, 2015, or (ii) an asset that we or a QRS hold following the liquidation or other conversion of a former TRS). This 35% tax is generally applicable to any disposition of such an asset during the five-year period after the date we first owned the asset as a REIT asset (e.g., January 1, 2015 in the case of REIT assets we held at the time of our REIT conversion), to the extent of the built-in-gain based on the fair market value of such asset on the date we first held the asset as a REIT asset.

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

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

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

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

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

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

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

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

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

Other Risks

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

Over the last several years, we have completed numerous acquisitions. We may make additional acquisitions in the future, which may include (i) acquisitions of businesses, products, services or technologies that we believe to be complementary, (ii) acquisitions of new IBX data centers or real estate for development of new IBX data centers or (iii) acquisitions through investments in local data center operators. We may pay for future acquisitions by using our existing cash resources (which may limit other potential uses of our cash), incurring additional debt (which may increase our interest expense, leverage and debt service requirements) and/or issuing shares (which may dilute our existing stockholders and have a negative effect on our earnings per share). Acquisitions expose us to potential risks, including:

- the possible disruption of our ongoing business and diversion of management's attention by acquisition, transition and integration activities, particularly when multiple acquisitions and integrations are occurring at the same time;
- our potential inability to successfully pursue or realize some or all of the anticipated revenue opportunities associated with an acquisition or investment;
- the possibility that we may not be able to successfully integrate acquired businesses, or businesses in which we invest, or achieve anticipated operating efficiencies or cost savings;
- the possibility that announced acquisitions may not be completed, due to failure to satisfy the conditions to closing or for other reasons;
- the dilution of our existing stockholders as a result of our issuing stock in transactions, such as in connection with our acquisitions of Switch & Data Facilities Company, Inc. in 2010 and TelecityGroup in 2016;
- the possibility of customer dissatisfaction if we are unable to achieve levels of quality and stability on par with past practices;
- the potential deterioration to our ability to access credit markets due to increased leverage;
- the possibility that our customers may not accept either the existing equipment infrastructure or the "look-and-feel" of a new or different IBX data center;

- the possibility that additional capital expenditures may be required or that transaction expenses associated with acquisitions may be higher than anticipated;
- the possibility that required financing to fund an acquisition may not be available on acceptable terms or at all;
- the possibility that we may be unable to obtain required approvals from governmental authorities under antitrust and competition laws on a timely basis or at all, which could, among other things, delay or prevent us from completing an acquisition, limit our ability to realize the expected financial or strategic benefits of an acquisition or have other adverse effects on our current business and operations;
- the possible loss or reduction in value of acquired businesses;

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- the possibility that future acquisitions may present new complexities in deal structure, related complex accounting and coordination with new partners, particularly in light of our desire to maintain our taxation as a REIT;
- the possibility that future acquisitions may be in geographies and regulatory environments to which we are unaccustomed;
- the possibility that carriers may find it cost-prohibitive or impractical to bring fiber and networks into a new IBX data center;
- the possibility of litigation or other claims in connection with, or as a result of, an acquisition, including claims from terminated employees, customers, former stockholders or other third parties;
- the possibility that asset divestments may be required in order to obtain regulatory clearance for a transaction; and
- the possibility of pre-existing undisclosed liabilities, including, but not limited to, lease or landlord related liability, environmental liability or asbestos liability, for which insurance coverage may be insufficient or unavailable, or other issues not discovered in the diligence process.

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

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

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

We have a significant amount of debt and may need to incur additional debt to support our growth. Additional debt may also be incurred to fund future acquisitions, any future special distributions, regular distributions or the other cash outlays associated with maintaining qualification for taxation as a REIT. As of December 31, 2016, our total indebtedness was approximately $6.8 billion, our stockholders' equity was $4.4 billion and our cash, cash equivalents, and investments totaled $761.9 million. In addition, as of December 31, 2016, we had approximately $1.4 billion of additional liquidity available to us from our $1.5 billion revolving credit facility. Some of our debt contains covenants which may limit our operating flexibility. In addition to our substantial debt, we lease a majority of our IBX data centers and certain equipment under non-cancellable lease agreements, some of which are accounted for as operating leases. As of December 31, 2016, our total minimum operating lease commitments under those lease agreements, excluding potential lease renewals, was approximately $1.6 billion, which represents off-balance sheet commitments. Our substantial amount of debt and related covenants, and our off-balance sheet commitments, could have important consequences. For example, they could:

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

The occurrence of any of the foregoing factors could have a material adverse effect on our business, results of operations and financial condition.

We may also need to refinance a portion of our outstanding debt as it matures. There is a risk that we may not be able to refinance existing debt or that the terms of any refinancing may not be as favorable as the terms of our existing debt. Furthermore, if prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest

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expense relating to that refinanced indebtedness would increase. These risks could materially adversely affect our financial condition, cash flows and results of operations.

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

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

Recent political developments related to the U.K.'s referendum on membership in the EU could have a material adverse effect on our business.

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

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

For the years ended December 31, 2016, 2015 and 2014, we recognized approximately 57%, 49% and 49%, respectively, of our revenues outside the U.S. We currently operate outside of the U.S. in Canada, Brazil, EMEA and Asia-Pacific.

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

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

- the costs of customizing IBX data centers for foreign countries;
- protectionist laws and business practices favoring local competition;
- greater difficulty or delay in accounts receivable collection;
- difficulties in staffing and managing foreign operations, including negotiating with foreign labor unions or workers' councils;
- difficulties in managing across cultures and in foreign languages;
- political and economic instability;
- fluctuations in currency exchange rates;
- difficulties in repatriating funds from certain countries;
- our ability to obtain, transfer, or maintain licenses required by governmental entities with respect to our business;
- unexpected changes in regulatory, tax and political environments;
- our ability to secure and maintain the necessary physical and telecommunications infrastructure;
- compliance with anti-bribery and corruption laws;
- compliance with economic and trade sanctions enforced by the Office of Foreign Assets Control of the U.S. Department of Treasury; and

- compliance with evolving governmental regulation with which we have little experience.

In addition, compliance with international and U.S. laws and regulations that apply to our international operations increases our cost of doing business in foreign jurisdictions. These laws and regulations include data privacy requirements, labor relations laws, tax laws, anti-competition regulations, import and trade restrictions, export requirements, economic and trade sanctions, U.S. laws such as the Foreign Corrupt Practices Act and local laws which also prohibit corrupt payments to governmental officials.

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Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our offerings in one or more countries, could delay or prevent potential acquisitions, and could also materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, our business and our operating results. Our success depends, in part, on our ability to anticipate and address these risks and manage these difficulties.

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

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

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

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

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

The market price of the shares of our common stock has been and may continue to be highly volatile. General economic and market conditions, and market conditions for telecommunications stocks in general, may affect the market price of our common stock.

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

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

The stock market has from time to time experienced extreme price and volume fluctuations, which have particularly affected the market prices for telecommunications companies, and which have often been unrelated to their operating performance. These broad market fluctuations may adversely affect the market price of our common stock. 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

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stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and/or damages, and divert management's attention from other business concerns, which could seriously harm our business.

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

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

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

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

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

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

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

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

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

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

A customer’s decision to purchase our offerings typically involves a significant commitment of resources. In addition, some customers will be reluctant to commit to locating in our IBX data centers until they are confident that the IBX data center has adequate carrier connections. As a result, we have a long sales cycle. Furthermore, we may devote significant time and resources in pursuing a particular sale or customer that does not result in revenue. We have also significantly expanded our sales force in recent years, and it will take time for these new hires to become fully productive. Delays due to the length of our sales cycle may materially and adversely affect our revenues and operating results, which could harm our ability to meet our forecasts and cause volatility in our stock price.

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

Our business depends on providing customers with highly reliable solutions. We must safehouse our customers' infrastructure and equipment located in our IBX data centers and ensure our non-IBX offices remain operational. 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.

Our office buildings and IBX data centers are subject to failure resulting from numerous factors, including:

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

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

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

We are currently making significant investments in our back office information technology systems 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 such as Bit-isle and TelecityGroup and the forthcoming Verizon asset purchase onto our various information technology systems; and 3) implementation of new tools and technology to either further streamline and automate processes, such as our fixed asset procure to disposal process, or to support our compliance with evolving U.S. GAAP, such as the new revenue accounting and

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

Our financial forecasts are dependent on estimates and assumptions including budget and planning data, market growth, foreign exchange rates, our ability to remain qualified 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. However, if our external and internal information is inadequate, our actual results may differ materially from our forecasts and cause us to make inappropriate financial decisions. Any material variation between our financial forecasts and our actual results may also adversely affect the our future profitability, stock price and stockholder confidence.

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

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

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

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

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

Environmental regulations may impose upon us new or unexpected costs.

We are subject to various federal, state, local and international environmental and health and safety laws and regulations, including those relating to the generation, storage, handling and disposal of hazardous substances and wastes. Certain of these laws and regulations also impose joint and several liability, without regard to fault, for investigation and cleanup costs on current

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and former owners and operators of real property and persons who have disposed of or released hazardous substances into the environment. Our operations involve the use of hazardous substances and materials such as petroleum fuel for emergency generators, as well as batteries, cleaning solutions and other materials. In addition, we lease, own or operate real property at which hazardous substances and regulated materials have been used in the past. At some of our locations, hazardous substances or regulated materials are known to be present in soil or groundwater, and there may be additional unknown hazardous substances or regulated materials present at sites we own, operate or lease. At some of our locations, there are land use restrictions in place relating to earlier environmental cleanups that do not materially limit our use of the sites. To the extent any hazardous substances or any other substance or material must be cleaned up or removed from our property, we may be responsible under applicable laws, regulations or leases for the removal or cleanup of such substances or materials, the cost of which could be substantial.

Electricity is a material cost in connection with our business, and an increase in the cost of electricity could adversely affect us. The generators that provide electricity to our facilities are subject to environmental laws, regulations and permit requirements that are subject to material change, which could result in increases in generators' compliance costs that may be passed through to us. Regulations recently promulgated by U.S. EPA could limit air emissions from power plants, restrict discharges of cooling water, and otherwise impose new operational restraints on conventional power plants that could increase costs of 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 violations of environmental laws, regulations or permits, and to additional unexpected operational limitations or 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. The U.S. EPA published a regulation in October 2015, called the "Clean Power Plan," that is intended to reduce GHG emissions from existing fossil fuel-fired power plants by 32 percent from 2005 levels by 2030. Under the rule, each state is required to develop a plan to reduce state-wide carbon dioxide emissions to meet a specified emissions target set by EPA for that state. Implementation of the Clean Power Plan was stayed by the Supreme Court pending resolution of the underlying legal challenges, and the future of the Clean Power Plan under President Trump's administration is uncertain in any event. Consequently, the impact of the Clean Power Plan cannot be determined at this time. While we do not expect these regulatory developments to materially increase our costs of electricity, the costs remain difficult to predict or estimate.

State regulations also have the potential to increase our costs of obtaining electricity. While GHG regulation at the federal level is unlikely in the near future, certain states, like California, also have issued or may enact environmental regulations that could materially affect our facilities and electricity costs. California has limited GHG emissions from new and existing conventional power plants by imposing regulatory caps and by selling or auctioning the rights to emission allowances. State programs have not had a material adverse effect on our electricity costs to date, but due to the market-driven nature of some of the programs, could do so in the future. Such laws and regulations are also subject to change at any time.

Aside from regulatory requirements, we have separately undertaken 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.

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

We must continue to identify, hire, train and retain IT professionals, technical engineers, operations employees, and sales, marketing, finance and senior management personnel who maintain relationships with our customers and who can provide the technical, strategic and marketing skills required for our company to grow. There is a shortage of qualified personnel in these fields, and we compete with other companies for the limited pool of talent. The failure to

recruit and retain necessary personnel, including, but not limited to, members of our executive team, could harm our business and our ability to grow our company.
We may not be able to compete successfully against current and future competitors.
We must continue to evolve our product strategy and be able to differentiate our IBX data centers and product offerings from those of our competitors. In addition to competing with other neutral colocation providers, we compete with traditional colocation providers, including telecommunications companies, carriers, internet service providers, managed services providers and large REITs who also operate in our market and may enjoy a cost advantage in providing offerings similar to those provided by our IBX

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data centers. We may experience competition from our landlords which could also reduce the amount of space available to us for expansion in the future. Rather than leasing available space in our buildings to large single tenants, they may decide to convert the space instead to smaller square foot units designed for multi-tenant colocation use, blurring the line between retail and wholesale space. We may also face competition from existing competitors or new entrants to the market seeking to replicate our global IBX data center concept by building or acquiring data centers, offering colocation on neutral terms or by replicating our strategy and messaging. Finally, customers may also decide it is cost-effective for them to build out their own data centers. Once customers have an established data center footprint, either through a relationship with one of our competitors or through in-sourcing, it may be extremely difficult to convince them to relocate to our IBX data centers.

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

Finally, as our customers evolve their IT strategies, we must remain flexible and evolve along with industry and market shifts. Ineffective planning and execution in our cloud strategy and product development lifecycle may cause difficulty in sustaining competitive advantage in our products and services.

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

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

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

Power outages, such as those relating to large storms, earthquakes and tsunamis, could harm our customers and our business. We attempt to limit our exposure to system downtime by using backup generators and power supplies; however, we may not be able to limit our exposure entirely even with these protections in place. Some of our IBX data centers are located in leased buildings where, depending upon the lease requirements and number of tenants involved, we may or may not control some or all of the infrastructure including generators and fuel tanks. As a result, in the event of a power outage, we may be dependent upon the landlord, as well as the utility company, to restore the power. In addition, global fluctuations in the price of power can increase the cost of energy, and although contractual price increase clauses exist in the majority of our customer agreements, we may not always choose to pass these increased costs on to our customers.

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

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

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

Our most recent evaluation of our controls resulted in our conclusion that, as of December 31, 2016, in compliance with Section 404 of the Sarbanes-Oxley Act of 2002, our internal controls over financial reporting were effective. Our ability to manage our operations and growth, through, for example, the acquisition and integration of Bit-isle, TelecityGroup and the Verizon assets, the adoption of new accounting principles and our overhaul of our back office systems that support customer experience from initial quote to customer billing and our revenue recognition process, will require us to further develop our controls and reporting systems and implement or amend new or existing controls and reporting systems in those areas where the implementation and integration is still ongoing. All of these changes to our financial systems and the implementation and integration of acquisitions create an increased risk of deficiencies in our internal controls over financial reporting. If, in the future, our internal control over

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

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

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

Our operating results may fluctuate.

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

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

- the cost and availability of adequate public utilities, including power;
- changes in employee stock-based compensation;
- overall inflation;
- increasing interest expense due to any increases in interest rates and/or potential additional debt financings;
- changes in our tax planning strategies or failure to realize anticipated benefits from such strategies;
- changes in income tax benefit or expense; and
- changes in or new generally accepted accounting principles (“GAAP”) in the U.S. as periodically released by the Financial Accounting Standards Board (“FASB”).

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

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

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

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

We prepare our financial statements in conformity with accounting principles generally accepted in the U.S. In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers and issued subsequent amendments to the initial guidance in August 2015, March 2016, April 2016 and May 2016 within ASU 2015-14, ASU 2016-08, ASU 2016-10, ASU 2016-12 and ASU 2016-20, respectively (ASU 2014-09, ASU 2015-14, ASU 2016-08, ASU 2016-10, ASU 2016-11, ASU 2016-12 and ASU 2016-20 collectively, "Topic 606"). Topic 606, as amended, is effective for annual reporting periods beginning after December 15, 2017. In February 2016, the FASB issued ASU 2016-02, Leases ("Topic 842") ("ASU 2016-02"). Topic 842 is effective for public companies for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. Both Topic 606 and Topic 842 will replace the existing revenue and lease accounting standards, respectively. Although we are currently in the process of evaluating the impact of Topic 606 and Topic 842 on our consolidated financial statements, these new standards could have could have a significant effect on our reported financial results, cause unexpected financial reporting fluctuations and require us to make costly changes to our operational processes and accounting systems. Thus, adoption of the standards could have a significant impact on our financial statements.

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

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

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

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

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

As of December 31, 2016, our retained earnings were $18.6 million. Although we have generated net income for each fiscal year since 2008, except for the year ended December 31, 2014, we are also currently investing heavily in our future growth through the build out of multiple additional IBX data centers and IBX data center expansions as well as acquisitions of complementary businesses. As a result, we will incur higher depreciation and other operating expenses, as well as acquisition costs and interest expense, that may negatively impact our ability to sustain profitability in future periods unless and until these new IBX data centers generate enough revenue to exceed their operating costs and cover our additional overhead needed to scale our business for this anticipated growth. The current global financial uncertainty may also impact our ability to sustain profitability if we cannot generate sufficient revenue to offset the increased costs of our recently-opened IBX data centers or IBX data centers currently under construction. In addition, costs associated with the acquisition and integration of any acquired companies, as well as the additional interest expense associated with debt financing we have undertaken to fund our growth initiatives, may also negatively impact our

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ability to sustain profitability. Finally, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase profitability on a quarterly or annual basis.

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

While we own certain of our IBX data centers, others are leased under long-term arrangements with lease terms expiring at various dates through 2065. These leased centers have all been subject to significant development by us in order to convert them from, in most cases, vacant buildings or warehouses into IBX data centers. Most of our IBX data center leases have renewal options available to us. However, many of these renewal options provide for the rent to be set at then-prevailing market rates. To the extent that then-prevailing market rates or negotiated rates are higher than present rates, these higher costs may adversely impact our business and results of operations, or we may decide against renewing the lease. In the event that an IBX data center lease does not have a renewal option, or we fail to exercise a renewal option in a timely fashion and lose our right to renew the lease, we may not be successful in negotiating a renewal of the lease with the landlord. A failure to renew a lease could force us to exit a building prematurely, which could be disruptive to our business, harm our customer relationships, expose us to liability under our customer contracts, cause us to take impairment charges and negatively affect our operating results.

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

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

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

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

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

We face risks associated with unauthorized access to our computer systems, loss or destruction of data, computer viruses, malware, distributed denial-of-service attacks, or other malicious activities. These threats may result from human error, equipment failure, or fraud or malice on the part of employees or third parties. A party who is able to compromise the security measures on our networks or the security of our infrastructure could misappropriate either our proprietary information or the personal information of our customers or our employees, or cause interruptions or malfunctions in our operations or our customers' operations. As we provide assurances to our customers that we provide a high level of security, such a compromise could be particularly harmful to our brand and reputation. We may be required to expend significant capital and resources to protect against such threats or to alleviate problems caused by breaches in security. As techniques used to breach security change frequently, and are generally not recognized until launched against a target, we may not be able to promptly detect that a cyber breach has occurred, or implement security measures in a timely manner or, if and when implemented, we may not be able to determine the extent to which these measures could be circumvented. Any breaches that may occur could expose us to increased risk of lawsuits, regulatory penalties, loss of existing or potential customers, damage relating to loss of proprietary information, harm to our reputation and increases in our security costs, which could have a material adverse effect on our financial performance and operating results. We maintain insurance coverage for cyber risks but such coverage may be unavailable or insufficient to cover our losses.

