

IRON MOUNTAIN INC  
Form 10-K  
February 26, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

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FORM 10-K

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(Mark One)

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

For the Fiscal Year Ended December 31, 2015

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 1-13045

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IRON MOUNTAIN INCORPORATED

(Exact name of Registrant as Specified in Its Charter)

Delaware

23-2588479

(State or other jurisdiction of incorporation)

(I.R.S. Employer Identification No.)

One Federal Street, Boston, Massachusetts

02110

(Address of principal executive offices)

(Zip Code)

617-535-4766

(Registrant's telephone number, including area code)

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

Title of Each Class

Name of Exchange on Which Registered

Common Stock, \$.01 par value per share

New York Stock Exchange

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 Securities Act. Yes  No

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

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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(Do not check if a smaller reporting company)

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

As of June 30, 2015, the aggregate market value of the Common Stock of the registrant held by non-affiliates of the registrant was approximately \$6.5 billion based on the closing price on the New York Stock Exchange on such date.

Number of shares of the registrant's Common Stock at February 19, 2016: 211,508,202

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain information required in Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K (the "Annual Report") is incorporated by reference from our definitive Proxy Statement for our 2016 Annual Meeting of Stockholders (our "Proxy Statement") to be filed with the Securities and Exchange Commission (the "SEC") within 120 days after the close of the fiscal year ended December 31, 2015.

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Table of Contents

IRON MOUNTAIN INCORPORATED  
 2015 FORM 10-K ANNUAL REPORT  
 Table of Contents

	Page
<u>PART I</u>	
<u>Item 1.</u> <u>Business</u>	1
<u>Item 1A.</u> <u>Risk Factors</u>	12
<u>Item 1B.</u> <u>Unresolved Staff Comments</u>	28
<u>Item 2.</u> <u>Properties</u>	29
<u>Item 3.</u> <u>Legal Proceedings</u>	31
<u>Item 4.</u> <u>Mine Safety Disclosures</u>	31
<u>PART II</u>	
<u>Item 5.</u> <u>Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	32
<u>Item 6.</u> <u>Selected Financial Data</u>	34
<u>Item 7.</u> <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	37
<u>Item 7A.</u> <u>Quantitative and Qualitative Disclosures About Market Risk</u>	74
<u>Item 8.</u> <u>Financial Statements and Supplementary Data</u>	75
<u>Item 9.</u> <u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>	75
<u>Item 9A.</u> <u>Controls and Procedures</u>	76
<u>Item 9B.</u> <u>Other Information</u>	78
<u>PART III</u>	
<u>Item 10.</u> <u>Directors, Executive Officers and Corporate Governance</u>	79
<u>Item 11.</u> <u>Executive Compensation</u>	79
<u>Item 12.</u> <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	79
<u>Item 13.</u> <u>Certain Relationships and Related Transactions, and Director Independence</u>	79



Table of Contents

References in this Annual Report to "the Company," "IMI," "Iron Mountain," "we," "us" or "our" include Iron Mountain Incorporated, a Delaware corporation, and its predecessor, as applicable, and its consolidated subsidiaries, unless the context indicates otherwise.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

We have made statements in this Annual Report that constitute "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 and other securities laws. These forward-looking statements concern our operations, economic performance, financial condition, goals, beliefs, future growth strategies, investment objectives, plans and current expectations, such as our (1) commitment to future dividend payments, (2) expected growth in volume of records stored with us from existing customers, (3) expected 2016 consolidated revenue internal growth rate and capital expenditures, (4) expected target leverage ratio, (5) proposed acquisition of Recall Holdings Limited ("Recall") pursuant to the Scheme Implementation Deed, as amended (the "Recall Agreement"), with Recall (the "Recall Transaction"), including our expected consideration to be paid to Recall shareholders and expected total cost to close the Recall Transaction and to integrate the combined companies, and (6) expected cost savings associated with the Transformation Initiative (as defined herein). These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors. When we use words such as "believes", "expects", "anticipates", "estimates" or similar expressions, we are making forward-looking statements. Although we believe that our forward-looking statements are based on reasonable assumptions, our expected results may not be achieved, and actual results may differ materially from our expectations. In addition, important factors that could cause actual results to differ from expectations include, among others:

- our ability to remain qualified for taxation as a real estate investment trust for United States federal income tax purposes ("REIT");
- the adoption of alternative technologies and shifts by our customers to storage of data through non-paper based technologies;
- changes in customer preferences and demand for our storage and information management services;
- the cost to comply with current and future laws, regulations and customer demands relating to privacy issues, as well as fire and safety standards;
- the impact of litigation or disputes that may arise in connection with incidents in which we fail to protect our customers' information;
- changes in the price for our storage and information management services relative to the cost of providing such storage and information management services;
- changes in the political and economic environments in the countries in which our international subsidiaries operate;
- our ability or inability to complete acquisitions on satisfactory terms and to integrate acquired companies efficiently;
- changes in the amount of our capital expenditures;
- changes in the cost of our debt;
- the impact of alternative, more attractive investments on dividends;
- the cost or potential liabilities associated with real estate necessary for our business;
- the performance of business partners upon whom we depend for technical assistance or management expertise outside the United States; and
- other trends in competitive or economic conditions affecting our financial condition or results of operations not presently contemplated.

In addition, with respect to the Recall Transaction, our ability to close the proposed transaction in accordance with the terms of the Recall Agreement, or at all, is dependent upon our and Recall's ability to satisfy the closing conditions set forth in the Recall Agreement, including the receipt of governmental and shareholder approvals.

Other risks may adversely impact us, as described more fully under "Item 1A. Risk Factors" of this Annual Report. You should not rely upon forward-looking statements except as statements of our present intentions and of our present expectations, which may or may not occur. You should read these cautionary statements as being applicable to all forward-looking statements wherever they appear. Except as required by law, we undertake no obligation to release publicly the result of any revision to these forward-looking statements that may be made to reflect events or

circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are also urged to carefully review and consider the various disclosures we have made in this document, as well as our other periodic reports filed with the SEC.

iii

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Table of Contents

Item 1. Business.

Business Overview

We store records, primarily physical records and data backup media, and provide information management services that help organizations around the world protect their information, lower storage rental costs, comply with regulations, enable corporate disaster recovery, and better use their information for business advantages, regardless of its format, location or life cycle stage. We offer comprehensive records and information management services and data management services, along with the expertise and experience to address complex storage and information management challenges such as rising storage rental costs, and increased litigation, regulatory compliance and disaster recovery requirements. Founded in an underground facility near Hudson, New York in 1951, Iron Mountain Incorporated, a Delaware corporation, has more than 170,000 customers in a variety of industries in 37 countries around the world. We currently provide storage and information management services to legal, financial, healthcare, insurance, life sciences, energy, businesses services and government organizations, including approximately 94% of the Fortune 1000. As of December 31, 2015, we employed more than 20,000 people.

Now in our 65th year, we have experienced tremendous growth, particularly since successfully completing the initial public offering of our common stock in February 1996, at which time we operated fewer than 85 facilities (6 million square feet) with limited storage and information management service offerings and annual revenues of approximately \$104.0 million. We are now a global enterprise providing storage and a broad range of related records and information management services to customers in markets around the world with approximately 1,100 facilities (69.9 million square feet) and total revenues of more than \$3.0 billion for the year ended December 31, 2015. We are listed on the New York Stock Exchange (the "NYSE"). We are a constituent of the Standard & Poor's 500 Index and the MSCI REIT index and, as of December 31, 2015, we were number 726 on the Fortune 1000.

REIT Conversion

Consistent with our commitment to delivering stockholder value, and supported by our strong cash flows, we initiated a stockholder payout program in February 2010 and a dividend policy under which we have paid, and in the future intend to pay, cash dividends on our common stock. In June 2012, we announced our intention to pursue REIT conversion. The conversion plan was unanimously approved by our board of directors following a thorough analysis and careful consideration of ways to maximize value through alternative financing, capital and tax strategies. We have been organized and operating as a REIT effective for our taxable year beginning January 1, 2014. Since May 2012, we have returned \$2.5 billion of capital to stockholders including \$1.4 billion in cash and \$1.1 billion in our common stock.

In connection with our conversion to a REIT and, in particular, to impose ownership limitations customary for REITs, on January 20, 2015, we completed the merger with our predecessor and all outstanding shares of our predecessor's common stock were converted into a right to receive an equal number of shares of our common stock. Accordingly, references herein to our "common stock" refer to our common stock and the common stock of our predecessor, as applicable.

Proposed Recall Acquisition

On June 8, 2015, we entered into the Recall Agreement with Recall to acquire Recall by way of recommended court approved Scheme of Arrangement (the "Scheme"). The Recall Transaction, if consummated, would accelerate our already successful growth strategy. The combined company's broader footprint, stronger infrastructure, exposure to high growth emerging markets and small to mid-size enterprise customers and increased economies of scale will be well suited to address unmet document storage and information management needs around the globe. Completion of the Scheme is subject to customary closing conditions, as described more fully in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 6 to Notes to Consolidated Financial Statements included in this Annual Report.

The Durability of Our Business

A significant amount of activity generated in the information management industry is the result of legislative requirements. To varying degrees across the world, organizations are required by law to create certain records and to retain them for a specified period of time. These laws may also impose more stringent requirements on personal

information regarded as being sensitive, such as financial and medical information. As a third party provider, we assist customers to improve data security and establish programs to ensure compliance with their regulatory obligations. Storage of information can be performed in-house by businesses (unvended) or outsourced, in whole or in part, to a third party provider (vended). We believe the in-house portion still represents a majority of the total global information management market, offering a substantial unvended opportunity even in developed geographic markets with lower rates of economic growth.

1

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## Table of Contents

We believe that the creation of document-based information will be sustained, as "paperless" technologies have prompted the creation of hard copies and have also led to increased demand for electronic records services, such as the storage and off-site rotation of computer backup media. In addition, we believe that the proliferation of digital information technologies and distributed data networks has created a growing need for efficient, cost-effective, high quality technology solutions for electronic data protection and the management of electronic documents. Ultimately, we expect that the volume of stored physical and electronic records will continue to increase on a global basis for a number of reasons, including: (1) regulatory requirements; (2) concerns over possible future litigation and the resulting increases in volume and holding periods of records; (3) the continued proliferation of data processing technologies such as personal computers and networks; (4) inexpensive document producing technologies such as desktop publishing software and desktop printing; (5) the high cost of reviewing records and deciding whether to retain or destroy them; (6) the failure of many entities to adopt or follow policies on records destruction; and (7) the need to keep backup copies of certain records in off-site locations for business continuity purposes in the event of disaster.

### Business Strategy

#### Overview

We have transitioned from a growth strategy driven primarily by acquisitions of storage and information management services companies to a strategy that targets multiple sources of revenue growth. Our current strategy is focused on: (1) increasing revenues in developed markets such as the United States, Canada, Australia and western Europe, primarily through improved sales and marketing efforts and attractive fold-in acquisitions; (2) establishing and enhancing leadership positions in high-growth emerging markets such as central and eastern Europe, Latin America and the Asia Pacific region, primarily through acquisitions; and (3) continuing to identify, incubate and scale adjacent business opportunities ("ABOs") to support our long-term growth objectives and drive solid returns on invested capital. In our developed markets, we expect continuous improvement initiatives will generate modest profit growth. In our existing emerging markets, we expect profits will grow as the local businesses scale, and we will look to reinvest a portion of that improvement to support the growth of these businesses. However, any increases in our international profit margins will be limited as we continue to make acquisitions in new emerging markets.

