IRON MOUNTAIN INC
Form 10-K
February 28, 2012

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended December 31, 2011

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)	(I.R.S. Employer Identification No.)
745 Atlantic Avenue, Boston, Massachusetts	**02111**
(Address of principal executive offices)	(Zip Code)

617-535-4766
(Registrant's telephone number, including area code)

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

Title of Each Class	Name of Exchange on Which Registered
Common Stock, $.01 par value per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No o

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

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

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

Large accelerated filer ý	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

As of June 30, 2011, the aggregate market value of the Common Stock of the registrant held by non-affiliates of the registrant was $6,038,510,230.13 based on the closing price on the New York Stock Exchange on such date.

Number of shares of the registrant's Common Stock at February 10, 2012: 171,087,289

IRON MOUNTAIN INCORPORATED
2011 FORM 10-K ANNUAL REPORT

Table of Contents

Table of Contents

References in this Annual Report on Form 10-K to "the Company," "Iron Mountain," "we," "us" or "our" include Iron Mountain Incorporated and its consolidated subsidiaries, unless the context indicates otherwise.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required in Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K is incorporated by reference from our definitive Proxy Statement for our 2012 Annual Meeting of Stockholders (our "Proxy Statement") to be filed with the Securities and Exchange Commission within 120 days after the close of the fiscal year ended December 31, 2011.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements in this Annual Report on Form 10-K that constitute "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements concern our operations, economic performance, financial condition, goals, beliefs, future growth strategies, investment objectives, plans and current expectations, such as our (1) expected increase in our Adjusted OIBDA margins in our International Business segment, (2) commitment to stockholder payouts and dividend payments, (3) expected target leverage ratio, and (4) expected divestiture of the Italian Business. The forward-looking statements are subject to various known and unknown risks, uncertainties and other factors. When we use words such as "believes," "expects," "anticipates," "estimates" or similar expressions, we are making forward-looking statements.

Although we believe that our forward-looking statements are based on reasonable assumptions, our expected results may not be achieved, and actual results may differ materially from our expectations. Important factors that could cause actual results to differ from expectations include, among others:

- the cost to comply with current and future laws, regulations and customer demands relating to privacy issues;
- the impact of litigation or disputes that may arise in connection with incidents in which we fail to protect our customers' information;
- changes in the price for our services relative to the cost of providing such services;
- changes in customer preferences and demand for our services;
- the adoption of alternative technologies and shifts by our customers to storage of data through non-paper based technologies;
- the cost or potential liabilities associated with real estate necessary for our business;
- the performance of business partners upon whom we depend for technical assistance or management expertise outside the U.S.;
- changes in the political and economic environments in the countries in which our international subsidiaries operate;
- the failure to consummate a successful sale of the Italian Business;

claims that our technology violates the intellectual property rights of a third party;

the impact of legal restrictions or limitations under stock repurchase plans on price, volume or timing of stock repurchases;

the impact of alternative, more attractive investments on dividends or stock repurchases;

- our ability or inability to complete acquisitions on satisfactory terms and to integrate acquired companies efficiently; and

- other trends in competitive or economic conditions affecting our financial condition or results of operations not presently contemplated.

Other risks may adversely impact us, as described more fully under "Item 1A. Risk Factors."

You should not rely upon forward-looking statements except as statements of our present intentions and of our present expectations, which may or may not occur. You should read these cautionary statements as being applicable to all forward-looking statements wherever they appear. Except as required by law, we undertake no obligation to release publicly the result of any revision to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are also urged to carefully review and consider the various disclosures we have made in this document, as well as our other periodic reports filed with the Securities and Exchange Commission (the "Commission" or "SEC").

Table of Contents

PART I

Item 1. Business.

A. Development of Business.

We provide information management services that help organizations around the world lower the costs, risks and inefficiencies of managing their physical and digital data. Our solutions enable customers to protect and better use their information regardless of its format, location or lifecycle stage so they can optimize their business and ensure proper recovery, compliance and discovery. We offer comprehensive records management services, data protection & recovery services and information destruction services, along with the expertise and experience to address complex information management challenges such as rising storage costs, litigation, regulatory compliance and disaster recovery. Founded in an underground facility near Hudson, New York in 1951, Iron Mountain Incorporated, a Delaware corporation, is a trusted partner to more than 155,000 clients throughout North America, Europe, Latin America and Asia Pacific. We have a diversified customer base comprised of commercial, legal, banking, healthcare, accounting, insurance, entertainment and government organizations, including more than 94% of the Fortune 1000. As of December 31, 2011, we provided services in more than 35 countries on five continents, employed over 17,000 people and operated more than 975 facilities.

