

IRON MOUNTAIN INC  
Form 10-Q  
May 01, 2014

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

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**FORM 10-Q**

(Mark One)

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

**For the Quarterly Period Ended March 31, 2014**

**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**  
(State or other Jurisdiction of  
Incorporation or Organization)

**23-2588479**  
(I.R.S. Employer  
Identification No.)

**One Federal Street, Boston, Massachusetts 02110**  
(Address of Principal Executive Offices, Including Zip Code)

**(617) 535-4766**  
(Registrant's Telephone Number, Including Area Code)

**745 Atlantic Avenue, Boston, MA 02111**  
(Former Address, if Changed Since Last Report)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller 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

(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

Number of shares of the registrant's Common Stock at April 25, 2014: 191,955,783

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Table of Contents**Part I. Financial Information****Item 1. Unaudited Consolidated Financial Statements****IRON MOUNTAIN INCORPORATED****CONSOLIDATED BALANCE SHEETS****(In Thousands, except Share and Per Share Data)****(Unaudited)**

	<b>December 31, 2013</b>	<b>March 31, 2014</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 120,526	\$ 169,906
Restricted cash	33,860	33,860
Accounts receivable (less allowances of \$34,645 and \$35,544 as of December 31, 2013 and March 31, 2014, respectively)	616,797	626,116
Deferred income taxes	17,623	25,975
Prepaid expenses and other	144,801	131,772
Total Current Assets	933,607	987,629
Property, Plant and Equipment:		
Property, plant and equipment	4,631,067	4,642,183
Less Accumulated depreciation	(2,052,807)	(2,080,397)
Property, Plant and Equipment, net	2,578,260	2,561,786
Other Assets, net:		
Goodwill	2,463,352	2,466,001
Customer relationships and acquisition costs	605,484	619,610
Deferred financing costs	45,607	43,939
Other	26,695	27,652
Total Other Assets, net	3,141,138	3,157,202
Total Assets	\$ 6,653,005	\$ 6,706,617
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities:		
Current portion of long-term debt	\$ 52,583	\$ 55,084
Accounts payable	216,456	167,637
Accrued expenses	461,338	417,697
Deferred revenue	228,724	227,432
Total Current Liabilities	959,101	867,850

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Long-term Debt, net of current portion	4,119,139	4,288,605
Other Long-term Liabilities	68,219	69,944
Deferred Rent	104,244	109,919
Deferred Income Taxes	344,468	319,128
Commitments and Contingencies (see Note 8)		
Equity:		
Iron Mountain Incorporated Stockholders' Equity:		
Preferred stock (par value \$0.01; authorized 10,000,000 shares; none issued and outstanding)		
Common stock (par value \$0.01; authorized 400,000,000 shares; issued and outstanding 191,426,920 shares and 191,920,929 shares as of December 31, 2013 and March 31, 2014, respectively)	1,914	1,919
Additional paid-in capital	980,164	984,585
Retained earnings	73,920	63,297
Accumulated other comprehensive items, net	(8,660)	(6,983)
Total Iron Mountain Incorporated Stockholders' Equity	1,047,338	1,042,818
Noncontrolling Interests	10,496	8,353
Total Equity	1,057,834	1,051,171
Total Liabilities and Equity	\$ 6,653,005	\$ 6,706,617

The accompanying notes are an integral part of these consolidated financial statements.

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**IRON MOUNTAIN INCORPORATED**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(In Thousands, except Per Share Data)

(Unaudited)

