IRON MOUNTAIN INC
Form 10-Q
August 04, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q
(Mark One)

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

For the Quarterly Period Ended June 30, 2016

OR

o	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

IRON MOUNTAIN INCORPORATED
(Exact Name of Registrant as Specified in Its Charter)

Delaware	23-2588479
(State or other Jurisdiction of Incorporation or Organization)	(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)

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 ý No o
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 ý No o
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 ý	Accelerated filer o	Non-accelerated filer o (Do not check if a	Smaller reporting company o

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 o No ý

Number of shares of the registrant's Common Stock outstanding at July 29, 2016: 263,248,643

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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)

	December 31, 2015	June 30, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$128,381	$236,989
Accounts receivable (less allowances of $31,447 and $41,372 as of December 31, 2015 and June 30, 2016, respectively)	564,401	710,526
Deferred income taxes	22,179	5,190
Prepaid expenses and other	142,951	192,697
Assets held for sale (see Note 10)	—	143,968
Total Current Assets	857,912	1,289,370
Property, Plant and Equipment:		
Property, plant and equipment	4,744,236	5,540,949
Less—Accumulated depreciation	(2,247,078)	(2,344,701)
Property, Plant and Equipment, Net	2,497,158	3,196,248
Other Assets, Net:		
Goodwill	2,360,978	3,840,090
Customer relationships and customer inducements	603,314	1,310,809
Other	31,225	104,537
Total Other Assets, Net	2,995,517	5,255,436
Total Assets	$6,350,587	$9,741,054
LIABILITIES AND EQUITY		
Current Liabilities:		
Current portion of long-term debt	$88,068	$112,509
Accounts payable	219,590	220,119
Accrued expenses	351,061	415,536
Deferred revenue	183,112	212,231
Liabilities held for sale (see Note 10)	—	21,634
Total Current Liabilities	841,831	982,029
Long-term Debt, Net of Current Portion	4,757,610	6,103,058
Other Long-term Liabilities	71,844	86,367
Deferred Rent	95,693	109,044
Deferred Income Taxes	55,002	214,526
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 211,340,296 shares and 263,023,040 shares as of December 31, 2015 and June 30, 2016, respectively)	2,113	2,630
Additional paid-in capital	1,623,863	3,492,658
(Distributions in excess of earnings) Earnings in excess of distributions	(942,218)	(1,124,924)

Accumulated other comprehensive items, net	(174,917)	(149,289)
Total Iron Mountain Incorporated Stockholders' Equity	508,841	2,221,075
Noncontrolling Interests	19,766	24,955
Total Equity	528,607	2,246,030
Total Liabilities and Equity	$6,350,587	$9,741,054

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 June 30, 2015	2016
Revenues:		
Storage rental	$461,209	$538,682
Service	298,525	345,066
Total Revenues	759,734	883,748
Operating Expenses:		
Cost of sales (excluding depreciation and amortization)	326,283	395,649
Selling, general and administrative	215,885	277,077
Depreciation and amortization	87,549	115,022
Loss (Gain) on disposal/write-down of property, plant and equipment (excluding real estate), net	515	(626)
Total Operating Expenses	630,232	787,122
Operating Income (Loss)	129,502	96,626
Interest Expense, Net (includes Interest Income of $831 and $2,144 for the three months ended June 30, 2015 and 2016, respectively)	66,087	74,866
Other Expense (Income), Net	2,004	25,641
Income (Loss) from Continuing Operations Before Provision (Benefit) for Income Taxes	61,411	(3,881)
Provision (Benefit) for Income Taxes	7,404	10,839
Income (Loss) from Continuing Operations	54,007	(14,720)
Income (Loss) from Discontinued Operations, Net of Tax	—	1,587
Net Income (Loss)	54,007	(13,133)
Less: Net Income (Loss) Attributable to Noncontrolling Interests	677	835
Net Income (Loss) Attributable to Iron Mountain Incorporated	$53,330	$(13,968)
Earnings (Losses) per Share—Basic:		
Income (Loss) from Continuing Operations	$0.26	$(0.06)
Total Income (Loss) from Discontinued Operations	$—	$0.01
Net Income (Loss) Attributable to Iron Mountain Incorporated	$0.25	$(0.06)
Earnings (Losses) per Share—Diluted:		
Income (Loss) from Continuing Operations	$0.25	$(0.06)
Total Income (Loss) from Discontinued Operations	$—	$0.01
Net Income (Loss) Attributable to Iron Mountain Incorporated	$0.25	$(0.06)
Weighted Average Common Shares Outstanding—Basic	210,699	246,387
Weighted Average Common Shares Outstanding—Diluted	212,077	246,387
Dividends Declared per Common Share	$0.4752	$0.5174

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

IRON MOUNTAIN INCORPORATED
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, except Per Share Data)
(Unaudited)

	Six Months Ended June 30, 2015	Six Months Ended June 30, 2016
Revenues:		
Storage rental	$920,081	$999,893
Service	588,939	634,545
Total Revenues	1,509,020	1,634,438
Operating Expenses:		
Cost of sales (excluding depreciation and amortization)	647,937	721,754
Selling, general and administrative	412,299	484,843
Depreciation and amortization	173,500	202,226
Loss (Gain) on disposal/write-down of property, plant and equipment (excluding real estate), net	848	(1,077)
Total Operating Expenses	1,234,584	1,407,746
Operating Income (Loss)	274,436	226,692
Interest Expense, Net (includes Interest Income of $1,645 and $3,431 for the six months ended June 30, 2015 and 2016, respectively)	130,985	141,928
Other Expense (Income), Net	24,353	13,704
Income (Loss) from Continuing Operations Before Provision (Benefit) for Income Taxes	119,098	71,060
Provision (Benefit) for Income Taxes	23,352	22,739
Income (Loss) from Continuing Operations	95,746	48,321
Income (Loss) from Discontinued Operations, Net of Tax	—	1,587
Net Income (Loss)	95,746	49,908
Less: Net Income (Loss) Attributable to Noncontrolling Interests	1,320	1,102
Net Income (Loss) Attributable to Iron Mountain Incorporated	$94,426	$48,806
Earnings (Losses) per Share—Basic:		
Income (Loss) from Continuing Operations	$0.45	$0.21
Total Income (Loss) from Discontinued Operations	$—	$0.01
Net Income (Loss) Attributable to Iron Mountain Incorporated	$0.45	$0.21
Earnings (Losses) per Share—Diluted:		
Income (Loss) from Continuing Operations	$0.45	$0.21
Total Income (Loss) from Discontinued Operations	$—	$0.01
Net Income (Loss) Attributable to Iron Mountain Incorporated	$0.45	$0.21
Weighted Average Common Shares Outstanding—Basic	210,468	228,957
Weighted Average Common Shares Outstanding—Diluted	212,163	230,029
Dividends Declared per Common Share	$0.9499	$1.0051

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

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IRON MOUNTAIN INCORPORATED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In Thousands)
(Unaudited)

	Three Months Ended June 30,	
	2015	2016
Net Income (Loss)	$54,007	$(13,133)
Other Comprehensive Income (Loss):		
Foreign Currency Translation Adjustments	1,000	2,789
Total Other Comprehensive Income (Loss)	1,000	2,789
Comprehensive Income (Loss)	55,007	(10,344)
Comprehensive Income (Loss) Attributable to Noncontrolling Interests	345	753
Comprehensive Income (Loss) Attributable to Iron Mountain Incorporated	$54,662	$(11,097)

	Six Months Ended June 30,	
	2015	2016
Net Income (Loss)	$95,746	$49,908
Other Comprehensive (Loss) Income:		
Foreign Currency Translation Adjustments	(55,175)	26,767
Market Value Adjustments for Securities	23	(734)
Total Other Comprehensive (Loss) Income	(55,152)	26,033
Comprehensive Income (Loss)	40,594	75,941
Comprehensive Income (Loss) Attributable to Noncontrolling Interests	887	1,507
Comprehensive Income (Loss) Attributable to Iron Mountain Incorporated	$39,707	$74,434

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						
		Common Stock					
	Total	Shares	Amounts	Additional Paid-in Capital	(Distributions in Excess of Earnings) Earnings in Excess of Distributions	Accumulated Other Comprehensive Items, Net	Noncontrolling Interests
Balance, December 31, 2014	$869,955	209,818,812	$ 2,098	$ 1,588,841	$ (659,553)	$ (75,031)	$ 13,600
Issuance of shares under employee stock purchase plan and option plans and stock-based compensation, including tax benefit of $260	14,447	979,708	10	14,437	—	—	—
Parent cash dividends declared	(201,722)	—	—	—	(201,722)	—	—
Currency translation adjustment	(55,175)	—	—	—	—	(54,742)	(433)
Market value adjustments for securities	23	—	—	—	—	23	—
Net income (loss)	95,746	—	—	—	94,426	—	1,320
Noncontrolling interests dividends	(1,049)	—	—	—	—	—	(1,049)
Balance, June 30, 2015	$722,225	210,798,520	$ 2,108	$ 1,603,278	$ (766,849)	$ (129,750)	$ 13,438

	Iron Mountain Incorporated Stockholders' Equity						
		Common Stock					
	Total	Shares	Amounts	Additional Paid-in Capital	(Distributions in Excess of Earnings) Earnings in Excess of Distributions	Accumulated Other Comprehensive Items, Net	Noncontrolling Interests
Balance, December 31, 2015	$528,607	211,340,296	$ 2,113	$ 1,623,863	$(942,218)	$ (174,917)	$ 19,766
Issuance of shares under employee stock purchase plan and option plans and stock-based compensation, including tax benefit of $29	34,286	1,449,332	15	34,271	—	—	—
Issuance of shares in connection with the	1,835,026	50,233,412	502	1,834,524	—	—	—

acquisition of Recall Holdings Limited (see Note 4)							
Parent cash dividends declared	(231,512)	—	—	—	(231,512)	—	—
Currency translation adjustment	26,767	—	—	—	—	26,362	405
Market value adjustments for securities	(734)	—	—	—	—	(734)	—
Net income (loss)	49,908	—	—	—	48,806	—	1,102
Noncontrolling interests equity contributions	1,299	—	—	—	—	—	1,299
Noncontrolling interests dividends	(1,123)	—	—	—	—	—	(1,123)
Purchase of noncontrolling interests	3,506	—	—	—	—	—	3,506
Balance, June 30, 2016	$2,246,030	263,023,040	$ 2,630	$3,492,658	$(1,124,924)	$ (149,289)	$ 24,955

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)

	Six Months Ended June 30, 2015	2016
Cash Flows from Operating Activities:		
Net income (loss)	$95,746	$49,908
(Income) loss from discontinued operations	—	(1,587)
Adjustments to reconcile net income (loss) to cash flows from operating activities:		
Depreciation	151,015	168,920
Amortization (includes deferred financing costs and bond discount of $4,360 and $5,652, for the six months ended June 30, 2015 and 2016, respectively)	26,845	38,958
Stock-based compensation expense	14,777	15,913
(Benefit) Provision for deferred income taxes	(9,088)	(9,902)
Loss on early extinguishment of debt, net	—	9,283
Loss (Gain) on disposal/write-down of property, plant and equipment, net (including real estate)	848	(1,077)
Foreign currency transactions and other, net	(2,763)	11,478
Changes in Assets and Liabilities (exclusive of acquisitions):		
Accounts receivable	4,943	1,746
Prepaid expenses and other	3,992	(41,020)
Accounts payable	(22,819)	(39,377)
Accrued expenses and deferred revenue	(81,091)	8,508
Other assets and long-term liabilities	(2,667)	(6,146)
Cash Flows from Operating Activities - Continuing Operations	179,738	205,605
Cash Flows from Operating Activities - Discontinued Operations	—	1,145
Cash Flows from Operating Activities	179,738	206,750
Cash Flows from Investing Activities:		
Capital expenditures	(139,356)	(163,665)
Cash paid for acquisitions, net of cash acquired	(21,714)	(276,553)
Decrease in restricted cash	33,860	—
Acquisition of customer relationships	(15,515)	(10,324)
Customer inducements	(8,692)	(6,422)
Net proceeds from divestments (see Note 10)	—	53,950
Proceeds from sales of property and equipment and other, net (including real estate)	805	371
Cash Flows from Investing Activities - Continuing Operations	(150,612)	(402,643)
Cash Flows from Investing Activities - Discontinued Operations	—	90
Cash Flows from Investing Activities	(150,612)	(402,553)
Cash Flows from Financing Activities:		
Repayment of revolving credit, term loan and bridge facilities and other debt	(4,915,045)	(7,387,114)
Proceeds from revolving credit, term loan and bridge facilities and other debt	5,075,035	7,186,805
Net proceeds from sales of senior notes	—	738,750
Debt financing and equity contribution from noncontrolling interests	—	1,299
Debt repayment and equity distribution to noncontrolling interests	(830)	(843)
Parent cash dividends	(203,229)	(232,596)
Net proceeds (payments) associated with employee stock-based awards	9,454	18,641
Excess tax benefit (deficiency) from stock-based compensation	260	29