Now in our 61st year, we have experienced tremendous growth, particularly since successfully completing the initial public offering of our common stock in February 1996. We have grown from a business with limited product offerings and annual revenues of $104.0 million in 1995 into a global enterprise providing a broad range of information management services to customers in markets around the world with total revenues of more than $3.0 billion for the year ended December 31, 2011. On January 5, 2009, we were added to the S&P 500 Index and as of December 31, 2011 we were number 643 on the Fortune 1000.

Our success since becoming a public company in 1996 has been driven in large part by our execution of a consistent long-term growth plan to build market leadership by extending our strategic position through service line and global expansion. This growth plan has been sequenced into three phases. The first phase involved establishing leadership and broad market access in our core businesses, records management and data protection & recovery, primarily through acquisitions. In the second phase, we invested in building a successful selling organization to access new customers, converting previously unvended demand. While different parts of our business are in different stages of evolution along our three-phase strategy, as an enterprise, we have transitioned to the third phase of our growth plan, which we call the capitalization phase. In this phase, which we expect to continue for many years, we seek to expand our relationships with our customers to continue solving their increasingly complex information management problems. Growing our customer relationships well means expanding our service offerings on a global basis while maximizing our solid core businesses. In doing this, we continue to build what we believe to be a very durable business through disciplined execution.

Consistent with this model, we have transitioned from a growth strategy driven primarily by acquisitions of information management services companies to a growth strategy driven primarily by internal growth. In 2001, internal revenue growth exceeded growth through acquisitions for the first time since we began the first phase of our growth plan in 1996. This has been the case in each year since 2001, with the exception of 2004. In the absence of significant acquisition spending, we expect to achieve a majority of our revenue growth internally in 2012 and beyond.

We expect to achieve our long-term growth goals by offering our customers integrated services that address their increasingly complex information management needs regardless of the format, location or lifecycle stage of their information. By offering integrated services, we aim to help our customers reduce the costs, risks and complexities associated with managing their data while increasing their compliance with various laws, regulations, company policies and industry best practices. Consistent with

Table of Contents

our overall strategy, we are focused on improving our internal revenue growth trajectory in the near-term primarily through a set of specific initiatives. These initiatives are based on a targeted approach to improving our sales effectiveness through increased focus on our core businesses, customer segmentation and enhanced marketing programs. By successfully executing on these initiatives, we expect to increase revenues from our existing customers by selling them new services and by gaining new customers that do not currently outsource some or all of their information management service needs or who outsource their information management needs to other vendors. We are also targeting higher growth in certain international businesses as we expand our platform for selling core services and new services in higher growth markets. Finally, we are continuing to expand our services portfolio in the hybrid records market, which includes both physical and digital records, to capture what we see as larger, faster growing opportunities.

At this stage in our evolution we are also focused on driving increased profitability and cash flow through a disciplined management approach and a focus on optimizing our business operations. Comprised of productivity initiatives, pricing program improvements and cost controls, our optimization strategy has produced significant and visible results. Between 2007 and 2011, we have compounded annual growth rates of 8% for adjusted operating income before depreciation, amortization, intangible impairments and (gain) loss on disposal/write-down of property, plant and equipment, net ("Adjusted OIBDA"), 15% for Adjusted Earnings per Share and 28% for Free Cash Flows before Acquisitions and Discretionary Investments ("FCF"). During that same period, we reduced our capital expenditures (excluding real estate) as a percent of revenues from 13.5% in 2007 to 6.6% in 2011. These gains were driven primarily by the optimization of our North American Business segment as we increased Adjusted OIBDA margins in that segment by more than 700 basis points. Our focus is on sustaining the high margin, high profitability levels of the North American Business segment while optimizing our International Business segment using the same strategies. We expect to increase our Adjusted OIBDA margins in the International Business segment by approximately 700 basis points between 2010 and the end of 2013. For more detailed definitions and reconciliations of Adjusted OIBDA, Adjusted Earnings per Share from Continuing Operations and FCF and a discussion of why we believe these measures provide relevant and useful information to our current and potential investors, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Measures."

We are committed to delivering stockholder value. To that end, and supported by our increased profitability and strong cash flows, we initiated a stockholder payout program in February 2010 consisting of a share repurchase authorization of up to $150.0 million and a dividend policy under which we have paid and in the future intend to pay cash dividends on our common stock. Our first ever quarterly cash dividend, declared in March 2010, was $0.0625 per share. Since initiating our stockholder payout program in February 2010, our board of directors has approved increases in the amount authorized under our share repurchase program of up to an additional $1.05 billion, bringing the total authorization to $1.2 billion. As of December 31, 2011, we have purchased 36.6 million shares of our common stock for $1.1 billion under this program. We have also increased our quarterly dividend on two occasions, most recently to $0.25 per share in June 2011, which represents a 300% increase over the quarterly amount declared in March 2010.