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

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

We derive some revenues from contracts with the U.S. government, state and local governments and foreign governments and this portion of our business will be larger once we complete the Verizon Asset Acquisition. Some of these customers may terminate all or part of their contracts at any time, without cause. There is increased pressure for governments and their agencies, both domestically and internationally, to reduce spending. Some of our federal government contracts are subject to the approval of appropriations being made by the U.S. Congress to fund the expenditures under these contracts. Similarly, some of our contracts at the state and local levels are subject to government funding authorizations.

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

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

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

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

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

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

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

Government regulation may adversely affect our business.

Various laws and governmental regulations, both in the U.S. and abroad, governing internet related services, related communications services and information technologies remain largely unsettled, even in areas where there has been some legislative action. For example, the Federal Communications Commission (“FCC”) adopted network neutrality rules that may result in material changes in the regulations and contribution regime affecting us and our customers. However, the new FCC leadership may seek to overturn the current rules thus making the future of network neutrality and its impact on Equinix uncertain. There may also be forthcoming regulation in the U.S. in the areas of cybersecurity, data privacy and data security, any of which could impact Equinix and our customers. Similarly, data privacy regulations outside of the U.S. continue to evolve and must be addressed by Equinix as a global company.

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Likewise, as part of a review of the current equity market structure, the Securities and Exchange Commission and the Commodity Futures Trading Commission ("CFTC") have both sought comments regarding the regulation of independent data centers, such as us, which provide colocation for financial markets and exchanges. The CFTC is also considering regulation of companies that use automated and high-frequency trading systems. Any such regulation may ultimately affect our provision of offerings.

We remain focused on whether and how existing and changing laws, such as those governing intellectual property, privacy, libel, telecommunications services and taxation, apply to the internet and to related offerings such as ours, and substantial resources may be required to comply with regulations or bring any non-compliant business practices into compliance with such regulations. In addition, the 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.

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

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

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

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

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

ITEM 2. PROPERTIES

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

Jose, California; Melbourne, Australia; Secaucus, New Jersey; New York, New York; Sofia, Bulgaria; Paris, France; Frankfurt, Germany; and Amsterdam, the Netherlands. We own

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campuses in Ashburn, Virginia; Silicon Valley; Paris, France; and Frankfurt, Germany that house some of our IBX data centers mentioned in the preceding sentence.
The following table presents an overview of our portfolio of IBX data centers as of December 31, 2016 (in thousands):

| | # of IBXs | Total Cabinet Capacity (1) | Cabinets Billed | Cabinet Utilization % (2) | | MRR per Cabinet (3) |
|---|---|---|---|---|---|---|
| Americas | 55 | 65,100 | 53,500 | 82 | % | $ 2,512 |
| EMEA | 64 | 92,700 | 74,600 | 80 | % | 1,408 |
| Asia-Pacific | 27 | 39,800 | 29,300 | 74 | % | 1,963 |
| Total | 146 | 197,600 | 157,400 | | | |

(1) Cabinets represent a specific amount of space within an IBX data center. Customers can combine and use multiple adjacent cabinets within an IBX data center, depending on their space requirements.
(2) The cabinet utilization rate represents the percentage of cabinet space billing versus total cabinet capacity, taking into consideration power limitations.
(3) MRR per cabinet represents average monthly recurring revenue recognized during the year divided by the average number of cabinets billing during the year. Brazil, Telecity, Bit-isle and the impact of Asia-Pacific embedded derivatives are excluded from MRR per cabinet calculation.

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The following table presents a summary of our significant IBX data center expansion projects under construction as of December 31, 2016:

| Property | Property Location | Target Open Date | Sellable Cabinets | Total Capex (in Millions) |
|---|---|---|---|---|
| Americas: | | | | |
| SP3 phase I | Sao Paulo | Q1 2017 | 725 | $ 69 |
| SV10 phase I | San Jose | Q2 2017 | 795 | 125 |
| NY5 phase II | New York | Q2 2017 | 1,200 | 76 |
| DC12 phase I | Ashburn | Q3 2017 | 1,275 | 99 |
| DA6 phase II | Dallas | Q3 2017 | 430 | 29 |
| RJ2 phase III | Rio De Janeiro | Q3 2017 | 315 | 22 |
| TR2 phase III | Toronto | Q3 2017 | 740 | 21 |
| CH3 phase IV | Chicago | Q2 2018 | 550 | 63 |
| | | | 6,030 | 504 |
| EMEA: | | | | |
| DB3 phase VI | Dublin | Q2 2017 | 500 | 8 |
| DX1 phase II | Dubai | Q2 2017 | 625 | 31 |
| ZH5 phase II | Zurich | Q2 2017 | 280 | 18 |
| FR6 phase I | Frankfurt | Q2 2017 | 1,325 | 92 |
| PA4 phase III | Paris | Q2 2017 | 960 | 47 |
| HE6 phase III | Helsinki | Q2 2017 | 190 | 15 |
| AM6 phase II | Amsterdam | Q3 2017 | 1,950 | 37 |
| FR2 phase V (B) | Frankfurt | Q3 2017 | 1,295 | 46 |
| AM4 phase I | Amsterdam | Q3 2017 | 1,555 | 113 |
| FR5 phase III | Frankfurt | Q2 2018 | 546 | 13 |
| | | | 9,226 | 420 |
| Asia-Pacific: | | | | |
| HK2 phase IV | Hong Kong | Q1 2017 | 900 | 39 |
| HK1 phase X/XI | Hong Kong | Q1 2017 | 515 | 16 |
| SG2 phase VIII | Singapore | Q2 2017 | 1,400 | 49 |
| | | | 2,815 | 104 |
| Total | | | 18,071 | $ 1,028 |

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

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PART II

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

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

| | Low | High |
|---|---|---|
| Fiscal 2016 | | |
| Fourth Fiscal Quarter | $325.05 | $373.22 |
| Third Fiscal Quarter | 355.01 | 389.45 |
| Second Fiscal Quarter | 319.89 | 387.73 |
| First Fiscal Quarter | 265.05 | 330.71 |

| | Low | High |
|---|---|---|
| Fiscal 2015 | | |
| Fourth Fiscal Quarter | $265.41 | $304.98 |
| Third Fiscal Quarter | 251.11 | 292.02 |
| Second Fiscal Quarter | 233.59 | 270.15 |
| First Fiscal Quarter | 216.86 | 238.95 |

As of January 31, 2017, we had 71,441,527 shares of our common stock outstanding held by approximately 300 registered holders. During the year ended December 31, 2016, we did not issue or sell any securities on an unregistered basis.

Dividends and Special Distributions

On each of February 18, May 4, August 3 and November 2, 2016, our Board of Directors declared a quarterly cash dividend of $1.75 per share. We expect to continue to pay regular cash dividends in order to satisfy the required REIT tests to remain qualified for taxation as a REIT for US federal income tax purposes. For additional information, see "Dividends" in Note 12 of our Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

In September 2015, our Board of Directors declared a special distribution of $627.0 million, or approximately $10.95 per share (the "2015 Special Distribution"), to our common stockholders. The 2015 Special Distribution was paid on November 10, 2015 to our common stockholders of record as of the close of business on October 8, 2015. Common stockholders had the option to elect to receive payment of the 2015 Special Distribution in the form of stock or cash, with the total cash payment to all stockholders limited to no more than 20% of the total distribution. The number of shares distributed was determined based upon common stockholder elections and the average closing price of our common stock on the three trading days commencing on November 3, 2015 or $297.03 per share. As such, we issued 1.7 million shares of our common stock and paid $125.5 million in connection with the 2015 Special Distribution.

In connection with our conversion to a REIT effective January 1, 2015, we began paying quarterly dividends in 2015. On each of February 19, May 7, July 29, and October 28, 2015, our Board of Directors declared a quarterly cash dividend of $1.69 per share.

In October 2014, our Board of Directors declared a special distribution of $416.0 million, or approximately $7.57 per share (the "2014 Special Distribution"), to our common stockholders in connection with our plan to convert to a REIT. The 2014 Special Distribution was paid on November 25, 2014 to our common stockholders of record as of the close of business on October 27, 2014. Common stockholders had the option to elect to receive payment of the 2014 Special Distribution in the form of stock or cash, with the total cash payment to all stockholders limited to no more than 20% of the total distribution. The number of shares distributed was determined based upon common stockholder elections and the average closing price of our common stock on the three trading days commencing on November 18, 2014 or $224.45 per share. As such, we issued 1.5 million shares of our common stock and paid $83.3 million in connection with the 2014 Special Distribution.

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Tax Treatment of Distributions

For Federal income tax purposes, distributions to stockholders are treated as ordinary income, capital gains, return of capital or a combination thereof. For the years ended December 31, 2016 and 2015, the dividends and special distributions we paid were classified as follows:

| Record Date | Payment Date | Total Distribution (per share) | Nonqualified Ordinary Dividend | Qualified Ordinary Dividend | Return of Capital |
|---|---|---|---|---|---|
| Fiscal 2016 | | | | | |
| 3/9/2016 | 3/23/2016 | $1.750000 | $1.231334 | $0.518666 | $ — |
| 5/25/2016 | 6/15/2016 | 1.750000 | 1.231334 | 0.518666 | — |
| 8/24/2016 | 9/14/2016 | 1.750000 | 1.231334 | 0.518666 | — |
| 11/16/2016 | 12/14/2016 | 1.750000 | 1.231334 | 0.518666 | — |
| Total | | $7.000000 | $4.925336 | $2.074664 | $ — |
| | | | | | |
| Fiscal 2015 | | | | | |
| 3/11/2015 | 3/25/2015 | $1.690000 | $0.978733 | $0.711267 | $ — |
| 5/27/2015 | 6/17/2015 | 1.690000 | 0.978733 | 0.711267 | — |
| 8/26/2015 | 9/16/2015 | 1.690000 | 0.978733 | 0.711267 | — |
| 10/8/2015 | 11/10/2015 | 10.945146 | 6.338687 | 4.606459 | — |
| 12/9/2015 | 12/16/2015 | 1.690000 | 0.978733 | 0.711267 | — |
| Total | | $17.705146 | $10.253619 | $7.451527 | $ — |

Stock Performance Graph

The graph set forth below compares the cumulative total stockholder return on Equinix's common stock between December 31, 2011 and December 31, 2016 with the cumulative total return of (i) the S&P 500 Index, (ii) the NASDAQ Composite Index and (iii) the FTSE NAREIT All REITs Index. The graph assumes the investment of $100.00 on December 31, 2011 in Equinix's common stock and in each index, and assumes the reinvestment of dividends, if any.

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

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

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COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
*$100 invested on 12/31/11 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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ITEM 6. SELECTED FINANCIAL DATA

The following consolidated statement of operations data for the five years ended December 31, 2016 and the consolidated balance sheet data as of December 31, 2016, 2015, 2014, 2013 and 2012 have been derived from our audited consolidated financial statements and the related notes. Our historical results are not necessarily indicative of the results to be expected for future periods. The following selected consolidated financial data for the five years ended December 31, 2016 and as of December 31, 2016, 2015, 2014, 2013 and 2012, should be read in conjunction with our audited consolidated financial statements and the related notes in Item 8 of this Annual Report on Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this Annual Report on Form 10-K. We completed acquisitions of certain Paris IBX data centers in August 2016, Telecity Group plc in January 2016, Bit-isle, Inc. in November 2015 and Nimbo Technologies Inc. in January 2015. We also completed the acquisition of the 100% controlling equity interest in ALOG Data Centers do Brasil S.A. ("ALOG") in July 2014. In addition, we acquired Frankfurt Kleyer 90 carrier hotel in October 2013, a Dubai IBX data center in November 2012, and Asia Tone Limited and ancotel GmbH in July 2012. We also sold solar power assets of Bit-isle in November 2016, 8 of our IBX data centers located in the U.K., Netherlands and Germany in July 2016 and 16 of our IBX data centers located throughout the U.S. in November 2012. For further information on our acquisitions and divestitures during the three years ended December 31, 2016, refer to Note 2, Note 4 and Note 5 of our Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

| | Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| | (dollars in thousands, except per share data) | | | | |
| Revenues | $3,611,989 | $2,725,867 | $2,443,776 | $2,152,766 | $1,887,376 |
| Costs and operating expenses: | | | | | |
| Cost of revenues | 1,820,870 | 1,291,506 | 1,197,885 | 1,064,403 | 944,617 |
| Sales and marketing | 438,742 | 332,012 | 296,103 | 246,623 | 202,914 |
| General and administrative | 694,561 | 493,284 | 438,016 | 374,790 | 328,266 |
| Restructuring reversals | — | — | — | (4,837) | — |
| Impairment charges | 7,698 | — | — | — | 9,861 |
| Acquisition costs | 64,195 | 41,723 | 2,506 | 10,855 | 8,822 |
| Gain on asset sales | (32,816) | — | — | — | — |
| Total costs and operating expenses | 2,993,250 | 2,158,525 | 1,934,510 | 1,691,834 | 1,494,480 |
| Income from operations | 618,739 | 567,342 | 509,266 | 460,932 | 392,896 |
| Interest income | 3,476 | 3,581 | 2,891 | 3,387 | 3,466 |
| Interest expense | (392,156) | (299,055) | (270,553) | (248,792) | (200,328) |
| Other income (expense) | (57,924) | (60,581) | 119 | 5,253 | (2,208) |
| Loss on debt extinguishment | (12,276) | (289) | (156,990) | (108,501) | (5,204) |
| Income from continuing operations before income taxes | 159,859 | 210,998 | 84,733 | 112,279 | 188,622 |
| Income tax expense [(1)] | (45,451) | (23,224) | (345,459) | (16,156) | (58,564) |
| Net income (loss) from continuing operations | 114,408 | 187,774 | (260,726) | 96,123 | 130,058 |
| Net income from discontinued operations, net of tax | 12,392 | — | — | — | 13,086 |
| Net income (loss) | 126,800 | 187,774 | (260,726) | 96,123 | 143,144 |
| Net (income) loss attributable to non-controlling interest | — | — | 1,179 | (1,438) | (3,116) |
| Net income (loss) attributable to Equinix | $126,800 | $187,774 | $(259,547) | $94,685 | $140,028 |
| | | | | | |
| Earnings per share ("EPS") attributable to Equinix: | | | | | |
| Basic EPS from continuing operations | $1.63 | $3.25 | $(4.96) | $1.92 | $2.65 |
| Basic EPS from discontinued operations | 0.18 | — | — | — | 0.27 |

| | | | | | |
|---|---|---|---|---|---|
| Basic EPS | $1.81 | $3.25 | $(4.96 ) | $1.92 | $2.92 |
| Weighted-average shares | 70,117 | 57,790 | 52,359 | 49,438 | 48,004 |
| Diluted EPS from continuing operations | $1.62 | $3.21 | $(4.96 ) | $1.89 | $2.58 |
| Diluted EPS from discontinued operations | 0.17 | — | — | — | 0.25 |
| Diluted EPS | $1.79 | $3.21 | $(4.96 ) | $1.89 | $2.83 |
| Weighted-average shares | 70,816 | 58,483 | 52,359 | 50,116 | 51,816 |
| Dividends per share (2) | $7.00 | $17.71 | $7.57 | $— | $— |

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(1) The increase in income tax expense from the year ended December 31, 2013 to the year ended December 31, 2014 was primarily attributed to the de-recognition of $324.1 million of net deferred tax assets and deferred tax liabilities in December 2014, when our Board of Directors formally approved our conversion to a REIT and we reassessed the deferred tax assets and deferred tax liabilities of our U.S. operations included in the REIT structure.

(2) During the years ending December 31, 2015 and 2014, the dividends per share includes common stock dividends of $8.76 and $6.06 per share, respectively.

| | Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Other Financial Data: (1) | (in thousands) | | | | |
| Net cash provided by operating activities | $1,016,580 | $894,793 | $689,420 | $604,608 | $632,026 |
| Net cash used in investing activities | (1,592,155 ) | (1,134,927 ) | (435,839 ) | (1,169,313 ) | (442,873 ) |
| Net cash provided by (used in) financing activities | (894,292 ) | 1,873,182 | 107,401 | 574,907 | (222,721 ) |

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

| | As of December 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Consolidated Balance Sheet Data: | (in thousands) | | | | |
| Cash, cash equivalents and short-term and long-term investments | $761,927 | $2,246,297 | $1,140,751 | $1,030,092 | $546,524 |
| Accounts receivable, net | 396,245 | 291,964 | 262,570 | 184,840 | 163,840 |
| Property, plant and equipment, net | 7,199,210 | 5,606,436 | 4,998,270 | 4,591,650 | 3,915,738 |
| Total assets (1) | 12,608,371 | 10,356,695 | 7,781,978 | 7,457,039 | 6,105,507 |
| Capital lease and other financing obligations, excluding current portion | 1,410,742 | 1,287,139 | 1,168,042 | 914,032 | 545,853 |
| Mortgage and loans payable, excluding current portion (1) | 1,369,087 | 472,769 | 532,809 | 197,172 | 186,287 |
| Senior notes (1) | 3,810,770 | 3,804,634 | 2,717,046 | 2,220,911 | 1,478,482 |
| Convertible debt, excluding current portion (1) | — | — | 145,229 | 720,499 | 702,469 |
| Redeemable non-controlling interests | — | — | — | 123,902 | 84,178 |
| Total stockholders' equity | 4,365,829 | 2,745,386 | 2,270,131 | 2,459,064 | 2,313,441 |

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(1) The company adopted ASU 2015-03 during the year ended December 31, 2015. As a result, debt issuance costs of $35,455, $35,320 and $30,290 were reclassified from other assets to debt as of December 31, 2014, 2013 and 2012, respectively.

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

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

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

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

In December 2016, as more fully described in Note 2 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, we entered into a transaction agreement with Verizon Communications Inc. ("Verizon") to acquire Verizon's colocation services business at 24 data center sites, consisting of 29 data center buildings, located in the United States, Brazil and Colombia, for a cash purchase price of $3.6 billion (the "Verizon Asset Purchase"). The acquisition is expected to close by mid-2017. We expect to fund the acquisition with a combination of cash on hand and proceeds of debt and equity financings.