Payment of debt financing and stock issuance costs	(1,114)	(12,032)
Cash Flows from Financing Activities - Continuing Operations	(35,469)	312,939
Cash Flows from Financing Activities - Discontinued Operations	—	—
Cash Flows from Financing Activities	(35,469)	312,939
Effect of Exchange Rates on Cash and Cash Equivalents	(2,492)	(8,528)
(Decrease) Increase in Cash and Cash Equivalents	(8,835)	108,608
Cash and Cash Equivalents, Beginning of Period	125,933	128,381
Cash and Cash Equivalents, End of Period	$117,098	$236,989
Supplemental Information:		
Cash Paid for Interest	$129,518	$136,351
Cash Paid for Income Taxes, net	$23,151	$28,133
Non-Cash Investing and Financing Activities:		
Capital Leases	$21,481	$34,383
Accrued Capital Expenditures	$31,116	$40,801
Dividends Payable	$4,675	$4,493
Fair Value of Stock Issued for Recall Transaction (see Note 4)	$—	$1,835,026

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 physical records and data backup media, and provide information management services in various locations throughout North America, Europe, Latin America, Asia Pacific and Africa. We have a diversified customer base consisting of commercial, legal, banking, healthcare, accounting, insurance, entertainment and government organizations.

The unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the United States 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, 2015 included in our Annual Report on Form 10-K filed with the SEC on February 26, 2016 (our "Annual Report").

We have been organized and have operated as a real estate investment trust for federal income tax purposes ("REIT") effective for our taxable year beginning January 1, 2014.

On May 2, 2016 (Sydney, Australia time), we completed the acquisition of Recall Holdings Limited ("Recall") pursuant to the Scheme Implementation Deed, as amended, with Recall (the "Recall Transaction"). At the closing of the Recall Transaction, we paid approximately $331,800 and issued 50,233,412 shares of our common stock which, based on the closing price of our common stock as of April 29, 2016 (the last day of trading on the New York Stock Exchange ("NYSE") prior to the closing of the Recall Transaction) of $36.53 per share, resulted in a total purchase price to Recall shareholders of approximately $2,166,900. See Note 4.

(2) Summary of Significant Accounting Policies

This Note 2 to Notes to Consolidated Financial Statements provides information and disclosure regarding certain of our significant accounting policies and should be read in conjunction with Note 2 to Notes to Consolidated Financial Statements included in our Annual Report, which may provide additional information with regard to the accounting policies set forth herein and other of our significant accounting policies.

a. Foreign Currency

Local currencies are the functional currencies for our operations outside the United States, with the exception of certain foreign holding companies and our financing centers in Europe, whose functional currency is the United States 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 $6^3/_4$% Euro Senior Subordinated Notes due 2018 (the "$6^3/_4$% Notes"), (2) borrowings in certain foreign currencies under our Revolving Credit Facility (as defined in Note 5) and (3) 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.

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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)

Total loss on foreign currency transactions for the three and six months ended June 30, 2015 and 2016 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2015	2016
Total loss on foreign currency transactions	$1,656	$17,193	$23,922	$4,651

b. Goodwill and Other Intangible Assets

Goodwill and indefinite-lived intangible assets

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, 2015 and concluded there was no impairment of goodwill at such date. As of December 31, 2015, no factors were identified that would alter our October 1, 2015 goodwill analysis. While several of our reporting units were impacted by our acquisition of Recall, no factors were identified as of June 30, 2016 that would indicate an impairment of goodwill. 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.

Refer to our Annual Report for information regarding the composition of our reporting units as of December 31, 2015. The carrying value of goodwill, net for each of our reporting units as of December 31, 2015 was as follows:

	Carrying Value as of December 31, 2015
North American Records and Information Management(1)	$1,342,723
North American Secure Shredding(1)	73,021
North American Data Management(2)	369,907
Adjacent Businesses - Data Centers(3)	—
Adjacent Businesses - Consumer Storage(3)	4,636
Adjacent Businesses - Fine Arts(3)	21,550
UKI(4)	260,202
Continental Western Europe(4)	63,442
Emerging Markets - Europe(5)	87,378
Latin America(5)	78,537
Australia(5)	47,786
Southeast Asia(5)	5,683
India(5)	6,113
Total	$2,360,978

(1) This reporting unit is included in the North American Records and Information Management Business segment.
(2) This reporting unit is included in the North American Data Management Business segment.
(3) This reporting unit is included in the Corporate and Other Business segment.
(4) This reporting unit is included in the Western European Business segment.
(5) This reporting unit is included in the Other International Business segment.

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The acquisition of Recall, which is more fully disclosed in Note 4, impacted our reporting units as of June 30, 2016 as follows:

- North American Records and Information Management - includes the goodwill associated with the records and information management businesses of Recall in the United States and Canada.
- North American Secure Shredding - includes the goodwill associated with the secure shredding businesses of Recall in the United States and Canada.
- North American Data Management - includes the goodwill associated with the data management businesses of Recall in the United States and Canada.
- UKI - includes the goodwill associated with the operations of Recall in the United Kingdom.
- Continental Western Europe - includes the goodwill associated with the operations of Recall in Belgium, France, Germany, Spain and Switzerland, as well as the goodwill associated with the document management solutions ("DMS") operations of Recall in Sweden.
- Northern and Eastern Europe - this reporting unit consists of our former Emerging Markets - Europe reporting unit (as described in our Annual Report), and includes the goodwill associated with the operations of Recall in Denmark, Finland and Norway, as well as the goodwill associated with the records and information management operations of Recall in Sweden. This reporting unit is included in the Other International Business segment.
- Latin America - includes the goodwill associated with the operations of Recall in Brazil and Mexico.
- Australia and New Zealand - this reporting unit consists of the goodwill associated with the Australia Retained Business (as defined in Note 4), which was a component of our former Australia reporting unit, as well as the operations of Recall in Australia and New Zealand. This reporting unit is included in the Other International Business segment.
- Southeast Asia - includes the goodwill associated with the operations of Recall in China, Hong Kong, Malaysia, Singapore, Taiwan and Thailand.
- Africa and India - includes the goodwill associated with the operations of Recall in India.

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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)

The carrying value of goodwill, net for each of our reporting units as of June 30, 2016 is as follows:

	Carrying Value as of June 30, 2016
North American Records and Information Management	$2,081,192
North American Secure Shredding	151,187
North American Data Management	503,913
Adjacent Businesses - Data Centers	—
Adjacent Businesses - Consumer Storage	4,636
Adjacent Businesses - Fine Arts	22,911
UKI	337,012
Continental Western Europe	116,290
Northern and Eastern Europe(1)	138,021
Latin America	141,145
Australia and New Zealand	150,727
Southeast Asia	174,802
Africa and India(2)	18,254
Total	$3,840,090

(1) Included in this reporting unit at June 30, 2016 is the goodwill associated with our March 2016 acquisition of Archyvu Sistemos as more fully disclosed in Note 4.
(2) Included in this reporting unit at June 30, 2016 is the goodwill associated with our March 2016 acquisition of Docufile Holdings Proprietary Limited as more fully disclosed in Note 4.

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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)

The changes in the carrying value of goodwill attributable to each reportable operating segment for the six months ended June 30, 2016 are as follows:

	North American Records and Information Management Business	North American Data Management Business	Western European Business	Other International Business	Corporate and Other Business	Total Consolidated
Gross Balance as of December 31, 2015	$1,620,425	$ 423,606	$381,149	$ 225,626	$ 26,186	$2,676,992
Deductible goodwill acquired during the year	—	—	—	—	—	—
Non-deductible goodwill acquired during the year	812,945	132,251	154,750	425,426	215	1,525,587
Goodwill reclassified as assets held for sale (see Note 10)	(3,332)	—	—	(40,089)	—	(43,421)
Fair value and other adjustments(1)	(157)	—	—	(515)	1,146	474
Currency effects	7,649	1,873	(25,706)	12,563	—	(3,621)
Gross Balance as of June 30, 2016	$2,437,530	$ 557,730	$510,193	$ 623,011	$ 27,547	$4,156,011
Accumulated Amortization Balance as of December 31, 2015	$204,681	$ 53,699	$57,505	$ 129	$—	$316,014
Currency effects	470	118	(614)	(67)	—	(93)
Accumulated Amortization Balance as of June 30, 2016	$205,151	$ 53,817	$56,891	$ 62	$—	$315,921
Net Balance as of December 31, 2015	$1,415,744	$ 369,907	$323,644	$ 225,497	$ 26,186	$2,360,978
Net Balance as of June 30, 2016	$2,232,379	$ 503,913	$453,302	$ 622,949	$ 27,547	$3,840,090
Accumulated Goodwill Impairment Balance as of December 31, 2015	$85,909	$ —	$46,500	$ —	$—	$132,409
Accumulated Goodwill Impairment Balance as of June 30, 2016	$85,909	$ —	$46,500	$ —	$—	$132,409

(1) Total fair value and other adjustments primarily include net adjustments of $656 related to property, plant and equipment and customer relationship intangible assets, partially offset by $182 of cash received related to certain acquisitions completed in 2015.

(In Thousands, Except Share and Per Share Data)

Finite-lived intangible assets

Customer relationship intangible assets, which are acquired through either business combinations or acquisitions of customer relationships, are amortized over periods ranging from 10 to 30 years. The value of customer relationship intangible assets is calculated based upon estimates of their fair value utilizing an income approach based on the present value of expected future cash flows.

Costs related to the acquisition of large volume accounts are capitalized. Free intake costs to transport boxes to one of our facilities, which include labor and transportation charges ("Move Costs"), are amortized over periods ranging from one to 30 years, and are included in depreciation and amortization in the accompanying Consolidated Statements of Operations. Payments that are made to a customer's current records management vendor in order to terminate the customer's existing contract with that vendor, or direct payments to a customer ("Permanent Withdrawal Fees"), are amortized over periods ranging from one to 15 years and are included in storage and service revenue in the accompanying Consolidated Statements of Operations. Move Costs and Permanent Withdrawal Fees are collectively referred to as "Customer Inducements". If the customer terminates its relationship with us, the unamortized carrying value of the Customer Inducement intangible asset is charged to expense or revenue. However, in the event of such termination, we generally collect, and record as income, permanent removal fees that generally equal or exceed the amount of the unamortized Customer Inducement intangible asset.

Other intangible assets, including noncompetition agreements and trademarks, are capitalized and amortized over periods ranging from five to 10 years.

The components of our finite-lived intangible assets as of December 31, 2015 and June 30, 2016 are as follows:

	December 31, 2015			June 30, 2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationship intangible assets and Customer Inducements	$937,174	$(333,860)	$603,314	$1,663,678	$(352,869)	$1,310,809
Core Technology(1)	3,370	(3,370)	—	1,625	(1,625)	—
Trademarks and Non-Compete Agreements(1)	7,741	(4,955)	2,786	24,448	(6,164)	18,284
Total	$948,285	$(342,185)	$606,100	$1,689,751	$(360,658)	$1,329,093

(1) Included in Other, a component of Other Assets, net in the accompanying Consolidated Balance Sheets.

Amortization expense associated with finite-lived intangible assets and deferred financing costs for the three and six months ended June 30, 2015 and 2016 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2015	2016
Amortization expense associated with finite-lived intangible assets and deferred financing costs	$13,593	$24,395	$26,845	$38,958

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c. Stock-Based Compensation

We record stock-based compensation expense, utilizing the straight-line method, for the cost of stock options, restricted stock units ("RSUs"), performance units ("PUs") and shares of stock issued under our employee stock purchase plan ("ESPP") (together, "Employee Stock-Based Awards").