In April 2011, we announced a three-year strategic plan to increase stockholder value. The key components of our plan are: (i) sustaining a leadership position in our North American Business segment; (ii) driving substantial improvements in our International Business segment; and (iii) committing to significant stockholder payouts of $2.2 billion through 2013, with $1.2 billion being paid out through May 2012. As of December 31, 2011, we had returned $1.1 billion to stockholders against our commitment of returning $1.2 billion through May 2012, including $0.1 billion in dividends and $1.0 billion in share repurchases. As part of our strategic plan, in June 2011, we completed the sale of our online backup and recovery, digital archiving and eDiscovery solutions businesses (the "Digital Business") for approximately $395.4 million in cash. Additionally, in connection with our strategic

Table of Contents

portfolio review of certain international operations, we sold our New Zealand operations in October 2011 for approximately $10.0 million in cash and, in December 2011, we committed to a plan to sell our records management business in Italy (the "Italian Business").

B. Description of Business.

Overview

Our information management services can be broadly divided into three major service categories: records management services, data protection & recovery services, and information destruction services. Media formats can be broadly divided into physical and electronic records. We define physical records to include paper documents, as well as all other non-electronic media such as microfilm and microfiche, master audio and videotapes, film, X-rays and blueprints. Electronic records include e-mail and various forms of magnetic media such as computer tapes, hard drives and optical disks.

Our records management services include: records management program development and implementation based on best practices to help customers comply with specific regulatory requirements, implementation of policy-based programs that feature secure, cost-effective storage for all major media, including paper (which is the dominant form of records storage), flexible retrieval access and retention management. Included within records management services are our hybrid services. These services help organizations gain better access to, and ultimately control over, their paper records by digitizing, indexing and hosting them in online archives to provide complete information lifecycle solutions. Within the records management services category, we have developed specialized services for vital records and regulated industries such as healthcare, energy, government and financial services.

Our data protection & recovery services include disaster preparedness, planning, support and secure, off-site vaulting of data backup media for fast and efficient data recovery in the event of a disaster, human error or virus. Our technology-based data protection & recovery services include online backup and recovery solutions for desktop and laptop computers and remote servers. Since our sale of the Digital Business, we continue to offer these technology-based services primarily through partnerships. Additionally, we serve as a trusted, neutral third party and offer technology escrow services to protect and manage source code and other proprietary information.

Our information destruction services are comprised almost exclusively of secure shredding services. Secure shredding services complete the lifecycle of a record and involve the shredding of sensitive documents in a way that ensures privacy and a secure chain of custody for the records. These services typically include either the scheduled pick-up of loose office records, which customers accumulate in specially designed secure containers we provide, or the shredding of documents stored in records facilities upon the expiration of their scheduled retention periods.

Physical Records

Physical records may be broadly divided into two categories: active and inactive. Active records relate to ongoing and recently completed activities or contain information that is frequently referenced. Active records are usually stored and managed on-site by their owners to ensure ready availability. Inactive physical records are the principal focus of the information management services industry and consist of those records that are not needed for immediate access but which must be retained for legal, regulatory and compliance reasons or for occasional reference in support of ongoing business operations. A large and growing specialty subset of the physical records market is medical records. These are active and semi-active records that are often stored off-site with, and serviced by, an information management services vendor. Special regulatory requirements often apply to medical records. In addition to our core records management services, we provide consulting, facilities management, fulfillment and other outsourcing services.

Table of Contents

Electronic Records

Electronic records management focuses on the storage of, and related services for, computer media that is either a backup copy of recently processed data or archival in nature. We believe the issues encountered by customers trying to manage their electronic records are similar to the ones they face in their physical records management programs and consist primarily of: (1) storage capacity and the preservation of data; (2) access to and control over the data in a secure environment; and (3) the need to retain electronic records due to regulatory requirements or for litigation support. Customer needs for data backup and recovery and archiving are distinctively different. Backup data exists because of the need of many businesses to maintain backup copies of their data in order to be able to recover the data in the event of a system failure, casualty loss or other disaster. It is customary (and a best practice) for data processing groups to rotate backup tapes to off-site locations on a regular basis and to require multiple copies of such information at multiple sites. In addition to the physical rotation and storage of backup data that we provide, we offer online backup services through partnerships as an alternative way for businesses to store and access data. Online backup is a Web-based service that automatically backs up computer data from servers or directly from desktop and laptop computers over the Internet and stores it in secure data centers.