Storage rental is the key driver of our economics and allows us to expand our relationships with our customers through value-added services that flow from storage rental. Consistent with our overall strategy, we are focused on increasing incoming volumes on a global basis. There are multiple sources of new volumes available to us, and these sources inform our growth investment strategy. Our investments in sales and marketing support sales to new customers that do not currently outsource some or all of their storage and information management needs, as well as increased volumes from existing customers. We also expect to invest in acquisitions of customer relationships and storage and information management services businesses. In our developed markets, we expect that these acquisitions will primarily be fold-in acquisitions designed to optimize the utilization of existing assets, expand our presence and better serve customers. We also expect to use acquisitions to expand our presence in attractive, higher growth emerging markets. Finally, we continue to pursue new rental streams through ABOs.

We offer our customers an integrated value proposition by providing them with secure storage and comprehensive service offerings, including records and information management services and data management services. We have the expertise and experience to address complex storage and information management challenges, such as rising storage rental costs and increased litigation, regulatory compliance and disaster recovery requirements. Our objective is to continue to capitalize on our brand, our expertise in the storage and information management industry and our global network to enhance our customers' experience, thereby enhancing our customer retention rates and attracting new customers. Our overall growth strategy will focus on growing our business organically, making strategic customer acquisitions, pursuing acquisitions of storage and information management businesses, and developing adjacent businesses and real estate. We continue to expand our portfolio of products and services, based on our customers' evolving requirements. Adding new products and services allows us to strengthen our existing customer relationships and attract new customers in previously untapped markets.

Growth from Existing and New Customers

Our existing customers' storage of physical records contributes to the growth of storage rental and certain records and information management services revenues because, on average, our existing customers generate additional records at a faster rate than old records are destroyed or permanently removed. The absolute number of new document storage cartons from our existing customers has been consistent in the past four years, and we anticipate that this level will be sustained, although the rate of growth is slightly declining, given the continued growth in our total records volume. In order to maximize growth opportunities from existing customers, we seek to maintain high levels of customer retention by providing premium customer service.

## Table of Contents

Our sales coverage model is designed to identify and capitalize on incremental revenue opportunities by strategically allocating our sales resources to our customer base and selling additional storage, records and information management services and products in new and existing markets. Our sales force is dedicated to three primary objectives: (1) establishing new customer account relationships; (2) generating additional revenue by expanding existing customer relationships globally; and (3) expanding new and existing customer relationships by effectively selling a wide array of related services and products. In order to accomplish these objectives, our sales forces draw on our United States and international marketing organizations and senior management. We have developed tailored marketing strategies to target customers in the healthcare, financial, insurance, legal, life sciences, energy, business services and federal vertical market segments.

### Growth through Acquisitions

The storage and information management services industry is highly fragmented with thousands of competitors in North America and around the world. Between 1995 and 2004 there was significant acquisition activity in the industry. Acquisitions were a fast and efficient way to achieve scale, expand geographically and broaden service offerings. After 2004, acquisition activity was reduced as we focused on integrating these recent transactions and diversifying the business. Beginning again in 2012, we saw opportunities for attractive acquisitions in emerging markets and consolidation opportunities in more developed markets, and resumed acquisition activity. We believe this ongoing acquisition activity is due to opportunities for large providers to achieve economies of scale and meet customer demands for sophisticated, technology-based solutions. Attractive acquisition opportunities, in North America and internationally, many of which are small, continue to exist, and we expect to continue to pursue acquisition of these businesses where we believe they present good returns and good opportunities to create value for our stockholders. Lastly, we have a successful record of acquiring and integrating these businesses.

We have acquired, and we continue to seek to acquire, storage and information management services businesses in developed markets including the United States, Canada, Australia and western Europe. Given the relatively small size of most attractive acquisition targets in these markets, future acquisitions are expected to be less significant to our overall revenue growth in these markets than in the past. Occasionally, however, we may be presented with the opportunity to acquire one of the larger businesses in these markets and will evaluate each opportunity with a focus on return on invested capital and the creation of stockholder value. Such was the case with our acquisition in October 2013 of Cornerstone Records Management, LLC and its affiliates.

We expect to continue to make acquisitions and investments in storage and information management services businesses in targeted emerging markets outside the United States, Canada, Australia and western Europe. We have acquired and invested in, and seek to acquire and invest in, storage and information management services companies in certain countries, and, more specifically, certain markets within such countries, where we believe there is potential for significant growth. We expect that future acquisitions and investments in our emerging markets will focus primarily on expanding priority markets in central and eastern Europe, Latin America and the Asia Pacific region. The experience, depth and strength of local management are particularly important in our emerging market acquisition strategy. Since beginning our international expansion program in January 1999, we have, directly and through joint ventures, expanded our operations such that, as of December 31, 2015, we operated in 37 countries. These transactions have taken, and may continue to take, the form of acquisitions of an entire business or controlling or minority investments with a long-term goal of full ownership. We believe a joint venture strategy, rather than an outright acquisition, may, in certain markets, better position us to expand the existing business. The local partners benefit from our expertise in the storage and information management services industry, our multinational customer relationships, our access to capital and our technology, while we benefit from our local partners' knowledge of the market, relationships with local customers and their presence in the community. In addition to the criteria we use to evaluate developed market acquisition candidates, when looking at an emerging market acquisition we also evaluate risks uniquely associated with an international investment, including those risks described below. Our long-term goal is to acquire full ownership of each business in which we make a joint venture investment. We now own more than 98% of our international operations, measured as a percentage of consolidated revenues.

Our international investments are subject to risks and uncertainties relating to the indigenous political, social, regulatory, tax and economic structures of other countries, as well as fluctuations in currency valuation, exchange

controls, expropriation and governmental policies limiting returns to foreign investors.

3

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## Table of Contents

### Business Characteristics.

We generate our revenues by renting storage space to a large and diverse customer base around the globe and providing an expanding menu of related and ancillary products and services. Providing outsourced storage is the mainstay of our customer relationships and serves as the foundation for all our revenue growth. Services are a complementary part of a comprehensive records management program and consist primarily of the handling and transportation of stored records and information, shredding, the scanning, imaging and document conversion services of active and inactive records, or Document Management Solutions ("DMS"), data restoration projects, fulfillment services, consulting services, technology escrow services, product sales (including specially designed storage containers and related supplies), and recurring project revenues. Shredding consists primarily of the scheduled collection and shredding of records and documents generated by business operations and the sale of recycled paper resulting from shredding services.

### Secure Storage

Our storage operations, our largest source of revenue, consist of providing non-dedicated storage rental space to our customers. Non-dedicated space allows our customers to increase or decrease the volume of their physical storage over the life of the contract based on their storage needs, while also reducing their risk of loss in the event of natural disaster. Given this non-dedicated space dynamic, the large portfolio of customer contracts, and the fact that no customer accounted for more than 1% of our consolidated revenues as of the year ended December 31, 2015, we assess the performance of our storage rental business predominantly by analyzing trends in segment-level storage rental volume and storage rental revenue. Additionally, our storage operations include technology escrow services. Records storage consists primarily of the archival storage of records for long periods of time according to applicable laws, regulations and industry best practices. The secure off-site storage of data backup media is a key component of a company's disaster recovery and business continuity programs. Storage rental charges are generally billed monthly on a per storage unit basis and include the provision of space, racking systems, computerized inventory and activity tracking, and physical security.

### Physical Records Storage

Physical records may be broadly divided into two categories: active and inactive. Active records relate to ongoing and recently completed activities or contain information that is frequently referenced. Active records are usually stored and managed on-site by their owners to ensure ready availability. Inactive physical records are the principal focus of the storage and information management services industry and consist of those records that are not needed for immediate access but which must be retained for legal, regulatory and compliance reasons or for occasional reference in support of ongoing business operations. Inactive physical records are typically stored in cartons packed by the customer for long periods of time with limited activity. For some customers we store individual files on an open shelf basis, and these files are typically more active.

Physical records may also include critical or irreplaceable data such as master audio and video recordings, film, fine art and other highly proprietary information, such as energy data. We continue to identify additional areas of physical storage that fit with our core competencies in security and transportation, seeking to provide enterprise storage to businesses in much the same manner that self-storage companies serve consumers. Physical records may require special facilities, either because of the data they contain or the media on which they are recorded. Accordingly, our charges for providing enhanced security and special climate-controlled environments for these vital records are higher than for typical storage rental.

### Electronic Records Storage

Electronic records management focuses on the storage of, and related services for, computer media that is either a backup copy of recently processed data or archival in nature. Computer tapes, cartridges and disk packs are transported off-site by our courier operations on a scheduled basis to secure, climate-controlled facilities, where they are available to customers 24 hours a day, 365 days a year, to facilitate data recovery in the event of a disaster. Frequently, backup tapes are rotated from our facilities back to our customers' data centers. We also manage tape library relocations and support disaster recovery testing and execution. Electronic storage consists of (i) storage of backup computer media as part of corporate disaster recovery, including digital content repository systems to house, distribute, and archive key media assets, and (ii) storage, safeguarding and electronic or physical delivery of physical

media of all types, primarily for entertainment and media industry clients.

4

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## Table of Contents

We believe the issues encountered by customers trying to manage their electronic records are similar to the ones they face in their physical records management programs and consist primarily of: (1) storage capacity and the preservation of data; (2) access to and control over the data in a secure environment; and (3) the need to retain electronic records due to regulatory requirements or for litigation support. Customer needs for data backup and recovery and archiving are distinctively different. Backup data exists because of the need of many businesses to be able to recover their data in the event of a system failure, casualty loss or other disaster. It is customary (and a best practice) for data processing groups to rotate backup tapes to offsite locations on a regular basis and to store multiple copies of such information at multiple sites. We expect continued increase in demand for computer media backup, as it provides off-line storage or storage that is not connected to the Internet and provides superior protection against data breaches and hacks. In addition to the physical storage and rotation of backup data that we provide, we offer online backup services through partnerships as an alternative way for businesses to store and access data. Online backup is an Internet-based service that automatically backs up computer data from servers or directly from desktop and laptop computers over the Internet and stores it in secure data centers.

### Service Offerings

Complementary to any records management program is the handling and transportation and the eventual destruction of records upon the expiration of retention periods. These activities are accomplished through our extensive service and courier operations. Service charges are generally assessed for each activity on a per unit basis. Courier operations consist primarily of the pickup and delivery of records upon customer request. Charges for courier services are based on urgency of delivery, volume and location and are billed monthly. As of December 31, 2015, our courier fleet consisted of approximately 3,700 owned or leased vehicles. Our other services include information destruction services (primarily secure shredding), DMS, Compliant Records Management and Consulting Services, Health Information Storage and Management Solutions, Entertainment Services, Energy Data Services, Discovery Services and other ancillary services.

### Information Destruction Services

Our information destruction services consist primarily of physical secure shredding operations and typically include the scheduled pick-up of loose office records that customers accumulate in specially designed secure containers we provide. In addition, secure shredding is a natural extension of our hard copy records management services by completing the lifecycle of a record and involves the shredding of sensitive documents for customers that, in many cases, store their records with us. Complementary to our shredding operations is the sale of the resultant waste paper to third-party recyclers. Through a combination of plant-based shredding operations and mobile shredding units consisting of custom built trucks, we are able to offer secure shredding services to our customers throughout the United States, Canada and Latin America.

### Document Management Solutions (DMS)

The focus of our DMS business is to develop, implement and support comprehensive storage and information management solutions for the complete lifecycle of our customers' information. We seek to develop solutions that solve our customers' document management challenges by integrating the management of physical records, document conversion and digital storage. Our DMS services complement our service offerings and enhance our existing customer relationships. We differentiate our offerings from our competitors by providing solutions that complement and expand our existing portfolio of products and services. The trend towards increased usage of Electronic Document Management ("EDM") systems represents another opportunity for us to manage active records. Our DMS services provide the bridge between customers' physical documents and their EDM solutions.