Stock-based compensation expense for Employee Stock-Based Awards included in the accompanying Consolidated Statements of Operations for the three and six months ended June 30, 2015 was $7,921 ($5,467 after tax or $0.03 per basic and diluted share) and $14,777 ($10,413 after tax or $0.05 per basic and diluted share), respectively.

Stock-based compensation expense for Employee Stock-Based Awards for the three and six months ended June 30, 2016 was $9,028 ($7,011 after tax or $0.03 per basic and diluted share) and $15,913 ($11,925 after tax or $0.05 per basic and diluted share), respectively.

Stock-based compensation expense for Employee Stock-Based Awards included in the accompanying Consolidated Statements of Operations is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2015	2016
Cost of sales (excluding depreciation and amortization)	$46	$25	$91	$52
Selling, general and administrative expenses	7,875	9,003	14,686	15,861
Total stock-based compensation	$7,921	$9,028	$14,777	$15,913

The benefits associated with the tax deductions in excess of recognized compensation cost are required to be reported as financing activities in the accompanying Consolidated Statements of Cash Flows. This requirement impacts reported operating cash flows and reported financing cash flows. As a result, net financing cash flows included $260 and $29 for the six months ended June 30, 2015 and 2016, respectively, from the benefit of tax deductions compared to recognized compensation cost. The tax benefit of any resulting excess tax deduction increases the Additional Paid-in Capital ("APIC") pool. Any resulting tax deficiency is deducted from the APIC pool.

Stock Options

A summary of our stock options outstanding as of June 30, 2016 by vesting terms is as follows:

	June 30, 2016	
	Stock Options Outstanding	% of Stock Options Outstanding
Three-year vesting period (10 year contractual life)	2,856,930	70.1 %
Five-year vesting period (10 year contractual life)	948,752	23.3 %
Ten-year vesting period (12 year contractual life)	271,138	6.6 %
	4,076,820	

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The weighted average fair value of stock options granted for the six months ended June 30, 2015 and 2016 was $4.99 and $2.49 per share, respectively. These values were estimated on the date of grant using the Black-Scholes stock option pricing model. The weighted average assumptions used for grants in the respective period are as follows:

	Six Months Ended June 30,	
Weighted Average Assumptions	2015	2016
Expected volatility	28.6 %	27.2 %
Risk-free interest rate	1.70 %	1.32 %
Expected dividend yield	5 %	7 %
Expected life	5.5 years	5.6 years

Expected volatility is calculated utilizing daily historical volatility over a period that equates to the expected life of the stock option. The risk-free interest rate was based on the United States Treasury interest rates whose term is consistent with the expected life (estimated period of time outstanding) of the stock options. Expected dividend yield is considered in the stock option pricing model and represents our current annualized expected per share dividends over the current trade price of our common stock. The expected life of the stock options granted is estimated using the historical exercise behavior of employees.

A summary of stock option activity for the six months ended June 30, 2016 is as follows:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Average Intrinsic Value
Outstanding at December 31, 2015	3,688,814	$ 27.79		
Granted	1,408,788	33.88		
Exercised	(998,993)	23.94		
Forfeited	(10,526)	34.16		
Expired	(11,263)	30.60		
Outstanding at June 30, 2016	4,076,820	$ 30.81	6.91	$39,796
Options exercisable at June 30, 2016	1,897,278	$ 25.70	4.34	$27,818
Options expected to vest	2,030,097	$ 35.27	9.15	$11,180

The aggregate intrinsic value of stock options exercised for the three and six months ended June 30, 2015 and 2016 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2015	2016
Aggregate intrinsic value of stock options exercised	$1,716	$9,926	$5,883	$11,359

Restricted Stock Units

Under our various equity compensation plans, we may also grant RSUs. Our RSUs generally have a vesting period of between three and five years from the date of grant. However, RSUs granted to our non-employee directors in 2015 and thereafter vest immediately upon grant.

All RSUs accrue dividend equivalents associated with the underlying stock as we declare dividends. Dividends will generally be paid to holders of RSUs in cash upon the vesting date of the associated RSU and will be forfeited if the RSU does not vest. The fair value of RSUs is the excess of the market price of our common stock at the date of grant over the purchase price (which is typically zero).

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Cash dividends accrued and paid on RSUs for the three and six months ended June 30, 2015 and 2016 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2015	2016
Cash dividends accrued on RSUs	$631	$616	$1,301	$1,247
Cash dividends paid on RSUs	571	196	2,300	1,831

The fair value of RSUs vested during the three and six months ended June 30, 2015 and 2016 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2015	2016
Fair value of RSUs vested	$3,600	$2,807	$19,184	$17,785

A summary of RSU activity for the six months ended June 30, 2016 is as follows:

	RSUs	Weighted-Average Grant-Date Fair Value
Non-vested at December 31, 2015	1,217,597	$ 33.68
Granted	596,401	31.26
Vested	(528,210)	33.67
Forfeited	(33,563)	34.31
Non-vested at June 30, 2016	1,252,225	$ 32.51

Performance Units

Under our various equity compensation plans, we may also make awards of PUs. For the majority of outstanding PUs, the number of PUs earned is determined based on our performance against predefined targets of revenue and return on invested capital ("ROIC"). The number of PUs earned may range from 0% to 200% of the initial award. The number of PUs earned is determined based on our actual performance as compared to the targets at the end of a three-year performance period. Certain PUs that we grant will be earned based on a market condition associated with the total return on our common stock in relation to a subset of the Standard & Poor's 500 Index rather than the revenue and ROIC targets noted above. The number of PUs earned based on this market condition may range from 0% to 200% of the initial award.

All of our PUs will be settled in shares of our common stock and are subject to cliff vesting three years from the date of the original PU grant. PUs awarded to employees who terminate their employment during the three-year performance period and on or after attaining age 55 and completing 10 years of qualifying service are eligible for pro-rated vesting, subject to the actual achievement against the predefined targets or a market condition as discussed above, based on the number of full years of service completed following the grant date (but delivery of the shares remains deferred). As a result, PUs are generally expensed over the three-year performance period.

All PUs accrue dividend equivalents associated with the underlying stock as we declare dividends. Dividends will generally be paid to holders of PUs in cash upon the settlement date of the associated PU and will be forfeited if the PU does not vest.

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Cash dividends accrued and paid on PUs for the three and six months ended June 30, 2015 and 2016 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2015	2016
Cash dividends accrued on PUs	$214	$263	$425	$525
Cash dividends paid on PUs	—	—	1,015	645

During the six months ended June 30, 2016, we issued 221,662 PUs. The majority of our PUs are earned based on our performance against revenue and ROIC targets during their applicable performance period; therefore, we forecast the likelihood of achieving the predefined revenue and ROIC targets in order to calculate the expected PUs to be earned. We record a compensation charge based on either the forecasted PUs to be earned (during the performance period) or the actual PUs earned (at the three-year anniversary of the grant date) over the vesting period for each of the awards. For PUs earned based on a market condition, we utilize a Monte Carlo simulation to fair value these awards at the date of grant, and such fair value is expensed over the three-year performance period. As of June 30, 2016, we expected 0%, 100% and 100% achievement of the predefined revenue and ROIC targets associated with the awards of PUs made in 2014, 2015 and 2016, respectively.

The fair value of earned PUs that vested during the three and six months ended June 30, 2015 and 2016 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2015	2016
Fair value of earned PUs that vested	$44	$1,174	$2,107	$5,255

A summary of PU activity for the six months ended June 30, 2016 is as follows:

	Original PU Awards	PU Adjustment(1)	Total PU Awards	Weighted-Average Grant-Date Fair Value
Non-vested at December 31, 2015	520,764	(86,959)	433,805	$ 34.11
Granted	221,662	—	221,662	35.11
Vested	(148,403)	—	(148,403)	35.41
Forfeited/Performance or Market Conditions Not Achieved	(2,106)	(34,079)	(36,185)	44.36
Non-vested at June 30, 2016	591,917	(121,038)	470,879	$ 33.38

(1) Represents an increase or decrease in the number of original PUs awarded based on either the final performance criteria or market condition achievement at the end of the performance period of such PUs or a change in estimated awards based on the forecasted performance against the predefined targets.

Employee Stock Purchase Plan

We offer an ESPP in which participation is available to substantially all United States and Canadian employees who meet certain service eligibility requirements. The price for shares purchased under the ESPP is 95% of the market price of our common stock at the end of the offering period, without a look-back feature. As a result, we do not recognize compensation expense for the ESPP shares purchased. For the six months ended June 30, 2015 and 2016, there were 59,569 shares and 56,662 shares, respectively, purchased under the ESPP. As of June 30, 2016, we had 781,767 shares available under the ESPP.

As of June 30, 2016, unrecognized compensation cost related to the unvested portion of our Employee Stock-Based Awards was $47,863 and is expected to be recognized over a weighted-average period of 2.1 years.

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We generally issue shares of our common stock for the exercises of stock options, RSUs, PUs and shares of our common stock under our ESPP from unissued reserved shares.

d. Income (Loss) Per Share—Basic and Diluted

Basic income (loss) per common share is calculated by dividing income (loss) by the weighted average number of common shares outstanding. The calculation of diluted income (loss) per share is consistent with that of basic income (loss) per share but gives effect to all potential common shares (that is, securities such as stock options, warrants or convertible securities) that were outstanding during the period, unless the effect is antidilutive.

The calculation of basic and diluted income (loss) per share for the three and six months ended June 30, 2015 and 2016 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2015	2016
Income (loss) from continuing operations	$54,007	$(14,720)	$95,746	$48,321
Total income (loss) from discontinued operations	$—	$1,587	$—	$1,587
Net income (loss) attributable to Iron Mountain Incorporated	$53,330	$(13,968)	$94,426	$48,806
Weighted-average shares—basic	210,699,000	246,387,000	210,468,000	228,957,000
Effect of dilutive potential stock options	958,714	—	1,091,022	622,293
Effect of dilutive potential RSUs and PUs	419,002	—	603,880	450,100
Weighted-average shares—diluted	212,076,716	246,387,000	212,162,902	230,029,393
Earnings (losses) per share—basic:				
Income (loss) from continuing operations	$0.26	$(0.06)	$0.45	$0.21
Total income (loss) from discontinued operations	$—	$0.01	$—	$0.01
Net income (loss) attributable to Iron Mountain Incorporated	$0.25	$(0.06)	$0.45	$0.21
Earnings (losses) per share—diluted:				
Income (loss) from continuing operations	$0.25	$(0.06)	$0.45	$0.21
Total income (loss) from discontinued operations	$—	$0.01	$—	$0.01
Net income (loss) attributable to Iron Mountain Incorporated	$0.25	$(0.06)	$0.45	$0.21
Antidilutive stock options, RSUs and PUs, excluded from the calculation	1,335,373	1,594,475	846,803	2,208,135

e. Income Taxes

We provide for income taxes during interim periods based on our estimate of the effective tax rate for the year. Discrete items and changes in our estimate of the annual effective tax rate are recorded in the period they occur. Our effective tax rate is subject to variability in the future due to, among other items: (1) changes in the mix of income between our qualified REIT subsidiaries and our domestic taxable REIT subsidiaries ("TRSs"), as well as among the jurisdictions in which we operate; (2) tax law changes; (3) volatility in foreign exchange gains and losses; (4) the timing of the establishment and reversal of tax reserves; and (5) our ability to utilize net operating losses that we generate.

Our effective tax rates for the three and six months ended June 30, 2015 were 12.1% and 19.6%, respectively. For the three months ended June 30, 2016, we had a net loss from continuing operations before provision of income taxes of $3,881 and a provision for income taxes of $10,839; as such our effective tax rate for the three months ended June 30, 2016 is not meaningful. Our effective tax rate for the six months ended June 30, 2016 was 32.0%. The primary reconciling items between the federal statutory tax rate of 35.0% and our overall effective tax rates in the three and six months ended June 30, 2015 were the benefit derived from the dividends paid deduction, differences in the rates of tax at which our foreign earnings are subject, including foreign exchange gains and losses in different jurisdictions with different tax rates, and state income taxes. The primary reconciling items between the federal statutory tax rate of 35.0% and our overall effective tax rates in the three and six months ended June 30, 2016 were the benefit derived from the dividends paid deduction and differences in the rates of tax at which our foreign earnings are subject, including foreign exchange gains and losses in different jurisdictions with different tax rates.

f. Concentrations of Credit Risk

Financial instruments that potentially subject us to credit risk consist principally of cash and cash equivalents (including money market funds and time deposits) and accounts receivable. The only significant concentrations of liquid investments as of December 31, 2015 and June 30, 2016 relate to cash and cash equivalents. At December 31, 2015, we had time deposits with four global banks. At June 30, 2016, we had time deposits with five global banks. We consider the global banks to be large, highly-rated investment-grade institutions. As of December 31, 2015 and June 30, 2016, our cash and cash equivalents were $128,381 and $236,989, respectively, including time deposits amounting to $18,645 and $18,743, respectively.

g. Fair Value Measurements

Our financial assets or liabilities that are carried at fair value are required to be measured using inputs from the three levels of the fair value hierarchy. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The three levels of the fair value hierarchy are as follows:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date.