	Three Months Ended March 31,	
	2013	2014
<b>Revenues:</b>		
Storage rental	\$ 442,469	\$ 458,889
Service	304,562	311,237
Total Revenues	747,031	770,126
<b>Operating Expenses:</b>		
Cost of sales (excluding depreciation and amortization)	321,076	335,145
Selling, general and administrative	223,451	214,780
Depreciation and amortization	80,201	86,433
(Gain) Loss on disposal/write-down of property, plant and equipment, net	(539)	(8,307)
Total Operating Expenses	624,189	628,051
Operating Income (Loss)	122,842	142,075
Interest Expense, Net (includes Interest Income of \$225 and \$1,526 for the three months ended March 31, 2013 and 2014, respectively)	63,182	62,312
Other Expense (Income), Net	2,739	5,317
Income (Loss) from Continuing Operations		
Before Provision (Benefit) for Income Taxes	56,921	74,446
Provision (Benefit) for Income Taxes	38,571	31,725
Income (Loss) from Continuing Operations	18,350	42,721
Income (Loss) from Discontinued Operations, Net of Tax	2,184	(612)
Net Income (Loss)	20,534	42,109
Less: Net Income (Loss) Attributable to Noncontrolling Interests	1,148	442
Net Income (Loss) Attributable to Iron Mountain Incorporated	\$ 19,386	\$ 41,667
<b>Earnings (Losses) per Share Basic:</b>		
Income (Loss) from Continuing Operations	\$ 0.10	\$ 0.22

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Total Income (Loss) from Discontinued Operations	\$	0.01	\$	(0.00)
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Net Income (Loss) Attributable to Iron Mountain Incorporated	\$	0.10	\$	0.22
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**Earnings (Losses) per Share Diluted:**

Income (Loss) from Continuing Operations	\$	0.10	\$	0.22
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Total Income (Loss) from Discontinued Operations	\$	0.01	\$	(0.00)
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Net Income (Loss) Attributable to Iron Mountain Incorporated	\$	0.10	\$	0.22
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Weighted Average Common Shares Outstanding Basic	190,213	191,879
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Weighted Average Common Shares Outstanding Diluted	192,110	193,069
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Dividends Declared per Common Share	\$	0.2700	\$	0.2700
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The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**IRON MOUNTAIN INCORPORATED****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(In Thousands)****(Unaudited)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2013</b>	<b>2014</b>
Net Income (Loss)	\$ 20,534	\$ 42,109
Other Comprehensive (Loss) Income:		
Foreign Currency Translation Adjustments	(14,947)	1,788
Total Other Comprehensive (Loss) Income	(14,947)	1,788
Comprehensive Income (Loss)	5,587	43,897
Comprehensive Income (Loss) Attributable to Noncontrolling Interests	1,163	553
Comprehensive Income (Loss) Attributable to Iron Mountain Incorporated	\$ 4,424	\$ 43,344

The accompanying notes are an integral part of these consolidated financial statements.



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**IRON MOUNTAIN INCORPORATED**  
**CONSOLIDATED STATEMENTS OF EQUITY**

(In Thousands, except Share Data)

(Unaudited)

	Iron Mountain Incorporated Stockholders' Equity							
	Total	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income		Noncontrolling Interests
		Shares	Amounts			Items, Net	Interests	
<b>Balance, December 31, 2012</b>	\$ 1,162,448	190,005,788	\$ 1,900	\$ 942,199	\$ 185,558	\$ 20,314	\$ 12,477	
Issuance of shares under employee stock purchase plan and option plans and stock-based compensation, including tax benefit of \$1,705	12,608	606,077	6	12,602				
Parent cash dividends declared	(52,448)				(52,448)			
Currency translation adjustment	(14,947)					(14,962)	15	
Net income (loss)	20,534				19,386		1,148	
Noncontrolling interests equity contributions	464						464	
Noncontrolling interests dividends	(582)						(582)	
<b>Balance, March 31, 2013</b>	\$ 1,128,077	190,611,865	\$ 1,906	\$ 954,801	\$ 152,496	\$ 5,352	\$ 13,522	

	Iron Mountain Incorporated Stockholders' Equity							
	Total	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income		Noncontrolling Interests
		Shares	Amounts			Items, Net	Interests	
<b>Balance, December 31, 2013</b>	\$ 1,057,834	191,426,920	\$ 1,914	\$ 980,164	\$ 73,920	\$ (8,660)	\$ 10,496	
Issuance of shares under employee stock purchase plan and option plans and stock-based compensation, including tax charge of \$185	4,821	494,009	5	4,816				
Parent cash dividends declared	(52,290)				(52,290)			
Currency translation adjustment	1,788					1,677	111	
Net income (loss)	42,109				41,667		442	
Noncontrolling interests dividends	(196)						(196)	
Purchase of noncontrolling interests	(2,895)			(395)			(2,500)	
<b>Balance, March 31, 2014</b>	\$ 1,051,171	191,920,929	\$ 1,919	\$ 984,585	\$ 63,297	\$ (6,983)	\$ 8,353	

The accompanying notes are an integral part of these consolidated financial statements.