### Industry Tailored Services

We offer records and information management services that have been tailored for specific industries, such as healthcare, or to address the needs of customers with more specific requirements based on the critical nature of their records. For example, medical records tend to be more active in nature and are typically stored on specialized open shelving systems that provide easier access to individual files. In addition to storing medical records, we provide health care information services, which include the handling, filing, processing and retrieval of medical records used by hospitals, private practitioners and other medical institutions, as well as recurring project work and ancillary services.





## Table of Contents

### Other Ancillary Services

Other services we provide include recurring project work, which involves the on-site removal of aged patient files and related computerized file indexing. Ancillary healthcare information services include release of information (medical record copying and delivery), temporary staffing, contract coding, facilities management and imaging. We offer a variety of additional services which customers may request or contract for on an individual basis. These services include conducting records inventories, packing records into cartons or other containers, and creating computerized indices of files and individual documents. We also provide services for the management of active records programs. We can provide these services, which generally include document and file processing and storage, both offsite at our own facilities and by supplying our own personnel to perform management functions on-site at a customer's premises. Other services that we provide include fulfillment and professional consulting services.

### Business Segments

Our North American Records and Information Management Business, North American Data Management Business, Western European Business and our Other International Business segments offer storage and the information management services discussed above, in their respective geographies. The amount of revenues derived from our North American Records and Information Management Business, North American Data Management Business, Western European Business, Other International Business and Corporate and Other Business segments and other relevant data, including financial information about geographic areas and product and service lines, for fiscal years 2013, 2014 and 2015 are set forth in Note 9 to Notes to Consolidated Financial Statements included in this Annual Report.

#### North American Records and Information Management Business

Our North American Records and Information Management Business segment provides storage and information management services, including the storage of physical records, including other media such as microfilm and microfiche, master audio and videotapes, film, X-rays and blueprints, including healthcare information services, vital records services, service and courier operations, and the collection, handling and disposal of sensitive documents for corporate customers ("Records Management"); information destruction services ("Destruction"); and DMS throughout the United States and Canada; as well as fulfillment services and intellectual property management in the United States.

#### North American Data Management Business

Our North American Data Management Business segment provides storage and rotation of backup computer media as part of corporate disaster recovery plans, including service and courier operations ("Data Protection & Recovery"); server and computer backup services; digital content repository systems to house, distribute, and archive key media assets; and storage, safeguarding and electronic or physical delivery of physical media of all types, primarily for entertainment and media industry clients throughout the United States and Canada.

#### Western European Business

Our Western European Business segment provides storage and information management services, including Records Management, Data Protection & Recovery and DMS throughout the United Kingdom, Ireland, Austria, Belgium, France, Germany, Netherlands, Spain and Switzerland. Until December 2014, our Western European Business segment offered Destruction in the United Kingdom and Ireland.

#### Other International Business

Our Other International Business segment provides storage and information management services throughout the remaining European countries in which we operate, Latin America and Asia Pacific, including Records Management, Data Protection & Recovery and DMS. Our European operations included within the Other International Business segment provide Records Management, Data Protection & Recovery and DMS. Our Latin America operations provide Records Management, Data Protection & Recovery, Destruction and DMS throughout Argentina, Brazil, Chile, Colombia, Mexico and Peru. Our Asia Pacific operations provide Records Management, Data Protection & Recovery and DMS throughout Australia, with Records Management and Data Protection & Recovery also provided in certain cities in India, Singapore, Hong Kong SAR and China. Until December 2014, our Other International Business segment offered Destruction in Australia.



Table of Contents

Corporate and Other Business

Our Corporate and Other Business segment primarily consists of our data center and fine art storage businesses in the United States, the primary product offerings of our Adjacent Business operating segment (which was formerly referred to as our Emerging Business operating segment), as well as costs related to executive and staff functions, including finance, human resources and information technology, which benefit the enterprise as a whole. These costs are primarily related to the general management of these functions on a corporate level and the design and development of programs, policies and procedures that are then implemented in the individual segments, with each segment bearing its own cost of implementation. Our Corporate and Other Business segment also includes stock-based employee compensation expense associated with all stock options, restricted stock, restricted stock units, performance units and shares of stock issued under our employee stock purchase plan.

ABOs, such as our data center and fine art storage businesses, are prospective business lines that we consider investing in to grow and diversify our business. We are seeking businesses with long-term, recurring revenue, preferably with storage rental attributes, which are consistent with and will enhance our REIT structure. A dedicated team is focused on identifying and evaluating these opportunities. We have developed an innovation process that enables us to cautiously and effectively develop these ABOs to leverage our capabilities. If we are able to demonstrate success and meet return thresholds, we may potentially acquire businesses to further accelerate our growth in the relevant ABO. Importantly, the ABO process includes financial hurdles and decision gates to help us evaluate whether we scale or scrap these opportunities, consistent with our disciplined approach to capital allocation.

With respect to our data center business, we believe that the growth rate of critical digital information is accelerating, driven in part by the use of the Internet as a distribution and transaction medium. The rising cost and increasing importance of storing and managing digital information, coupled with the increasing availability of telecommunications bandwidth at lower costs, may create meaningful opportunities for us to provide solutions to our customers with respect to their digital records storage and management challenges.

A more recent example of an ABO is our fine art storage business. On December 1, 2015 we completed the acquisition of Crozier Fine Arts ("Crozier"), a storage, logistics and transportation business for high-value paintings, photographs and other types of art belonging to individual collectors, galleries and art museums. Crozier is a leader in art storage and an industry advocate for worldwide standards. This acquisition will build on our expertise in storing, protecting and managing high-value items and supports our strategy to leverage our real estate network to accelerate growth. The fine art storage industry is a growing, but fragmented, industry marked by increasing international interest and changes in acquisition and purchasing habits by collectors and museums. The increase in contemporary art as a focus for collectors has caused a spike in storage needs, while the increase in auction "turnover" – the rate at which catalogs, collections and individual pieces are made available for auction – has heightened the need for transportation, shipping, and related services. Taken together, we believe these factors have the fine art storage industry poised for significant growth.

## Table of Contents

### Our Business Fundamentals

Our business fundamentals are based on the recurring nature of our various revenue streams. We generate attractive returns from our differentiated storage rental business model because our occupancy costs, whether in a leased or owned building, are incurred per square foot while our storage revenue is generally earned per cubic foot. The historical predictability of our revenues and the resulting profitability allows us to operate with a high degree of financial leverage. Our business fundamentals consist of:

**Recurring Revenues.** We derive a majority of our consolidated revenues from fixed periodic, usually monthly, storage rental fees charged to customers based on the volume of their records stored. Once a customer places physical records in storage with us, and until those records are destroyed or permanently removed (for which we typically receive a service fee), we receive recurring payments for storage rental without incurring additional labor or marketing expenses or significant capital costs. Similarly, contracts for the storage of electronic backup media involve primarily fixed monthly rental payments. This stable and growing storage rental revenue base also provides the foundation for increases in service revenues and profitability.

A customer is allocated a certain amount of storage space in our storage facilities but is not allocated a dedicated building or space in a particular building. In practice, we can, and sometimes will, for a variety of reasons, move records from one facility and into another facility. In order to track net move-in and move-out activity of customer materials, as well as to assess the optimization of our real estate portfolio, we regularly assess the utilization of our overall real estate portfolio. On a per building basis, we compare the amount of racking that is being used to store customer materials to the capacity of the entire building assuming it was fully racked ("Total Building Utilization"). Additionally, we compare the amount of racking that is being used to store customer materials to the capacity of the racking that has been installed ("Total Racking Utilization"). As of December 31, 2015, our Total Building Utilization and Total Racking Utilization were approximately 84% and 92%, respectively, for our records management business and our Total Building Utilization and Total Racking Utilization were approximately 69% and 81%, respectively, for our data management business.

We occasionally offer inducements to our customers in order to generate new business opportunities. Such inducements most commonly come in the form of providing free intake costs to transport a customer's records to one of our facilities, including labor and transportation costs ("Move Costs"), or payments that are made to a customer's current records management vendor in order to terminate the customer's existing contract with that vendor ("Permanent Withdrawal Fees"). We capitalize Move Costs and Permanent Withdrawal Fees (collectively, "Customer Inducements") as customer acquisition costs.

**Historically Non-Cyclical Storage Rental Business.** Historically, we have not experienced significant reductions in our storage rental business as a result of economic downturns. We believe the durability of our storage rental business is driven by a number of factors, including the trend toward increased records retention, albeit at a lower rate of growth, as well as customer satisfaction with our services and contractual net price increases. The absolute number of new document storage cartons from our existing customers has been consistent in the past four years, and we anticipate this level will be sustained, although the rate of growth is slightly declining, given the continued growth in the total records volume. Total net volume growth, including acquisitions, was approximately 6%, 4% and 2% on a global basis for 2013, 2014 and 2015, respectively.

**Diversified and Stable Customer Base.** As of December 31, 2015, we had more than 170,000 customers in a variety of industries in 37 countries around the world. We currently provide storage and information management services to legal, financial, healthcare, insurance, life sciences, energy, businesses services and government organizations, including approximately 94% of the Fortune 1000. No single customer accounted for as much as 1% of our consolidated revenues in any of the years ended December 31, 2013, 2014 and 2015. For each of the three years 2013 through 2015, the average annual volume reduction due to customers terminating their relationship with us was approximately 2%.

Table of Contents

Capital Allocation. All the characteristics of our business noted above support the durability of our cash flows, which in turn support our dividends and a portion of our investments. Absent a large acquisition or significant investments in real estate, we generally generate cash flows to support our dividends, maintain our operations and infrastructure and invest in core growth opportunities. We plan on funding acquisitions, ABO investments and real estate investments primarily through incremental borrowing at a targeted leverage ratio and/or proceeds from the issuance of equity, dependent on market conditions. Below are descriptions of the major types of investments and other capital expenditures that we have made in recent years or that we are likely to consider in 2016:

## Real Estate:

Assets that support core business growth primarily related to investments in land, buildings, building improvements, leasehold improvements and racking structures that expand our revenue capacity in existing or new geographies, replace a long-term operational obligation or create operational efficiencies, or Real Estate Investment.

Real estate assets necessary to maintain ongoing business operations primarily related to the repair or replacement of real estate assets such as buildings, building improvements, leasehold improvements and racking structures, or Real Estate Maintenance.

## Non-Real Estate:

Non-real estate assets that either (i) support the growth of our business, and/or increase our profitability, such as customer-inventory technology systems, and technology service storage and processing capacity, or (ii) are directly related to the development of new products or services in support of our integrated value proposition and enhance our leadership position in the industry, including items such as increased feature functionality, security upgrades or system enhancements, or Non-Real Estate Investment.

Assets necessary to maintain ongoing business operations primarily related to the repair or replacement of customer-facing assets such as containers and shred bins, warehouse equipment, fixtures, computer hardware, or third-party or internally-developed software assets. This category also includes operational support initiatives such as sales and marketing and information technology projects to support infrastructure requirements, or Non-Real Estate Maintenance.

The following table presents our capital spend for 2013, 2014 and 2015 organized by the type of the spending as described above:

Nature of Capital Spend (in thousands)	Year Ended December 31,		
	2013	2014	2015
Real Estate:			
Investment	\$ 135,708	\$ 199,663	\$ 170,742
Maintenance	61,863	57,574	52,826
Total Real Estate Capital Spend	197,571	257,237	223,568
Non-Real Estate:			
Investment	91,792	55,991	47,964
Maintenance	22,644	19,527	23,396
Total Non-Real Estate Capital Spend	114,436	75,518	71,360
Total Capital Spend (on accrual basis)	312,007	332,755	294,928
Net increase/(decrease) in prepaid capital expenditures	3,327	(2,455	) (362
Net (increase)/decrease accrued capital expenditures	(28,039	) 31,624	(4,317
Total Capital Spend (on cash basis)	\$ 287,295	\$ 361,924	\$ 290,249

## Competition

We are a global leader in the physical storage and information management services industry with operations in 37 countries as of December 31, 2015. We compete with our current and potential customers' internal storage and information management services capabilities.