Level 2—Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3—Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

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The assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2015 and June 30, 2016, respectively, are as follows:

		Fair Value Measurements at December 31, 2015 Using		
Description	Total Carrying Value at December 31, 2015	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Time Deposits(1)	$ 18,645	$—	$ 18,645	$ —
Trading Securities	10,371	9,514 (2)	857 (1)	—
Available-for-Sale Securities	624	624 (2)	—	—

		Fair Value Measurements at June 30, 2016 Using		
Description	Total Carrying Value at June 30, 2016	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Time Deposits(1)	$ 18,743	$—	$ 18,743	$ —
Trading Securities	10,357	9,877 (2)	480 (1)	—

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(1) Time deposits and certain trading securities are measured based on quoted prices for similar assets and/or subsequent transactions.

(2) Available-for-sale securities and certain trading securities are measured at fair value using quoted market prices.

Disclosures are required in the financial statements for items measured at fair value on a non-recurring basis. We did not have any material items that are measured at fair value on a non-recurring basis at December 31, 2015 and June 30, 2016, except goodwill calculated based on Level 3 inputs, as more fully disclosed in Note 2.b., and the assets and liabilities acquired through acquisitions, as more fully disclosed in Note 4.

The fair value of our long-term debt, which was determined based on either Level 1 inputs or Level 3 inputs, is disclosed in Note 5. Long-term debt is measured at cost in our Consolidated Balance Sheets as of December 31, 2015 and June 30, 2016.

(In Thousands, Except Share and Per Share Data)

h. Accumulated Other Comprehensive Items, Net

The changes in accumulated other comprehensive items, net for the three months ended June 30, 2015 and 2016, respectively, are as follows:

	Foreign Currency Translation Adjustments	Market Value Adjustments for Securities	Total
Balance as of March 31, 2015	$ (132,084)	$ 1,002	$ (131,082)
Other comprehensive income (loss):			
Foreign currency translation adjustments	1,332	—	1,332
Total other comprehensive income (loss)	1,332	—	1,332
Balance as of June 30, 2015	$ (130,752)	$ 1,002	$ (129,750)

	Foreign Currency Translation Adjustments	Market Value Adjustments for Securities	Total
Balance as of March 31, 2016	$ (152,160)	$ —	$ (152,160)
Other comprehensive income (loss):			
Foreign currency translation adjustments	2,871	—	2,871
Total other comprehensive income (loss)	2,871	—	2,871
Balance as of June 30, 2016	$ (149,289)	$ —	$ (149,289)

The changes in accumulated other comprehensive items, net for the six months ended June 30, 2015 and 2016, respectively, are as follows:

	Foreign Currency Translation Adjustments	Market Value Adjustments for Securities	Total
Balance as of December 31, 2014	$ (76,010)	$ 979	$ (75,031)
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(54,742)	—	(54,742)
Market value adjustment for securities	—	23	23
Total other comprehensive (loss) income	(54,742)	23	(54,719)
Balance as of June 30, 2015	$ (130,752)	$ 1,002	$ (129,750)

	Foreign Currency Translation Adjustments	Market Value Adjustments for Securities	Total
Balance as of December 31, 2015	$ (175,651)	$ 734	$ (174,917)
Other comprehensive income (loss):			
Foreign currency translation adjustments	26,362	—	26,362

Market value adjustment for securities	—	(734)	(734)
Total other comprehensive income (loss)	26,362	(734)	25,628
Balance as of June 30, 2016	$ (149,289)	$ —	$ (149,289)

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i. Other Expense (Income), Net

Other expense (income), net for the three and six months ended June 30, 2015 and 2016 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2015	2016
Foreign currency transaction losses (gains), net	$1,656	$17,193	$23,922	$4,651
Debt extinguishment expense	—	9,283	—	9,283
Other, net	348	(835)	431	(230)
	$2,004	$25,641	$24,353	$13,704

j. Property, Plant and Equipment and Long-Lived Assets

During the three and six months ended June 30, 2015, we capitalized $6,395 and $12,435 of costs, respectively, associated with the development of internal use computer software projects. During the three and six months ended June 30, 2016, we capitalized $5,135 and $8,538 of costs, respectively, associated with the development of internal use computer software projects.

Consolidated loss on disposal/write-down of property, plant and equipment (excluding real estate), net for the three and six months ended June 30, 2015 was $515 and $848, respectively, which was primarily associated with the write-off of certain property associated with our North American Records and Information Management Business segment. Consolidated gain on disposal/write-down of property, plant and equipment (excluding real estate), net for the three and six months ended June 30, 2016 was $626 and $1,077, respectively, which was primarily associated with the retirement of leased vehicles accounted for as capital lease assets within our North American Records and Information Management Business segment.

k. New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). ASU 2014-09 provides guidance for management to reassess revenue recognition as it relates to: (1) transfer of control, (2) variable consideration, (3) allocation of transaction price based on relative standalone selling price, (4) licenses, (5) time value of money, and (6) contract costs. Further disclosures will be required to provide a better understanding of revenue that has been recognized and revenue that is expected to be recognized in the future from existing contracts. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date ("ASU 2015-14"). ASU 2015-14 deferred the effective date of ASU 2014-09 for one year, making it effective for us on January 1, 2018, with early adoption permitted as of January 1, 2017. We will adopt ASU 2014-09 as of January 1, 2018. We are currently evaluating the impact ASU 2014-09 will have on our consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements Going Concern (Subtopic 205-40) (“ASU 2014-15”). ASU 2014-15 requires management to assess an entity’s ability to continue as a going concern by incorporating and expanding upon certain principles of current United States auditing standards. Specifically, the amendments (1) provide a definition of the term “substantial doubt”, (2) require an evaluation every reporting period, including interim periods, (3) provide principles for considering the mitigating effect of management’s plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management’s plans, (5) require an express statement and other disclosures when substantial doubt is still present, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). ASU 2014-15 is effective for us on January 1, 2017, with early adoption permitted. We will adopt ASU 2014-15 as of January 1, 2017. We do not believe that the adoption of ASU 2014-15 will have an impact on our consolidated financial statements.

In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis (“ASU 2015 02”). ASU 2015-02 affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. We adopted ASU 2015-02 on January 1, 2016. The adoption of ASU 2015-02 did not impact our consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes ("ASU 2015-17"). ASU No. 2015-17 eliminates the requirement for reporting entities to present deferred tax liabilities and assets as current and noncurrent in a classified balance sheet. Instead, reporting entities will be required to classify all deferred tax assets and liabilities as noncurrent. The amendments in ASU 2015-17 may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. ASU 2015-17 is effective for us on January 1, 2017, with early adoption permitted. We are currently evaluating the impact ASU 2015-17 will have on our consolidated financial statements.
In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"). ASU 2016-01 requires that most equity investments be measured at fair value, with subsequent changes in fair value recognized in net income. The pronouncement also impacts financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. ASU 2016-01 is effective for us on January 1, 2018. We do not believe that the adoption of ASU 2016-01 will have a material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 requires lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. ASU 2016-02 also will require certain qualitative and quantitative disclosures designed to give financial statement users information on the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 will be effective for us on January 1, 2019, with early adoption permitted. We are currently evaluating the impact ASU 2016-02 will have on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-07, Simplifying the Transition to the Equity Method of Accounting ("ASU 2016-07"). ASU 2016-07 eliminates the requirement for a reporting entity to apply the equity method of accounting retrospectively when they obtain significant influence over a previously held investment. Furthermore, under ASU 2016-07, for any available-for-sale securities that become eligible for the equity method of accounting, the unrealized gain or loss recorded within other comprehensive income (loss) associated with the securities should be recognized in earnings at the date the investment initially qualifies for the use of the equity method. We adopted ASU 2016-07 on April 1, 2016. The adoption of ASU 2016-07 did not have a material impact on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, Compensation-Stock Compensation-Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09"). ASU 2016-09 involves several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Under ASU 2016-09, income tax benefits and deficiencies are to be recognized as income tax expense or benefit in the statement of operations and the tax effects of exercised or vested awards should be treated as discrete items in the reporting period in which they occur. Additionally, under ASU 2016-09, excess tax benefits should be classified along with other income tax cash flows as an operating activity. ASU 2016-09 will be effective for us on January 1, 2017, with early adoption permitted. We are currently evaluating the impact ASU 2016-09 will have on our consolidated financial statements.

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(3) Derivative Instruments and Hedging Activities

Historically, we have entered into separate forward contracts to hedge our exposures in Euros, British pounds sterling and Australian dollars. As of December 31, 2015 and June 30, 2016, however, we had no forward contracts outstanding.

Net cash payments included in cash from operating activities related to settlements associated with foreign currency forward contracts for the three and six months ended June 30, 2015 and 2016 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2015	2016
Net cash payments	$12,368	$ —	$29,188	$ —

(Gains) losses for our derivative instruments for the three and six months ended June 30, 2015 and 2016 are as follows:

		Amount of (Gain) Loss Recognized in Income on Derivatives			
		Three Months Ended June 30,		Six Months Ended June 30,	
Derivatives Not Designated as Hedging Instruments	Location of (Gain) Loss Recognized in Income on Derivative	2015	2016	2015	2016
Foreign exchange contracts	Other expense (income), net	$(8,119)	$ —	$20,414	$ —

We have designated a portion of our previously outstanding $6^{3}/_{4}$% Notes and Euro denominated borrowings by IMI under our Revolving Credit Facility (discussed more fully in Note 5) as a hedge of net investment of certain of our Euro denominated subsidiaries. For the six months ended June 30, 2015 and 2016, we designated, on average, 35,786 and 30,102 Euros, respectively, of the previously outstanding $6^{3}/_{4}$% Notes and Euro denominated borrowings by IMI under our Revolving Credit Facility as a hedge of net investment of certain of our Euro denominated subsidiaries. As a result, we recorded the following foreign exchange (losses) gains, net of tax, related to the change in fair value of such debt due to currency translation adjustments, which is a component of accumulated other comprehensive items, net:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2015	2016
Foreign exchange (losses) gains	$(1,464)	$754	$3,466	$(588)

Less: Tax (benefit) expense on foreign exchange (losses) gains	—	—	—	—
Foreign exchange (losses) gains, net of tax	$(1,464)	$754	$3,466	$(588)

As of June 30, 2016, cumulative net gains of $16,508, net of tax are recorded in accumulated other comprehensive items, net associated with this net investment hedge.

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(4) Acquisitions

We account for acquisitions using the acquisition method of accounting, and, accordingly, the assets and liabilities acquired are recorded at their estimated fair values and the results of operations for each acquisition have been included in our consolidated results from their respective acquisition dates. Cash consideration for our various acquisitions in 2016 was primarily provided through borrowings under our Revolving Credit Facility and Bridge Facility (each as defined in Note 5) as well as cash and cash equivalents on-hand.
a. Acquisition of Recall

On May 2, 2016 (Sydney, Australia time), we completed the Recall Transaction. At the closing of the Recall Transaction, we paid approximately $331,800 and issued 50,233,412 shares of our common stock which, based on the closing price of our common stock as of April 29, 2016 (the last day of trading on the NYSE prior to the closing of the Recall Transaction) of $36.53 per share, resulted in a total purchase price to Recall shareholders of approximately $2,166,900.