In connection with the Verizon Asset Purchase, we entered into a commitment letter, dated December 6, 2016, with JPMorgan Chase Bank, N.A., Bank of America, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Commitment Parties"), pursuant to which the Commitment Parties have committed to provide a senior unsecured bridge facility in aggregate principal amount of up to $2.0 billion for the purposes of funding (i) a portion of the cash consideration for the acquisition and (ii) the fees and expenses incurred in connection with the acquisition. The full amount must be drawn in a single drawing. The initial maturity date is 12 months from the date of the drawdown and, at the initial maturity date (if not repaid prior to that time), the facility will convert into a seven-year senior unsecured term loan. As of December 31, 2016, we had not drawn against the bridge facility.

In December 2016, as more fully described in Note 10 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, we entered into a third amendment (the "Third Amendment") to the credit agreement we entered into on December 17, 2014 with a group of lenders for a $1.5 billion credit facility (the "Senior Credit Facility"). Pursuant to the Third Amendment, (i) we could borrow up to €1.0 billion in additional term B loan drawings (the "Term B-2 Loan"), (ii) the interest rate margin applicable to the existing Term Loan B (the "Term Loan B-1 Facility") in US Dollars was reduced from 3.25% to 2.50% and the LIBOR floor applicable to such loan was reduced from 0.75% to zero and (iii) the interest rate margin applicable to the loans borrowed under the Term Loan B-1 Facility in Pounds Sterling was reduced from 3.75% to 3.00%, with no change to the existing LIBOR floor of 0.75% applicable to such loan. In January 2017, we borrowed the full amount of the €1.0 billion Term B-2 Loan. The Term B-2 Loan bears interest at an index rate based on EURIBOR plus a margin of 3.25%. No original issue discount is applicable to the Term B-2 Loan. The Term B-2 Loan must be repaid in equal quarterly installments of 0.25% of the original principal amount of the Term B-2 Loan, starting in the second quarter of 2017, with the remaining amount outstanding to be repaid in full on the seventh anniversary of the funding date of the Term B-2 Loan.

In June 2016, as more fully described in Note 4 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, we approved the divestiture of the solar power assets of Bit-isle. During the quarter ended September 30, 2016, we evaluated the recoverability of the carrying value of the assets held for sale associated with Terra Power Co., Ltd., and recorded an impairment charge on other current assets of $7.7 million, reducing the carrying value of such assets from $79.5 million to the estimated fair value of $71.8 million. In October 2016, we entered into a Share Transfer Agreement for the transfer of common stock of Terra Power Co., Ltd., relating to the divestiture of the solar power assets of Bit-isle. We received ¥400.0 million, or

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approximately $3.8 million at the exchange rate in effect on October 31, 2016, and by November 30, 2016, we had received an additional ¥2.5 billion, or approximately $22.1 million at the exchange rate in effect at the time of cash receipt. In addition, we expect to receive the remaining payment of ¥5.3 billion in the first quarter of 2017, or approximately $45.5 million at the exchange rate in effect on December 31, 2016. The associated loss on the sale was insignificant.

In September 2016, as more fully described in Note 10 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, we entered into a five year term loan agreement (the "Japanese Yen Term Loan") with the Bank of Tokyo-Mitsubishi UFJ, LTd. ("BTMU") for ¥47.5 billion or approximately $468.4 million in U.S. dollars at the exchange rate in effect as of September 30, 2016. In September 2015, in connection with our acquisition of Bit-isle, we entered into a term loan agreement (the "Bridge Term Loan Agreement") with BTMU. BTMU was committed to provide a senior bridge loan facility (the "Bridge Term Loan") in the amount of up to ¥47.5 billion or approximately $468.4 million in U.S. dollars at the exchange rate in effect as of September 30, 2016. In October 2016, we borrowed the full amount of the ¥47.5 billion under the Japanese Yen Term Loan and repaid the Bridge Term Loan for a principal amount of ¥47.5 billion or approximately $453.2 million at the exchange rate in effect on October 31, 2016.

In April and June 2016, as more fully described in Note 10 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, holders of our 4.75% convertible subordinated notes converted or redeemed a total of $150.1 million of the principal amount of the notes for 2.0 million shares of our common stock and $3.6 million in cash, comprised of accrued interest, cash paid in lieu of fractional shares and principal redemption. Upon maturity of our 4.75% convertible subordinated notes on June 15, 2016, we settled the related capped call transaction and received 380,779 shares of common stock, which was placed in treasury and resulted in a credit of $141.7 million to additional paid in capital based on the market price of $372.10 on June 15, 2016.

In January 2016, as more fully described in Note 2 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, we completed our acquisition of Telecity Group plc ("TelecityGroup") for a total purchase price of approximately $1.6 billion in cash and 6.9 million shares of our common stock valued at approximately $2.1 billion, for a total of $3.7 billion. In January 2016, we terminated our bridge credit agreement for £875.0 million, or approximately $1.3 billion, related to the TelecityGroup acquisition.

In January 2016, as more fully described in Notes 4 and 5 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, we agreed to divest eight data centers and related assets, including our London 2 data center ("LD2") in London, United Kingdom and seven data centers of TelecityGroup in order to obtain the approval of the European Commission for the acquisition of TelecityGroup. The results of operations for the seven TelecityGroup data centers were classified as net income from discontinued operations, net of tax, from January 15, 2016, the date of the acquisition, through July 5, 2016 in our consolidated statement of operations. In July 2016, we completed the sale of these data centers and related assets to Digital Realty Trust, Inc. ("Digital Realty") for approximately $827.3 million at the exchange rate in effect on July 5, 2016. On August 1, 2016, we purchased Digital Realty’s operating business, including its real estate and facility, in St. Denis, Paris, where we already had an established presence with two IBX data centers, for total cash consideration of approximately €193.8 million or approximately $216.4 million at the exchange rate in effect on August 1, 2016 (the "Paris IBX Data Center Acquisition").

In January 2016, as more fully described in Note 10 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, we borrowed the full amount of the $250.0 million and £300.0 million, or approximately $438.2 million at the exchange rate in effect on January 8, 2016 ("Term Loan B"), made available to us under the second amendment to our Senior Credit Facility to fund the TelecityGroup acquisition.

Overview

Equinix provides global data center offerings that protect and connect the world’s most valued information assets. Global enterprises, financial services companies and content and network service providers rely upon Equinix’s leading insight and data centers in 41 markets around the world for the safekeeping of their critical IT equipment and the ability to directly connect to the networks that enable today’s information-driven economy. Equinix offers the following solutions: (i) premium data center colocation, (ii) interconnection and (iii) exchange and outsourced IT infrastructure services. As of December 31, 2016, we operated or had partner IBX data centers in the Atlanta, Boston, Chicago, Dallas, Denver, Los Angeles, Miami, New York, Philadelphia, Rio de Janeiro, Sao Paulo, Seattle, Silicon Valley, Toronto and Washington, D.C. metro areas in the Americas region; Bulgaria, Finland, France, Germany, Ireland, Italy, the Netherlands, Poland, Sweden, Switzerland, Turkey, the United Arab Emirates and the United Kingdom in the Europe, Middle East and Africa ("EMEA") region; and Australia, China, Hong Kong, Indonesia, Japan and Singapore in the Asia-Pacific region.

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Our data centers in 41 markets around the world are a global platform, which allows our customers to increase information and application delivery performance while significantly reducing costs. This global platform and the quality of our IBX data centers have enabled us to establish a critical mass of customers. As more customers choose our IBX data centers, it benefits their suppliers and business partners to colocate with us as well, in order to gain the full economic and performance benefits of our offerings. These partners, in turn, pull in their business partners, creating a “marketplace” for their services. Our global platform enables scalable, reliable and cost-effective colocation, interconnection and traffic exchange that lowers overall cost and increases flexibility. Our focused business model is built on our critical mass of customers and the resulting “marketplace” effect. This global platform, combined with our strong financial position, continues to drive new customer growth and bookings.

Historically, our market has been served by large telecommunications carriers who have bundled telecommunications products and services with their colocation offerings. The data center market landscape has evolved to include cloud computing/utility providers, application hosting providers and systems integrators, managed infrastructure hosting providers and colocation providers. More than 350 companies provide data center solutions in the U.S. alone. Each of these data center solutions providers can bundle various colocation, interconnection and network offerings, and outsourced IT infrastructure services. We are able to offer our customers a global platform that reaches 21 countries with proven operational reliability, improved application performance and network choice, and a highly scalable set of offerings.

Our utilization rate represents the percentage of our cabinet space billing versus net sellable cabinet space available, taking into account power limitations. Our utilization rate was approximately 81% as of December 31, 2016 and December 31, 2015. However, excluding the impact of IBX data center expansion projects that have opened during the last 12 months, our utilization rate would be approximately 84% as of December 31, 2016. Our utilization rate varies from market to market among our IBX data centers across the Americas, EMEA and Asia-Pacific regions. We continue to monitor the available capacity in each of our selected markets. To the extent we have limited capacity available in a given market, it may limit our ability for growth in that market. We perform demand studies on an ongoing basis to determine if future expansion is warranted in a market. In addition, power and cooling requirements for most customers are growing on a per unit basis. As a result, customers are consuming an increasing amount of power per cabinet. Although we generally do not control the amount of power our customers draw from installed circuits, we have negotiated power consumption limitations with certain 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.

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

Our business is based on a recurring revenue model comprised of colocation and related interconnection and managed infrastructure offerings. We consider these offerings recurring because our customers are generally billed on a fixed and recurring basis each month for the duration of their contract, which is generally one to three years in length. Our recurring revenues have comprised more than 90% of our total revenues during the past three years. In addition, during any given quarter of the past three years, more than half of our monthly recurring revenue bookings came from existing customers, contributing to our revenue growth. Our largest customer accounted for approximately 3% of our recurring revenues for the periods ended December 31, 2016 and 2015 and 2% of our recurring revenues for the period ended December 31, 2014. Our 50 largest customers accounted for approximately 36%, 34% and 36%, respectively, of our recurring revenues for the years ended December 31, 2016, 2015 and 2014.

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

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

The largest components of our cost of revenues are depreciation, rental payments related to our leased IBX data centers, utility costs, including electricity and bandwidth, IBX data center employees' salaries and benefits, including stock-based compensation, repairs and maintenance, supplies and equipment and security services. A 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 costs as a result of either climate change policies or the physical effects of climate change, such increased costs could materially impact our financial condition, results of operations and cash flows.

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

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

We expect our cost of revenues, sales and marketing expenses and general and administrative expenses to grow in absolute dollars in connection with our business growth. We may periodically see a higher cost of revenues as a percentage of revenue, when a large expansion project opens or is acquired, and before it starts generating any meaningful revenue. Furthermore, in relation to cost of revenues, we note that the Americas region has a lower cost of revenues as a percentage of revenue than either EMEA or Asia-Pacific. This is due to both the increased scale and maturity of the Americas region, compared to either the EMEA or Asia-Pacific region, as well as a higher cost structure outside of the Americas, particularly in EMEA. While we expect all three regions to continue to see lower cost of revenues as a percentage of revenues in future periods, we expect the trend that sees the Americas having the lowest cost of revenues as a percentage of revenues to continue. As a result, to the extent that revenue growth outside the Americas grows in greater proportion than revenue growth in the Americas, our overall cost of revenues as a percentage of revenues may increase in future periods. Sales and marketing expenses may periodically increase as a percentage of revenues as we continue to scale our operations by investing in sales and marketing initiatives to further increase our revenue, including the hiring of additional headcount and new product innovations. General and administrative expenses may also periodically increase as a percentage of revenues as we continue to scale our operations to support our growth.

Taxation as a REIT

We elected to be taxed as a REIT for federal income tax purposes beginning with our 2015 taxable year. As of December 31, 2016, our REIT structure includes all of our data center operations in the U.S., Canada, Japan, our historical data center operations in Europe and a significant portion of the data center operations acquired in the TelecityGroup acquisition. Our data center operations in other jurisdictions are operated as taxable REIT subsidiaries ("TRSs"). We plan to complete the REIT integration of the majority of the remaining TelecityGroup business during the first half of 2017.

As a REIT, we generally are permitted to deduct from our federal taxable income the dividends we pay to our stockholders (including, for this purpose, the value of any deemed distributions attributable to anti-dilution adjustments made with respect to our 4.75% convertible subordinated notes prior to their maturity in 2016). The income represented by such dividends payment is not subject to federal income tax 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, as applicable, to federal and state corporate income tax. Likewise, our foreign subsidiaries continue to be subject to foreign income taxes in jurisdictions in which they hold assets or conduct operations, regardless of whether held or conducted through TRSs or through qualified REIT subsidiaries ("QRSs"). We are also subject to a separate corporate income tax on gain recognized from a sale of a REIT asset where our basis in the asset is determined by reference to the basis of the asset in the hands of a C corporation (such as (i) an asset that we held as of the effective date of our REIT election, that is, January 1, 2015, or (ii) an asset that we or a QRS hold following the liquidation

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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 (e.g., January 1, 2015 in the case of REIT assets we held at the time of our REIT conversion), to the extent of the built-in-gain based on the fair market value of such asset on the date we first held the asset as a REIT asset. If we fail to remain qualified for federal income tax as a REIT, we will be subject to federal income tax at regular corporate tax rates. Even if we remain qualified for federal income tax as a REIT, we may be subject to some federal, state, local and foreign taxes on our income and property in addition to taxes owed with respect to our TRSs' operations. In particular, while state income tax regimes often parallel the federal income tax regime for REITs, many states do not completely follow federal rules and some may not follow them at all.

On March 23, June 15, September 14, and December 14 of 2016, we paid quarterly cash dividends of $1.75 per share. We expect these quarterly and other applicable distributions to equal or exceed the taxable income that we recognized in 2016.

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

Results of Operations

Our results of operations for the year ended December 31, 2016 include the results of operations of TelecityGroup from January 15, 2016, and the Paris IBX Data Center Acquisition from August 1, 2016. Our results of operations for the year ended December 31, 2015 include the results of operations of the Nimbo and Bit-isle acquisitions from January 15, 2015 and November 2, 2015, respectively.

Discontinued Operations

We present the results of operations associated with the TelecityGroup data centers that were divested in July 2016 as discontinued operations in our consolidated statement of operations for the year ended December 31, 2016. We did not have any discontinued operations activity during 2015 or 2014.

Years ended December 31, 2016 and 2015

Revenues. Our revenues for the years ended December 31, 2016 and 2015 were generated from the following revenue classifications and geographic regions (dollars in thousands):

| | Years Ended December 31, | | | | % Change | |
|---|---|---|---|---|---|---|
| | 2016 | % | 2015 | % | Actual | Constant Currency |
| Americas: | | | | | | |
| Recurring revenues | $1,593,084 | 44% | $1,432,084 | 52% | 11% | 12% |
| Non-recurring revenues | 86,465 | 3% | 80,451 | 3% | 7% | 8% |
| | 1,679,549 | 47% | 1,512,535 | 55% | 11% | 11% |
| EMEA: | | | | | | |
| Recurring revenues | 1,106,652 | 31% | 651,778 | 24% | 70% | 75% |
| Non-recurring revenues | 64,687 | 1% | 47,029 | 2% | 38% | 42% |
| | 1,171,339 | 32% | 698,807 | 26% | 68% | 72% |
| Asia-Pacific: | | | | | | |
| Recurring revenues | 717,638 | 20% | 485,279 | 18% | 48% | 46% |
| Non-recurring revenues | 43,463 | 1% | 29,246 | 1% | 49% | 46% |
| | 761,101 | 21% | 514,525 | 19% | 48% | 46% |
| Total: | | | | | | |
| Recurring revenues | 3,417,374 | 95% | 2,569,141 | 94% | 33% | 34% |
| Non-recurring revenues | 194,615 | 5% | 156,726 | 6% | 24% | 25% |
| | $3,611,989 | 100% | $2,725,867 | 100% | 33% | 34% |

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Americas Revenues. During the years ended December 31, 2016 and 2015, our revenues from the United States, the largest revenue contributor in the Americas region for the periods, represented approximately 92% and 93%, respectively, of the regional revenues. Growth in Americas revenues was primarily due to (i) $28.9 million of revenue generated from our recently-opened IBX data centers or IBX data center expansions in the Atlanta, Chicago, Dallas, Silicon Valley and Washington, D.C. metro areas and (ii) an increase in orders from both our existing customers and new customers during the period. During the year ended December 31, 2016, the U.S. dollar was generally stronger relative to the Canadian dollar and Brazilian real than during the year ended December 31, 2015, resulting in approximately $6.6 million of unfavorable foreign currency impact on our Americas revenues during the year ended December 31, 2016 compared to average exchange rates during the year ended December 31, 2015.

EMEA Revenues.  Revenues for our EMEA region for the year ended December 31, 2016 include $404.1 million of revenues attributable to TelecityGroup, which closed in January 2016, and the Paris IBX Data Center Acquisition, which closed in August 2016. After our acquisition of TelecityGroup, the U.K. continues to be our largest revenue contributor in the EMEA region, providing 32% of regional revenues for the year ended December 31, 2016 compared to 37% of regional revenues for the year ended December 31, 2015. Our EMEA revenue growth was primarily due to (i) $404.1 million of revenues attributable to TelecityGroup and the Paris IBX Data Center Acquisition, (ii) approximately $49.7 million of revenue from our recently-opened IBX data centers or IBX data center expansions in the Amsterdam, Frankfurt, Paris and Zurich metro areas and (iii) an increase in orders from both our existing customers and new customers during the period. During the year ended December 31, 2016, the impact of foreign currency fluctuations resulted in approximately $33.5 million of net unfavorable foreign currency impact to our EMEA revenues primarily due to a generally stronger U.S. dollar relative to the British pound during the year ended December 31, 2016 compared to the year ended December 31, 2015.

Asia-Pacific Revenues.  Revenues for our Asia-Pacific region for the year ended December 31, 2016 include $148.7 million of revenues attributable to Bit-isle, which closed in November 2015. After our acquisition of Bit-isle, Japan is our largest revenue contributor in the Asia-Pacific region, providing 35% of regional revenues including Bit-isle for the year ended December 31, 2016 compared to 20% for the year ended December 31, 2015. Excluding revenues attributable to Bit-isle, our revenues from Singapore, which was our largest revenue contributor in the Asia-Pacific region before we acquired Bit-isle, represented approximately 38% and 39%, respectively, of the regional revenues for the years ended December 31, 2016 and December 31, 2015. Our Asia-Pacific revenue growth was primarily due to (i) $148.7 million of revenues attributable to Bit-isle, (ii) approximately $58.2 million of revenue generated from our recently-opened IBX data center expansions in the Hong Kong, Melbourne, Shanghai, Singapore, Sydney and Tokyo metro areas and (iii) an increase in orders from both our existing customers and new customers during the period. During the year ended December 31, 2016, the U.S. dollar was generally weaker relative to the Japanese Yen than during the year ended December 31, 2015, resulting in approximately $7.5 million of net favorable foreign currency impact to our Asia-Pacific revenues during the year ended December 31, 2016 when compared to average exchange rates during the year ended December 31, 2015.