## Table of Contents

We also compete with numerous storage and information management services providers in every geographic area where we operate. The physical storage and information management services industry is highly competitive and includes thousands of competitors in North America and around the world. We believe that competition for customers is based on price, reputation for reliability, quality and security of storage, quality of service and scope and scale of technology, and we believe we generally compete effectively in each of these areas.

### Alternative Technologies

We derive most of our revenues from rental fees for the storage of physical records and computer backup tapes and from storage related services. Alternative storage technologies exist, many of which require significantly less space than physical documents and tapes, and as alternative technologies are adopted, storage related services may decline as the physical records or tapes we store become less active and more archived. To date, none of the alternative technologies has replaced physical documents as the primary means for storing information. We continue to provide, primarily through partnerships, additional services such as online backup, designed to address our customers' need for efficient, cost-effective, high-quality solutions for electronic records and storage and information management.

### Employees

As of December 31, 2015, we employed more than 8,000 employees in the United States and more than 12,000 employees outside of the United States. At December 31, 2015, fewer than 650 employees were represented by unions in California, Illinois, Georgia and three provinces in Canada.

All union and non-union employees are generally eligible to participate in our benefit programs, which include medical, dental, life, short and long-term disability, retirement/401(k) and accidental death and dismemberment plans. Certain unionized employees in California receive these types of benefits through their unions and are not eligible to participate in our benefit programs. In addition to base compensation and other usual benefits, all full-time employees participate in some form of incentive-based compensation program that provides payments based on revenues, profits, collections or attainment of specified objectives for the unit in which they work. Management believes that we have good relationships with our employees and unions. All union employees are currently under renewed labor agreements or operating under an extension agreement.

### Insurance

For strategic risk transfer purposes, we maintain a comprehensive insurance program with insurers that we believe to be reputable and that have adequate capitalization in amounts that we believe to be appropriate. Property insurance is purchased on a comprehensive basis, including flood and earthquake (including excess coverage), subject to certain policy conditions, sublimits and deductibles. Property is insured based upon the replacement cost of real and personal property, including leasehold improvements, business income loss and extra expense. Other types of insurance that we carry, which are also subject to certain policy conditions, sublimits and deductibles, include medical, workers' compensation, general liability, umbrella, automobile, professional, warehouse legal liability and directors' and officers' liability policies.

Our customer contracts usually contain provisions limiting our liability for damages with respect to loss or destruction of, or damage to, records or information stored with us. Our liability under physical storage contracts is often limited to a nominal fixed amount per item or unit of storage, such as per cubic foot. Our liability under our DMS services and other service contracts is often limited to a percentage of annual revenue under the contract. We can provide no assurance that where we have limitation of liability provisions that they will be enforceable in all instances or would otherwise protect us from liability. Also, some of our contracts with large volume accounts and some of the contracts assumed in our acquisitions contain no such limits or contain higher limits. In addition to provisions limiting our liability, our standard storage rental and service contracts include a schedule setting forth the majority of the customer-specific terms, including storage rental and service pricing and service delivery terms. Our customers may dispute the interpretation of various provisions in their contracts. While we have had relatively few disputes with our customers with regard to the terms of their customer contracts, and most disputes to date have not been material, we can give no assurance that we will not have material disputes in the future.

Table of Contents

Environmental Matters

Some of our current and formerly owned or leased properties were previously used by entities other than us for industrial or other purposes, or were affected by waste generated from nearby properties, that involved the use, storage, generation and/or disposal of hazardous substances and wastes, including petroleum products. In some instances, this prior use involved the operation of underground storage tanks or the presence of asbestos-containing materials. Where we are aware of environmental conditions that require remediation, we undertake appropriate activity, in accordance with all legal requirements. Although we have from time to time conducted limited environmental investigations and remedial activities at some of our former and current facilities, we have not undertaken an in-depth environmental review of all of our properties. We therefore may be potentially liable for environmental costs and may be unable to sell, rent, mortgage or use contaminated real estate owned or leased by us. Under various federal, state and local environmental laws, we may be liable for environmental compliance and remediation costs to address contamination, if any, located at owned and leased properties as well as damages arising from such contamination, whether or not we know of, or were responsible for, the contamination, or the contamination occurred while we owned or leased the property. Environmental conditions for which we might be liable may also exist at properties that we may acquire in the future. In addition, future regulatory action and environmental laws may impose costs for environmental compliance that do not exist today.

We transfer a portion of our risk of financial loss due to currently undetected environmental matters by purchasing an environmental impairment liability insurance policy, which covers all owned and leased locations. Coverage is provided for both liability and remediation costs.

Corporate Responsibility

We are committed to transparent reporting on sustainability and corporate responsibility efforts in accordance with the guidelines of the Global Reporting Initiative. Our corporate responsibility report highlights our progress against key measures of success for our efforts in the community, our environment, and for our people. We are a trusted partner to approximately 94% of the Fortune 1000 companies. Iron Mountain is a member of the FTSE4 Good Index, Dow Jones Sustainability Index, MSCI World ESG Index, MSCI ACWI ESG Index and MSCI USA IMI ESG Index, each of which include companies that meet globally recognized corporate responsibility standards. A copy of our corporate responsibility report is available on the "Company" section of our website, [www.ironmountain.com](http://www.ironmountain.com), under the heading "Corporate Responsibility."

Internet Website

Our Internet address is [www.ironmountain.com](http://www.ironmountain.com). Under the "For Investors" section on our Internet website, we make available free of charge, our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") as soon as reasonably practicable after such forms are filed with or furnished to the SEC. We are not including the information contained on or available through our website as a part of, or incorporating such information by reference into, this Annual Report. Copies of our corporate governance guidelines, code of ethics and the charters of our audit, compensation, and nominating and governance committees are available on the "For Investors" section of our website, [www.ironmountain.com](http://www.ironmountain.com), under the heading "Corporate Governance."



Table of Contents

Item 1A. Risk Factors.

We face many risks. If any of the events or circumstances described below actually occur, we and our businesses, financial condition or results of operations could suffer, and the trading price of our debt or equity securities could decline. Our current and potential investors should consider the following risks and the information contained under the heading "Cautionary Note Regarding Forward-Looking Statements" before deciding to invest in our securities.

**Risks Related to the Recall Transaction**

The integration of Recall will subject us to liabilities that may exist at Recall or may arise in connection with the consummation of the Recall Transaction.

Our integration with Recall may pose special risks, including one-time write-offs or restructuring charges, unanticipated costs, and the loss of key employees. There can be no assurance that our integration with Recall will be accomplished effectively or in a timely manner. In addition, our integration with Recall will subject us to liabilities (including tax liabilities) that may exist at Recall or may arise in connection with the consummation of the Recall Transaction, some of which may be unknown. Although we and our advisors have conducted due diligence on the operations of Recall, there can be no guarantee that we are aware of all liabilities of Recall. These liabilities, and any additional risks and uncertainties related to the Recall Transaction not currently known to us or that we may currently deem immaterial or unlikely to occur, could negatively impact our future business, financial condition and results of operations.

The price of our common stock and our results of operations after the Recall Transaction may be affected by factors different from those currently affecting the price of our common stock and our results of operations.

Recall's business is different in certain ways from ours, and our results of operations, as well as the price of our common stock after the Recall Transaction, may be affected by factors different from those currently affecting the results of our operations and the price of our common stock. The price of our common stock may fluctuate significantly following the Recall Transaction, including as a result of factors over which we and Recall have no control. Current stockholders may not wish to continue to invest in us if the Recall Transaction is consummated or for other reasons may wish to dispose of some or all of their shares of our common stock. If, following the consummation of the Recall Transaction, there is selling pressure on our common stock that exceeds demand at the market price, the price of our common stock could decline. In addition, if the Recall Transaction is completed, the Recall shareholders will own a significant percentage of the issued and outstanding shares of common stock of the combined company, and they may determine not to hold their shares of our common stock following the Recall Transaction, which may result in additional pressure on the price of our common stock.

We will incur significant transaction and combination-related costs in connection with the Recall Transaction.

We and Recall expect to incur significant costs associated with the Recall Transaction and combining the operations of the two companies, some of which will be paid regardless of whether we are able to complete the Recall Transaction. In this regard, we expect to incur approximately \$80.0 million of costs, including advisory and professional fees, to complete the Recall Transaction ("Recall Deal Close Costs") and approximately \$300.0 million of costs to integrate Recall with our existing operations, including moving, severance, facility upgrade, REIT conversion and system upgrade costs ("Recall Integration Costs"). Despite our current estimates, it is difficult to predict the amount of these costs, and we may incur additional unanticipated costs as a consequence of difficulties arising from efforts to integrate the companies.

We will need additional debt financing, which may not be available on favorable terms, if at all, in order to consummate the Recall Transaction.

We currently anticipate that we will need to raise additional debt financing to consummate the Recall Transaction. Such additional financing may not be available on favorable terms, if at all. If we are unable to obtain sufficient financing and consummate the Recall Transaction, we may be subject to significant monetary or other damages under the Recall Agreement.

The Recall Agreement limits our ability to pursue alternatives to the Recall Transaction, and in certain instances requires payment of a reimbursement fee, which could deter a third party from proposing an alternative transaction to the Recall Transaction.

While the Recall Agreement is in effect, subject to certain limited exceptions, we are prohibited from soliciting, initiating, encouraging or entering into certain transactions, such as a merger, sale of assets or other business combination, with any third party. As a result of these limitations, we may lose opportunities to enter into a more favorable transaction than the Recall Transaction.

Moreover, under specified circumstances, we could be required to pay Recall a reimbursement fee of A\$25.5 million in connection with the termination of the Recall Agreement. The reimbursement fee could deter a third party from proposing an alternative to the Recall Transaction.

Table of Contents

The Recall Transaction is subject to conditions to closing that could result in the Recall Transaction being delayed or not completed and the Recall Agreement can be terminated in certain circumstances, each of which could negatively impact the price of our common stock and our future business and operations.

Consummation of the Recall Transaction is subject to conditions, including, among others:

- the approval by the Recall shareholders of the Recall Transaction;
- the approval of the Scheme by the Federal Court of Australia, Sydney Registry (the "Sydney Federal Court") (or such other competent court agreed by us and Recall);
- the absence of any law, order or injunction that would prohibit, restrain or make illegal the Recall Transaction;
- the receipt of regulatory approvals;
- the approval for listing on the NYSE of our common stock to be issued in the Recall Transaction and the establishment of a secondary listing on the Australian Securities Exchange (the "ASX") to allow shareholders of Recall to trade our common stock via CHESS Depository Interests on the ASX;
- the accuracy of the representations and warranties and compliance with the respective covenants of the parties, subject to specified materiality qualifiers; and
- no events having occurred that would have a material adverse effect on Recall or us.

In addition, we and Recall each has the right, in certain circumstances, to terminate the Recall Agreement. If the Recall Agreement is terminated or any of the conditions to closing are not satisfied and, where permissible, not waived, the Recall Transaction will not be completed.

Failure to complete the Recall Transaction or any delay in the completion of the Recall Transaction or any uncertainty about the completion of the Recall Transaction may adversely affect the price of our common stock or have an adverse impact on our future business and operations.

If the Recall Transaction is not completed, our ongoing business may be adversely affected and, without realizing any of the benefits of having completed the Recall Transaction, we would be subject to a number of risks, including the following:

- negative reactions from the financial markets;
- incurring and paying significant expenses in connection with the Recall Transaction, such as Recall Deal Costs and Recall Integration Costs;
- paying a reimbursement fee of A\$25.5 million if the Recall Agreement is terminated in certain circumstances; and
- paying a reimbursement fee of A\$76.5 million if the Recall Agreement is terminated due to our inability to obtain the necessary antitrust/competition approvals required to consummate the Recall Transaction.