Regulatory Approvals
In connection with the acquisition of Recall, we sought regulatory approval of the Recall Transaction from the United States Department of Justice (the “DOJ”), the Australian Competition and Consumer Commission (the “ACCC”), the Canada Competition Bureau (the “CCB”), and the United Kingdom Competition and Markets Authority (the “CMA”). As part of the regulatory approval process, we agreed to make certain divestments, which are described below in greater detail, in order to address competition concerns raised by the DOJ, the ACCC, the CCB and the CMA in respect of the Recall Transaction (the “Divestments”).
See Note 10 for additional information regarding the Divestments, including the presentation of the Divestments in our Consolidated Balance Sheet as of June 30, 2016, our Consolidated Statements of Operations for the three and six months ended June 30, 2015 and 2016, respectively, and our Consolidated Statements of Cash Flows for the six months ended June 30, 2015 and 2016, respectively.

Divestments and Management Pending Sales

i. United States

The DOJ’s approval of the Recall Transaction was subject to the following divestments being made by us following the closing of the Recall Transaction:

- Recall’s records and information management facilities, including all associated tangible and intangible assets, in the following 13 United States cities: Buffalo, New York; Charlotte, North Carolina; Detroit, Michigan; Durham, North Carolina; Greenville/Spartanburg, South Carolina; Kansas City, Kansas/Missouri; Nashville, Tennessee; Pittsburgh, Pennsylvania; Raleigh, North Carolina; Richmond, Virginia; San Antonio, Texas; Tulsa, Oklahoma; and San Diego, California (the “Initial United States Divestments”); and
- Recall’s records and information management facility in Seattle, Washington and certain of Recall’s records and information management facilities in Atlanta, Georgia, including in each case associated tangible and intangible assets (the “Seattle/Atlanta Divestments”).

On May 4, 2016, we completed the sale of the Initial United States Divestments to Access CIG, LLC, a privately held provider of information management services throughout the United States (“Access CIG”), for total consideration of approximately $80,000, subject to adjustments (the “Access Sale”). Of the total consideration, we received $55,000 in cash proceeds upon closing of the Access Sale, and we are entitled to receive up to $25,000 of additional cash proceeds on the 27-month anniversary of the closing of the Access Sale. See Note 10 for additional information regarding the Access Sale.

(4) Acquisitions (Continued)

The Seattle/Atlanta Divestments will be effected by way of a sale of the tangible and intangible assets associated with the relevant facilities, which include warehouse space as well as customer contracts. We are in discussions with potential buyers for the Seattle/Atlanta Divestments. We have agreed to place the assets and employees subject to the Seattle/Atlanta Divestments in a hold separate arrangement until the Seattle/Atlanta Divestments are completed.

ii. Australia
The ACCC approved the Recall Transaction after accepting an undertaking from us pursuant to section 87B of the Australian Competition and Consumer Act 2010 (Cth) (the “ACCC Undertaking”). Pursuant to the ACCC Undertaking, we will divest the majority of our Australian operations as they existed prior to the closing of the Recall Transaction by way of a share sale, which effectively involves the sale of our Australian business (as it existed prior to the closing of the Recall Transaction) other than our data management business throughout Australia and our records and information management business in the Northern Territory of Australia, except in relation to customers who have holdings in other Australian states or territories (the “Australia Divestment Business” and, with respect to the portion of our Australia business that is not subject to divestment, the “Australia Retained Business”). Pursuant to the ACCC Undertaking, we may only sell the Australia Divestment Business to a person who is independent of the combined company and has been approved by the ACCC (the “Approved Purchaser”).

The ACCC Undertaking provides that we will sell the Australia Divestment Business within a set period of time following the closing of the Recall Transaction. If the sale of the Australia Divestment Business is not completed within that period, we must appoint an independent sale agent approved by the ACCC to effect the sale of the Australia Divestment Business. There is no minimum price at which the independent sale agent must sell the Australia Divestment Business.

Until the Australia Divestment Business is sold to the Approved Purchaser, we are required to preserve the Australia Divestment Business as a separate and independently viable going concern. In addition, until the Australia Divestment Business is sold to the Approved Purchaser, the Australia Divestment Business is being managed by an independent manager selected by us and approved by the ACCC. We are in discussions with potential buyers for the Australia Divestment Business.

iii. Canada

The CCB approved the Recall Transaction on the basis of the registration of a consent agreement with us pursuant to sections 92 and 105 of the Competition Act (R.S.C., 1985, c. C-34) (the “CCB Consent Agreement”). The CCB Consent Agreement requires us to divest the following assets:

- Recall’s record and information management facilities, including associated tangible and intangible assets and employees, in Edmonton, Alberta and Montreal (Laval), Quebec and certain of Recall’s record and information management facilities, including all associated tangible and intangible assets and employees, in Calgary, Alberta and Toronto, Ontario, (the “Recall Canadian Divestments”); and
- One of our records and information management facilities in Vancouver (Burnaby), British Columbia and one of our records and information management facilities in Ottawa, Ontario, including associated tangible and intangible assets and employees (the “Iron Mountain Canadian Divestments”).

The Recall Canadian Divestments and the Iron Mountain Canadian Divestments (or collectively, the “Canadian Divestments”) will be affected by way of a sale of only the tangible and intangible assets associated with the relevant facilities, which include warehouse space as well as customer contracts. Under the CCB Consent Agreement, the assets subject of the Canadian Divestments will be acquired by a single buyer to be approved by the Commissioner of Competition (the “Commissioner”).

Pursuant to the terms of the CCB Consent Agreement, in order to preserve the businesses of the Canadian Divestments, pending completion of a sale of the Canadian Divestments, we must maintain the economic viability and marketability of the businesses of the Canadian Divestments, and we are required to hold the Recall Canadian Divestments separate from those of our other operations. In addition, the business of the Recall Canadian Divestments is being managed by an independent manager selected by us and approved by the Commissioner. We are in discussions with potential buyers for the Canadian Divestments.

iv. United Kingdom

In January 2016, the CMA referred the Recall Transaction for further investigation and report by a group of CMA panel members who were responsible for determining whether the Recall Transaction would result in a substantial lessening of competition within the relevant United Kingdom markets (the “CMA Review”). On March 30, 2016, the CMA announced its conditional consent for the Recall Transaction prior to the CMA’s issuance of its final decision following the CMA Review (the “CMA Consent”). On June 16, 2016, the CMA completed the CMA Review and published its findings. The findings concluded that the Recall Transaction is not expected to result in any substantial lessening of competition outside of North East Scotland, but that the Recall Transaction may result in a substantial lessening of competition in the supply of records management and information management services (including records management and physical offsite data protection services) in the Aberdeen and Dundee areas of Scotland (the “Scotland Affected Areas”). As a result of the CMA’s decision, we will divest Recall’s record and information management facilities, including associated tangible and intangible assets and employees, in the Scotland Affected Areas (the “UK Divestments”).

Pursuant to the CMA Consent, in order to preserve the business of the UK Divestments, pending completion of the sale of the UK Divestments, we must maintain the economic viability and marketability of the business of the UK Divestments, and we are required to hold the UK Divestments separate from those of our other operations. In addition, the CMA concluded that a monitoring trustee should be appointed, at our sole expense and subject to CMA approval, to monitor compliance with the CMA’s findings and to ensure a prompt sale of the UK Divestments. We are in discussions with potential buyers for the UK Divestments. Aside from the CMA’s eventual approval of the purchaser of the UK Divestments, this decision marks the completion of the CMA Review.

The unaudited consolidated pro forma financial information (the "Pro Forma Financial Information") below summarizes the combined results of us and Recall on a pro forma basis as if the Recall Transaction had occurred on January 1, 2015. The Pro Forma Financial Information is presented for informational purposes and is not necessarily indicative of the results of operations that would have been achieved if the acquisition had taken place on January 1, 2015. The Pro Forma Financial Information, for all periods presented, includes adjustments to convert Recall's historical results from International Financial Reporting Standards to GAAP, purchase accounting adjustments (including amortization expenses from acquired intangible assets, depreciation of acquired property, plant and equipment and amortization of favorable and unfavorable leases), stock-based compensation and related tax effects. Through June 30, 2016, we and Recall have collectively incurred $133,791 of operating expenditures to complete the Recall Transaction (including advisory and professional fees and costs to complete the Divestments required in connection with receipt of regulatory approval and to provide transitional services required to support the divested businesses during a transition period). These operating expenditures have been reflected within the results of operations in the Pro Forma Financial Information as if they were incurred on January 1, 2015. The costs we have incurred to integrate Recall with our existing operations, including moving, severance, facility upgrade, REIT conversion and system upgrade costs are reflected in the Pro Forma Financial Information in the period in which they were incurred.

(In Thousands, Except Share and Per Share Data)

(4) Acquisitions (Continued)

The Pro Forma Financial Information, for all periods presented, exclude from results from continuing operations the results of operations of the Initial United States Divestments, the Seattle/Atlanta Divestments, the Recall Canadian Divestments and the UK Divestments, as these businesses are presented as discontinued operations. The Australia Divestment Business and the Iron Mountain Canadian Divestments are included within the results from continuing operations in the Pro Forma Financial Information for all periods presented, as these businesses do not qualify for discontinued operations. The Australia Divestment Business and the Iron Mountain Canadian Divestments, collectively, represent $13,995 and $27,442 of total revenues and $557 and $1,551 of total income from continuing operations for the three and six months ended June 30, 2015, respectively, and $14,126 and $27,151 of total revenues and $218 and $755 of total income from continuing operations for the three and six months ended June 30, 2016, respectively.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2015	2016
Total Revenues	$951,707	$948,494	$1,883,588	$1,885,211
Income (Loss) from Continuing Operations	$64,920	$21,062	$(28,291)	$78,145
Per Share Income (Loss) from Continuing Operations - Basic	$0.25	$0.08	$(0.11)	$0.30
Per Share Income (Loss) from Continuing Operations - Diluted	$0.25	$0.08	$(0.11)	$0.30

The revenues included in our Consolidated Statements of Operations for the three and six months ended June 30, 2016 related to Recall are as follows:

	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
Storage Rental	$68,650	$68,650
Service	52,140	52,140
Total Revenues	$120,790	$120,790

The amount of earnings in our Consolidated Statements of Operations for the three and six months ended June 30, 2016 related to Recall is impracticable for us to determine. Subsequent to the closing of the Recall Transaction, we began integrating Recall and our existing operations in order to achieve operational synergies. As a result, the underlying costs of sales and selling, general and administrative expenses to support Recall's business are now integrated with the costs of sales and selling, general and administrative expenses that supported our business prior to the acquisition of Recall.

In addition to our acquisition of Recall, we completed certain other acquisitions during 2016. The unaudited pro forma results of operations (including revenue and earnings) for the current and prior periods reflecting these acquisitions and certain acquisitions in 2015 are not presented due to the insignificant impact of these acquisitions on our consolidated results of operations.

b. Other 2016 Acquisitions

In March 2016, we acquired a controlling interest in Docufile Holdings Proprietary Limited ("Docufile"), a storage and records management company with operations in South Africa, for approximately $15,000. The acquisition of Docufile represents our entrance into Africa.

In March 2016, in order to expand our presence in the Baltic region, we acquired the stock of Archyvu Sistemos, a storage and records management company with operations in Lithuania, Latvia and Estonia, for approximately $5,100.

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(4) Acquisitions (Continued)

A summary of the cumulative consideration paid and the preliminary allocation of the purchase price paid for all of our 2016 acquisitions is as follows:

	Recall	Other Fiscal 2016 Year Acquisitions (excluding Recall)	Total
Cash Paid (gross of cash acquired)(1)	$331,834	$ 22,241	$354,075
Fair Value of Common Stock Issued	1,835,026	—	1,835,026
Fair Value of Noncontrolling Interests	—	3,506	3,506
Total Consideration	2,166,860	25,747	2,192,607
Fair Value of Identifiable Assets Acquired:			
Cash	76,773	567	77,340
Accounts Receivable and Prepaid Expenses	207,516	2,677	210,193
Fair Value of Divestments(2)	127,111	—	127,111
Other Assets	45,139	541	45,680
Property, Plant and Equipment(3)	708,439	8,565	717,004
Customer Relationship Intangible Assets(4)	730,056	10,614	740,670
Debt Assumed	(789,567)	—	(789,567)
Accounts Payable, Accrued Expenses and Other Liabilities	(257,698)	(8,338)	(266,036)
Deferred Income Taxes	(192,515)	(2,860)	(195,375)
Total Fair Value of Identifiable Net Assets Acquired	655,254	11,766	667,020
Goodwill Initially Recorded(5)	$1,511,606	$ 13,981	$1,525,587

(1) Included in cash paid for acquisitions in the Consolidated Statement of Cash Flows for the six months ended June 30, 2016 is net cash acquired of $77,340 and cash received of $182 related to acquisitions made in previous years.