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**IRON MOUNTAIN INCORPORATED**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In Thousands)

(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2013</b>	<b>2014</b>
<b>Cash Flows from Operating Activities:</b>		
Net income (loss)	\$ 20,534	\$ 42,109
(Income) Loss from discontinued operations	(2,184)	612
Adjustments to reconcile net income (loss) to cash flows from operating activities:		
Depreciation	70,095	74,713
Amortization (includes deferred financing costs and bond discount of \$1,910 and \$1,906 for the three months ended March 31, 2013 and 2014, respectively)	12,016	13,626
Stock-based compensation expense	5,710	7,141
(Benefit) Provision for deferred income taxes	(3,003)	(22,317)
(Gain) Loss on disposal/write-down of property, plant and equipment, net	(539)	(8,307)
Foreign currency transactions and other, net	11,185	693
Changes in Assets and Liabilities (exclusive of acquisitions):		
Accounts receivable	(7,610)	(9,209)
Prepaid expenses and other	31,712	31,441
Accounts payable	28,232	(7,068)
Accrued expenses and deferred revenue	(58,501)	(77,216)
Other assets and long-term liabilities	(1,912)	9,423
<b>Cash Flows from Operating Activities-Continuing Operations</b>	<b>105,735</b>	<b>55,641</b>
Cash Flows from Operating Activities-Discontinued Operations	870	
<b>Cash Flows from Operating Activities</b>	<b>106,605</b>	<b>55,641</b>
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	(95,418)	(107,856)
Cash paid for acquisitions, net of cash acquired	74	(30,781)
Investment in restricted cash	(1)	
Additions to customer relationship and acquisition costs	(4,636)	(8,158)
Proceeds from sales of property and equipment and other, net	(517)	17,892
<b>Cash Flows from Investing Activities-Continuing Operations</b>	<b>(100,498)</b>	<b>(128,903)</b>
Cash Flows from Investing Activities-Discontinued Operations	(10)	
<b>Cash Flows from Investing Activities</b>	<b>(100,508)</b>	<b>(128,903)</b>
<b>Cash Flows from Financing Activities:</b>		
Repayment of revolving credit and term loan facilities and other debt	(355,367)	(2,454,691)
Proceeds from revolving credit and term loan facilities and other debt	386,506	2,876,047
Early retirement of senior subordinated notes		(247,275)
Debt financing (repayment to) and equity contribution from (distribution to) noncontrolling interests, net	194	(2,317)
Parent cash dividends	(51,662)	(52,735)
Proceeds from exercise of stock options and employee stock purchase plan	5,005	2,417
Excess tax benefits (deficiency) from stock-based compensation	1,705	(185)
Payment of debt financing costs	(469)	(422)

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Cash Flows from Financing Activities-Continuing Operations	(14,088)	120,839
Cash Flows from Financing Activities-Discontinued Operations		
Cash Flows from Financing Activities	(14,088)	120,839
Effect of Exchange Rates on Cash and Cash Equivalents	(5,425)	1,803
(Decrease) Increase in Cash and Cash Equivalents	(13,416)	49,380
Cash and Cash Equivalents, Beginning of Period	243,415	120,526
Cash and Cash Equivalents, End of Period	\$ 229,999	\$ 169,906
<b>Supplemental Information:</b>		
Cash Paid for Interest	\$ 65,617	\$ 86,232
Cash Paid for Income Taxes	\$ 9,013	\$ 9,958
<b>Non-Cash Investing and Financing Activities:</b>		
Capital Leases	\$ 20,146	\$ (2,183)
Accrued Capital Expenditures	\$ 26,442	\$ 36,110
Dividends Payable	\$ 53,823	\$ 54,698

The accompanying notes are an integral part of these consolidated financial statements.