Cost of Revenues.  Our cost of revenues for the years ended December 31, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

| | Years Ended December 31, | | | | % Change | |
|---|---|---|---|---|---|---|
| | 2016 | % | 2015 | % | Actual | Constant Currency |
| Americas | $700,544 | 38% | $637,604 | 49% | 10% | 11% |
| EMEA | 653,766 | 36% | 350,270 | 27% | 87% | 91% |
| Asia-Pacific | 466,560 | 26% | 303,632 | 24% | 54% | 52% |
| Total | $1,820,870 | 100% | $1,291,506 | 100% | 41% | 42% |

| | Years Ended December 31, | |
|---|---|---|
| | 2016 | 2015 |
| Cost of revenues as a percentage of revenues: | | |

| | | |
|---|---|---|
| Americas | 42% | 42% |
| EMEA | 56% | 50% |
| Asia-Pacific | 61% | 59% |
| Total | 50% | 47% |

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Americas Cost of Revenues. Our Americas cost of revenues for the years ended December 31, 2016 and 2015 included $241.6 million and $219.1 million, respectively, of depreciation expense. The growth in depreciation expense was primarily due to our IBX expansion activity. In addition to the increase in depreciation expense, the increase in our Americas cost of revenues for the year ended December 31, 2016 compared to the year ended December 31, 2015 was primarily due to (i) $22.9 million of higher utilities, rent and facilities costs, office expense, consulting, and repairs and maintenance in support of our business growth, (ii) $10.1 million of higher costs primarily due to custom service orders in support of our revenue growth and (iii) $4.5 million of higher compensation costs, including general salaries, bonuses and stock-based compensation. During the year ended December 31, 2016, the impact of foreign currency fluctuations resulted in approximately $4.9 million of net favorable foreign currency impact to our Americas cost of revenues primarily due to a generally stronger U.S. dollar relative to the Brazilian real and Canadian dollar during the year ended December 31, 2016 compared to the year ended December 31, 2015. We expect Americas cost of revenues to increase as we continue to grow our business.

EMEA Cost of Revenues. Cost of revenues for our EMEA region for the year ended December 31, 2016 included $273.5 million of cost of revenues attributable to TelecityGroup, which closed in January 2016, and the Paris IBX Data Center Acquisition, which closed in August 2016. Excluding cost of revenues attributable to TelecityGroup and the Paris IBX Data Center Acquisition, EMEA cost of revenues was $380.3 million for the year ended December 31, 2016 compared to $350.3 million for the year ended December 31, 2015. Depreciation expense, excluding TelecityGroup and the Paris IBX Data Center Acquisition, was $100.8 million and $97.8 million for the years ended December 31, 2016 and 2015, respectively. The growth in depreciation expense was primarily due to our IBX data center expansion activity. Excluding the impact of TelecityGroup and the Paris IBX Data Center Acquisition, the remaining increase in our EMEA cost of revenues was primarily due to (i) $16.4 million of higher utilities, consulting, and repairs and maintenance costs in support of our business growth, (ii) $4.7 million of higher compensation costs, including general salaries, bonuses and stock-based compensation and headcount growth (623 EMEA cost of revenues employees, excluding TelecityGroup employees, as of December 31, 2016 versus 541 as of December 31, 2015), (iii) $8.3 million of other costs primarily related to the impact from cash flow hedges, offset by $4.0 million of lower rent and facilities costs. During the year ended December 31, 2016, the impact of foreign currency fluctuations resulted in approximately $13.6 million of net favorable foreign currency impact to our EMEA cost of revenues, primarily due to a generally stronger U.S. dollar relative to the British pound during the year ended December 31, 2016 compared to the year ended December 31, 2015. We expect EMEA cost of revenues to increase as we continue to grow our business and as a result of our acquisitions of TelecityGroup and the Paris IBX data centers.

Asia-Pacific Cost of Revenues. Cost of revenues for our Asia-Pacific region included $116.0 million and $17.4 million of cost of revenues attributable to Bit-isle, which closed in November 2015, for the years ended December 31, 2016 and 2015, respectively. Excluding cost of revenues attributable to Bit-isle, Asia-Pacific cost of revenues was $350.6 million for Asia-Pacific for the year ended December 31, 2016 compared to $286.2 million for the year ended December 31, 2015. Depreciation expense, excluding Bit-isle, was $149.5 million and $116.9 million for the years ended December 31, 2016 and 2015, respectively. The growth in depreciation expense was primarily due to our IBX data center expansion activity. Excluding the impact of our acquisition of Bit-isle, the remaining increase in our Asia-Pacific cost of revenues was primarily due to (i) $26.0 million of higher utilities, rent, facility costs, consulting, custom service orders, repairs and maintenance costs in support of our business growth and (ii) $4.5 million of higher compensation costs, including general salaries, bonuses and stock-based compensation and headcount growth (431 Asia-Pacific cost of revenues employees as of December 31, 2016 versus 390 as of December 31, 2015, excluding Bit-isle employees in both periods). During the year ended December 31, 2016, the U.S. dollar was generally weaker relative to the Japanese Yen than during the year ended December 31, 2015, resulting in approximately $5.6 million of net unfavorable foreign currency impact to our Asia-Pacific cost of revenues during the year ended December 31, 2016 when compared to average exchange rates during the year ended December 31, 2015. We expect Asia-Pacific cost of revenues to increase as we continue to grow our business, including from the impact of our acquisition of Bit-isle.

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Sales and Marketing Expenses. Our sales and marketing expenses for the years ended December 31, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

| | Years ended December 31, | | | | % Change | |
|---|---|---|---|---|---|---|
| | 2016 | % | 2015 | % | Actual | Constant Currency |
| Americas | $230,900 | 53% | $208,310 | 63% | 11% | 11% |
| EMEA | 137,887 | 31% | 71,871 | 22% | 92% | 98% |
| Asia-Pacific | 69,955 | 16% | 51,831 | 15% | 35% | 34% |
| Total | $438,742 | 100% | $332,012 | 100% | 32% | 34% |

| | Years Ended December 31, | |
|---|---|---|
| | 2016 | 2015 |
| Sales and marketing expenses as a percentage of revenues: | | |
| Americas | 14% | 14% |
| EMEA | 12% | 10% |
| Asia-Pacific | 9% | 10% |
| Total | 12% | 12% |

Americas Sales and Marketing Expenses. The increase in our Americas sales and marketing expenses was primarily due to (i) $16.4 million of higher compensation costs, including sales compensation, general salaries, bonuses and stock-based compensation and headcount growth (553 Americas sales and marketing employees as December 31, 2016 versus 497 as of December 31, 2015) and (ii) $7.9 million of higher advertising, promotion, consulting and travel expenses to support our growth. During the year ended December 31, 2016, the impact of foreign currency fluctuations to our Americas sales and marketing expenses was not significant when compared to average exchange rates during the year ended December 31, 2015. Over the past several years, we have been investing in our Americas sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts. We anticipate that we will continue to invest in Americas sales and marketing initiatives. As such, we expect our Americas sales and marketing expenses to continue to grow over the next year.

EMEA Sales and Marketing Expenses. Sales and marketing expenses for our EMEA region for the year ended December 31, 2016 included $53.0 million attributable to TelecityGroup, which closed in January 2016. Excluding the impact of TelecityGroup, our EMEA sales and marketing expenses were $84.9 million for the year ended December 31, 2016 compared to $71.9 million for the year ended December 31, 2015. The increase was primarily due to (i) $6.5 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (283 EMEA sales and marketing employees, excluding TelecityGroup employees, as of December 31, 2016 versus 227 as of December 31, 2015), and (ii) $4.0 million of higher advertising, promotion, consulting, and other marketing expenses to support our growth. During the year ended December 31, 2016, the impact of foreign currency fluctuations resulted in approximately $4.8 million of net favorable foreign currency impact to our EMEA sales and marketing expenses primarily due to a generally stronger U.S. dollar relative to the British pound during the year ended December 31, 2016 compared to the year ended December 31, 2015. Over the past several years, we have been investing in our EMEA sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts. We expect our EMEA sales and marketing expenses to increase as a result of the TelecityGroup acquisition.

Asia-Pacific Sales and Marketing Expenses. Sales and marketing expenses for our Asia-Pacific region included $15.6 million and $2.2 million of sales and marketing expenses attributable to Bit-isle, which closed in November 2015, for the years ended December 31, 2016 and 2015, respectively. Excluding the impact of Bit-isle, our Asia-Pacific sales and marketing expenses were $54.4 million for the year ended December 31, 2016 compared to $49.6 million for the year ended December 31, 2015. The increase was primarily due to $4.9 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (205

Asia-Pacific sales and marketing employees as of December 31, 2016 versus 183 as of December 31, 2015, excluding Bit-isle employees in both periods). For the year ended December 31, 2016, the impact of foreign currency fluctuations to our Asia-Pacific sales and marketing expenses was not significant when compared to average exchange rates for the year ended December 31, 2015. Over the past several years, we have been investing in our Asia-Pacific sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts. We expect our Asia-Pacific sales and marketing expenses to increase as a result of the Bit-isle acquisition.

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General and Administrative Expenses. Our general and administrative expenses for the years ended December 31, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

| | Years Ended December 31, | | | | % Change | |
|---|---|---|---|---|---|---|
| | 2016 | % | 2015 | % | Actual | Constant Currency |
| Americas | $391,637 | 56% | $347,421 | 70% | 13% | 13% |
| EMEA | 228,310 | 33% | 92,803 | 19% | 146% | 157% |
| Asia-Pacific | 74,614 | 11% | 53,060 | 11% | 41% | 40% |
| Total | $694,561 | 100% | $493,284 | 100% | 41% | 43% |

| | Years Ended December 31, | |
|---|---|---|
| | 2016 | 2015 |
| General and Administrative expenses as a percentage of revenues: | | |
| Americas | 23% | 23% |
| EMEA | 19% | 13% |
| Asia-Pacific | 10% | 10% |
| Total | 19% | 18% |

Americas General and Administrative Expenses. The increase in our Americas general and administrative expenses was primarily due to (i) $17.5 million of higher depreciation expense associated with certain systems to improve our quote to order and billing processes and other systems to support the integration and growth of our business, (ii) $16.0 million of higher compensation costs, including general salaries, bonuses, stock-based compensation, and headcount growth (934 Americas general and administrative employees as of December 31, 2016 versus 800 as of December 31, 2015) and (iii) $10.7 million of higher office expense, rent and facility cost and outside services consulting costs also in line with our overall growth. During the year ended December 31, 2016, the impact of foreign currency fluctuations to our Americas general and administrative expenses was not significant when compared to average exchange rates for the year ended December 31, 2015. Over the last several years, we have been investing in our Americas general and administrative functions to scale this region effectively for growth, which has included additional investments into improving our back office systems. We expect our current efforts to improve our back office systems will continue over the next several years. Going forward, although we are carefully monitoring our spending, we expect Americas general and administrative expenses to increase as we continue to further scale our operations to support our growth, including these investments in our back office systems and maintaining our REIT qualification.

EMEA General and Administrative Expenses. General and administrative expenses for our EMEA region for the year ended December 31, 2016 included $92.7 million attributable to TelecityGroup, which closed in January 2016, and the Paris IBX Data Center Acquisition, which closed in August 2016. Excluding the impact of TelecityGroup and the Paris IBX Data Center Acquisition, our EMEA general and administrative expenses were $135.6 million for the year ended December 31, 2016 compared to $92.8 million for the year ended December 31, 2015. Excluding the impact of TelecityGroup and the Paris IBX Data Center Acquisition, the increase was primarily due to (i) $22.8 million of higher consulting services, travel, office and rent and facility costs to support the integration of TelecityGroup and (ii) $18.0 million of higher compensation costs, including general salaries, bonuses, stock-based compensation and headcount growth (562 EMEA general and administrative employees, excluding TelecityGroup employees, as of December 31, 2016 versus 420 as of December 31, 2015). During the year ended December 31, 2016, the impact of foreign currency fluctuations resulted in approximately $10.1 million of net favorable foreign currency impact to our EMEA general and administrative expenses primarily due to a generally stronger U.S. dollar relative to the British pound during the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase in EMEA general and administrative expenses as a percentage of revenue is primarily due to an increase in amortization expense of $43.9 million associated with the TelecityGroup acquired intangibles. Over the last several years, we have been investing in our EMEA general and administrative functions as a result of our ongoing efforts to scale this region effectively for growth. Going forward, although we are carefully monitoring our spending given the current economic

environment, we expect our EMEA general and administrative expenses to increase in future periods as we continue to scale our operations to support our growth, as well as ongoing integration of TelecityGroup.
Asia-Pacific General and Administrative Expenses. General and administrative expenses for our Asia-Pacific region included $17.4 million and $5.8 million of general and administrative expenses attributable to Bit-isle, which closed in November 2015, for the years ended December 31, 2016 and 2015, respectively. Excluding the impact of Bit-isle, our Asia-Pacific general and

administrative expenses were $57.2 million for the year ended December 31, 2016, as compared to $47.3 million for the year ended December 31, 2015. Excluding the impact of Bit-isle, the increase was primarily due to $8.5 million of higher compensation costs, including general salaries, bonuses, stock-based compensation and headcount growth (317 Asia-Pacific general and administrative employees as of December 31, 2016 versus 266 as of December 31, 2015, excluding Bit-isle employees in both periods). For the year ended December 31, 2016, the impact of foreign currency fluctuations to our Asia-Pacific general and administrative expenses was not significant when compared to average exchange rates of the year ended December 31, 2015. Going forward, although we are carefully monitoring our spending, we expect Asia-Pacific general and administrative expenses to increase as a result of our acquisition and integration of Bit-isle and as we continue to scale our operations to support our growth.

Acquisition Costs. During the year ended December 31, 2016, we recorded acquisition costs totaling $64.2 million primarily attributed to the EMEA region due to the acquisitions of Telecity and the Paris IBX Data Center. During the year ended December 31, 2015, we recorded acquisition costs totaling $41.7 million primarily attributed to the EMEA region, and to a lesser degree, to the Asia-Pacific region.

Impairment Charges. During the year ended December 31, 2016, we recorded impairment charges totaling $7.7 million in the Asia-Pacific region relating to assets held for sale. We did not have impairment charges during the year ended December 31, 2015.

Gain on Asset Sales. During the year ended December 31, 2016, we recorded a gain on asset sales of $32.8 million primarily relating to the sale of the LD2 data center in the EMEA region and a parcel of land in San Jose in the Americas region. We did not have any gain on asset sales during the year ended December 31, 2015.

Income from Operations. Our income from operations for the years ended December 31, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

| | Years Ended December 31, | | | | % Change | |
|---|---|---|---|---|---|---|
| | 2016 | % | 2015 | % | Actual | Constant Currency |
| Americas | $352,180 | 57% | $324,458 | 57% | 9% | 9% |
| EMEA | 124,853 | 20% | 145,527 | 26% | (14)% | (11)% |
| Asia-Pacific | 141,706 | 23% | 97,357 | 17% | 46% | 44% |
| Total | $618,739 | 100% | $567,342 | 100% | 9% | 10% |

Americas Income from Operations. The increase in our Americas income from continuing operations was due to higher revenues as result of our IBX data center expansion activity and organic growth as described above as well as the gain recognized on the sale of the San Jose land parcel, partially offset by higher cost of revenues and operating expenses primarily attributable to higher compensation and other headcount related expenses to support our growth. The impact of foreign currency fluctuations on our Americas income from continuing operations for the year ended December 31, 2016 was not significant when compared to average exchange rates of the year ended December 31, 2015.

EMEA Income from Operations. The decrease in our EMEA income from continuing operations was primarily due to acquisition and integration costs incurred in connection with our acquisition of TelecityGroup, which closed in January 2016, as well as the increased depreciation and amortization created from the purchase accounting for TelecityGroup and the Paris IBX Data Center Acquisition, partially offset by the gain recognized on the sale of the LD2 data center. During the year ended December 31, 2016, the impact of foreign currency fluctuations resulted in approximately $5.2 million of net unfavorable foreign currency impact to our EMEA income from continuing operations primarily due to a generally stronger U.S. dollar relative to the British pound during the year ended December 31, 2016 compared to the year ended December 31, 2015.

Asia-Pacific Income from Operations. The increase in our Asia-Pacific income from continuing operations was primarily due to higher revenues as a result of our acquisition and integration of Bit-isle, which closed in November 2015, as well as our IBX data center expansion activity and organic growth as described above, partially offset by the impairment charges, higher cost of revenues and operating expenses primarily attributable to our acquisition of Bit-isle as well as higher compensation and other headcount related expenses and higher professional fees to support our growth. The impact of foreign currency fluctuations on our Asia-Pacific income from continuing operations for the year ended December 31, 2016 was not significant when compared to average exchange rates of the year ended

December 31, 2015.
Interest Income. Interest income was $3.5 million and $3.6 million for the years ended December 31, 2016 and 2015, respectively. The average yield for the year ended December 31, 2016 was 0.37% versus 0.38% for the year ended December 31,

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2015. We expect our interest income to remain at these low levels for the foreseeable future due to lower invested balances and a portfolio more weighted towards money market funds.

Interest Expense. Interest expense increased to $392.2 million for the year ended December 31, 2016 from $299.1 million for the year ended December 31, 2015. This increase in interest expense was primarily due to the impact of our $1.1 billion of senior notes issued in December 2015, $614.7 million outstanding in seven-year term loans we borrowed in January 2016 and $406.6 million outstanding in five-year term loans we borrowed in October 2016, replacing a bridge term loan facility we borrowed to finance our acquisition of Bit-isle, which closed in November 2015, as well as additional financings such as various capital lease and other financing obligations to support our expansion projects. The increase in interest expense is partially offset by the settlement of the 4.75% convertible debt in June 2016. During the years ended December 31, 2016 and 2015, we capitalized $13.3 million and $10.9 million, respectively, of interest expense to construction in progress. Going forward, we expect to incur higher interest expense as we borrowed the €1.0 billion Term B-2 Loan in January 2017. We also expect to incur additional indebtedness to support our growth and acquisition opportunities including the Verizon Asset Purchase, resulting in higher interest expense going forward.

Other Income (Expense). We recorded net other expense of $57.9 million and $60.6 million for the years December 31, 2016 and 2015, respectively, primarily due to foreign currency exchange losses during the periods.