(2) Represents the fair value, less costs to sell, of the Initial United States Divestments, the Seattle/Atlanta Divestments, the Recall Canadian Divestments and the UK Divestments.

(3) Consists primarily of buildings, racking structures, leasehold improvements and computer hardware and software. These assets are depreciated using the straight-line method with the useful lives as noted in Note 2.f. to Notes to Consolidated Financial Statements included in our Annual Report.

(4) The weighted average lives of customer relationship intangible assets associated with acquisitions in 2016 was 14 years, primarily related to the customer relationship intangible assets associated with the Recall Transaction.

(5) The goodwill associated with Recall is primarily attributable to the assembled workforce, expanded market opportunities and costs and other operating synergies anticipated upon the integration of the operations of us and Recall.

Allocations of the purchase price paid for acquisitions made in 2016 were based on estimates of the fair value of net assets acquired and are subject to adjustment as additional information becomes available to us. The purchase price allocations of these 2016 acquisitions are subject to finalization of the assessment of the fair value of intangible assets (primarily customer relationship intangible assets and trademarks), property, plant and equipment (primarily building and racking structures), operating leases, contingent consideration related to the Initial United States Divestments, contingencies and income taxes (primarily deferred income taxes).

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(5) Debt

Long-term debt is as follows:

	December 31, 2015			
	Debt	Unamortized Deferred Financing Costs	Carrying Amount	Fair Value
Revolving Credit Facility(1)	$784,438	$ (9,410)	$775,028	$784,438
Term Loan(1)	243,750	—	243,750	243,750
6% Senior Notes due 2020 (the "6% Notes due 2020")(2)(3)(4)	1,000,000	(16,124)	983,876	1,052,500
$6^{1}/_{8}$% CAD Senior Notes due 2021 (the "CAD Notes")(2)(5)	144,190	(1,924)	142,266	147,074
$6^{1}/_{8}$% GBP Senior Notes due 2022 (the "GBP Notes")(2)(4)(6)	592,140	(8,757)	583,383	606,944
6% Senior Notes due 2023 (the "6% Notes due 2023")(2)(3)	600,000	(8,420)	591,580	618,000
$5^{3}/_{4}$% Senior Subordinated Notes due 2024 (the "$5^{3}/_{4}$% Notes")(2)(3)	1,000,000	(11,902)	988,098	961,200
Real Estate Mortgages, Capital Leases and Other(7)	333,559	(1,070)	332,489	333,559
Accounts Receivable Securitization Program(8)	205,900	(692)	205,208	205,900
Total Long-term Debt	4,903,977	(58,299)	4,845,678	
Less Current Portion	(88,068)	—	(88,068)	
Long-term Debt, Net of Current Portion	$4,815,909	$ (58,299)	$4,757,610	

	June 30, 2016			
	Debt	Unamortized Deferred Financing Costs	Carrying Amount	Fair Value
Revolving Credit Facility(1)	$1,350,534	$ (9,122)	$1,341,412	$1,350,534
Term Loan(1)	237,500	—	237,500	237,500
6% Notes due 2020(2)(3)(4)	1,000,000	(14,427)	985,573	1,052,500
CAD Notes(2)(5)	154,353	(1,878)	152,475	158,598
$4^{3}/_{8}$% Senior Notes due 2021 (the "$4^{3}/_{8}$% Notes")(2)(3)(4)	500,000	(7,897)	492,103	501,875
GBP Notes(2)(4)(6)	535,664	(7,332)	528,332	535,664
6% Notes due 2023(2)(3)	600,000	(7,871)	592,129	632,250
$5^{3}/_{4}$% Notes(2)(3)	1,000,000	(11,216)	988,784	1,006,250
$5^{3}/_{8}$% Senior Notes due 2026 (the "$5^{3}/_{8}$% Notes")(2)(4)(9)	250,000	(3,978)	246,022	243,125
Real Estate Mortgages, Capital Leases and Other(7)	435,775	(1,300)	434,475	435,775
Accounts Receivable Securitization Program(8)	217,300	(538)	216,762	217,300
Total Long-term Debt	6,281,126	(65,559)	6,215,567	
Less Current Portion	(112,509)	—	(112,509)	
Long-term Debt, Net of Current Portion	$6,168,617	$ (65,559)	$6,103,058	

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(5) Debt (Continued)

(1) The capital stock or other equity interests of most of our United States subsidiaries, and up to 66% of the capital stock or other equity interests of most of our first-tier foreign subsidiaries, are pledged to secure these debt instruments, together with all intercompany obligations (including promissory notes) of subsidiaries owed to us or to one of our United States subsidiary guarantors. In addition, Iron Mountain Canada Operations ULC ("Canada Company") has pledged 66% of the capital stock of its subsidiaries, and all intercompany obligations (including promissory notes) owed to or held by it, to secure the Canadian dollar subfacility under the Revolving Credit Facility (defined below). The fair value (Level 3 of fair value hierarchy described at Note 2.g.) of these debt instruments approximates the carrying value (as borrowings under these debt instruments are based on current variable market interest rates (plus a margin that is subject to change based on our consolidated leverage ratio)), as of December 31, 2015 and June 30, 2016, respectively.

(2) The fair values (Level 1 of fair value hierarchy described at Note 2.g.) of these debt instruments are based on quoted market prices for these notes on December 31, 2015 and June 30, 2016, respectively.

(3) Collectively, the "Parent Notes." IMI is the direct obligor on the Parent Notes, which are fully and unconditionally guaranteed, on a senior or senior subordinated basis, as the case may be, by its direct and indirect 100% owned United States subsidiaries that represent the substantial majority of our United States operations (the "Guarantors"). These guarantees are joint and several obligations of the Guarantors. Canada Company, Iron Mountain Europe PLC ("IME"), the Special Purpose Subsidiaries (as defined below) and the remainder of our subsidiaries do not guarantee the Parent Notes. See Note 6.

(4) The 6% Notes due 2020, the $4^3/_8$% Notes, the GBP Notes and the $5^3/_8$% Notes (collectively, the "Unregistered Notes") have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any other jurisdiction. Unless they are registered, the Unregistered Notes may be offered only in transactions that are exempt from registration under the Securities Act or the securities laws of any other jurisdiction.

(5) Canada Company is the direct obligor on the CAD Notes, which are fully and unconditionally guaranteed, on a senior basis, by IMI and the Guarantors. These guarantees are joint and several obligations of IMI and the Guarantors. See Note 6.

(6) IME is the direct obligor on the GBP Notes, which are fully and unconditionally guaranteed, on a senior basis, by IMI and the Guarantors. These guarantees are joint and several obligations of IMI and the Guarantors. See Note 6.

(7) We believe the fair value (Level 3 of fair value hierarchy described at Note 2.g.) of this debt approximates its carrying value.

(8) The Special Purpose Subsidiaries are the obligors under this program. We believe the fair value (Level 3 of fair value hierarchy described at Note 2.g.) of this debt approximates its carrying value.

(9) Iron Mountain US Holdings, Inc. ("IM US Holdings"), a 100% owned subsidiary of IMI and one of the Guarantors, is the direct obligor on the $5^3/_8$% Notes, which are fully and unconditionally guaranteed, on a senior basis, by IMI and the other Guarantors. These guarantees are joint and several obligations of IMI and the Guarantors. See Note 6.

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a. Credit Agreement

On July 2, 2015, we entered into a new credit agreement (the "Credit Agreement") to refinance our then existing credit agreement which consisted of a revolving credit facility (the "Former Revolving Credit Facility") and a term loan and was scheduled to terminate on June 27, 2016. The Credit Agreement consists of a revolving credit facility (the "Revolving Credit Facility") and a term loan (the "Term Loan").

On June 24, 2016, Iron Mountain Information Management, LLC (“IMIM”) entered into a commitment increase supplement (the “Commitment Increase Supplement”), pursuant to which we increased the maximum amount permitted to be borrowed under the Revolving Credit Facility from $1,500,000 to $1,750,000. After entering into the Commitment Increase Supplement, the maximum amount available for borrowing under the Credit Agreement is $2,000,000 (consisting of a Revolving Credit Facility of $1,750,000 and a Term Loan of $250,000). We continue to have the option to request additional commitments of up to $250,000, in the form of term loans or through increased commitments under the Revolving Credit Facility, subject to the conditions specified in the Credit Agreement.

The Revolving Credit Facility is supported by a group of 25 banks and enables IMI and certain of its United States and foreign subsidiaries to borrow in United States dollars and (subject to sublimits) a variety of other currencies (including Canadian dollars, British pounds sterling, Euros and Australian dollars, among other currencies) in an aggregate outstanding amount not to exceed $1,750,000. The Term Loan is to be paid in quarterly installments in an amount equal to $3,125 per quarter, with the remaining balance due on July 3, 2019. The Credit Agreement terminates on July 6, 2019, at which point all obligations become due, but may be extended by one year at our option, subject to the conditions set forth in the Credit Agreement. Borrowings under the Credit Agreement may be prepaid without penalty or premium, in whole or in part, at any time.

IMI and the Guarantors guarantee all obligations under the Credit Agreement. The interest rate on borrowings under the Credit Agreement varies depending on our choice of interest rate and currency options, plus an applicable margin, which varies based on our consolidated leverage ratio. Additionally, the Credit Agreement requires the payment of a commitment fee on the unused portion of the Revolving Credit Facility, which fee ranges from between 0.25% to 0.4% based on our consolidated leverage ratio and fees associated with outstanding letters of credit. As of June 30, 2016, we had $1,350,534 and $237,500 of outstanding borrowings under the Revolving Credit Facility and the Term Loan, respectively. Of the $1,350,534 of outstanding borrowings under the Revolving Credit Facility, $671,200 was denominated in United States dollars, 166,000 was denominated in Canadian dollars, 263,850 was denominated in Euros and 347,000 was denominated in Australian dollars. In addition, we also had various outstanding letters of credit totaling $58,163. The remaining amount available for borrowing under the Revolving Credit Facility as of June 30, 2016, based on IMI's leverage ratio, the last 12 months' earnings before interest, taxes, depreciation and amortization and rent expense ("EBITDAR"), other adjustments as defined in the Credit Agreement and current external debt, was $341,303 (which amount represents the maximum availability as of such date). The average interest rate in effect under the Credit Agreement was 2.7% as of June 30, 2016. The average interest rate in effect under the Revolving Credit Facility was 3.0% and ranged from 2.3% to 4.8% as of June 30, 2016 and the interest rate in effect under the Term Loan as of June 30, 2016 was 2.7%.

The Credit Agreement, our indentures and other agreements governing our indebtedness contain certain restrictive financial and operating covenants, including covenants that restrict our ability to complete acquisitions, pay cash dividends, incur indebtedness, make investments, sell assets and take certain other corporate actions. The covenants do not contain a rating trigger. Therefore, a change in our debt rating would not trigger a default under the Credit Agreement, our indentures or other agreements governing our indebtedness. The Credit Agreement uses EBITDAR-based calculations as the primary measures of financial performance, including leverage and fixed charge coverage ratios.

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(5) Debt (Continued)

Our leverage and fixed charge coverage ratios under the Credit Agreement as of December 31, 2015 and June 30, 2016, respectively, and our leverage ratio under our indentures as of December 31, 2015 and June 30, 2016, respectively, are as follows:

	December 31, 2015	June 30, 2016	Maximum/Minimum Allowable
Net total lease adjusted leverage ratio	5.6	5.8	Maximum allowable of 6.5
Net secured debt lease adjusted leverage ratio	2.6	2.9	Maximum allowable of 4.0
Bond leverage ratio (not lease adjusted)	5.5	5.4	Maximum allowable of 6.5
Fixed charge coverage ratio	2.4	2.6	Minimum allowable of 1.5

As noted in the table above, our maximum allowable net total lease adjusted leverage ratio under the Credit Agreement is 6.5. The Credit Agreement also contains a provision which limits, in certain circumstances, our dividends in any four consecutive fiscal quarters to 95% of Funds From Operations (as defined in the Credit Agreement) for such four fiscal quarters or, if greater, the amount that we would be required to pay in order to continue to be qualified for taxation as a REIT or to avoid the imposition of income or excise taxes on IMI. This limitation only is applicable when our net total lease adjusted leverage ratio exceeds 6.0 as measured as of the end of the most recently completed fiscal quarter.