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**IRON MOUNTAIN INCORPORATED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(In Thousands, Except Share and Per Share Data)**

**(Unaudited)**

**(1) General**

The interim consolidated financial statements are presented herein and, in the opinion of management, reflect all adjustments of a normal recurring nature necessary for a fair presentation. Interim results are not necessarily indicative of results for a full year. Iron Mountain Incorporated, a Delaware corporation ("IMI"), and its subsidiaries ("we" or "us") store records, primarily paper documents and data backup media, and provide information management services in various locations throughout North America, Europe, Latin America and Asia Pacific. We have a diversified customer base consisting of commercial, legal, banking, health care, accounting, insurance, entertainment and government organizations.

The unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been omitted pursuant to those rules and regulations, but we believe that the disclosures included herein are adequate to make the information presented not misleading. The Consolidated Financial Statements and Notes thereto, which are included herein, should be read in conjunction with the Consolidated Financial Statements and Notes thereto for the year ended December 31, 2013 included in our Annual Report on Form 10-K filed on February 28, 2014.

On June 2, 2011, we sold (the "Digital Sale") our online backup and recovery, digital archiving and eDiscovery solutions businesses of our digital business (the "Digital Business") to Autonomy Corporation plc, a corporation formed under the laws of England and Wales ("Autonomy"), pursuant to a purchase and sale agreement dated as of May 15, 2011 among IMI, certain subsidiaries of IMI and Autonomy (the "Digital Sale Agreement"). Additionally, on April 27, 2012, we sold our records management operations in Italy. The financial position, operating results and cash flows of the Digital Business and our Italian operations, including the gain on the sale of the Digital Business and the loss on the sale of our Italian operations, for all periods presented, have been reported as discontinued operations for financial reporting purposes. See Note 10 for a further discussion of these events.

**(2) Summary of Significant Accounting Policies**

a. Principles of Consolidation

The accompanying financial statements reflect our financial position, results of operations, comprehensive income (loss), equity and cash flows on a consolidated basis. All intercompany account balances have been eliminated.

b. Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash on hand and cash invested in highly liquid short-term securities, which have remaining maturities at the date of purchase of less than 90 days. Cash and cash equivalents are carried at cost, which approximates fair value.

We have restricted cash associated with a collateral trust agreement with our insurance carrier related to our workers' compensation self-insurance program. The restricted cash subject to this

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**IRON MOUNTAIN INCORPORATED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(In Thousands, Except Share and Per Share Data)**

**(Unaudited)**

**(2) Summary of Significant Accounting Policies (Continued)**

agreement was \$33,860 as of both December 31, 2013 and March 31, 2014, and is included in current assets on our Consolidated Balance Sheets. Restricted cash consists primarily of U.S. Treasuries.

c.

Foreign Currency

Local currencies are the functional currencies for our operations outside the U.S., with the exception of certain foreign holding companies and our financing centers in Switzerland, whose functional currency is the U.S. dollar. In those instances where the local currency is the functional currency, assets and liabilities are translated at period-end exchange rates, and revenues and expenses are translated at average exchange rates for the applicable period. Resulting translation adjustments are reflected in the accumulated other comprehensive items, net component of Iron Mountain Incorporated Stockholders' Equity and Noncontrolling Interests in the accompanying Consolidated Balance Sheets. The gain or loss on foreign currency transactions, calculated as the difference between the historical exchange rate and the exchange rate at the applicable measurement date, including those related to (1) our previously outstanding 7<sup>1</sup>/<sub>4</sub>% GBP Senior Subordinated Notes due 2014 (the "7<sup>1</sup>/<sub>4</sub>% Notes"), (2) our 6<sup>3</sup>/<sub>4</sub>% Euro Senior Subordinated Notes due 2018 (the "6<sup>3</sup>/<sub>4</sub>% Notes"), (3) the borrowings in certain foreign currencies under our revolving credit facility and (4) certain foreign currency denominated intercompany obligations of our foreign subsidiaries to us and between our foreign subsidiaries, which are not considered permanently invested, are included in other expense (income), net, in the accompanying Consolidated Statements of Operations. The total gain or loss on foreign currency transactions amounted to a net loss of \$3,565 and \$6,438 for the three months ended March 31, 2013 and 2014, respectively.

d.