In addition, we could be subject to litigation related to any failure to complete the Recall Transaction or seeking to require us to perform our obligations under the Recall Agreement.

The exchange ratio is fixed and will not be adjusted in the event of any change in either Recall's share price or our stock price.

Subject to the terms and conditions set forth in the Recall Agreement, after the effective date of the Scheme and upon the completion of the Recall Transaction, each outstanding ordinary share of Recall will be transferred to us in exchange for the Australian dollar equivalent of US\$0.50 in cash for each outstanding share of Recall common stock (the "Cash Supplement") as well as either (1) 0.1722 of a newly issued share of our common stock or (2) 8.50 Australian dollars less the Australian dollar equivalent of US\$0.50 in cash for each Recall share (the "Cash Election"). The Cash Election is subject to a proration mechanism that will cap the total amount of cash paid to Recall shareholders electing the Cash Election at 225.0 million Australian dollars (the "Cash Election Cap"). The exchange ratio is fixed and will not be adjusted for changes in the market price of either Recall shares or our shares. Changes in the price of our shares prior to completion of the Scheme may affect the market value that holders of Recall shares will receive on the date of the effective time for the Scheme. Share price changes may result from a variety of factors (many of which are beyond our or Recall's control).

If the share price of our common stock increases before the closing of the Recall Transaction, Recall shareholders will receive shares of our common stock that have a market value that is greater than the current market value of such shares. Alternatively, if the share price of our common stock decreases before the closing of the Recall Transaction, Recall shareholders will receive shares of our common stock that have a market value that is less than the current

market value of such shares. Therefore, because the exchange ratio is fixed, prior to the closing of the Recall Transaction, our stockholders and Recall shareholders cannot be sure of the market value of the share consideration that will be paid to Recall shareholders upon completion of the Recall Transaction.

Table of Contents

Obtaining required governmental and court approvals necessary to satisfy closing conditions may delay or prevent completion of the Recall Transaction or may impose material terms and conditions, including asset divestitures, which could negatively impact our ability to realize the anticipated benefits of the Recall Transaction.

Completion of the Recall Transaction is conditioned upon the receipt of certain governmental authorizations, consents, orders or other approvals, including (i) approvals, clearances, filings or expiration or termination of waiting periods required in relation to the Recall Transaction under antitrust laws of Australia, Canada, the United States, and the United Kingdom and (ii) approval by the Sydney Federal Court (or such other competent court agreed to by us and Recall). In the Recall Agreement, we agreed to offer, negotiate and agree to divestitures and/or similar restraints with respect to our or Recall's businesses, services or assets, except that we are not required to agree to divestitures or similar restraints with respect to our assets or Recall's records management businesses in the United States and Canada that, in the aggregate, generated more than US\$30.0 million in revenues during the twelve-month period prior to the date of the Recall Agreement (the "Divestiture Threshold"). No assurance can be given that the antitrust/competition approvals will be obtained. In the event that the Recall Agreement is terminated as a result of the failure to obtain the antitrust/competition approvals, subject to certain limited exceptions, we will be obligated to pay Recall a reimbursement fee of A\$76.5 million.

Antitrust/competition approval, if obtained, is likely to be conditioned on the divestiture of certain assets in Australia, Canada, the United States and/or the United Kingdom, including the divestiture of assets in the United States and Canada that, in the aggregate, may exceed the Divestiture Threshold. If we divest more assets than we anticipated when we entered into the Recall Agreement, the benefits that we originally expected to realize from the Recall Transaction could be reduced. Moreover, to the extent that the current price of our common stock reflects an assumption that asset divestitures will be less than what may ultimately be required by antitrust/competition agencies in Australia, Canada, the United States and/or the United Kingdom in order to consummate the Recall Transaction, the price per share for our common stock could be negatively impacted.

Following the Recall Transaction, our exposure to foreign exchange translation risk will be increased.

We are currently subject to foreign exchange translation risk because we conduct business operations in several foreign countries through our foreign subsidiaries or affiliates, which conduct business in their respective local currencies. Recall conducts a significant portion of its operations outside of the United States through its foreign subsidiaries or affiliates, which also operate in their respective local currencies. Therefore, following the completion of the Recall Transaction, our international operations will account for a more significant portion of our overall operations than they do presently. Because our financial statements will continue to be presented in United States dollars subsequent to the Recall Transaction, the local currencies will be translated into United States dollars at the applicable exchange rates for inclusion in our consolidated financial statements. The results of operations of, and certain of our intercompany balances associated with, our international storage and information management services businesses will continue to be exposed to foreign exchange rate fluctuations, and due to the Recall Transaction, our exposure to exchange rate fluctuations will increase. Upon translation, operating results may differ materially from expectations, and significant shifts in foreign currencies can impact our short-term results, as well as our long-term forecasts and targets.

In certain circumstances, if the Recall Agreement is terminated without any payment of a termination payment by Recall, we may not be fully reimbursed for our out of pocket expenses.

Under the Recall Agreement, Recall would be required to reimburse us for our reasonable, documented out of pocket expenses actually incurred in connection with the Recall Transaction up to a maximum of \$5.0 million if (i) the Recall board of directors withdraws or adversely modifies its recommendation that Recall shareholders vote in favor of the resolution to approve the Recall Transaction as a result of the report of the independent expert opining that the Recall Transaction is not in the best interests of Recall's shareholders (other than where the reason for such opinion is a Recall competing transaction) and (ii) the Recall Agreement is terminated by Recall or us prior to the Recall shareholders meeting. Given that such reimbursed expenses cannot exceed \$5.0 million, we may not be fully reimbursed for our out of pocket expenses in the event of such a termination.

Our due diligence of Recall may have failed to identify key issues that could have an adverse effect on our performance and financial condition.

Before executing the Recall Agreement, we and Recall undertook a period of mutual due diligence for the purpose of negotiating the terms of the Recall Transaction. Although we and Recall decided to proceed with the Recall Transaction following that due diligence exercise, there is a risk that the due diligence undertaken was insufficient or failed to identify key issues. Furthermore, after implementation of the Recall Transaction, we will be subject to any unknown liabilities of Recall which could have an adverse effect on our performance and financial condition.

Table of Contents

We will guarantee certain obligations of Recall to Brambles relating to Brambles' prior demerger transaction. On December 18, 2013, Brambles Limited, an Australian corporation ("Brambles"), implemented a demerger transaction by way of a distribution of shares of Recall to Brambles' shareholders (the "Demerger"). Prior to and in connection with the Demerger, Brambles spun off certain of its United States and Canadian subsidiaries, directly or indirectly, to Recall. Such spin-offs were intended to be tax-free or tax-deferred under United States and Canadian tax laws, respectively, and Brambles obtained rulings from the IRS (with respect to the United States spin-off) and the Canada Revenue Agency (with respect to the Canadian spin-off), as well as opinions of its tax advisors, to such effect. However, the tax-free status of the spin-off of such United States subsidiaries could be adversely affected under certain circumstances if a 50% or greater interest in such United States subsidiaries were acquired as part of a plan or series of related transactions that included such spin-off. Similarly, the tax-deferred status of the spin-off of the Canadian subsidiaries could be adversely affected under certain circumstances if control of such subsidiaries were acquired as part of a series of transactions or events that included such spin-off.

In connection with the Demerger, Recall agreed to indemnify Brambles and certain of its affiliates for taxes to the extent that actions by Recall (e.g., an acquisition of Recall shares) resulted in the United States spin-off or the Canadian spin-off described above failing to qualify as tax-free or tax-deferred for United States or Canadian tax purposes, respectively. In addition, Recall agreed, among other things, that it would not, within two years of the 2013 spin-offs, enter into a proposed acquisition transaction, merger or consolidation (with respect to the United States spin-off) or take any action that could reasonably be expected to jeopardize, directly or indirectly, any of the conclusions reached in the Canadian tax ruling or opinion, without obtaining either a supplemental tax ruling from the relevant taxing authority, the consent of Brambles or an opinion of a tax advisor, acceptable to Brambles in its reasonable discretion, that such transaction should not result in the spin-offs failing to be tax-free under United States federal income tax law or Canadian tax law, respectively. Recall has obtained or intends to obtain such tax opinions, based on, among other things, representations and warranties made by Recall and us. Such opinions, once accepted by Brambles, do not affect Recall's obligation to indemnify Brambles for an adverse impact on the tax-free status of such prior spin-offs. The delivery of those opinions is a condition to our obligation to consummate the Recall Transaction. We have agreed, contingent on the consummation of the Recall Transaction, to guarantee the foregoing indemnification obligations of Recall. Consistent with the foregoing tax opinions, we believe that the Recall Transaction is not part of a plan or series of related transactions, or part of a series of transactions or events, that included the United States spin-off or the Canadian spin-off, respectively. However, if the IRS or the Canadian Revenue Agency were to prevail in asserting a contrary view, we and Recall would be liable for the resulting taxes, which could be material.

**Risks Related to Us and Recall**

The failure to integrate successfully Recall's business with our business in the expected time frame would adversely affect our future results.

The success of the Recall Transaction will depend, in large part, on our ability to realize the anticipated benefits, including cost savings from combining Recall's businesses with ours. To realize these anticipated benefits, our business and Recall's must be successfully integrated. This integration will be complex and time-consuming. The failure to integrate successfully and to manage successfully the challenges presented by the integration process may result in us not fully achieving the anticipated benefits of the Recall Transaction.

Potential difficulties that may be encountered in the integration process include the following:

- challenges and difficulties associated with managing the larger, more complex, combined company;
- conforming standards, controls, procedures and policies, business cultures and compensation structures between the entities;
- integrating personnel from the two entities while maintaining focus on developing, producing and delivering consistent, high quality services;
- consolidating corporate and administrative infrastructures;
- coordinating geographically dispersed organizations;
- potential unknown liabilities and unforeseen expenses, delays or regulatory conditions associated with the Recall Transaction;

performance shortfalls at one or both of the entities as a result of the diversion of management's attention caused by completing the Recall Transaction and integrating the entities' operations; and our ability to deliver on our strategy going forward.

15

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Table of Contents

We will incur adverse tax consequences if the combined company following the Recall Transaction fails to qualify as a REIT for United States federal income tax purposes.

We believe that, following the Recall Transaction, we will integrate Recall'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 Code. For any taxable year that we fail to qualify for taxation as a REIT, we would not be allowed a deduction for distributions to our stockholders in computing our taxable income, and thus would be subject to United States federal and state income tax at the regular corporate rates on all of our United States federal and state taxable income in the manner of a regular corporation. Those corporate level taxes would reduce the amount of cash available for distribution to our stockholders or for reinvestment or other purposes, and would adversely affect our earnings. As a result, our failure to qualify for taxation as a REIT during any taxable year could have a material adverse effect upon us and our stockholders. Furthermore, unless prescribed relief provisions apply, 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. Finally, even if we are able to utilize relief provisions and thereby avoid disqualification for taxation as a REIT, relief provisions typically involve paying a penalty tax in proportion to the severity and duration of the noncompliance with REIT requirements, and thus these penalty taxes could be significant in the context of noncompliance stemming from a transaction as large as the Recall Transaction.

The Recall Transaction, if completed, will dilute the ownership position of our current stockholders.

If the Recall Transaction is completed, the Recall shareholders are expected to beneficially own a significant percentage of our issued and outstanding shares of common stock. Consequently, our current stockholders will own a smaller proportion of our common stock than the proportion of common stock they owned before the Recall Transaction and, as a result, they will have less influence on our management and policies following the Recall Transaction than they now have on our management and policies.