Loss on Debt Extinguishment. During the year ended December 31, 2016, we recorded a $12.3 million loss on debt extinguishment as a result of the settlement of the financing obligations for our Paris 3 IBX data center, a portion of the lender fees associated with the Japanese Yen Term Loan, and the prepayment and termination of our 2012 and 2013 Brazil financings. During the year ended December 31, 2015, we recorded a $0.3 million loss on debt extinguishment which was attributable to partial conversions of our 4.75% convertible subordinated notes in December 2015.

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

We have made TRS elections for some of our subsidiaries in and outside the U.S. In general, a TRS may provide services that would otherwise be considered impermissible for REITs to provide and may hold assets that REITs cannot hold directly. U.S. income taxes for the TRS entities located in the U.S. and foreign income taxes for our foreign operations regardless of whether the foreign operations are operated as a QRS or TRS have been accrued, as necessary, for the years ended December 31, 2016 and 2015.

For the years ended December 31, 2016 and 2015, we recorded $45.5 million and $23.2 million of income tax expenses, respectively. Our effective tax rates were 28.4% and 11.0%, respectively, for the years ended December 31, 2016 and 2015. The increase in the effective tax rate in 2016 as compared to 2015 is primarily due to higher profits in the domestic TRS and larger amount of non-deductible interest expenses within our EMEA operations.

We recorded excess income tax benefits of $2,773,000 and $30,000 during the year ended December 31, 2016 and 2015, respectively, in our consolidated balance sheets.

Adjusted EBITDA. Adjusted EBITDA is a key factor in how we assess the operating performance of our segments and develop regional growth strategies such as IBX data center expansion decisions. We define adjusted EBITDA as income or loss from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges, acquisition costs and 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 years ended December 31, 2016 and 2015 was split among the following geographic regions (dollars in thousands):

| Years Ended December 31, | | | | % Change | |
|---|---|---|---|---|---|
| 2016 | % | 2015 | % | Actual | Constant Currency |

| | | | | | | |
|---|---|---|---|---|---|---|
| Americas | $787,311 | 47 % | $698,604 | 55 % | 13% | 13 % |
| EMEA | 494,263 | 30 % | 318,561 | 25 % | 55% | 59 % |
| Asia-Pacific | 375,900 | 23 % | 254,462 | 20 % | 48% | 46 % |
| Total | $1,657,474 | 100% | $1,271,627 | 100% | 30% | 31 % |

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Americas Adjusted EBITDA. The increase in our Americas adjusted EBITDA was due to higher revenues as result of our IBX data center expansion activity and organic growth as described above. During the year ended December 31, 2016, currency fluctuations resulted in approximately $2.2 million of net unfavorable foreign currency impact on our Americas adjusted EBITDA primarily due to the generally stronger U.S. dollar relative to the Brazilian real and Canadian dollar during the year ended December 31, 2016 compared to the year ended December 31, 2015.
EMEA Adjusted EBITDA. Adjusted EBITDA for our EMEA region includes $189.0 million of adjusted EBITDA attributable to our acquisition of TelecityGroup, which closed in January 2016, and the Paris IBX Data Center Acquisition, which closed in August 2016. Excluding adjusted EBITDA attributable to TelecityGroup and the Paris IBX Data Center Acquisition, the decrease in our EMEA adjusted EBITDA was primarily due to higher operating costs as result of our IBX data center expansion activity and organic growth as described above and integration costs relating to TelecityGroup acquisition. During the year ended December 31, 2016, currency fluctuations resulted in approximately $10.7 million of net unfavorable foreign currency impact to our EMEA adjusted EBITDA primarily due to a generally stronger U.S. dollar relative to the British pound during the year ended December 31, 2016 compared to the year ended December 31, 2015.
Asia-Pacific Adjusted EBITDA. Adjusted EBITDA for our Asia-Pacific region includes $50.3 million and $5.2 million of adjusted EBITDA attributable to our acquisition of Bit-isle, which closed in November 2015, for the years ended December 31, 2016 and 2015, respectively. Excluding adjusted EBITDA attributable to Bit-isle, the increase in our Asia-Pacific adjusted EBITDA was primarily due to higher revenues as result of our IBX data center expansion activity and organic growth as described above. During the year ended December 31, 2016, the U.S. dollar was generally weaker relative to the Japanese Yen than during the year ended December 31, 2015, resulting in approximately $4.1 million of net favorable foreign currency impact to our Asia-Pacific revenues during the year ended December 31, 2016 when compared to average exchange rates during the year ended December 31, 2015.
Years Ended December 31, 2015 and 2014
Revenues. Our revenues for the years ended December 31, 2015 and 2014 were generated from the following revenue classifications and geographic regions (dollars in thousands):

| | Years Ended December 31, | | | | % Change | |
|---|---|---|---|---|---|---|
| | 2015 | % | 2014 | % | Actual | Constant Currency |
| Americas: | | | | | | |
| Recurring revenues | $1,432,084 | 52% | $1,311,518 | 54% | 9% | 12% |
| Non-recurring revenues | 80,451 | 3% | 64,585 | 3% | 25% | 25% |
| | 1,512,535 | 55% | 1,376,103 | 57% | 10% | 13% |
| EMEA: | | | | | | |
| Recurring revenues | 651,778 | 24% | 598,953 | 24% | 9% | 23% |
| Non-recurring revenues | 47,029 | 2% | 38,312 | 1% | 23% | 41% |
| | 698,807 | 26% | 637,265 | 25% | 10% | 24% |
| Asia-Pacific: | | | | | | |
| Recurring revenues | 485,279 | 18% | 407,319 | 17% | 19% | 31% |
| Non-recurring revenues | 29,246 | 1% | 23,089 | 1% | 27% | 39% |
| | 514,525 | 19% | 430,408 | 18% | 20% | 31% |
| Total: | | | | | | |
| Recurring revenues | 2,569,141 | 94% | 2,317,790 | 95% | 11% | 18% |
| Non-recurring revenues | 156,726 | 6% | 125,986 | 5% | 24% | 32% |
| | $2,725,867 | 100% | $2,443,776 | 100% | 12% | 19% |

Americas Revenues. During the years ended December 31, 2015 and 2014, our revenues from the United States, the largest revenue contributor in the Americas region for the periods, represented approximately 93% and 91%, respectively, of the regional revenues. Growth in Americas revenues was primarily due to (i) $44.5 million of revenue generated from our recently-opened IBX data centers and IBX data center expansions in the Dallas, New York, Rio de Janeiro, Silicon Valley, Toronto and Washington DC metro areas and (ii) an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our utilization rate, as discussed above, in both our new and existing IBX data centers. During the year ended

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December 31, 2015, currency fluctuations resulted in approximately $37.7 million of unfavorable foreign currency impact on our Americas revenues primarily due to the generally stronger U.S. dollar relative to the Brazilian real and Canadian dollar during the year ended December 31, 2015 compared to the year ended December 31, 2014.

EMEA Revenues. During the years ended December 31, 2015 and 2014, our revenues from the United Kingdom, the largest revenue contributor in the EMEA region for the periods, represented approximately 37% and 36%, respectively, of the regional revenues. Our EMEA revenue growth was due to (i) $23.6 million of revenue generated from our recently-opened IBX data centers and IBX data center expansions in the Amsterdam, Frankfurt, London, and Paris metro areas and (ii) an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our utilization rate, as discussed above, in both our new and existing IBX data centers. During the year ended December 31, 2015, currency fluctuations resulted in approximately $94.1 million of net unfavorable foreign currency impact on our EMEA revenues primarily due to the generally stronger U.S. dollar relative to the British pound and Euro during the year ended December 31, 2015 compared to the year ended December 31, 2014.

Asia-Pacific Revenues. Our revenues from Singapore, the largest revenue contributor in the Asia-Pacific region, represented approximately 37% and 38% of the regional revenues for the years ended December 31, 2015 and 2014. Our Asia-Pacific revenue growth was due to (i) $58.8 million of revenue generated from our recently-opened IBX data centers and IBX data center expansions in the Hong Kong, Melbourne, Shanghai, Singapore and Tokyo metro areas and (ii) an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our utilization rate, as discussed above, in both our new and existing IBX data centers. In addition, our Asia-Pacific revenues for the year ended December 31, 2015 included $21.6 million of revenue attributable to our acquisition of Bit-isle, which closed on November 2, 2015. During the year ended December 31, 2015, currency fluctuations resulted in approximately $46.4 million of net unfavorable foreign currency impact on our Asia-Pacific revenues primarily due to the generally stronger U.S. dollar relative to the Australian dollar, Japanese yen and Singapore dollar during the year ended December 31, 2015 compared to the year ended December 31, 2014.

Cost of Revenues. Our cost of revenues for the years ended December 31, 2015 and 2014 were split among the following geographic regions (dollars in thousands):

| | Years Ended December 31, | | | | % Change | |
|---|---|---|---|---|---|---|
| | 2015 | % | 2014 | % | Actual | Constant Currency |
| Americas | $637,604 | 49% | $605,184 | 51% | 5% | 10% |
| EMEA | 350,270 | 27% | 337,095 | 28% | 4% | 19% |
| Asia-Pacific | 303,632 | 24% | 255,606 | 21% | 19% | 30% |
| Total | $1,291,506 | 100% | $1,197,885 | 100% | 8% | 17% |

| | Years Ended December 31, | |
|---|---|---|
| | 2015 | 2014 |
| Cost of revenues as a percentage of revenues: | | |
| Americas | 42% | 44% |
| EMEA | 50% | 53% |
| Asia-Pacific | 59% | 59% |
| Total | 47% | 49% |

Americas Cost of Revenues. Our Americas cost of revenues for the years ended December 31, 2015 and 2014 included $219.1 million and $218.4 million, respectively, of depreciation expense. The increase in our Americas cost of revenues was primarily due to (i) $17.4 million of higher office expense, utilities, and repair and maintenance costs in support of our business growth, (ii) $7.3 million of higher compensation costs, including general salaries, bonuses, stock-based compensation and headcount growth (1,032 employees included in Americas cost of revenues as of December 31, 2015 versus 941 as of December 31, 2014), (iii) $3.9 million of higher costs associated with equipment resales to support the growth of non-recurring revenues and (iv) $3.5 million of higher property and real property tax expenses primarily due to our newly-opened IBX data centers during the year ended December 31, 2015, partially offset by $2.6 million of lower rent and facility costs primarily as a result of certain leases being accounted for as capital leases rather than as operating leases. During the year ended December 31, 2015, currency fluctuations resulted in approximately $29.6 million of net favorable foreign currency impact on our Americas cost of revenues primarily due to the generally stronger U.S. dollar relative to the Brazilian real and Canadian dollar during the year ended December 31, 2015 compared to the year ended December 31, 2014.

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EMEA Cost of Revenues. EMEA cost of revenues included $97.8 million of depreciation expense for the years ended December 31, 2015 and 2014. The increase in our EMEA cost of revenues was primarily due to $3.4 million of higher compensation costs, including general salaries, bonuses, stock-based compensation and headcount growth (541 employees included in EMEA cost of revenues as of December 31, 2015 versus 473 as of December 31, 2014), and $13.2 million of higher costs associated with equipment resales, bandwidth and other customer services in support of our non-recurring revenues growth as well as an increase in net losses related to cash flow derivatives. These increases were partially offset by $5.0 million of lower rent, facilities and utilities expenses and $2.7 million of lower consulting costs. During the year ended December 31, 2015, the impact of foreign currency fluctuations resulted in approximately $50.8 million of net favorable foreign currency impact on our EMEA cost of revenues primarily due to the generally stronger U.S. dollar relative to the British pound and Euro during the year ended December 31, 2015 compared to the year ended December 31, 2014.

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues for the year ended December 31, 2015 included $17.4 million of cost of revenues attributable to our acquisition of Bit-isle, which closed in November 2015. Excluding cost of revenues attributable to Bit-isle, Asia-Pacific cost of revenues for the year ended December 31, 2015 was $286.2 million compared to $255.6 million for the year ended December 31, 2014. Depreciation expense, excluding Bit-isle, was $116.9 million and $101.4 million for the years ended December 31, 2015 and 2014, respectively. Growth in depreciation expense was primarily due to our IBX data center expansion activity. In addition to the increase in depreciation expense, the increase in Asia-Pacific cost of revenues, excluding cost of revenues attributable to Bit-isle, was primarily due to $9.9 million in higher consulting costs, utility costs, repairs and maintenance costs and rent and facility costs in support of our revenue growth as well as $2.8 million of higher compensation costs, including general salaries, bonuses, stock-based compensation and headcount growth (390 employees included in Asia-Pacific cost of revenues, excluding Bit-isle employees, as of December 31, 2015 versus 342 as of December 31, 2014). During the year ended December 31, 2015, currency fluctuations resulted in approximately $24.7 million of net favorable foreign currency impact on our Asia-Pacific cost of revenues primarily due to the generally stronger U.S. dollar relative to the Australian dollar, Japanese yen and Singapore dollar during the year ended December 31, 2015 compared to the year ended December 31, 2014.

Sales and Marketing Expenses. Our sales and marketing expenses for the years ended December 31, 2015 and 2014 were split among the following geographic regions (dollars in thousands):

| | Years Ended December 31, | | | | % Change | |
|---|---|---|---|---|---|---|
| | 2015 | % | 2014 | % | Actual | Constant Currency |
| Americas | $208,310 | 63% | $172,264 | 58% | 21% | 24% |
| EMEA | 71,871 | 22% | 79,890 | 27% | (10)% | —% |
| Asia-Pacific | 51,831 | 15% | 43,949 | 15% | 18% | 27% |
| Total | $332,012 | 100% | $296,103 | 100% | 12% | 18% |

| | Years Ended December 31, | |
|---|---|---|
| | 2015 | 2014 |
| Sales and marketing expenses as a percentage of revenues: | | |
| Americas | 14% | 13% |
| EMEA | 10% | 13% |
| Asia-Pacific | 10% | 10% |
| Total | 12% | 12% |

Americas Sales and Marketing Expenses. The increase in our Americas sales and marketing expenses was primarily due to (i) $26.5 million of higher compensation costs, including sales compensation, general salaries, bonuses, commission and stock-based compensation as a result of business and headcount growth (497 Americas sales and marketing employees as of December 31, 2015 versus 450 as of December 31, 2014) and (ii) $8.6 million of higher travel, consulting and advertising and promotion costs in support of our business growth. During the year ended

December 31, 2015, currency fluctuations resulted in approximately $4.7 million of net favorable foreign currency impact on our Americas sales and marketing expenses primarily due to the generally stronger U.S. dollar relative to the Brazilian real and Canadian dollar during the year ended December 31, 2015 compared to the year ended December 31, 2014. Over the past several years, we have been investing in our Americas sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts.

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EMEA Sales and Marketing Expenses. The decrease in our EMEA sales and marketing expenses was primarily due to $4.5 million of lower professional fees primarily due to the termination of certain contracts during 2014. During the year ended December 31, 2015, the impact of foreign currency fluctuations resulted in approximately $8.3 million of net favorable foreign currency impact on our EMEA sales and marketing expenses primarily due to the generally stronger U.S. dollar relative to the British pound and Euro compared to the year ended December 31, 2014. Over the past several years, we have been investing in our EMEA sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts and, as a result, our EMEA sales and marketing expenses as a percentage of revenues have increased. We expect our EMEA sales and marketing expenses to further increase as a result of the TelecityGroup acquisition.
Asia-Pacific Sales and Marketing Expenses. Asia-Pacific sales and marketing expenses for the year ended December 31, 2015 included $2.2 million of sales and marketing expenses attributable to our acquisition of Bit-isle, which closed in November 2015. Excluding Bit-isle, Asia-Pacific sales and marketing expenses were $49.6 million for the year ended December 31, 2015 compared to $43.9 million for the year ended December 31, 2014. The increase in our Asia-Pacific sales and marketing expenses, excluding Bit-isle, was primarily due to $3.6 million of higher compensation costs, including sales compensation, general salaries, bonuses, commission and stock-based compensation as a result of business and headcount growth (183 Asia-Pacific sales and marketing employees, excluding Bit-isle employees, versus 155 as of December 31, 2014). During the year ended December 31, 2015, the impact of foreign currency fluctuations resulted in approximately $3.6 million of net favorable impact on our Asia-Pacific sales and marketing expenses primarily due to a generally stronger U.S. dollar relative to the Australian dollar, Japanese yen and Singapore dollar during the year ended December 31, 2015 compared to the year ended December 31, 2014. Over the past several years, we have been investing in our Asia-Pacific sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts and, as a result, our Asia-Pacific sales and marketing expenses have increased. We expect our APAC sales and marketing expenses to further increase as a result of the Bit-Isle acquisition.
General and Administrative Expenses. Our general and administrative expenses for the years ended December 31, 2015 and 2014 were split among the following geographic regions (dollars in thousands):

| | Years Ended December 31, | | | | % Change | |
|---|---|---|---|---|---|---|
| | 2015 | % | 2014 | % | Actual | Constant Currency |
| Americas | $347,421 | 70% | $315,533 | 72% | 10% | 11% |
| EMEA | 92,803 | 19% | 79,942 | 18% | 16% | 26% |
| Asia-Pacific | 53,060 | 11% | 42,541 | 10% | 25% | 35% |
| Total | $493,284 | 100% | $438,016 | 100% | 13% | 16% |

| | Years Ended December 31, | |
|---|---|---|
| | 2015 | 2014 |
| General and Administrative expenses as a percentage of revenues: | | |
| Americas | 23% | 23% |
| EMEA | 13% | 13% |
| Asia-Pacific | 10% | 10% |
| Total | 18% | 18% |

Americas General and Administrative Expenses. The increase in our Americas general and administrative expenses was primarily due to (i) $15.0 million of higher compensation costs, including general salaries, bonuses and stock-based compensation as a result of headcount growth (800 Americas general and administrative employees as of December 31, 2015 versus 731 as of December 31, 2014), (ii) $17.0 million of higher depreciation expenses primarily associated with the implementation of the Oracle R12 ERP system and certain systems to support the REIT conversion and (iii) $10.9 million of higher office expenses, travel, entertainment, and rent and facility costs, in support of our business growth, partially offset by an $11.3 million reduction in professional fees related to our REIT conversion as compared to those incurred during the year ended December 31, 2014. During the year ended December 31, 2015, currency fluctuations resulted in approximately $3.2 million of net favorable foreign currency impact on our Americas general and administrative expenses primarily due to the generally stronger U.S. dollar relative to the Brazilian real and Canadian dollar during the year ended December 31, 2015 compared to the year ended December 31, 2014. Over the course of the past year, we have been investing in our Americas general and administrative functions to scale this region effectively for growth, which has included additional investments into improving our back office systems. We expect our current efforts to improve our back office systems will continue over the next several years.