Goodwill and Other Intangible Assets

Goodwill and intangible assets with indefinite lives are not amortized but are reviewed annually for impairment or more frequently if impairment indicators arise. Other than goodwill, we currently have no intangible assets that have indefinite lives and which are not amortized. Separable intangible assets that are not deemed to have indefinite lives are amortized over their useful lives. We annually assess whether a change in the life over which our intangible assets are amortized is necessary or more frequently if events or circumstances warrant.

We have selected October 1 as our annual goodwill impairment review date. We performed our most recent annual goodwill impairment review as of October 1, 2013 and noted no impairment of goodwill at such date. As of December 31, 2013 and March 31, 2014, no factors were identified that would alter our October 1, 2013 goodwill assessment. In making this assessment, we relied on a number of factors including operating results, business plans, anticipated future cash flows, transactions and marketplace data. There are inherent uncertainties related to these factors and our judgment in applying them to the analysis of goodwill impairment. When changes occur in the composition of one or more reporting units, the goodwill is reassigned to the reporting units affected based on their relative fair values.

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**IRON MOUNTAIN INCORPORATED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(In Thousands, Except Share and Per Share Data)**

**(Unaudited)**

**(2) Summary of Significant Accounting Policies (Continued)**

Our reporting units at which level we performed our goodwill impairment analysis as of October 1, 2013 were as follows: (1) North America; (2) United Kingdom, Ireland, Norway, Belgium, France, Germany, Luxembourg, Netherlands and Spain ("Western Europe"); (3) the remaining countries in Europe in which we operate, excluding Russia and the Ukraine ("Emerging Markets"); (4) Latin America; (5) Australia, China, Hong Kong and Singapore ("Asia Pacific"); and (6) India, Russia and the Ukraine ("Emerging Market Joint Ventures"). Based on our goodwill impairment assessment, all of our reporting units with goodwill had estimated fair values as of October 1, 2013 that exceeded their carrying values by greater than 15%. As of December 31, 2013, the carrying value of goodwill, net amounted to \$1,849,440, \$375,954, \$88,599, \$93,149 and \$56,210 for North America, Western Europe, Emerging Markets, Latin America and Asia Pacific, respectively. Our Emerging Market Joint Ventures reporting unit had no goodwill as of December 31, 2013.

Beginning January 1, 2014, as a result of the changes in our reportable segments associated with our reorganization (see Note 7 for a description of our reportable operating segments), we now have 12 reporting units. Our North American Records and Information Management Business segment includes the following three reporting units: (1) North American Records and Information Management; (2) technology escrow services that protect and manage source code ("Intellectual Property Management") and (3) the storage, assembly and detailed reporting of customer marketing literature and delivery to sales offices, trade shows and prospective customers' sites based on current and prospective customer orders ("Fulfillment Services"). The North American Data Management Business segment is a separate reporting unit. The Emerging Businesses reporting unit (which primarily relates to our data center business in the United States and which is a component of Corporate and Other) is also a reporting unit. Additionally, the International Business segment consists of the following seven reporting units: (1) United Kingdom, Ireland, Norway, Austria, Belgium, France, Germany, Luxembourg, Netherlands, Spain and Switzerland ("New Western Europe"); (2) the remaining countries in Europe in which we operate, excluding Russia and the Ukraine ("New Emerging Markets"); (3) Latin America; (4) Australia and Singapore; (5) China and Hong Kong ("Greater China"); (6) India; and (7) Russia and the Ukraine. We have reassigned goodwill associated with the reporting units impacted by the reorganization among the new reporting units on a relative fair value basis. The fair value of each of our new reporting units was determined based on the application of preliminary fair value multiples of revenue and earnings, which is our best estimate and preliminary assessment of the goodwill allocations to each of the new reporting units on a relative fair value basis.