Our and Recall's business relationships may be subject to disruption due to uncertainty associated with the Recall Transaction, which could have an adverse effect on our and Recall's results of operations, cash flows and financial position and, following the completion of the Recall Transaction, the combined company.

Parties with which we and Recall do business may experience uncertainty associated with the Recall Transaction, including with respect to current or future business relationships with us, Recall or the combined company following the completion of the Recall Transaction. Our and Recall's relationships may be subject to disruption as customers, suppliers and other persons with whom we and Recall have a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationships with us or Recall, as applicable, or consider entering into business relationships with parties other than us or Recall. These disruptions could have an adverse effect on the results of operations, cash flows and financial position of us, Recall or the combined company following the completion of the Recall Transaction, including an adverse effect on our ability to realize the expected synergies and other benefits of the Recall Transaction. The risk, and adverse effect, of any disruption could be exacerbated by a delay in the completion of the Recall Transaction or the termination of the Recall Agreement.

**Risks Related to Our Taxation as a REIT**

If we fail to remain qualified for taxation as a REIT, we will be subject to tax at corporate income tax rates and will not be able to deduct distributions to stockholders when computing our taxable income.

We have elected to be taxed as a REIT commencing with our 2014 taxable year; however, we can provide no assurance that we will remain qualified for taxation as a REIT. If we fail to remain qualified as a REIT, we will be taxed at corporate income tax rates unless certain relief provisions apply.

Qualification for taxation as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which provisions may change from time to time, to our operations as well as various factual determinations concerning matters and circumstances not entirely within our control. There are limited judicial or administrative interpretations of these provisions.

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.

Table of Contents

If we fail to remain qualified for taxation as a REIT, we may need to borrow additional funds or liquidate some investments to pay any additional tax liability. Accordingly, funds available for investment and distributions to stockholders could be reduced.

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

We expect to continue paying regular quarterly distributions, and, to achieve maximum tax efficiency and retain cash to allow us to make selective discretionary investments, we currently anticipate our typical regular quarterly distributions will be based on a payment of approximately 100% of our REIT taxable income; however, the amount, timing and form of our regular quarterly distributions will be determined, and will be subject to adjustment, by our board of directors. To remain qualified for taxation as a REIT, we are generally required to distribute at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gain) each year to our stockholders. Generally, we expect to distribute all or substantially all of our REIT taxable income. If our cash available for distribution falls short of our estimates, we may be unable to maintain distributions that approximate our REIT taxable income and may fail to remain qualified for taxation as a REIT. In addition, our cash flows from operations may be insufficient to fund required distributions as a result of differences in timing between the actual receipt of income and the recognition of income 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 if the actual amount that we distribute to our stockholders for a calendar year is less than the minimum amount specified under the Code.

We may be required to borrow funds, sell assets or raise equity to satisfy REIT distribution requirements, to comply with asset ownership tests or to fund capital expenditures, future growth and expansion initiatives.

In order to meet the REIT distribution requirements and maintain our qualification and taxation as a REIT, or to fund capital expenditures, future growth and expansion initiatives, we may need to borrow funds, sell assets or raise equity, even if the then-prevailing market conditions are not favorable for these borrowings, sales or offerings. Any insufficiency of our cash flows to cover our REIT distribution requirements could adversely impact our ability to raise short- and long-term debt, to sell assets, or to offer equity securities in order to fund distributions required to maintain our qualification and taxation as a REIT. Furthermore, the REIT distribution requirements may increase the financing we need to fund capital expenditures, future growth and expansion initiatives. This would increase our indebtedness. An 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. Additional 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 "Risks Relating to Our Indebtedness."

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.

In addition, if we fail to comply with specified asset ownership tests applicable to REITs as measured at the end of any calendar quarter, we must correct such failure within 30 days after the end of the applicable calendar quarter or qualify for statutory relief provisions to avoid losing our qualification for taxation as a REIT. As a result, we may be required to liquidate otherwise attractive investments. These actions may reduce our income and amounts available for distribution to our stockholders.



Table of Contents

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 United States Internal Revenue Service (the "IRS"), the United States Department of the Treasury and state taxing authorities. Changes to the tax laws, regulations and administrative interpretations, which may have retroactive application, could adversely affect us. In addition, some of these changes could have a more significant impact on us as compared to other REITs due to the nature of our business and our substantial use of 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 forgo otherwise attractive opportunities.

To remain qualified for taxation as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets and the amounts we distribute to our stockholders. Thus, compliance with these tests may require us to refrain from certain activities and may hinder our ability to make certain attractive investments, including the purchase of non-REIT qualifying operations or assets, the expansion of non-real estate activities, and investments in the businesses to be conducted by our TRSs, and to that extent limit our opportunities and our flexibility to change our business strategy. Furthermore, acquisition opportunities in domestic and international markets may be adversely affected if we need or require the target company to comply with some REIT requirements prior to closing.

We conduct a significant portion of our business activities, including our information management services businesses and several of our international operations, through domestic and foreign TRSs. Under the Code, no more than 25% of the value of the assets of a REIT may be represented by securities of one or more TRSs and other nonqualifying assets. Beginning in our 2018 taxable year, no more than 20% of the value of the assets of a REIT may be represented by securities of one more more TRSs within the overall 25% nonqualifying assets limitation. These limitations may affect our ability to make additional investments in non-REIT qualifying operations or assets or in international operations through TRSs.

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, which principally includes gross income from providing customers with secure storage space. 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.



Table of Contents

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, any stock repurchase program and general market demand for our space and services. Consequently, our distribution levels may fluctuate.

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

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

Our information management services businesses are conducted through wholly owned TRSs because these activities could generate nonqualifying REIT income as currently structured and operated. The income of our domestic TRSs will continue to be subject to federal and state corporate income taxes. In addition, we and our subsidiaries continue to be subject to foreign income taxes in jurisdictions in which we have business operations or a taxable presence, regardless of whether assets are held or operations are conducted through subsidiaries disregarded for federal income tax purposes or TRSs. 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, 2014, or (ii) an asset that we hold in a QRS 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, 2014 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, depreciation recapture income that we expect to recognize in connection with the Recall Transaction as a result of accounting method changes that we will make will be fully subject to this 35% tax. 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 after the relevant determination.

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 with respect to borrowings made or to be made to acquire or carry real estate assets and income from certain currency hedging transactions related to our non-United States 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. This could increase the cost of our hedging activities because our TRSs would be subject to tax on income or gains resulting from hedges entered into by them or 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 generally will not provide any tax benefit, except for being carried forward for possible use

against future taxable income in the TRSs.

19

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Table of Contents

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

We began operating as a REIT on January 1, 2014 and, as such, have limited operating history as a REIT. In addition, prior to January 1, 2014 our senior management team had no prior experience operating a REIT. We can provide no assurance that our past experience has sufficiently prepared us to operate successfully as a REIT. Our inability to operate successfully as a REIT, including the failure to remain qualified for taxation as a REIT, could adversely affect our business, financial condition and results of operations.

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

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

The ownership and transfer restrictions contained in our certificate of incorporation may not protect our qualification for taxation as a REIT, could have unintended antitakeover effects and may prevent our stockholders from receiving a takeover premium.

In order for us to remain qualified for taxation as a REIT, no more than 50% of the value of outstanding shares of our capital 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 capital stock) by an individual or entity could cause that individual or entity or another individual or entity to own constructively in excess of the relevant ownership limits. Any attempt to own or transfer shares of our common stock or of any of our other capital stock in violation of these restrictions may result in the shares being automatically transferred to a charitable trust or may be void. Even though our certificate of incorporation contains the ownership limits, there can be no assurance that these provisions will be effective to prevent our qualification for taxation as a REIT from being jeopardized, including under the affiliated tenant rule. Furthermore, there can be no assurance that we will be able to monitor and enforce the ownership limits. If the restrictions in our certificate of incorporation are not effective and as a result we fail to satisfy the REIT tax rules described above, then absent an applicable relief provision, we will fail to remain qualified for taxation as a REIT. In addition, the ownership and transfer restrictions could delay, defer or prevent a transaction or a change in control that might involve a premium price for our stock or otherwise be in the best interest of our stockholders. As a result, the overall effect of the ownership and transfer restrictions may be to render more difficult or discourage any attempt to acquire us, even if such acquisition may be favorable to the interests of our stockholders.

The ability of our board of directors to change our major policies without the consent of stockholders may not be in the interest of our stockholders.

Our board of directors determines our major policies, including policies and guidelines relating to our investments, acquisitions, leverage, financing, growth, operations and distributions to our stockholders. Our board of directors may amend or revise these and other policies and guidelines from time to time without the vote or consent of our stockholders. Accordingly, our stockholders will have limited control over changes in our policies, and any such

changes could adversely affect our financial condition, results of operations, the market price of our common stock and our ability to make distributions to our stockholders.

Table of Contents

Operational Risks

Our customers may shift from paper and tape storage to alternative technologies that require less physical space. We derive most of our revenues from rental fees for the storage of physical records and computer backup tapes and from storage related services. Alternative storage technologies exist, many of which require significantly less space than physical records and tapes, and as alternative technologies are adopted, storage related services may decline as the physical records or tapes we store become less active and more archived. We can provide no assurance that our customers will continue to store most or a portion of their records as paper documents or in tape format. The adoption of alternative technologies may also result in decreased demand for services related to the paper documents and tapes we store. A significant shift by our customers to storage of data through non-paper or tape-based technologies, whether now existing or developed in the future, could adversely affect our businesses.

As stored records become less active our service revenue growth and profitability may decline.

Our records management service revenue growth is being negatively impacted by declining activity rates as stored records are becoming less active. The amount of information available to customers through the Internet or their own information systems has been steadily increasing in recent years. As a result, while we continue to experience growth in storage rental, our customers are less likely than they have been in the past to retrieve records, thereby reducing their service activity levels. At the same time many of our costs related to records related services remain fixed. In addition, our reputation for providing secure information storage is critical to our success, and actions to manage cost structure, such as outsourcing certain transportation, security or other functions, could negatively impact our reputation and adversely affect our business. Ultimately, if we are unable to appropriately align our cost structure with decreased levels of service revenue, our operating results could be adversely affected.

Changes in customer behavior with respect to document destruction and pricing could adversely affect our business, financial condition and results of operations.

We have experienced pricing pressure in recent years as some customers have become more cost conscious with respect to their information management expenditures. Some customers have taken actions designed to reduce costs associated with the retention of documents, including reducing the volume of documents they store and adopting more aggressive destruction practices. If we are unable to increase pricing over time, or if rates of destruction of documents stored with us increase substantially, particularly in our developed and slower growing markets, our financial condition and results of operations would be adversely affected.

Table of Contents

Governmental and customer focus on data security could increase our costs of operations. We may not be able to fully offset these costs through increases in our rates. Incidents in which we fail to protect our customers' information against security breaches could result in monetary damages against us and could otherwise damage our reputation, harm our businesses and adversely impact our results of operations. In addition, if we fail to protect our own information, including information about our employees, we could experience significant costs and expenses as well as damage to our reputation.

In reaction to publicized incidents in which electronically stored information has been lost, illegally accessed or stolen, almost all states in the United States have adopted breach of data security statutes or regulations that require notification to consumers if the security of their personal information is breached, and, in 2015, many states expanded the scope of their data breach notifications laws and shortened notification timelines. Some states in the United States have adopted regulations requiring every company that maintains or stores personal information to adopt a comprehensive written information security program. In addition, certain United States federal laws and regulations affecting financial institutions, health care providers and plans and others impose requirements regarding the privacy and security of information maintained by those institutions as well as notification to persons whose personal information is accessed by an unauthorized third party. Some of these laws and regulations provide for civil fines in certain circumstances and require the adoption and maintenance of privacy and information security programs; our failure to be in compliance with any such programs may adversely affect our business. Continued governmental focus on data security may lead to additional legislative action in the United States. For example, the 114th Congress has considered and will likely consider legislation that would expand the federal data breach notification requirement beyond the financial and medical fields.