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EMEA General and Administrative Expenses. The increase in our EMEA general and administrative expenses was primarily due to (i) approximately $4.2 million of higher compensation costs, including general salaries, bonuses and stock-based compensation as a result of headcount growth (420 EMEA general and administrative employees as of December 31, 2015 versus 353 as of December 31, 2014), (ii) $4.3 million of higher depreciation expenses due to implementation of the Oracle R12 ERP system and certain systems to support the REIT conversion and (iii) $2.8 million of higher consulting costs primarily due to integration efforts in connection with our acquisition of TelecityGroup as well as an increase in net losses related to cash flow hedging derivatives. During the year ended December 31, 2015, the impact of foreign currency fluctuations resulted in approximately $7.8 million of net favorable foreign currency impact on our EMEA general and administrative expenses primarily due to the generally stronger U.S. dollar relative to the British pound and Euro during the year ended December 31, 2015 compared to the year ended December 31, 2014.

Asia-Pacific General and Administrative Expenses. Asia-Pacific general and administrative expenses for the year ended December 31, 2015 included $5.8 million of general and administrative expenses attributable to our acquisition of Bit-isle, which closed on November 2, 2015. Excluding general and administrative expenses attributable to Bit-isle, Asia-Pacific general and administrative expenses for the year ended December 31, 2015 were $47.3 million compared to $42.5 million for the year ended December 31, 2014. Excluding general and administrative expenses attributable to Bit-isle, the increase in our Asia-Pacific general and administrative expenses was primarily due to a $2.2 million increase in consulting costs, legal fees and other costs for tax-related matters as well as higher compensation costs, including general salaries, bonuses and stock-based compensation as a result of headcount growth (266 Asia-Pacific general and administrative employees, excluding Bit-isle employees, as of December 31, 2015 versus 224 as of December 31, 2014). During the year ended December 31, 2015, the impact of foreign currency fluctuations resulted in approximately $3.4 million of net favorable impact on our Asia-Pacific general and administrative expenses primarily due to a generally stronger U.S. dollar relative to the Australian dollar, Japanese yen and Singapore dollar compared to the year ended December 31, 2014.

Acquisition Costs. During the year ended December 31, 2015, we recorded acquisition costs totaling $41.7 million primarily attributed to the EMEA region, and to a lesser degree, to the Asia-Pacific region. During the year ended December 31, 2014, we recorded acquisition costs totaling $2.5 million primarily attributed to the EMEA regions.

Income from Operations. Our income from operations for the years ended December 31, 2015 and 2014 were split among the following geographic regions (dollars in thousands):

| | Years Ended December 31, | | | | % Change | |
|---|---|---|---|---|---|---|
| | 2015 | % | 2014 | % | Actual | Constant Currency |
| Americas | $324,458 | 57% | $282,219 | 56% | 15% | 15% |
| EMEA | 145,527 | 26% | 138,685 | 27% | 5% | 23% |
| Asia-Pacific | 97,357 | 17% | 88,362 | 17% | 10% | 24% |
| Total | $567,342 | 100% | $509,266 | 100% | 11% | 19% |

Americas Income from Operations. The increase in our Americas income from operations was due to higher revenues as result of our IBX data center expansion activity and organic growth as described above, partially offset by higher operating expenses as a percentage of revenues primarily attributable to higher compensation and other headcount related expenses to support our growth.

EMEA Income from Operations. 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. During the year ended December 31, 2015, currency fluctuations resulted in approximately $25.6 million of net unfavorable foreign currency impact on our EMEA income from operations primarily due to the generally stronger U.S. dollar relative to the British pounds and Euro during the year ended December 31, 2015 compared to the year ended December 31, 2014.

Asia-Pacific Income from Operations. 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, partially offset by higher operating expenses as a percentage of revenues primarily attributable to higher compensation and other headcount related expenses and higher professional fees to support our growth. During the year ended December

31, 2015, currency fluctuations resulted in approximately $17.5 million of net unfavorable foreign currency impact on our Asia-Pacific income from operations primarily due to the generally stronger U.S. dollar relative to the Australian dollar, Japanese yen and Singapore dollar during the year ended December 31, 2015 compared to the year ended December 31, 2014.

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Interest Income. Interest income was $3.6 million and $2.9 million for the years ended December 31, 2015 and 2014, respectively. The average yield for the year ended December 31, 2015 was 0.38% versus 0.33% for the year ended December 31, 2014.

Interest Expense. Interest expense increased to $299.1 million for the year ended December 31, 2015 from $270.6 million for the year ended December 31, 2014. This increase in interest expense was primarily due to the full impact recognized for the year ended December 31, 2015 of our $1.25 billion senior notes offering in November 2014, the $0.5 billion Term loan A we borrowed in December 2014 under our senior credit facility and $18 million of higher interest expense from various capital lease and other financing obligations to support our expansion projects, which was partially offset by the redemption of our 7.00% senior notes in December 2014, the settlement of the 3.00% convertible notes and the partial redemption of the 4.75% convertible notes in June 2014. During the years ended December 31, 2015 and 2014, we capitalized $10.9 million and $19.0 million, respectively, of interest expense to construction in progress.

Other Income (Expense). We recorded net expense of $60.6 million and net income of $0.1 million for the years December 31, 2015 and 2014, respectively, primarily due to foreign currency exchange gains and losses during the periods. The expense recorded in 2015 is primarily attributed to foreign currency losses to fund the TelecityGroup acquisition purchase price.

Loss on Debt Extinguishment. During the year ended December 31, 2015, we recorded a $0.3 million loss on debt extinguishment which was attributable to partial conversions of our 4.75% convertible subordinated notes in December 2015. During the year ended December 31, 2014, we recorded a $157.0 million loss on debt extinguishment, of which $51.2 million was attributable to the exchanges of the 3.00% convertible subordinated notes and 4.75% convertible subordinated notes, $103.3 million was attributable to the redemption of our $750.0 million 7.00% senior notes and $2.5 million was attributable to the prepayment and termination of our $750.0 million multicurrency credit facility. For additional information, see “Loss on Debt Extinguishment” in Note 10 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Income Taxes. During the year ended December 31, 2015 and 2014, we recorded $23.2 million and $345.5 million of income tax expenses, respectively. We recognized a significantly lower income tax provision in 2015 as compared to the income tax provision in 2014 primarily due to the de-recognition, in 2014, of the deferred tax assets and liabilities of our U.S. operations upon conversion to a REIT.

The $345.5 million of income tax expense recorded during the year ended December 31, 2014 was primarily attributable to the statutory tax rate change due to our REIT conversion, which resulted in a $324.1 million domestic deferred tax assets write-off. In connection with the formal approval of our conversion to a REIT by our Board of Directors in December 2014, we reassessed, in the fourth quarter of 2014, the deferred tax assets and liabilities of our U.S. operations to be included in the REIT structure. The reevaluation resulted in de-recognizing the deferred tax assets and liabilities of our REIT’s U.S. operations, excluding the deferred tax liabilities associated with the depreciation and amortization recapture expected in 2015. The de-recognition of the deferred tax assets and liabilities of our REIT’s U.S. operations occurred because the expected recovery or settlement of the related assets and liabilities will not result in deductible or taxable amounts in any post-REIT conversion periods. The deferred tax assets and liabilities associated with our foreign operations, regardless of whether such foreign operations were part of the REIT conversion, are not subject to the de-recognition assessment. We generally do not expect our occasional sale of assets to result in a material tax liability.

Our effective tax rates were 11.0% and 407.7%, respectively, for the years ended December 31, 2015 and 2014. Our effective tax rate for the year ended December 31, 2014 was primarily due to tax expense attributable to the $324.1 million domestic deferred tax assets write-off as a result of our REIT conversion. Excluding this tax expense, our effective tax rate would have been 25.2% for the year ended December 31, 2014. Due to our REIT conversion, we are entitled to a deduction for dividends paid, which results in a substantial reduction of U.S income tax expense. As a REIT, substantially all of our income tax expense is the foreign income tax incurred by our foreign subsidiaries and the U.S. income tax expense incurred by our U.S. TRSs.

We recorded excess income tax benefits of $30,000 and $18.6 million during the years ended December 31, 2015 and 2014, respectively, in our consolidated balance sheets.

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Adjusted EBITDA. Adjusted EBITDA is a key factor in how we assess the operating performance of our segments and develop regional growth strategies such as IBX data center expansion decisions. We define adjusted EBITDA as income or loss from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges, acquisition costs and 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 years ended December 31, 2015 and 2014 was split among the following geographic regions (dollars in thousands):

| | Years Ended December 31, | | | | % Change | |
|---|---|---|---|---|---|---|
| | 2015 | % | 2014 | % | Actual | Constant Currency |
| Americas | $698,604 | 55% | $635,007 | 57% | 10% | 12% |
| EMEA | 318,561 | 25% | 269,222 | 24% | 18% | 35% |
| Asia-Pacific | 254,462 | 20% | 209,662 | 19% | 21% | 34% |
| Total | $1,271,627 | 100% | $1,113,891 | 100% | 14% | 22% |

Americas Adjusted EBITDA. The increase in our Americas adjusted EBITDA was due to higher revenues as result of our IBX data center expansion activity and organic growth as described above, partially offset by higher adjusted operating expenses as a percentage of revenues primarily attributable to higher compensation and other headcount related expenses to support our growth. During the year ended December 31, 2015, currency fluctuations resulted in approximately $12.2 million of net unfavorable foreign currency impact on our Americas adjusted EBITDA primarily due to the generally stronger U.S. dollar relative to the Brazilian real and Canadian dollar during the year ended December 31, 2015 compared to the year ended December 31, 2014.

EMEA Adjusted EBITDA. 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. During the year ended December 31, 2015, currency fluctuations resulted in approximately $45.4 million of net unfavorable foreign currency impact on our EMEA adjusted EBITDA primarily due to the generally stronger U.S. dollar relative to the British pounds and Euro during the year ended December 31, 2015 compared to the year ended December 31, 2014.

Asia-Pacific Adjusted EBITDA. 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, partially offset by higher adjusted operating expenses as percentages of revenues primarily attributable to higher compensation and other headcount related expenses and higher professional fees to support our growth. During the year ended December 31, 2015, currency fluctuations resulted in approximately $26.1 million of net unfavorable foreign currency impact on our Asia-Pacific adjusted EBITDA primarily due to the generally stronger U.S. dollar relative to the Australian dollar, Japanese yen and Singapore dollar during the year ended December 31, 2015 compared to the year ended December 31, 2014.

Non-GAAP Financial Measures

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

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

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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 this 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 gains on asset sales as it represents profit that is not meaningful in evaluating the current or future operating performance. Finally, we exclude acquisition costs from AFFO and adjusted EBITDA to allow more comparable comparisons of our financial results to our historical operations. The acquisition costs relate to costs we incur in connection with business combinations. 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 acquisitions. Management believes items such as restructuring charges, impairment charges, gains on asset sales and acquisition costs are non-core transactions; however, these types of costs may occur in future periods.

Adjusted EBITDA

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

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| Income from operations | $618,739 | $567,342 | $509,266 |
| Depreciation, amortization, and accretion expense | 843,510 | 528,929 | 484,129 |
| Stock-based compensation expense | 156,148 | 133,633 | 117,990 |
| Acquisition costs | 64,195 | 41,723 | 2,506 |
| Impairment charges | 7,698 | — | — |
| Gain on asset sales | (32,816 ) | — | — |
| Adjusted EBITDA | $1,657,474 | $1,271,627 | $1,113,891 |

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

Funds from Operations (“FFO”) and AFFO

We use FFO and AFFO, which are non-GAAP financial measures commonly used in the REIT industry. FFO is calculated in accordance with the standards established by the National Association of Real Estate Investment Trusts

(“NAREIT”). FFO represents net income (loss), excluding 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.

We use AFFO to evaluate our performance on a consolidated basis and as a metric in the determination of employees’ annual bonuses beginning in 2015 and vesting of restricted stock units that were granted beginning in 2015 and that have both service and performance conditions. In presenting AFFO, we exclude certain items that we believe are not good indicators of our current or future operating performance. AFFO represents FFO excluding depreciation and amortization expense on non-real estate assets,

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accretion, stock-based compensation, restructuring charges, impairment charges, acquisition costs, an installation revenue adjustment, a straight-line rent expense adjustment, amortization of deferred financing costs, gain (loss) on debt extinguishment, an income tax expense adjustment, recurring capital expenditures and adjustments for unconsolidated joint ventures' and noncontrolling interests' share of these items, gain on asset sales and net income (loss) from discontinued operations, net of tax. The adjustments for both installation revenue and straight-line rent expense are intended to isolate the cash activity included within the straight-lined or amortized results in the consolidated statement of operations. We exclude the amortization of deferred financing costs as these expenses relate to the initial costs incurred in connection with debt financings that have no current or future cash obligations. We exclude 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 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.

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Our FFO and AFFO were as follows (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| Net income (loss) | $126,800 | $187,774 | $(260,726) |
| Net loss attributable to redeemable non-controlling interests | — | — | 1,179 |
| Net income (loss) attributable to Equinix | 126,800 | 187,774 | (259,547) |
| Adjustments: | | | |
| Real estate depreciation and amortization | 626,564 | 439,969 | 417,703 |
| (Gain) loss on disposition of real estate property | (28,388) | 1,382 | 301 |
| Adjustments for FFO from unconsolidated joint ventures | 113 | 113 | 112 |
| Non-controlling interests' share of above adjustments | — | — | (5,303) |
| NAREIT FFO attributable to common stockholders | $725,089 | $629,238 | $153,266 |

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| NAREIT FFO attributable to common stockholders | $725,089 | $629,238 | $153,266 |
| Adjustments: | | | |
| Installation revenue adjustment | 20,161 | 35,498 | 25,720 |
| Straight-line rent expense adjustment | 7,700 | 7,931 | 13,048 |
| Amortization of deferred financing costs | 18,696 | 16,135 | 19,020 |
| Stock-based compensation expense | 156,149 | 133,633 | 117,990 |
| Non-real estate depreciation expense | 87,781 | 58,165 | 36,232 |
| Amortization expense | 122,862 | 27,446 | 27,756 |
| Accretion expense | 6,303 | 3,349 | 2,438 |
| Recurring capital expenditures | (141,819) | (120,281) | (105,366) |
| Loss on debt extinguishment | 12,276 | 289 | 156,990 |
| Acquisition costs | 64,195 | 41,723 | 2,506 |
| Impairment charges | 7,698 | — | — |
| Net income from discontinued operations, net of tax | (12,392) | — | — |
| Income tax expense adjustment | 3,680 | (1,270) | 315,289 |
| Adjustments for AFFO from unconsolidated joint ventures | (40) | (58) | (76) |
| Non-controlling interests' share of above adjustments | — | — | (3,134) |
| AFFO | $1,078,339 | $831,798 | $761,679 |

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 such as the Euro, British pound, Japanese yen, Singapore dollar, Australian dollar and Brazilian real. In order to provide a framework for assessing how each of our business segments performed excluding the impact of foreign currency fluctuations, we present period-over-period percentage changes in our revenues and certain operating expenses on a constant currency basis in addition to the historical amounts as reported. Presenting constant currency results of operations is a non-GAAP financial measure and is not meant to be considered in isolation or as an alternative to GAAP results of operations. However, we have presented this non-GAAP financial measure to provide investors with an additional tool to evaluate our operating results. To present this information, our current and comparative prior period revenues

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and certain operating expenses from entities reporting in currencies other than the U.S. dollar are converted into U.S. dollars at constant exchange rates rather than the actual exchange rates in effect during the respective periods (i.e. average rates in effect for the year ended December 31, 2015 are used as exchange rates for the year ended December 31, 2016 when comparing the year ended December 31, 2016 with the year ended December 31, 2015, and average rates in effect for the year ended December 31, 2014 are used as exchange rates for the year ended December 31, 2015 when comparing the year ended December 31, 2015 with the year ended December 31, 2014).

Liquidity and Capital Resources

As of December 31, 2016, our total indebtedness was comprised of debt and financing obligations totaling approximately $6,821.6 million consisting of (a) approximately $3,850.0 million of principal from our senior notes, (b) approximately $1,511.8 million from our capital lease and other financing obligations, and (c) $1,459.8 million of principal from our mortgage and other loans payable (gross of discount and premium).

We believe we have sufficient cash, coupled with anticipated cash generated from operating activities, to meet our operating requirements, including repayment of the current portion of our debt as it becomes due, payment of regular dividend distributions and completion of our publicly-announced expansion projects. As of December 31, 2016, we had $761.9 million of cash, cash equivalents and short-term and long-term investments, of which approximately $380.8 million was held in the U.S. We believe that our current expansion activities can be funded with our cash and cash equivalents and investments. On December 6, 2016, we entered into a transaction agreement with Verizon to acquire Verizon's colocation services business at 24 data center sites located in the United States, Brazil and Colombia for a cash purchase price of $3,600.0 million. We expect to fund the acquisition with a combination of cash on hand, proceeds from the €1,000.0 million Term B-2 Loan which we borrowed in full on January 6, 2017 (see Note 10 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K), and proceeds from future debt and equity financings. In connection with the Verizon Asset Purchase, we entered into a commitment letter to provide a senior unsecured bridge facility in the aggregate principal amount of $2,000.0 million for the purpose of funding a portion of the cash consideration for the acquisition. See Note 2 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

As of December 31, 2016, we had 30 irrevocable letters of credit totaling $50.5 million issued and outstanding under the revolving credit facility; as a result of these letters of credit, we had a total of approximately $1,449.5 million of additional liquidity available to us under the revolving credit facility. Besides any further financing activities we may pursue, customer collections are our primary source of cash. While we believe we have a strong customer base, and have continued to experience relatively strong collections, if the current market conditions were to deteriorate, some of our customers may have difficulty paying us and we may experience increased churn in our customer base, including reductions in their commitments to us, all of which could have a material adverse effect on our liquidity. Additionally, we may pursue additional expansion opportunities, primarily the build out of new IBX data centers, in certain of our existing markets which are at or near capacity within the next year, as well as potential acquisitions. While we expect to fund these plans with our existing resources, additional financing, either debt or equity, may be required, and if current market conditions were to deteriorate, we may be unable to secure additional financing or any such additional financing may only be available to us on unfavorable terms. An inability to pursue additional expansion opportunities will have a material adverse effect on our ability to maintain our desired level of revenue growth in future periods.