Noncompliance with these leverage and fixed charge coverage ratios would have a material adverse effect on our financial condition and liquidity.

Commitment fees and letters of credit fees, which are based on the unused balances under the Former Revolving Credit Facility, the Revolving Credit Facility and the Accounts Receivable Securitization Program (as defined below) for the three and six months ended June 30, 2015 and 2016 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2016	2015	2016
Commitment fees and letters of credit fees	$991	$344	$1,858	$1,029

b. Bridge Facility

On April 19, 2016, in order to provide a portion of the financing necessary to close the Recall Transaction, we entered into a commitment letter with JPMorgan Chase Bank, N.A., as a lender and administrative agent, and the other lenders party thereto (the "Lenders"), pursuant to which the Lenders committed to provide us an unsecured bridge term loan facility of up to $850,000 (the "Bridge Facility"). On April 29, 2016, we entered into a bridge credit agreement (the “Bridge Credit Agreement”) with the Lenders and borrowed the full amount of the Bridge Facility. We used the proceeds from the Bridge Facility, together with borrowings under the Revolving Credit Facility, to finance a portion of the cost of the Recall Transaction, including refinancing Recall’s existing indebtedness and to pay costs we incurred in connection with the Recall Transaction.

On May 31, 2016, we used the proceeds from the issuance of the 4 % Notes and the 5 % Notes, together with cash on hand and borrowings under the Revolving Credit Facility, to repay the Bridge Facility, and effective May 31, 2016, we terminated the commitments of the lenders under the Bridge Credit Agreement. We recorded a charge to other expense (income), net of $9,283 during the second quarter of 2016 related to the early extinguishment of the Bridge Credit Agreement. This charge primarily consisted of the write-off of unamortized deferred financing costs.

c. Issuance of $4^3/_8$% Notes and $5^3/_8$% Notes

In May 2016, IMI completed a private offering of $500,000 in aggregate principal amount of the $4^3/_8$% Notes and IM US Holdings completed a private offering of $250,000 in aggregate principal amount of the $5^3/_8$% Notes. The $4^3/_8$% Notes and $5^3/_8$% Notes were issued at par. The aggregate net proceeds of $738,750 from the $4^3/_8$% Notes and $5^3/_8$% Notes, after paying the initial purchasers' commissions, were used, together with cash on hand and borrowings under the Revolving Credit Facility, for the repayment of all outstanding borrowings under the Bridge Credit Agreement.

d. Accounts Receivable Securitization Program

In March 2015, we entered into a $250,000 accounts receivable securitization program (the "Accounts Receivable Securitization Program") involving several of our wholly owned subsidiaries and certain financial institutions. Under the Accounts Receivable Securitization Program, certain of our subsidiaries sell substantially all of their United States accounts receivable balances to our wholly owned special purpose entities, Iron Mountain Receivables QRS, LLC and Iron Mountain Receivables TRS, LLC (the "Special Purpose Subsidiaries"). The Special Purpose Subsidiaries use the accounts receivable balances to collateralize loans obtained from certain financial institutions. The Special Purpose Subsidiaries are consolidated subsidiaries of IMI. The Accounts Receivable Securitization Program is accounted for as a collateralized financing activity, rather than a sale of assets, and therefore: (i) accounts receivable balances pledged as collateral are presented as assets and borrowings are presented as liabilities on our Consolidated Balance Sheets, (ii) our Consolidated Statements of Operations reflect the associated charges for bad debt expense related to pledged accounts receivable (a component of selling, general and administrative expenses) and reductions to revenue due to billing and service related credit memos issued to customers and related reserves, as well as interest expense associated with the collateralized borrowings, and (iii) receipts from customers related to the underlying accounts receivable are reflected as operating cash flows and borrowings and repayments under the collateralized loans are reflected as financing cash flows within our Consolidated Statements of Cash Flows. IMIM retains the responsibility of servicing the accounts receivable balances pledged as collateral in this transaction and IMI provides a performance guaranty. The Accounts Receivable Securitization Program terminates on March 6, 2018, at which point all obligations become due. The maximum availability allowed is limited by eligible accounts receivable, as defined under the terms of the Accounts Receivable Securitization Program. As of June 30, 2016, the maximum availability allowed and amount outstanding under the Accounts Receivable Securitization Program was $217,300. The interest rate in effect under the Accounts Receivable Securitization Program was 1.4% as of June 30, 2016. Commitment fees at a rate of 40 basis points are charged on amounts made available but not borrowed under the Accounts Receivable Securitization Program.

e. Cash Pooling

Subsequent to the closing of the Recall Transaction, certain of our international subsidiaries began participating in a cash pooling arrangement (the “Cash Pool”) with Bank Mendes Gans (“BMG”) in order to help manage global liquidity requirements. The Cash Pool allows participating subsidiaries to borrow funds from BMG against amounts held on deposit with BMG by other participating subsidiaries. The Cash Pool has a legal right of offset and, therefore, amounts are presented in our Consolidated Balance Sheet on a net basis. Each subsidiary receives interest on the cash balances held on deposit or pays interest on the amounts owed based on an applicable rate as defined in the Cash Pool agreement. At June 30, 2016, we had a net cash position of approximately $6,500 (consisting of a gross cash position of approximately $46,400 less outstanding borrowings of approximately $39,900 by participating subsidiaries), which is reflected as cash and cash equivalents in the Consolidated Balance Sheet.

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The following data summarizes the consolidating results of IMI on the equity method of accounting as of December 31, 2015 and June 30, 2016 and for the three and six months ended June 30, 2015 and 2016 and are prepared on the same basis as the consolidated financial statements.

The Parent Notes, CAD Notes, GBP Notes and $5^3/_8$% Notes are guaranteed by the subsidiaries referred to below as the Guarantors. These subsidiaries are 100% owned by IMI. The guarantees are full and unconditional, as well as joint and several.

Additionally, IMI guarantees the CAD Notes, which were issued by Canada Company, the GBP Notes, which were issued by IME, and the $5^3/_8$% Notes, which were issued by IM US Holdings. Canada Company and IME do not guarantee the Parent Notes. The subsidiaries that do not guarantee the Parent Notes, the CAD Notes, the GBP Notes and the $5^3/_8$% Notes, including IME and the Special Purpose Subsidiaries but excluding Canada Company, are referred to below as the Non-Guarantors.

In the normal course of business, we periodically change the ownership structure of our subsidiaries to meet the requirements of our business. In the event of such changes, we recast the prior period financial information within this footnote to conform to the current period presentation in the period such changes occur. Generally, these changes do not alter the designation of the underlying subsidiaries as Guarantors or Non-Guarantors. However, they may change whether the underlying subsidiary is owned by the Parent, a Guarantor, Canada Company or a Non-Guarantor. If such a change occurs, the amount of investment in subsidiaries in the below Consolidated Balance Sheets and equity in the earnings (losses) of subsidiaries, net of tax in the below Consolidated Statements of Operations and Comprehensive (Loss) Income with respect to the relevant Parent, Guarantors, Canada Company, Non-Guarantors and Eliminations columns also would change.

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CONSOLIDATED BALANCE SHEETS

	December 31, 2015					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Assets						
Current Assets:						
Cash and cash equivalents	$151	$6,472	$13,182	$108,576	$—	$128,381
Accounts receivable	—	14,069	30,428	519,904	—	564,401
Intercompany receivable	—	1,038,141	—	—	(1,038,141)	—
Other current assets	898	106,670	2,305	55,286	(29)	165,130
Total Current Assets	1,049	1,165,352	45,915	683,766	(1,038,170)	857,912
Property, Plant and Equipment, Net	661	1,600,886	137,100	758,511	—	2,497,158
Other Assets, Net:						
Long-term notes receivable from affiliates and intercompany receivable	3,255,049	1,869	—	—	(3,256,918)	—
Investment in subsidiaries	797,666	459,429	27,731	2,862	(1,287,688)	—
Goodwill	—	1,618,593	152,975	589,410	—	2,360,978
Other	623	392,987	22,637	218,292	—	634,539
Total Other Assets, Net	4,053,338	2,472,878	203,343	810,564	(4,544,606)	2,995,517
Total Assets	$4,055,048	$5,239,116	$386,358	$2,252,841	$(5,582,776)	$6,350,587
Liabilities and Equity						
Intercompany Payable	$879,649	$—	$5,892	$152,600	$(1,038,141)	$—
Current Portion of Long-Term Debt	—	41,159	—	46,938	(29)	88,068
Total Other Current Liabilities	56,740	454,924	26,804	215,295	—	753,763
Long-Term Debt, Net of Current Portion	2,608,818	674,190	284,798	1,189,804	—	4,757,610
Long-Term Notes Payable to Affiliates and Intercompany Payable	1,000	3,255,049	869	—	(3,256,918)	—
Other Long-term Liabilities	—	115,950	37,402	69,187	—	222,539
Commitments and Contingencies (See Note 8)						
Total Iron Mountain Incorporated Stockholders' Equity	508,841	697,844	30,593	559,251	(1,287,688)	508,841
Noncontrolling Interests	—	—	—	19,766	—	19,766
Total Equity	508,841	697,844	30,593	579,017	(1,287,688)	528,607
Total Liabilities and Equity	$4,055,048	$5,239,116	$386,358	$2,252,841	$(5,582,776)	$6,350,587

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CONSOLIDATED BALANCE SHEETS (Continued)

	June 30, 2016					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Assets						
Current Assets:						
Cash and cash equivalents	$402	$11,026	$3,316	$222,245	$—	$236,989
Accounts receivable	—	62,157	37,479	610,890	—	710,526
Intercompany receivable	878,096	351,042	—	—	(1,229,138)	—
Other current assets	—	168,098	5,952	23,866	(29)	197,887
Assets held for sale (see Note 10)	—	23,118	25,294	95,556	—	143,968
Total Current Assets	878,498	615,441	72,041	952,557	(1,229,167)	1,289,370
Property, Plant and Equipment, Net	572	1,785,370	159,880	1,250,426	—	3,196,248
Other Assets, Net:						
Long-term notes receivable from affiliates and intercompany receivable	3,609,376	1,000	—	—	(3,610,376)	—
Investment in subsidiaries	882,989	554,230	34,442	141,392	(1,613,053)	—
Goodwill	—	2,445,469	235,715	1,158,906	—	3,840,090
Other	—	787,825	55,886	571,635	—	1,415,346
Total Other Assets, Net	4,492,365	3,788,524	326,043	1,871,933	(5,223,429)	5,255,436
Total Assets	$5,371,435	$6,189,335	$557,964	$4,074,916	$(6,452,596)	$9,741,054
Liabilities and Equity						
Intercompany Payable	$—	$—	$1,389	$1,227,749	$(1,229,138)	$—
Current Portion of Long-Term Debt	—	45,458	—	67,080	(29)	112,509
Total Other Current Liabilities	57,457	461,102	33,895	295,432	—	847,886
Liabilities held for sale (see Note 10)	—	—	—	21,634	—	21,634
Long-Term Debt, Net of Current Portion	3,091,903	1,119,548	286,547	1,605,060	—	6,103,058
Long-Term Notes Payable to Affiliates and Intercompany Payable	1,000	3,609,376	—	—	(3,610,376)	—
Other Long-term Liabilities	—	162,073	60,299	187,565	—	409,937
Commitments and Contingencies (See Note 8)						
Total Iron Mountain Incorporated Stockholders' Equity	2,221,075	791,778	175,834	645,441	(1,613,053)	2,221,075
Noncontrolling Interests	—	—	—	24,955	—	24,955
Total Equity	2,221,075	791,778	175,834	670,396	(1,613,053)	2,246,030
Total Liabilities and Equity	$5,371,435	$6,189,335	$557,964	$4,074,916	$(6,452,596)	$9,741,054