Also, an increasing number of countries have introduced and/or increased enforcement of comprehensive privacy laws, or are expected to do so. In Europe, a new data protection regulation will likely come into effect in 2018 and will supersede Directive 95/46/EC, which has governed the processing of personal data since 1995. The new regulation will enhance the security and privacy obligations of entities, such as Iron Mountain, that process data of residents of members of the European Economic Area and substantially increase penalties for violations. In addition, the European Court of Justice has invalidated a decision of the European Commission that permitted our European affiliates and our European customers to transfer personal data to entities in the United States that are certified under the EU-US safe harbor framework. This decision, a failure of the European Union and the United States to agree on a new safe-harbor framework, the new regulation and laws in other countries that restrict the export of personal data may result in more customers demanding local solutions, which would increase our IT infrastructure, maintenance and support costs.

The continued emphasis on information security as well as increasing concerns about government surveillance may lead customers to request that we take additional measures to enhance security and assume higher liability under our contracts. We have experienced incidents in which customers' backup tapes or other records have been lost, and we have been informed by customers that some of the incidents involved the loss of personal information, resulting in monetary costs to those customers for which we have provided reimbursement. As a result of legislative initiatives and client demands, we may have to modify our operations with the goal of further improving data security. Any such modifications may result in increased expenses and operating complexity, and we may be unable to increase the rates we charge for our services sufficiently to offset any increased expenses.

In addition to increases in the costs of operations or potential liability that may result from a heightened focus on data security or losses of information, our reputation may be damaged by any compromise of security, accidental loss or theft of our own records, or information that we maintain with respect to our employees, as well as customer data in our possession. We believe that establishing and maintaining a good reputation is critical to attracting and retaining customers. If our reputation is damaged, we may become less competitive, which could negatively impact our businesses, financial condition or results of operations.

Changing fire and safety standards may result in significant expense in certain jurisdictions.

As of December 31, 2015, we operated 1,046 records management, off-site data protection and fine art storage facilities worldwide, including 575 in the United States. Many of these facilities were built and outfitted by third parties and added to our real estate portfolio as part of acquisitions. Some of these facilities contain fire suppression

and safety features that are different from our current specifications and current standards for new facilities although we believe all of our facilities were constructed, in all material respects, in compliance with laws and regulations in effect at the time of their construction or outfitting. In some instances local authorities having jurisdiction may take the position that our fire suppression and safety features in a particular facility are insufficient and require additional measures that may involve considerable expense to us. In addition, where we determine that the fire suppression and safety features of a facility require improvement, we will develop and implement a plan to remediate the issue, although implementation may require an extended period to complete. If additional fire safety and suppression measures beyond our current operating plan were required at a large number of our facilities, the expense required for compliance could negatively impact our business, financial condition or results of operations.

Table of Contents

Our customer contracts may not always limit our liability and may sometimes contain terms that could lead to disputes in contract interpretation.

Our customer contracts typically contain provisions limiting our liability with respect to loss or destruction of, or damage to, records or information stored with us. Our liability under physical storage contracts is often limited to a nominal fixed amount per item or unit of storage, such as per cubic foot and our liability under our DMS and other service contracts is often limited to a percentage of annual revenue under the contract; however, some of our contracts with large volume accounts and some of the contracts assumed in our acquisitions contain no such limits or contain higher limits. We cannot provide assurance that where we have limitation of liability provisions they will be enforceable in all instances or, if enforceable, that they would otherwise protect us from liability. In addition to provisions limiting our liability, our standard storage rental and service contracts include a schedule setting forth the majority of the customer-specific terms, including storage rental and service pricing and service delivery terms. Our customers may dispute the interpretation of various provisions in their contracts. In the past, we have had relatively few disputes with our customers with regard to the terms of their customer contracts, and most disputes to date have not been material, but we can provide no assurance that we will not have material disputes in the future. Although we maintain a comprehensive insurance program, we can provide no assurance that we will be able to maintain insurance policies on acceptable terms in order to cover losses to us in connection with customer contract disputes.

Failure to comply with certain regulatory and contractual requirements under our United States Government contracts could adversely affect our revenues, operating results and financial position.

Selling our services to the United States Government subjects us to certain regulatory and contractual requirements. Failure to comply with these requirements could subject us to investigations, price reductions, up to treble damages, and civil penalties. Noncompliance with certain regulatory and contractual requirements could also result in us being suspended or barred from future United States Government contracting. We may also face private derivative securities claims as a result of adverse government actions. Any of these outcomes could have a material adverse effect on our revenues, operating results, financial position and reputation.

International operations may pose unique risks.

As of December 31, 2015, we provided services in 36 countries outside the United States. As part of our growth strategy, we expect to continue to acquire or invest in storage and information management services businesses in select foreign markets, including countries where we do not currently operate. International operations are subject to numerous risks, including:

the impact of foreign government regulations and United States regulations that apply to us wherever we operate; in particular, we are subject to United States and foreign anticorruption laws, such as the Foreign Corrupt Practices Act and the United Kingdom Bribery Act, and, although we have implemented internal controls, policies and procedures and training to deter prohibited practices, our employees, partners, contractors or agents may violate or circumvent such policies and the law;

the volatility of certain foreign economies in which we operate;

political uncertainties;

unforeseen liabilities, particularly within acquired businesses;

costs and difficulties associated with managing international operations of varying sizes and scale;

the risk that business partners upon whom we depend for technical assistance or management and acquisition expertise in some markets outside of the United States will not perform as expected;

difficulties attracting and retaining local management and key employees to operate our business in certain countries;

cultural differences and differences in business practices and operating standards; and

foreign currency fluctuations.

In particular, our net income, debt balances or leverage can be significantly affected by fluctuations in currencies.

Table of Contents

We have operations in numerous foreign countries and, as a result, are subject to foreign exchange translation risk, which could have an adverse effect on our financial results.

We conduct business operations in numerous foreign countries through our foreign subsidiaries or affiliates, which operate in their respective local currencies. Those local currencies are translated into United States dollars at the applicable exchange rates for inclusion in our consolidated financial statements. The results of operations of, and certain of our debt balances (including intercompany debt balances) associated with, our international storage and information management services businesses are exposed to foreign exchange rate fluctuations, and as we have expanded our international operations, our exposure to exchange rate fluctuations has increased. Upon translation, operating results may differ materially from expectations, and significant shifts in foreign currencies can impact our short-term results, as well as our long-term forecasts and targets. In addition, because we intend to distribute 100% of our REIT taxable income to our stockholders, and any exchange rate fluctuations may negatively impact our REIT taxable income, our distribution amounts (including the classification of our distributions as nonqualified ordinary dividends, qualified ordinary dividends or return of capital, as described more fully in "Item 5. Market Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities" included in this Annual Report) may fluctuate as a result of exchange rate fluctuations.

We may be subject to certain costs and potential liabilities associated with the real estate required for our business. Because our business is heavily dependent on real estate, we face special risks attributable to the real estate we own or lease. Such risks include:

acquisition and occupancy costs that make it difficult to meet anticipated margins and difficulty locating suitable facilities due to a relatively small number of available buildings having the desired characteristics in some real estate markets;

uninsured losses or damage to our storage facilities due to an inability to obtain full coverage on a cost-effective basis for some casualties, such as fires, earthquakes, or any coverage for certain losses, such as losses from riots or terrorist activities;

inability to use our real estate holdings effectively and costs associated with vacating or consolidating facilities if the demand for physical storage were to diminish; and

liability under environmental laws for the costs of investigation and cleanup of contaminated real estate owned or leased by us, whether or not (i) we know of, or were responsible for, the contamination, or (ii) the contamination occurred while we owned or leased the property.

Some of our current and formerly owned or leased properties were previously used by entities other than us for industrial or other purposes, or were affected by waste generated from nearby properties, that involved the use, storage, generation and/or disposal of hazardous substances and wastes, including petroleum products. In some instances this prior use involved the operation of underground storage tanks or the presence of asbestos-containing materials. Where we are aware of environmental conditions that require remediation, we undertake appropriate activity, in accordance with all legal requirements. Although we have from time to time conducted limited environmental investigations and remedial activities at some of our former and current facilities, we have not undertaken an in-depth environmental review of all of our properties. We therefore may be potentially liable for environmental costs like those discussed above and may be unable to sell, rent, mortgage or use contaminated real estate owned or leased by us. Environmental conditions for which we might be liable may also exist at properties that we may acquire in the future. In addition, future regulatory action and environmental laws may impose costs for environmental compliance that do not exist today.

Unexpected events could disrupt our operations and adversely affect our reputation and results of operations.

Unexpected events, including fires or explosions at our facilities, natural disasters such as hurricanes and earthquakes, war or terrorist activities, unplanned power outages, supply disruptions and failure of equipment or systems, could adversely affect our reputation and results of operations. Our customers rely on us to securely store and timely retrieve their critical information, and these events could result in customer service disruption, physical damage to one or more key operating facilities and the information stored in those facilities, the temporary closure of one or more key operating facilities or the temporary disruption of information systems, each of which could negatively impact our reputation and results of operations. During the past several years we have seen an increase in severe storms and

hurricanes and our key facilities in Florida and other coastal areas in particular are subject to this inherent risk.

24

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Table of Contents

Damage to our reputation could adversely affect our business, financial condition and results of operations. Our reputation for providing highly secure information storage to customers is critical to the success of our business. Our reputation or brand, and specifically, the trust our customers place in us, could be negatively impacted in the event of perceived or actual failures by us to store information securely. For example, events such as fires, natural disasters, attacks on our information technology systems or security breaches involving us could negatively impact our reputation, particularly if such incidents result in adverse publicity, governmental investigations or litigation. Damage to our reputation could make us less competitive, which could negatively impact our business, financial condition and results of operations.

Fluctuations in commodity prices may affect our operating revenues and results of operations.

Our operating revenues and results of operations are impacted by significant changes in commodity prices. In particular, our secure shredding operations generate revenue from the sale of shredded paper to recyclers. We generate additional revenue through a customer surcharge when the price of diesel fuel rises above certain predetermined rates. As a result, significant declines in paper and diesel fuel prices may negatively impact our revenues and results of operations, and increases in other commodity prices, including steel, may negatively impact our results of operations. Attacks on our internal information technology systems could damage our reputation, harm our businesses and adversely impact our results of operations.

Our reputation for providing secure information storage to customers is critical to the success of our business. We have previously faced attempts by unauthorized users to gain access to our information technology systems and expect to continue to face such attempts. Although we seek to prevent, detect and investigate these security incidents and have taken steps to prevent such security breaches, our information technology and network infrastructure may be vulnerable to attacks by hackers or breaches due to employee error, malfeasance or other disruptions. A successful breach of the security of our information technology systems could lead to theft or misuse of our customers' proprietary or confidential information and result in third party claims against us and reputational harm. If our reputation is damaged, we may become less competitive, which could negatively impact our businesses, financial condition or results of operations.

We may be subject to claims that our technology violates the intellectual property rights of a third party.

Third parties may have legal rights (including ownership of patents, trade secrets, trademarks and copyrights) to ideas, materials, processes, names or original works that are the same or similar to those we use. Third parties have in the past, and may in the future, bring claims, or threaten to bring claims, against us that allege that their intellectual property rights are being infringed or violated by our use of intellectual property. Litigation or threatened litigation could be costly and distract our senior management from operating our business. Further, if we cannot establish our right or obtain the right to use the intellectual property on reasonable terms, we may be required to develop alternative intellectual property at our expense to mitigate potential harm.

We face competition for customers.