We completed our conversion to a REIT in 2014 and began operating as a REIT effective January 1, 2015. As a result of our conversion to a REIT, we made special distributions to our stockholders in 2015 and 2014. The distributions were payable in common stock or cash at the election of our stockholders, with the cash portion of the distributions subject to certain maximum amounts. As a result of the special distributions, we paid a total of $125.5 million in 2015 and $83.3 million in 2014 and distributed 1.7 million and 1.5 million shares of common stock in 2015 and 2014, respectively. Also as a result of our conversion to a REIT, we began paying quarterly dividends in 2015. We paid an aggregate of $499.5 million of quarterly cash dividends during 2016 and $521.5 million of quarterly cash dividends and special distribution during 2015.

Sources and Uses of Cash

Years Ended December 31,

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| | (in thousands) | | |
| Net cash provided by operating activities | $1,016,580 | $894,793 | $689,420 |
| Net cash used in investing activities | (1,592,155 ) | (1,134,927) | (435,839 ) |
| Net cash provided by (used in) financing activities | (894,292 ) | 1,873,182 | 107,401 |

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Operating Activities

The increase in net cash provided by operating activities during 2016 compared to 2015 was primarily due to improved operating results combined with incremental operating cash provided by the acquisition of TelecityGroup in January 2016 and inclusion of full year operating results of Bit-isle. The increase in net cash provided by operating activities during 2015 compared to 2014 was primarily due to improved operating results.

Investing Activities

The increase in net cash used in investing activities during 2016 compared to 2015 was primarily due to the increase in spending for the acquisitions of TelecityGroup and the Paris IBX Data Center of $1,521.4 million, net of cash acquired, over prior year acquisition spending, a decrease in sales and maturities of investments, net of purchases, of $503.3 million and $245.2 million of higher capital expenditures, primarily a result of expansion activity. These uses were partially offset by proceeds from sales of assets of $851.6 million, net of cash transferred, and changes in restricted cash totaling $950.9 million related primarily to the TelecityGroup acquisition. The increase in net cash used in investing activities during 2015 compared to 2014 was primarily due to a $513.9 million increase in restricted cash, primarily in connection with our cash and share offer for TelecityGroup, $245.6 million, net of cash for our acquisition of Bit-isle and Nimbo, $207.9 million of higher capital expenditures primarily as a result of expansion activity and $21.5 million of higher purchases of real estate, partially offset by $187.0 million of lower purchase of investments and $87.6 million of higher sales and maturities of investment.

During 2017, we expect to complete the acquisition of Verizon's data center sites located in the United States, Brazil and Colombia. We also anticipate our IBX expansion construction activity will be approximately the same as our 2016 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 expenditures to support this growth as well as pursue additional business acquisitions, property acquisitions or joint ventures.

Financing Activities

Net cash used in financing activities during 2016 was primarily due to (i) $1,462.9 million repayment of loans payable including repayment of loans assumed in the TelecityGroup acquisition, bridge term loan and revolving credit facility, (ii) $114.4 million repayment of capital lease and other financing obligations and (iii) $499.5 million payment of dividends, partially offset by (iv) $1,168.3 million of proceeds from loans payable including proceeds from our Term Loan B and Japanese Yen Term Loan. Net cash provided by financing activities during 2015 was primarily due to (i) $1,100.0 million of gross proceeds from the senior notes offering in December 2015, (ii) $829.5 million of net proceeds from our public offering of common stock in November 2015, (iii) $1,197.1 million of proceeds from loans payable including proceeds from our term loan modification, our bridge term loan and our revolving credit facility, partially offset by (iv) $715.3 million repayment of mortgage and loans payable including repayment of $171.2 million of loans assumed in the Bit-isle acquisition and repayment of $544.1 million of U.S. dollar-denominated term loan and other mortgage and loan payments, (v) $396.0 million of quarterly dividend distributions and (vi) $125.5 million of special distributions. The net cash provided by financing activities for 2014 was primarily due to $1,250.00 million of proceeds from the senior notes offering in November 2014, $500.0 million of proceeds from the term loan facility, partially offset by (i) $1,100.0 million for repayment of debt including $750.0 million for the redemption of the 7.00% senior notes, prepayment of the remaining principal balance of the U.S. term loan of $110.0 million, $43.5 million for repayments of mortgage and other loan payable, and $29.5 million for the exchanges of the 3.00% convertible subordinated notes and 4.75% convertible subordinated notes, (ii) $298.0 million for the purchases of treasury stock, (iii) $226.3 million for the purchase of Riverwood’s interest in ALOG and the approximate 10% of ALOG owned by ALOG management and (iv) $83.3 million for the cash portion of the special distribution. Going forward, we expect that our financing activities will consist primarily of repayment of our debt and additional financings needed to support expansion opportunities, additional acquisitions or joint ventures and the payment of our regular cash dividends.

Debt Obligations

Debt Facilities

We have various debt obligations with maturity dates ranging from 2017 to 2026 under which a total principal balance of $5,309.8 million remained outstanding (gross of debt issuance cost and discounts) as of December 31, 2016. For further information on debt obligations, see “Debt Facilities” in Note 10 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

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Capital Lease and Other Financing Obligations

We have numerous capital lease and other financing obligations with maturity dates ranging from 2017 to 2053 under which a total principal balance of $1,511.8 million remained outstanding as of December 31, 2016 with a weighted average effective interest rate of 7.96%. For further information on our capital leases and other financing obligations, see "Capital Leases and Other Financing Obligations" in Note 9 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Contractual Obligations and Off-Balance-Sheet Arrangements

We lease a majority of our IBX data centers and certain equipment under non-cancelable lease agreements expiring through 2065. The following represents our debt maturities, financings, leases and other contractual commitments as of December 31, 2016 (in thousands):

| | 2017 | 2018 | 2019 | 2020 | 2021 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Senior notes (1) | $— | $— | $— | $500,000 | $— | $3,350,000 | $3,850,000 |
| Term loan A (1) | 37,356 | 37,356 | 317,526 | — | — | — | 392,238 |
| Term loan B(1) | 6,194 | 6,194 | 6,194 | 6,194 | 6,194 | 583,774 | 614,744 |
| Japan term loan (1) | 21,400 | 21,400 | 21,400 | 21,400 | 321,000 | — | 406,600 |
| Mortgage payable (1) | 1,060 | 1,106 | 1,153 | 1,203 | 1,256 | 24,532 | 30,310 |
| Other loans payable (1) | 1,918 | 1,957 | 1,997 | 2,038 | 2,080 | 5,944 | 15,934 |
| Interest (2) | 252,985 | 251,717 | 250,297 | 227,385 | 213,697 | 514,313 | 1,710,394 |
| Capital lease and other financing obligations (3) | 161,602 | 158,887 | 154,764 | 153,763 | 155,103 | 1,520,510 | 2,304,629 |
| Operating leases (4) | 142,854 | 138,555 | 134,123 | 122,781 | 114,890 | 958,068 | 1,611,271 |
| Other contractual commitments (5) | 446,932 | 45,420 | 6,460 | 14,379 | 3,681 | 22,430 | 539,302 |
| Asset retirement obligations (6) | 10,511 | 5,398 | 13,223 | 3,596 | 3,526 | 66,761 | 103,015 |
| | $1,082,812 | $667,990 | $907,137 | $1,052,739 | $821,427 | $7,046,332 | $11,578,437 |

(1) Represents principal and premium only.

(2) Represents interest on mortgage payable, senior notes, term loan facilities and other loans payable based on their approximate interest rates as of December 31, 2016.

(3) Represents principal and interest.

(4) Represents minimum operating lease payments, excluding potential lease renewals.

(5) Represents unaccrued contractual commitments. Other contractual commitments are described below.

(6) Represents liability, net of future accretion expense.

In connection with certain of our leases and other contracts requiring deposits, we entered into 30 irrevocable letters of credit totaling $50.5 million under the revolving credit facility. These letters of credit were provided in lieu of cash deposits. If the landlords for these IBX leases decide to draw down on these letters of credit triggered by an event of default under the lease, we will be required to fund these letters of credit either through cash collateral or borrowing under the revolving credit facility. These contingent commitments are not reflected in the table above.

We had accrued liabilities related to uncertain tax positions totaling approximately $53.3 million as of December 31, 2016. These liabilities, which are reflected on our balance sheet, are not reflected in the table above since it is unclear when these liabilities will be paid.

Primarily as a result of our various IBX data center expansion projects, as of December 31, 2016, we were contractually committed for $234.4 million of unaccrued capital expenditures, primarily for IBX equipment not yet delivered and labor not yet provided in connection with the work necessary to complete construction and open these IBX data centers prior to making them available to customers for installation. This amount, which is expected to be paid during 2017 and thereafter, is reflected in the table above as "other contractual commitments."

We had other non-capital purchase commitments in place as of December 31, 2016, such as commitments to purchase power in select locations and other open purchase orders, which contractually bind us for goods or services to be delivered or provided during 2017 and beyond. Such other purchase commitments as of December 31, 2016, which total $304.9 million, are also reflected in the table above as "other contractual commitments."

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In addition, although we are not contractually obligated to do so, we expect to incur additional capital expenditures of approximately $634.7 million to $734.7 million, in addition to the $539.3 million in contractual commitments discussed above as of December 31, 2016, for our various IBX data center expansion projects during 2017 and thereafter in order to complete the work needed to open these IBX data centers. These non-contractual capital expenditures are not reflected in the table above. If we so choose, whether due to economic factors or other considerations, we could delay these non-contractual capital expenditure commitments to preserve liquidity.

On January 6, 2017, we borrowed the full amount of the €1.0 billion Term B-2 Loan, which is not reflected in the table above.

Other Off-Balance-Sheet Arrangements

We have various guarantor arrangements with both our directors and officers and third parties, including customers, vendors and business partners. As of December 31, 2016, there were no significant liabilities recorded for these arrangements. For additional information, see “Guarantor Arrangements” in Note 15 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

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

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

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

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| Description | Judgments and Uncertainties | Effect if Actual Results Differ From Assumptions |
| --- | --- | --- |
| Accounting for Income Taxes. | | |
| Deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences that exist between the financial statement carrying value of assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards on a taxing jurisdiction basis. We measure deferred tax assets and liabilities using enacted tax rates that will apply in the years in which we expect the temporary differences to be recovered or settled.<br><br>The accounting standard for income taxes requires a reduction of the carrying amounts of deferred tax assets by recording a valuation allowance if, based on the available evidence, it is more likely than not (defined by the accounting standard as a likelihood of more than 50%) that such assets will not be realized.<br><br>A tax benefit from an uncertain income tax position may be recognized in the financial statements only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority's widely understood administrative practices and precedents. | The valuation of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns. Our accounting for deferred tax consequences represents our best estimate of those future events.<br><br>In assessing the need for a valuation allowance, we consider both positive and negative evidence related to the likelihood of realization of the deferred tax assets. If, based on the weight of that available evidence, it is more likely than not the deferred tax assets will not be realized, we record a valuation allowance. The weight given to the positive and negative evidence is commensurate with the extent to which the evidence may be objectively verified.<br><br>This assessment, which is completed on a taxing jurisdiction basis, takes into account a number of types of evidence, including the following: 1) the nature, frequency and severity of current and cumulative financial reporting losses, 2) sources of future taxable income and 3) tax planning strategies.<br><br>In assessing the tax benefit from an uncertain income tax position, the tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. | As of December 31, 2016 and 2015, we recorded a total of net deferred tax liabilities of $212.0 million and $39.5 million, respectively. As of December 31, 2016 and 2015, we had a total valuation allowance of $29.2 million and $29.9 million, respectively. During the year ended December 31, 2016, we decided to release the valuation allowances related to the historical data center operations in Japan. This reduction in valuation allowance was partially offset by the full valuation allowance setups in Brazil and Canada as well as the change in valuation allowances in Europe due to the TelecityGroup acquisition and integration. During the year ended December 31, 2015, we decided to provide a partial release of valuation allowance against the net deferred tax assets associated with certain foreign operating entities, which resulted in an insignificant income tax benefit in our consolidated results of operations.<br><br>For the year ended December 31, 2016, our decision to release our valuation allowances in Japan was due to the tax free merger of Bit-isle into Equinix Japan on January 1, 2017. This results in an overall net deferred tax liability position for the surviving entity so that it is more likely than not the deferred tax assets can be realized via deferred tax liability reversal.<br><br>Our decision to release our valuation allowances in other jurisdiction was based on our belief that the operations of these jurisdictions had achieved a sufficient level of profitability and will sustain a sufficient level of profitability in the future to support the release of these valuation allowances based on relevant facts and circumstances. However, if our assumptions on the future performance of these jurisdictions prove not to be correct and these jurisdictions are not able to sustain a sufficient level of profitability to support the associated deferred tax assets on our consolidated balance sheet, we will have to impair our deferred tax assets |

through an additional valuation allowance, which would impact our financial position and results of operations in the period such a determination is made.

Our remaining valuation allowance as of December 31, 2016 was $29.2 million and relates to certain of our subsidiaries outside of the U.S. If and when we reduce our remaining valuation allowances, it will have a favorable impact to our financial position and results of operations in the periods such determinations are made. We will continue to assess the need for our valuation allowances, by country or location, in the future.

As of December 31, 2016 and 2015, we had unrecognized tax benefits of $72.2 million and $30.8 million, respectively, exclusive of interest and penalties. During the year ended December 31, 2016, the unrecognized tax benefits increased by $41.4 million primarily due to the TelecityGroup acquisition and integration. During the year ended December 31, 2015, the unrecognized tax benefits decreased by $5.3 million primarily due to an agreement with Dutch Tax Authorities on the availability of historical loss carry-forwards to offset future profits generated by the Dutch fiscal unity. The unrecognized tax benefits of $72.2 million as of December 31, 2016, if subsequently recognized, will affect our effective tax rate favorably at the time when such benefits are recognized.

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| Description | Judgments and Uncertainties | Effect if Actual Results Differ From Assumptions |
|---|---|---|
| Accounting for Business Combinations<br><br>In accordance with the accounting standard for business combinations, we allocate the purchase price of an acquired business to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the fair value of the assets acquired and liabilities assumed, if any, is recorded as goodwill.<br><br>We use all available information to estimate fair values. We typically engage outside appraisal firms to assist in the fair value determination of identifiable intangible assets such as customer contracts, leases and any other significant assets or liabilities and contingent consideration. We adjust the preliminary purchase price allocation, as necessary, up to one year after the acquisition closing date if we obtain more information regarding asset valuations and liabilities assumed. | Our purchase price allocation methodology contains uncertainties because it requires assumptions and management's judgment to estimate the fair value of assets acquired and liabilities assumed at the acquisition date. Management estimates the fair value of assets and liabilities based upon quoted market prices, the carrying value of the acquired assets and widely accepted valuation techniques, including discounted cash flows and market multiple analyses. Our estimates are inherently uncertain and subject to refinement. Unanticipated events or circumstances may occur which could affect the accuracy of our fair value estimates, including assumptions regarding industry economic factors and business strategies. | During the last three years, we have completed four business combinations, including the Paris IBX data center acquisition in August 2016, TelecityGroup acquisition in January 2016, Bit-isle acquisition in November 2015, and Nimbo acquisition in January 2015.The purchase price allocation for the TelecityGroup and Bit-isle acquisitions were completed in the fourth quarters of 2016 and 2015, respectively.<br><br>We do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions we used to complete the purchase price allocations and the fair value of assets acquired and liabilities assumed. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to losses or gains that could be material, which would be recorded in our consolidated statements of operations in 2017 or beyond. |
| Accounting for Impairment of Goodwill<br><br>In accordance with the accounting standard for goodwill and other intangible assets, we perform goodwill impairment reviews annually, or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.<br><br>During the year ended December 31, 2016, we elected to perform | In 2016, we elected to perform the first step of the two-step goodwill impairment test, we used both the income and market approach. The income approach is based on the ten-year business plan. We apply the weighted-average cost of capital applicable to our reporting units as discount rates. This requires assumptions and estimates derived from a review of our actual and forecasted operating results, approved business plans, future economic conditions and other market data. The market approach requires judgment in determining the appropriate market comparables. | As of December 31, 2016, goodwill attributable to the Americas reporting unit, the EMEA reporting unit and the Asia-Pacific reporting unit was $469.4 million, $2.3 billion and $235.3 million, respectively.<br><br>Future events, changing market conditions and any changes in key assumptions may result in an impairment charge. While we have not recorded an impairment charge against our goodwill to date, the |

the first step of the two-step goodwill impairment test.

We completed annual goodwill impairment assessment of the Americas reporting unit, the EMEA reporting unit and the Asia-Pacific reporting unit and concluded that the fair values of the reporting units exceeded their carrying values. Goodwill is not considered impaired and we are not required to perform step two of goodwill impairment test.

In 2015, we elected to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value requires assumptions and estimates before performing the two-step goodwill impairment test, the assessment requires assumptions and estimates derived from a review of our actual and forecasted operating results, approved business plans, future economic conditions and other market data.

These assumptions require significant management judgment and are inherently subject to uncertainties.

development of adverse business conditions in our Americas, EMEA or Asia-Pacific reporting units, such as higher than anticipated customer churn or significantly increased operating costs, or significant deterioration of our market comparables that we use in the market approach, could result in an impairment charge in future periods.

Any potential impairment charge against our goodwill would not exceed the amounts recorded on our consolidated balance sheets.