Table of Contents**IRON MOUNTAIN INCORPORATED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(In Thousands, Except Share and Per Share Data)****(Unaudited)****(2) Summary of Significant Accounting Policies (Continued)**

The carrying value of goodwill, net for each of our reporting units as of March 31, 2014 is as follows:

	<b>Carrying Value as of March 31, 2014</b>
North American Records and Information Management(1)	\$ 1,401,347
Intellectual Property Management(1)	50,439
Fulfillment Services(1)	8,407
North American Data Management(1)	365,049
Emerging Businesses	
New Western Europe	389,752
New Emerging Markets	90,619
Latin America	92,298
Australia and Singapore	65,853
Greater China	2,237
India	
Russia and Ukraine	
<b>Total</b>	<b>\$ 2,466,001</b>

(1)

We will finalize our preliminary estimates of fair value for these new reporting units once we finalize multi-year cash flow forecasts of such reporting units and conclude on fair value of each new reporting unit based on the combined weighting of both fair value multiples and discounted cash flow valuation techniques. To the extent final fair values of our new reporting units differ from our preliminary estimates, we will reassign goodwill amongst the new reporting units in a future period in which final information as of January 1, 2014 is available to complete the fair values and the corresponding allocation of goodwill amongst the new reporting units.

We concluded that we had an interim triggering event and, therefore, we performed an interim goodwill impairment test as of January 1, 2014 on the basis of these new reporting units during the first quarter of 2014. We concluded that the goodwill for each of our new reporting units was not impaired as of such date. While we continue to refine our preliminary estimates of fair value of certain of our new reporting units for purposes of reallocating goodwill, we do not believe that any such changes to preliminary fair value estimates will result in a change in our conclusion that there is no goodwill impairment as of January 1, 2014.



Table of Contents**IRON MOUNTAIN INCORPORATED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(In Thousands, Except Share and Per Share Data)****(Unaudited)****(2) Summary of Significant Accounting Policies (Continued)**

The changes in the carrying value of goodwill attributable to each reportable operating segment for the three months ended March 31, 2014 are as follows:

	<b>North American Records and Information Management Business</b>	<b>North American Data Management Business</b>	<b>International Business</b>	<b>Total Consolidated</b>
Gross Balance as of December 31, 2013	\$ 1,688,280	\$ 422,070	\$ 673,335	\$ 2,783,685
Non-deductible goodwill acquired during the year			23,971	23,971
Fair value and other adjustments(1)	(13,213)	(3,303)	(2,612)	(19,128)
Currency effects	(6,466)	(1,617)	5,574	(2,509)
Gross Balance as of March 31, 2014	\$ 1,668,601	\$ 417,150	\$ 700,268	\$ 2,786,019
Accumulated Amortization Balance as of December 31, 2013	\$ 208,729	\$ 52,181	\$ 59,423	\$ 320,333
Currency effects	(321)	(80)	86	(315)
Accumulated Amortization Balance as of March 31, 2014	\$ 208,408	\$ 52,101	\$ 59,509	\$ 320,018
Net Balance as of December 31, 2013	\$ 1,479,551	\$ 369,889	\$ 613,912	\$ 2,463,352
Net Balance as of March 31, 2014	\$ 1,460,193	\$ 365,049	\$ 640,759	\$ 2,466,001
Accumulated Goodwill Impairment Balance as of December 31, 2013	\$ 85,909	\$	\$ 46,500	\$ 132,409

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Accumulated Goodwill Impairment Balance as of March 31, 2014	\$	85,909	\$	\$	46,500	\$	132,409
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- (1) Total fair value and other adjustments primarily include \$(18,212) in net adjustments to deferred income taxes and customer relationships, as well as \$(916) of cash received related to certain 2013 acquisitions.

Table of Contents**IRON MOUNTAIN INCORPORATED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(In Thousands, Except Share and Per Share Data)****(Unaudited)****(2) Summary of Significant Accounting Policies (Continued)**

The components of our amortizable intangible assets as of March 31, 2014 are as follows:

	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Customer Relationships and Acquisition Costs	\$ 907,801	\$ (288,191)	\$ 619,610
Core Technology(1)	3,828	(3,591)	237
Trademarks and Non-Compete Agreements(1)	6,342	(4,121)	2,221
Deferred Financing Costs	56,532	(12,593)	43,939
<b>Total</b>	<b>\$ 974,503</b>	<b>\$ (308,496)</b>	<b>\$ 666,007</b>