We compete with multiple storage and information management services providers in all geographic areas where we operate; our current or potential customers may choose to use those competitors instead of us. We also compete, in some of our business lines, with our current and potential customers' internal storage and information management services capabilities. These organizations may not begin or continue to use us for their future storage and information management service needs.

## Table of Contents

### Risks Related to Our Indebtedness

Our substantial indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under our various debt instruments.

We have a significant amount of indebtedness. As of December 31, 2015, our total long-term debt was approximately \$4.90 billion. Our substantial indebtedness could have important consequences to our current and potential investors.

These risks include:

- inability to satisfy our obligations with respect to our various debt instruments;
- inability to adjust to adverse economic conditions;
- inability to fund future working capital, capital expenditures, acquisitions and other general corporate requirements, including possible required repurchases of our various indebtedness;
- limits on our distributions to stockholders; in this regard if these limits prevented us from satisfying our REIT distribution requirements, we could fail to remain qualified for taxation as a REIT or, if these limits do not jeopardize our qualification for taxation as a REIT but do nevertheless prevent us from distributing 100% of our REIT taxable income, we will be subject to federal corporate income tax, and potentially a nondeductible excise tax, on the retained amounts;
- limits on our flexibility in planning for, or reacting to, changes in our business and the information management services industry;
- limits on future borrowings under our existing or future credit arrangements, which could affect our ability to pay our indebtedness or to fund our other liquidity needs;
- inability to generate sufficient funds to cover required interest payments; and
- restrictions on our ability to refinance our indebtedness on commercially reasonable terms.

Restrictive debt covenants may limit our ability to pursue our growth strategy.

Our Credit Agreement (as defined below) and our indentures contain covenants restricting or limiting our ability to, among other things:

- incur additional indebtedness;
- pay dividends or make other restricted payments;
- make asset dispositions;
- create or permit liens; and
- make acquisitions and other investments.

These restrictions may adversely affect our ability to pursue our acquisition and other growth strategies.

We may not have the ability to raise the funds necessary to finance the repurchase of outstanding senior or senior subordinated notes upon a change of control event as required by our indentures.

Upon the occurrence of a "change of control", we will be required to offer to repurchase all outstanding senior or senior subordinated notes. However, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of the notes or that restrictions in our Credit Agreement will not allow such repurchases. Certain important corporate events, however, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a "change of control" under our indentures.

Iron Mountain is a holding company, and, therefore, our ability to make payments on our various debt obligations depends in part on the operations of our subsidiaries.

Iron Mountain is a holding company; substantially all of our assets consist of the stock of our subsidiaries, and substantially all of our operations are conducted by our direct and indirect wholly owned subsidiaries. As a result, our ability to make payments on our various debt obligations will be dependent upon the receipt of sufficient funds from our subsidiaries. However, our various debt obligations are guaranteed, on a joint and several and full and unconditional basis, by our direct and indirect wholly owned United States subsidiaries, that represent the substantial majority of our United States operations.

## Table of Contents

### Acquisition and Expansion Risks

Elements of our strategic growth plan involve inherent risks.

As part of our strategic growth plan, we expect to invest in new business strategies, products, services, technologies and geographies, including ABOs, and we may selectively divest certain businesses. These initiatives may involve significant risks and uncertainties, including distraction of management from current operations, insufficient revenues to offset expenses and liabilities associated with new investments, inadequate return of capital on these investments and the inability to attract, develop and retain skilled employees to lead and support new initiatives. For example, in 2013 we expanded our entry into the data center market by leasing wholesale and retail colocation space in our underground facility in Pennsylvania, and in 2014 we opened our first regional data center in Massachusetts, each of which required a significant capital commitment. Many of these new ventures are inherently risky and we can provide no assurance that such strategies and offerings will be successful in achieving the desired returns within a reasonable timeframe, if at all, and that they will not adversely affect our business, reputation, financial condition, and operating results.

Failure to manage our growth may impact operating results.

If we succeed in expanding our existing businesses, or in moving into new areas of business, that expansion may place increased demands on our management, operating systems, internal controls and financial and physical resources. If not managed effectively, these increased demands may adversely affect the services we provide to customers. In addition, our personnel, systems, procedures and controls may be inadequate to support future operations, particularly with respect to operations in countries outside of the United States or in new lines of business. Consequently, in order to manage growth effectively, we may be required to increase expenditures to increase our physical resources, expand, train and manage our employee base, improve management, financial and information systems and controls, or make other capital expenditures. Our results of operations and financial condition could be harmed if we encounter difficulties in effectively managing the budgeting, forecasting and other process control issues presented by future growth.

Failure to successfully integrate acquired businesses could negatively impact our balance sheet and results of operations.

Strategic acquisitions are an important element of our growth strategy and the success of any acquisition we make depends in part on our ability to integrate the acquired business and realize anticipated synergies. The process of integrating acquired businesses, particularly in new markets, may involve unforeseen difficulties and may require a disproportionate amount of our management's attention and our financial and other resources. We can give no assurance that we will ultimately be able to effectively integrate and manage the operations of any acquired business or realize anticipated synergies. The failure to successfully integrate the cultures, operating systems, procedures and information technologies of an acquired business could have a material adverse effect on our balance sheet and results of operations.

We may be unable to continue our international expansion.

An important part of our growth strategy involves expanding operations in international markets, including in markets where we currently do not operate, and we expect to continue this expansion. Europe, Latin America and Australia have been our primary areas of focus for international expansion, and we have expanded into the Asia Pacific region to a lesser extent. We have entered into joint ventures and have acquired all or a majority of the equity in storage and information management services businesses operating in these areas and may acquire other storage and information management services businesses in the future, including in new countries/markets where we currently do not operate. This growth strategy involves risks. We may be unable to pursue this strategy in the future at the desired pace or at all. For example, we may be unable to:

- identify suitable companies to acquire or invest in;
- complete acquisitions on satisfactory terms;
- successfully expand our infrastructure and sales force to support growth;
- achieve satisfactory returns on acquired companies, particularly in countries where we do not currently operate;
- incur additional debt necessary to acquire suitable companies if we are unable to pay the purchase price out of working capital, common stock or other equity securities; or

enter into successful business arrangements for technical assistance or management expertise outside of the United States.

27

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Table of Contents

We also compete with other storage and information management services providers for companies to acquire. Some of our competitors may possess substantial financial and other resources. If any such competitor were to devote additional resources to pursue such acquisition candidates or focus its strategy on our international markets, the purchase price for potential acquisitions or investments could rise, competition in international markets could increase and our results of operations could be adversely affected.

Item 1B. Unresolved Staff Comments.

None.

28

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Table of Contents

## Item 2. Properties.

As of December 31, 2015, we conducted operations through 860 leased facilities and 277 owned facilities. Our facilities are divided among our reportable segments as follows: North American Records and Information Management Business (605), North American Data Management Business (58), Western European Business (152), Other International Business (306) and Corporate and Other Business (16). These facilities contain a total of 69.9 million square feet of space. A breakdown of owned and leased facilities by country (and by state within the United States) is listed below:

Country/State	Leased		Owned		Total	
	Number	Square Feet	Number	Square Feet	Number	Square Feet
North America						
United States (Including Puerto Rico)						
Alabama	3	312,473	1	12,621	4	325,094
Arizona	11	484,961	4	239,110	15	724,071
Arkansas	1	40,000	—	—	1	40,000
California	50	3,277,631	15	1,964,572	65	5,242,203
Colorado	11	505,875	5	338,009	16	843,884
Connecticut	4	209,183	6	665,013	10	874,196
Delaware	5	310,236	1	120,921	6	431,157
Florida	33	2,327,297	4	194,090	37	2,521,387
Georgia	11	910,820	4	229,719	15	1,140,539
Illinois	11	995,800	7	1,309,975	18	2,305,775
Indiana	3	154,080	1	131,506	4	285,586
Iowa	2	145,138	1	14,200	3	159,338
Kansas	1	131,764	—	—	1	131,764
Kentucky	3	84,000	4	418,760	7	502,760
Louisiana	3	210,350	2	214,625	5	424,975
Maine	—	—	1	95,000	1	95,000
Maryland	12	1,170,028	3	327,258	15	1,497,286
Massachusetts (including Corporate Headquarters)	6	529,516	8	1,171,438	14	1,700,954
Michigan	15	857,563	6	345,736	21	1,203,299
Minnesota	11	841,567	—	—	11	841,567
Mississippi	2	157,386	—	—	2	157,386
Missouri	11	1,182,324	1	25,120	12	1,207,444
Nebraska	1	34,560	3	316,970	4	351,530
Nevada	6	220,276	1	107,041	7	327,317
New Hampshire	—	—	1	146,467	1	146,467
New Jersey	30	2,401,451	11	2,143,945	41	4,545,396
New Mexico	1	22,500	2	109,473	3	131,973
New York	23	982,764	13	1,186,266	36	2,169,030
North Carolina	21	1,097,993	2	53,624	23	1,151,617
Ohio	12	763,405	7	660,778	19	1,424,183
Oklahoma	3	138,047	3	145,000	6	283,047
Oregon	11	360,475	1	55,621	12	416,096
Pennsylvania	18	1,662,018	8	2,577,883	26	4,239,901
Puerto Rico	3	178,449	1	54,352	4	232,801
Rhode Island	1	70,159	1	12,748	2	82,907
South Carolina	9	521,005	—	—	9	521,005
Tennessee	5	186,993	5	153,659	10	340,652

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Texas	44	2,108,229	32	2,679,532	76	4,787,761
Utah	2	78,148	1	90,553	3	168,701
Vermont	2	55,200	—	—	2	55,200
Virginia	15	591,390	7	605,566	22	1,196,956
Washington	6	312,763	6	472,896	12	785,659
West Virginia	3	234,902	—	—	3	234,902
Wisconsin	7	428,068	1	10,655	8	438,723
	432	27,286,787	180	19,400,702	612	46,687,489
Canada	52	3,052,398	15	1,749,664	67	4,802,062
	484	30,339,185	195	21,150,366	679	51,489,551

29

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Table of Contents

Country/State	Leased		Owned		Total	
	Number	Square Feet	Number	Square Feet	Number	Square Feet
International						
Argentina	4	367,912	5	469,748	9	837,660
Australia	22	1,341,533	3	64,460	25	1,405,993
Austria	2	28,300	1	30,000	3	58,300
Belgium	3	133,357	1	104,391	4	237,748
Brazil	29	1,880,300	4	202,008	33	2,082,308
Chile	11	420,084	6	232,314	17	652,398
China	15	164,936	1	20,518	16	185,454
Columbia	19	525,335	—	—	19	525,335
Czech Republic	9	283,435	—	—	9	283,435
Denmark	1	69,094	—	—	1	69,094
Finland	1	600	—	—	1	600
France	17	721,491	4	217,919	21	939,410
Germany	14	659,975	1	58,329	15	718,304
Greece	2	73,947	—	—	2	73,947
Hong Kong	3	159,198	—	—	3	159,198
Hungary	7	350,898	—	—	7	350,898
India	67	1,300,258	—	—	67	1,300,258
Mexico	8	235,113	6	419,188	14	654,301
Netherlands	4	331,186	3	102,199	7	433,385
Northern Ireland	3	87,310	—	—	3	87,310
Norway	2	107,284	—	—	2	107,284
Peru	2	41,878	8	259,903	10	301,781
Poland	20	722,427	—	—	20	722,427
Republic of Ireland	6	56,525	3	158,558	9	215,083
Romania	7	303,101	—	—	7	303,101
Russia	23	609,408	—	—	23	609,408
Scotland	6	184,298	4	375,294	10	559,592
Serbia	1	32,401	—	—	1	32,401
Singapore	2	63,909	—	—	2	63,909
Slovakia	5	153,548	—	—	5	153,548
Spain	7	165,935	6	203,000	13	368,935
Switzerland	4	85,357	—	—	4	85,357
Turkey	10	601,353				