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CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Three Months Ended June 30, 2015					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Storage rental	$—	$305,913	$30,804	$124,492	$—	$ 461,209
Service	—	189,268	16,108	93,149	—	298,525
Intercompany service	—	1,055	—	22,126	(23,181)	—
Total Revenues	—	496,236	46,912	239,767	(23,181)	759,734
Operating Expenses:						
Cost of sales (excluding depreciation and amortization)	—	196,080	6,642	123,561	—	326,283
Selling, general and administrative	24	149,051	3,795	63,015	—	215,885
Intercompany service charges	—	6,400	15,726	1,055	(23,181)	—
Depreciation and amortization	45	56,360	3,165	27,979	—	87,549
Loss (Gain) on disposal/write-down of property, plant and equipment (excluding real estate), net	—	440	—	75	—	515
Total Operating Expenses	69	408,331	29,328	215,685	(23,181)	630,232
Operating (Loss) Income	(69)	87,905	17,584	24,082	—	129,502
Interest Expense (Income), Net	39,222	(6,415)	8,342	24,938	—	66,087
Other Expense (Income), Net	1,127	3,139	(10)	(2,252)	—	2,004
(Loss) Income from Continuing Operations Before (Benefit) Provision for Income Taxes	(40,418)	91,181	9,252	1,396	—	61,411
(Benefit) Provision for Income Taxes	—	(1,037)	4,796	3,645	—	7,404
Equity in the (Earnings) Losses of Subsidiaries, Net of Tax	(93,748)	(643)	(874)	(4,456)	99,721	—
Net Income (Loss)	53,330	92,861	5,330	2,207	(99,721)	54,007
Less: Net Income (Loss) Attributable to Noncontrolling Interests	—	—	—	677	—	677
Net Income (Loss) Attributable to Iron Mountain Incorporated	$53,330	$92,861	$5,330	$1,530	$(99,721)	$ 53,330
Net Income (Loss)	$53,330	$92,861	$5,330	$2,207	$(99,721)	$ 54,007
Other Comprehensive Income (Loss):						
Foreign Currency Translation Adjustments	(1,464)	—	1,037	1,427	—	1,000
Equity in Other Comprehensive Income (Loss) of Subsidiaries	2,796	2,907	1,542	1,037	(8,282)	—
Total Other Comprehensive Income (Loss)	1,332	2,907	2,579	2,464	(8,282)	1,000
Comprehensive Income (Loss)	54,662	95,768	7,909	4,671	(108,003)	55,007
Comprehensive Income (Loss) Attributable to Noncontrolling Interests	—	—	—	345	—	345
Comprehensive Income (Loss) Attributable to Iron Mountain Incorporated	$54,662	$95,768	$7,909	$4,326	$(108,003)	$ 54,662

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CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (Continued)

	Three Months Ended June 30, 2016					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Storage rental	$—	$329,672	$32,331	$176,679	$—	$538,682
Service	—	199,349	16,907	128,810	—	345,066
Intercompany service	—	1,013	—	19,903	(20,916)	—
Total Revenues	—	530,034	49,238	325,392	(20,916)	883,748
Operating Expenses:						
Cost of sales (excluding depreciation and amortization)	—	216,871	6,929	171,849	—	395,649
Selling, general and administrative	521	191,193	4,595	80,768	—	277,077
Intercompany service charges	—	3,809	16,094	1,013	(20,916)	—
Depreciation and amortization	44	67,666	3,962	43,350	—	115,022
(Gain) Loss on disposal/write-down of property, plant and equipment (excluding real estate), net	—	(839)	—	213	—	(626)
Total Operating Expenses	565	478,700	31,580	297,193	(20,916)	787,122
Operating (Loss) Income	(565)	51,334	17,658	28,199	—	96,626
Interest Expense (Income), Net	28,069	(6,064)	11,348	41,513	—	74,866
Other Expense (Income), Net	50,845	761	64	(26,029)	—	25,641
(Loss) Income from Continuing Operations Before Provision (Benefit) for Income Taxes	(79,479)	56,637	6,246	12,715	—	(3,881)
Provision (Benefit) for Income Taxes	—	7,813	2,174	852	—	10,839
Equity in the (Earnings) Losses of Subsidiaries, Net of Tax	(65,511)	(31,766)	(1,315)	(4,707)	103,299	—
(Loss) Income from Continuing Operations	(13,968)	80,590	5,387	16,570	(103,299)	(14,720)
Income (Loss) from Discontinued Operations	—	890	635	62	—	1,587
Net (Loss) Income	(13,968)	81,480	6,022	16,632	(103,299)	(13,133)
Less: Net Income (Loss) Attributable to Noncontrolling Interests	—	—	—	835	—	835
Net (Loss) Income Attributable to Iron Mountain Incorporated	$(13,968)	$81,480	$6,022	$15,797	$(103,299)	$(13,968)
Net (Loss) Income	$(13,968)	$81,480	$6,022	$16,632	$(103,299)	$(13,133)
Other Comprehensive Income (Loss):						
Foreign Currency Translation Adjustments	754	—	(4,894)	6,929	—	2,789
Equity in Other Comprehensive Income (Loss) of Subsidiaries	2,117	(2,569)	(48)	(4,894)	5,394	—
Total Other Comprehensive Income (Loss)	2,871	(2,569)	(4,942)	2,035	5,394	2,789
Comprehensive (Loss) Income	(11,097)	78,911	1,080	18,667	(97,905)	(10,344)
Comprehensive Income (Loss) Attributable to Noncontrolling Interests	—	—	—	753	—	753

Comprehensive (Loss) Income Attributable to Iron Mountain Incorporated	$(11,097)	$78,911	$1,080	$17,914	$(97,905)	$(11,097)

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CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (Continued)

	Six Months Ended June 30, 2015					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Storage rental	$—	$610,505	$61,672	$247,904	$—	$920,081
Service	—	370,133	32,665	186,141	—	588,939
Intercompany service	—	1,407	—	38,545	(39,952)	—
Total Revenues	—	982,045	94,337	472,590	(39,952)	1,509,020
Operating Expenses:						
Cost of sales (excluding depreciation and amortization)	—	392,741	13,807	241,389	—	647,937
Selling, general and administrative	97	281,243	7,962	122,997	—	412,299
Intercompany service charges	—	6,400	32,145	1,407	(39,952)	—
Depreciation and amortization	91	111,763	6,217	55,429	—	173,500
Loss (Gain) on disposal/write-down of property, plant and equipment (excluding real estate), net	—	762	—	86	—	848
Total Operating Expenses	188	792,909	60,131	421,308	(39,952)	1,234,584
Operating (Loss) Income	(188)	189,136	34,206	51,282	—	274,436
Interest Expense (Income), Net	78,392	(13,092)	16,545	49,140	—	130,985
Other (Income) Expense, Net	(911)	4,522	(137)	20,879	—	24,353
(Loss) Income from Continuing Operations Before Provision (Benefit) for Income Taxes	(77,669)	197,706	17,798	(18,737)	—	119,098
Provision (Benefit) for Income Taxes	—	8,665	7,859	6,828	—	23,352
Equity in the (Earnings) Losses of Subsidiaries, Net of Tax	(172,095)	18,097	(1,933)	(9,939)	165,870	—
Net Income (Loss)	94,426	170,944	11,872	(15,626)	(165,870)	95,746
Less: Net Income (Loss) Attributable to Noncontrolling Interests	—	—	—	1,320	—	1,320
Net Income (Loss) Attributable to Iron Mountain Incorporated	$94,426	$170,944	$11,872	$(16,946)	$(165,870)	$94,426
Net Income (Loss)	$94,426	$170,944	$11,872	$(15,626)	$(165,870)	$95,746
Other Comprehensive (Loss) Income:						
Foreign Currency Translation Adjustments	3,466	—	(6,903)	(51,738)	—	(55,175)
Market Value Adjustments for Securities	—	23	—	—	—	23
Equity in Other Comprehensive (Loss) Income of Subsidiaries	(58,185)	(57,989)	(1,465)	(6,903)	124,542	—
Total Other Comprehensive (Loss) Income	(54,719)	(57,966)	(8,368)	(58,641)	124,542	(55,152)
Comprehensive Income (Loss)	39,707	112,978	3,504	(74,267)	(41,328)	40,594
Comprehensive Income (Loss) Attributable to Noncontrolling Interests	—	—	—	887	—	887
	$39,707	$112,978	$3,504	$(75,154)	$(41,328)	$39,707

Comprehensive Income (Loss) Attributable to
Iron Mountain Incorporated

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IRON MOUNTAIN INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In Thousands, Except Share and Per Share Data)
(Unaudited)
(6) Selected Consolidated Financial Statements of Parent, Guarantors, Canada Company and Non-Guarantors (Continued)

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (Continued)

	Six Months Ended June 30, 2016					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Storage rental	$—	$638,669	$59,936	$301,288	$—	$999,893
Service	—	384,656	31,549	218,340	—	634,545
Intercompany service	—	2,026	—	37,248	(39,274)	—
Total Revenues	—	1,025,351	91,485	556,876	(39,274)	1,634,438
Operating Expenses:						
Cost of sales (excluding depreciation and amortization)	—	419,409	13,719	288,626	—	721,754
Selling, general and administrative	593	339,826	7,968	136,456	—	484,843
Intercompany service charges	—	7,163	30,085	2,026	(39,274)	—
Depreciation and amortization	89	123,919	7,041	71,177	—	202,226
(Gain) Loss on disposal/write-down of property, plant and equipment (excluding real estate), net	—	(1,409)	6	326	—	(1,077)
Total Operating Expenses	682	888,908	58,819	498,611	(39,274)	1,407,746
Operating (Loss) Income	(682)	136,443	32,666	58,265	—	226,692
Interest Expense (Income), Net	68,053	(14,594)	21,382	67,087	—	141,928
Other Expense (Income), Net	51,731	4,243	44	(42,314)	—	13,704
(Loss) Income from Continuing Operations Before Provision (Benefit) for Income Taxes	(120,466)	146,794	11,240	33,492	—	71,060
Provision (Benefit) for Income Taxes	—	16,673	4,040	2,026	—	22,739
Equity in the (Earnings) Losses of Subsidiaries, Net of Tax	(169,272)	(54,696)	(2,686)	(7,835)	234,489	—
Income (Loss) from Continuing Operations	48,806	184,817	9,886	39,301	(234,489)	48,321
Income (Loss) from Discontinued Operations	—	890	635	62	—	1,587
Net Income (Loss)	48,806	185,707	10,521	39,363	(234,489)	49,908
Less: Net Income (Loss) Attributable to Noncontrolling Interests	—	—	—	1,102	—	1,102
Net Income (Loss) Attributable to Iron Mountain Incorporated	$48,806	$185,707	$10,521	$38,261	$(234,489)	$48,806
Net Income (Loss)	$48,806	$185,707	$10,521	$39,363	$(234,489)	$49,908
Other Comprehensive Income (Loss):						
Foreign Currency Translation Adjustments	(588)	—	(3,105)	30,460	—	26,767
Market Value Adjustments for Securities	—	(734)	—	—	—	(734)
Equity in Other Comprehensive Income (Loss) of Subsidiaries	26,216	21,530	613	(3,105)	(45,254)	—
Total Other Comprehensive Income (Loss)	25,628	20,796	(2,492)	27,355	(45,254)	26,033
Comprehensive Income (Loss)	74,434	206,503	8,029	66,718	(279,743)	75,941
	—	—	—	1,507	—	1,507

Comprehensive Income (Loss) Attributable to Noncontrolling Interests						
Comprehensive Income (Loss) Attributable to Iron Mountain Incorporated	$74,434	$206,503	$8,029	$65,211	$(279,743)	$74,434

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IRON MOUNTAIN INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In Thousands, Except Share and Per Share Data)
(Unaudited)
(6) Selected Consolidated Financial Statements of Parent, Guarantors, Canada Company and Non-Guarantors (Continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2015					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Cash Flows from Operating Activities:						
Cash Flows from Operating Activities	$(77,187)	$203,751	$13,218	$39,956	$ —	$179,738
Cash Flows from Investing Activities:						
Capital expenditures	—	(86,883)	(8,914)	(43,559)	—	(139,356)
Cash paid for acquisitions, net of cash acquired	—	(5,736)	(5,399)	(10,579)	—	(21,714)
Intercompany loans to subsidiaries	245,945	172,666	—	—	(418,611)	—
Investment in subsidiaries	(10,000)	(10,000)	—	—	20,000	—
Decrease in restricted cash	33,860	—	—			