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| Description | Judgments and Uncertainties | Effect if Actual Results Differ From Assumptions |
|---|---|---|
| Accounting for Property, Plant and Equipment<br><br>We have a substantial amount of property, plant and equipment recorded on our consolidated balance sheet. The vast majority of our property, plant and equipment represent the costs incurred to build out or acquire our IBX data centers. Our IBX data centers are long-lived assets. The majority of our IBX data centers are in properties that are leased. We depreciate our property, plant and equipment using the straight-line method over the estimated useful lives of the respective assets (subject to the term of the lease in the case of leased assets or leasehold improvements and integral equipment located in leased properties).<br><br>Accounting for property, plant and equipment includes determining the appropriate period in which to depreciate such assets, making assessments for leased properties to determine whether they are capital or operating leases, determining if construction projects performed at leased properties trigger build-to-suit lease accounting, assessing such assets for potential impairment, capitalizing interest during periods of construction and assessing the asset retirement obligations required for certain leased properties that require us to return the leased properties back to their original condition at the time we decide to exit a | While there are numerous judgments and uncertainties involved in accounting for property, plant and equipment that are significant, arriving at the estimated useful life of an asset requires the most critical judgment for us and changes to these estimates would have the most significant impact on our financial position and results of operations. When we lease a property for our IBX data centers, we generally enter into long-term arrangements with initial lease terms of at least 8-10 years and with renewal options generally available to us. During the next several years, a number of leases for our IBX data centers will come up for renewal. As we start approaching the end of these initial lease terms, we will need to reassess the estimated useful lives of our property, plant and equipment. In addition, we may find that our estimates for the useful lives of non-leased assets may also need to be revised periodically. We periodically review the estimated useful lives of certain of our property, plant and equipment and changes in these estimates in the future are possible.<br><br>Another area of judgment for us in connection with our property, plant and equipment is related to lease accounting. Most of our IBX data centers are leased. Each time we enter into a new lease or lease amendment for one of our IBX data centers, we analyze each lease or lease amendment for the proper accounting. This requires certain judgments on our part such as establishing the lease term to include in a lease test, establishing the remaining estimated useful life of the underlying property or equipment and estimating the fair value of the underlying property or equipment and establishing the incremental borrowing rate to calculate the present value of the minimum lease payment for the lease test. All of these judgments are inherently uncertain. Different assumptions or estimates could result in a different | We did not revise the estimated useful lives of our property, plant and equipment during the years ended December 31, 2016 and 2015. During the quarter ended December 31, 2014, we revised the estimated useful lives of certain of our property, plant and equipment. As a result, we recorded an insignificant amount of higher depreciation expense for the quarter ended December 31, 2014 due to the reduction of the estimated useful lives of certain of our property, plant and equipment. We undertook this review due to our determination that we were generally using certain of our existing assets over a shorter period than originally anticipated and, therefore, the estimated useful lives of certain of our property, plant and equipment has been shortened. This change was accounted for as a change in accounting estimate on a prospective basis effective October 1, 2014 under the accounting standard for change in accounting estimates.<br><br>As of December 31, 2016, 2015 and 2014, we had property, plant and equipment of $7.2 billion, $5.6 billion, and $5.0 billion, respectively. During the years ended December 31, 2016, 2015 and 2014, we recorded depreciation expense of $714.3 million, $498.1 million, and $453.9 million, respectively. Further changes in our estimated useful lives of our property, plant and equipment could have a significant impact on our results of operations.<br><br>As of December 31, 2016, 2015 and 2014, we had property, plant and equipment under capital leases and other financing obligations of $1.6 billion, $1.5 billion and $1.1 billion, respectively. During the years ended December 31, 2016, 2015 and 2014, we |

| | | |
|---|---|---|
| leased property. | accounting treatment for a lease.<br><br>The assessment of long-lived assets for impairment requires assumptions and estimates of undiscounted and discounted future cash flows. These assumptions and estimates require significant judgment and are inherently uncertain. | recorded depreciation expense of $61.9 million, $52.9 million, and $43.2 million, respectively, related to property, plant and equipment under capital leases and other financing obligations. During the years ended December 31, 2016, 2015, and 2014, we recorded interest expense of $120.7 million, $104.4 million, $86.4 million, respectively, related to property, plant, equipment, under capital leases and other financing obligations.<br><br>Additionally, during the years ended December 31, 2016, 2015 and 2014, we recorded rent expense of $140.6 million, $101.5 million, and $105.4 million under operating leases. |

Recent Accounting Pronouncements

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

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## ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### Market Risk

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

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

### Investment Portfolio Risk

We maintain an investment portfolio of various holdings, types, and maturities that is prioritized on meeting REIT asset requirements. All of our marketable securities are designated as available-for-sale and, therefore, are recorded on our consolidated balance sheets at fair value with unrealized gains or losses reported as a component of other comprehensive income, net of tax. We consider various factors in determining whether we should recognize an impairment charge for our securities, including the length of time and extent to which the fair value has been less than our cost basis and our intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery. We anticipate that we will recover the entire cost basis of these securities and have determined that no other-than-temporary impairments associated with credit losses were required to be recognized during the year ended December 31, 2016.

As of December 31, 2016, our investment portfolio of cash equivalents and marketable securities consisted of money market funds, certificates of deposits and publicly traded equity securities. The amount in our investment portfolio that could be susceptible to market risk totaled $413.8 million.

### Interest Rate Risk

Our primary objective for holding fixed income securities is to achieve an appropriate investment return consistent with preserving principal and managing risk which meets asset measurement requirements for REIT qualification. At any time, a sharp rise in interest rates or credit spreads could have a material adverse impact on the fair value of our fixed income investment portfolio. Securities with longer maturities are subject to a greater interest rate risk than those with shorter maturities. As of December 31, 2016, the average duration of our portfolio was less than one year. An immediate hypothetical shift in the yield curves of plus or minus 50 basis points from their position as of December 31, 2016 would not have a material impact on the fair value of our investment portfolio. This sensitivity analysis assumes a parallel shift of all interest rates, however, interest rates do not always move in such a manner and actual results may differ materially. We monitor our interest rate and credit risk, including our credit exposures to specific rating categories and to individual issuers. There were no impairment charges on our cash equivalents and fixed income securities during the year ended December 31, 2016.

An immediate 10% increase or decrease in current interest rates from their position as of December 31, 2016 would not have a material impact on our debt obligations due to the fixed nature of the majority of our debt obligations. However, the interest expense associated with our term loans and Japanese Yen term loan, which bear interest at variable rates, could be affected. Based on our debt that was outstanding as of December 31, 2016, for every 100 basis point increase in interest rates, our annual interest expense could increase by a total of approximately $13.9 million. Based on our debt that was outstanding as of December 31, 2016, for every 100 basis point decrease in interest rates, our annual interest expense could decrease by a total of approximately $2.5 million based on the total balance of our primary borrowings under the term loan A and B facilities and Japanese Yen term loan as of December 31, 2016. As of December 31, 2016, we had not employed any interest rate derivative products against our debt obligations. However, we may enter into interest rate hedging agreements in the future to mitigate our exposure to interest rate risk.

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

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| | December 31, 2016 | | December 31, 2015 | |
|---|---|---|---|---|
| | Carrying Value (1) | Fair Value | Carrying Value (1) | Fair Value |
| Mortgage and loans payable | $1,459,826 | $1,461,954 | $920,064 | $916,602 |
| Convertible debt | — | — | 150,082 | 151,997 |
| Senior notes | 3,850,000 | 4,033,985 | 3,850,000 | 3,954,000 |
| Revolving credit facility | — | — | 325,622 | 325,617 |

(1) The carrying value is gross of debt issuance cost and discount.

Foreign Currency Risk

A significant portion of our revenue is denominated in U.S. dollars, however, approximately 57.1% of our revenues and 59.7% of our operating costs are attributable to Brazil, Canada and the EMEA and Asia-Pacific regions and a large portion of those revenues and costs are denominated in a currency other than the U.S. dollar, primarily the Euro, British pound, Japanese yen, Singapore dollar, Hong Kong dollar, Australian dollar and Brazilian real. 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 remeasurement 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. As of December 31, 2016, the outstanding foreign currency forward contracts had maturities of up to two years.

For the foreseeable future, we anticipate that approximately 50% or less of our revenues and operating costs will continue to be generated and incurred outside of the U.S. in currencies other than the U.S. dollar. During fiscal 2016, the U.S. dollar became generally stronger relative to certain of the currencies of the foreign countries in which we operate. This overall strength of the U.S. dollar had a negative impact on our consolidated results of operations because the foreign denominations translated into less U.S. dollars. In future periods, the volatility of the U.S. dollar as compared to the other currencies in which we do business could have a significant impact on our consolidated financial position and results of operations including the amount of revenue that we report in future periods.

With the existing cash flow hedges in place, a hypothetical additional 10% strengthening of the U.S. dollar during the year ended December 31, 2016 would have resulted in a reduction of our revenues and operating expenses for the year by approximately $119.2 million and $138.5 million, respectively.

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

Commodity Price Risk

Certain operating costs incurred by us are subject to price fluctuations caused by the volatility of underlying commodity prices. The commodities most likely to have an impact on our results of operations in the event of price changes are electricity, supplies and equipment used in our IBX data centers. We closely monitor the cost of electricity at all of our locations. We have entered into several power contracts to purchase power at fixed prices during 2014 and beyond in certain locations in the U.S., Australia, Brazil, France, Germany, Japan, the Netherlands, Singapore and the United Kingdom.

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

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

There is no disclosure to report pursuant to Item 9.

## ITEM 9A. CONTROLS AND PROCEDURES

### Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2016.

### Management's Report on Internal Control Over Financial Reporting

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

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our evaluation under the framework in Internal Control – Integrated Framework (2013), our management concluded that our internal control over financial reporting was effective as of December 31, 2016.

The evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2016 did not include the internal controls of Telecity Group plc. We excluded Telecity Group plc. from our assessment of internal control over financial reporting as of December 31, 2016 as it was acquired in January 15, 2016. TelecityGroup is our wholly-owned subsidiary whose total assets represented 9%, and total revenues represented 11%, of the related consolidated financial statements amounts as of and for the year ended December 31, 2016.

The effectiveness of our internal control over financial reporting as of December 31, 2016 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein on page F-1 of this Annual Report on Form 10-K.

### Limitations on the Effectiveness of Controls

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

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Because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control Over Financial Reporting

There was no change in our internal controls over financial reporting during the fourth quarter of fiscal 2016 that has materially affected, or is reasonable likely to affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

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

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2017 Annual Meeting of Stockholders.

We have adopted a Code of Ethics applicable for the Chief Executive Officer and Senior Financial Officers and a Code of Business Conduct. This information is incorporated by reference to the Equinix proxy statement for the 2017 Annual Meeting of Stockholders and is also available on our website, www.equinix.com.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2017 Annual Meeting of Stockholders.

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

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2017 Annual Meeting of Stockholders.

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

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2017 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2017 Annual Meeting of Stockholders.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements:



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

(a)(3) Exhibits:

| | | Incorporated by Reference | | | |
|---|---|---|---|---|---|
| Exhibit Number | Exhibit Description | Form | Filing Date/ Period End Date | Exhibit | Filed Herewith |
| 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 | 5/29/15 | 2.1 | |
| 2.2 | Cooperation Agreement, dated as of May 29, 2015, by and between Equinix, Inc. and Telecity Group plc. | 8-K | 5/29/15 | 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 | 12/31/15 | 2.3 | |
| 2.4 | Transaction Agreement, dated as of December 6, 2016, by and between Verizon Communications Inc. and Equinix, Inc. | 8-K | 12/06/16 | 2.1 | |
| 2.5 | Amendment No. 1 to the Transaction Agreement, dated February 23, 2017, by and between Verizon Communications Inc. and Equinix, Inc. | | | | X |
| 3.1 | Amended and Restated Certificate of Incorporation of the Registrant, as amended to date. | 10-K/A | 12/31/02 | 3.1 | |
| 3.2 | Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant | 8-K | 6/14/11 | 3.1 | |
| 3.3 | Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant | 8-K | 6/11/13 | 3.1 | |
| 3.4 | Certificate of 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 | 12/31/02 | 3.3 | |
| 3.6 | Amended and Restated Bylaws of the Registrant. | 8-K | 03/29/16 | 3.1 | |
| 4.1 | Reference is made to Exhibits 3.1, 3.2, 3.3, 3.4, 3.5 and 3.6. | | | | |

| | | Incorporated by Reference | | | |
|---|---|---|---|---|---|
| Exhibit Number | Exhibit Description | Form | Filing Date/ Period End Date | Exhibit | Filed Herewith |
| 4.2 | Indenture for the 2020 Notes dated March 5, 2013 by and between Equinix, Inc. and U.S. Bank National Association as trustee | 8-K | 3/5/13 | 4.1 | |
| 4.3 | Form of 4.875% Senior Note due 2020 (see Exhibit 4.2). | 8-K | 3/5/2013 | 4.2 | |
| 4.4 | Indenture for the 2023 Notes dated March 5, 2013 by and between Equinix, Inc. and U.S. Bank National Association as trustee | 8-K | 3/5/13 | 4.3 | |
| 4.5 | Form of 5.375% Senior Note due 2023 (see Exhibit 4.4) | | | | |
| 4.6 | Indenture, dated as of November 20, 2014, between Equinix, Inc. and U.S. Bank National Association, as trustee | 8-K | 11/20/14 | 4.1 | |
| 4.7 | First Supplemental Indenture, dated as of November 20, 2014, between Equinix, Inc. and U.S. Bank National Association, as trustee | 8-K | 11/20/14 | 4.2 | |
| 4.8 | Form of 5.375% Senior Note due 2022 (see Exhibit 4.7) | | | | |
| 4.9 | Second Supplemental Indenture, dated as of November 20, 2014, between Equinix, Inc. and U.S. Bank National Association, as trustee | 8-K | 11/20/14 | 4.4 | |
| 4.10 | Form of 5.750% Senior Note due 2025 (see Exhibit 4.9) | | | | |
| 4.11 | Third Supplemental Indenture, dated as of December 4, 2015, between Equinix, Inc. and U.S. Bank National Association, as trustee | 8-K | 12/04/15 | 4.2 | |
| 4.12 | Form of 5.875% Senior Note due 2026 (see Exhibit 4.11) | | | | |
| 4.13 | Form of Registrant's Common Stock Certificate | 10-K | 12/31/14 | 4.13 | |
| 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. | | | | X |
| 10.3** | 2000 Director Option Plan, as amended. | | | | X |
| 10.4** | 2001 Supplemental Stock Plan, as amended. | | | | X |
| 10.5** | Equinix, Inc. 2004 Employee Stock Purchase Plan, as amended. | 10-Q | 6/30/14 | 10.5 | |
| 10.6** | Severance Agreement by and between Stephen Smith and Equinix, Inc. dated December 18, 2008. | 10-K | 12/31/08 | 10.31 | |
| 10.7** | | 10-K | 12/31/08 | 10.32 | |

| | | | | |
|---|---|---|---|---|
| | Severance Agreement by and between Peter Van Camp and Equinix, Inc. dated December 10, 2008. | | | |
| 10.8** | Severance Agreement by and between Keith Taylor and Equinix, Inc. dated December 19, 2008. | 10-K | 12/31/08 | 10.33 |
| 10.9** | Change in Control Severance Agreement by and between Eric Schwartz and Equinix, Inc. dated December 19, 2008. | 10-K | 12/31/08 | 10.35 |
| 10.10** | Switch & Data 2007 Stock Incentive Plan. | S-1/A (File No. 333-137607) filed by Switch & Data Facilities Company | 2/5/07 | 10.9 |

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| Exhibit Number | Exhibit Description | Incorporated by Reference Form | Filing Date/ Period End Date | Exhibit | Filed Herewith |
|---|---|---|---|---|---|
| 10.11** | Change in Control Severance Agreement by and between Charles Meyers and Equinix, Inc. dated September 30, 2010. | 10-Q | 9/30/10 | 10.42 | |
| 10.12** | Form of amendment to existing severance agreement between the Registrant and each of Messrs. Meyers, Smith, Taylor and Van Camp | 10-K | 12/31/10 | 10.33 | |
| 10.13** | Letter amendment, dated December 14, 2010, to Change in Control Severance Agreement, dated December 18, 2008, and letter agreement relating to expatriate benefits, dated April 22, 2008, as amended, by and between the Registrant and Eric Schwartz. | 10-K | 12/31/10 | 10.34 | |
| 10.14** | International Long-Term Assignment Letter by and between Equinix, Inc. and Eric Schwartz, dated May 21, 2013. | 10-Q | 6/30/13 | 10.51 | |
| 10.15** | Employment Agreement by and between Equinix (EMEA) B.V. and Eric Schwartz, dated as of August 7, 2013. | 10-Q | 9/30/13 | 10.54 | |
| 10.16** | Restricted Stock Unit Agreement dated August 14, 2013 for Charles Meyers under the Equinix, Inc. 2000 Equity Incentive Plan. | 10-Q | 9/30/13 | 10.55 | |
| 10.17** | Offer Letter from Equinix, Inc. to Karl Strohmeyer dated October 28, 2013. | 10-Q | 3/31/14 | 10.49 | |
| 10.18** | Restricted Stock Unit Agreement for Karl Strohmeyer under the Equinix, Inc. 2000 Equity Incentive Plan. | 10-Q | 3/31/14 | 10.50 | |
| 10.19** | Change in Control Severance Agreement by and between Karl Strohmeyer and Equinix, Inc. dated December 2, 2013. | 10-Q | 3/31/14 | 10.51 | |
| 10.20** | 2014 Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for CEO and CFO. | 10-Q | 3/31/14 | 10.52 | |
| 10.21** | 2014 Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for all other Section 16 officers. | 10-Q | 3/31/14 | 10.53 | |
| 10.22 | 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 | 9/30/14 | 10.67 | |

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| Exhibit Number | Exhibit Description | Incorporated by Reference | | | Filed Herewith |
|---|---|---|---|---|---|
| | | Form | Filing Date/ Period End Date | Exhibit | |
| 10.23 | Credit Agreement, by and among Equinix, Inc., as borrower, Equinix LLC and Switch & Data LLC as guarantors, the Lenders (defined therein), Bank of America, N.A., as administrative agent, a Lender and L/C issuer, JPMorgan Chase Bank, N.A., and TD Securities (USA) LLC, as co-syndication agents, Barclays Bank PLC, Citibank, N.A., Royal Bank of Canada and ING Bank N.V., Singapore Branch, as Co-Documentation Agents and Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, and TD Securities (USA) LLC, as joint lead arrangers and book runners, dated December 17, 2014. | 10-K | 12/31/14 | 10.48 | |
| 10.24** | 2015 Form of Revenue/ AFFO Restricted Stock Unit Agreement for executives. | 10-Q | 3/31/15 | 10.50 | |
| 10.25** | 2015 Form of TSR Restricted Stock Unit Agreement for executives. | 10-Q | 3/31/15 | 10.51 | |
| 10.26** | 2015 Form of Time-Based Restricted Stock Unit Agreement for executives. | 10-Q | 3/31/15 | 10.52 | |
| 10.27 | First Amendment to Credit Agreement and first Amendment to Pledge and Security Agreement by and among Equinix, Inc., as borrower, the Guarantors (defined therein), the Lenders (defined therein) and Bank of America, N.A., as administrative agent, dated April 30, 2015. | 10-Q | 9/30/2015 | 10.52 | |
| 10.30 | Second Amendment to Credit Agreement by and among Equinix, Inc., as borrower, the Guarantors (defined therein), the Lenders (defined therein) and Bank of America, N.A., as administrative agent, dated December 8, 2015. | 10-K | 12/31/15 | 10.55 | |
| 10.31** | Equinix, Inc. 2016 Incentive Plan | 10-Q | 3/31/16 | 10.56 | |
| 10.32** | 2016 Form of Revenue/AFFO Restricted Stock Unit Agreement for executives. | | | | |