Growth of Market

We believe that the volume of stored physical and electronic records will continue to increase on a global basis for a number of reasons, including: (1) regulatory requirements; (2) concerns over possible future litigation and the resulting increases in volume and holding periods of records; (3) the continued proliferation of data processing technologies such as personal computers and networks; (4) inexpensive document producing technologies such as desktop publishing software and desktop printing; (5) the high cost of reviewing records and deciding whether to retain or destroy them; (6) the failure of many entities to adopt or follow policies on records destruction; and (7) the need to keep backup copies of certain records in off-site locations for business continuity purposes in the event of disaster.

We believe that the creation of paper-based information will be sustained, not in spite of, but because of, "paperless" technologies such as e-mail and the Internet. These technologies have prompted the creation of hard copies of such electronic information and have also led to increased demand for electronic records services, such as the storage and off-site rotation of backup copies of magnetic media. In addition, we believe that the proliferation of digital information technologies and distributed data networks has created a growing need for efficient, cost-effective, high quality technology solutions for electronic data protection and the management of electronic documents.

Acquisitions in a Highly Fragmented Industry

The physical information management services industry has long been and remains a highly fragmented industry with thousands of competitors in North America and around the world. Between 1995 and 2004 there was significant acquisition activity in the industry driven primarily by us and certain of our larger competitors. Acquisitions were a fast and efficient way to achieve scale, expand geographically and broaden service offerings.

We believe that since the 1990s there has been ongoing acquisition activity in the physical information management services industry, both in North America and internationally, because of the opportunities for larger information management services providers to achieve economies of scale and meet customer demands for more sophisticated, technology-based solutions. We believe that this trend is also due to, and may continue as a result of, the preference of certain large organizations to contract with one physical information management services vendor in multiple cities and countries for its physical information management service needs. Larger national or multinational information management service companies are better able to satisfy the demands of larger multi-city or multi-national customers than single city competitors.

Table of Contents

Attractive acquisitions, many of which are small, in North America and internationally continue to exist and we may from time to time acquire these businesses where we believe they present a good opportunity to create value for our stockholders.

Characteristics of Our Business

We generate our revenues by providing storage, core records management, data protection & recovery, information destruction, hybrid services and an expanding menu of complementary products and services to a large and diverse customer base. Providing outsourced information management services is the mainstay of our customer relationships and serves as the foundation for our revenue growth. Core services, which are a vital part of a comprehensive records management program, consist primarily of the handling and transportation of stored records and information. In our secure shredding operations, core services consist primarily of the scheduled collection and shredding of records and documents generated by business operations. Additionally, core services include certain hybrid services and recurring project revenues. As is the case with storage revenues, core service revenues are highly recurring in nature. In 2011, our storage and core service revenues represented approximately 88% of our total consolidated revenues. In addition to our core services, we offer a wide array of complementary products and services, including special project work, data restoration projects, fulfillment services, consulting services, technology services and product sales (including specially designed storage containers and related supplies). In addition, complementary services revenue includes recycled paper revenue. Complementary services address more specific needs and are designed to enhance our customers' overall records management programs. These services complement our core services; however, they are more episodic and discretionary in nature. Revenue generated by all of our operating segments includes both core and complementary components.

In general, our North American Business and our International Business segments offer the products and services discussed below, in their respective geographies. The amount of revenues derived from our North American Business and International Business segments and other relevant data, including financial information about geographic areas and product and service lines, for fiscal years 2009, 2010 and 2011 are set forth in Note 9 to Notes to Consolidated Financial Statements.

Service Offerings

Our information management services can be broadly divided into three major categories: records management services, data protection & recovery services and information destruction services. We offer both physical services and technology solutions in the records management and data protection & recovery categories. Currently, we only offer physical services in the information destruction services category.

Records Management Services

By far our largest category of services, records management services consists primarily of the archival storage of records for long periods of time according to applicable laws, regulations and industry best practices. Core to any records management program is the handling and transportation of stored records and the eventual destruction of those records upon the expiration of their scheduled retention periods. This is accomplished through our extensive service and courier operations. Other records management services include our hybrid services as well as Compliant Records Management and Consulting Services, Health Information Management Solutions, IM Entertainment Services, Energy Data Services, Discovery Services and other ancillary services.

Hard copy business records are typically stored in cartons packed by the customer for long periods of time with limited activity. For some customers we store individual files on an open shelf basis and these files are typically more active. Storage charges are generally billed monthly on a per storage unit basis, usually either per carton or per cubic foot of records, and include the provision of space, racking, computerized inventory and activity tracking and physical security.

Service and courier operations are an integral part of our comprehensive records management program for all physical media and include adding records to storage, temporarily removing records from storage, refiling of removed records, permanently withdrawing records from storage and destroying records. Service charges are generally assessed for each activity on a per unit basis. Courier operations consist primarily of the pick-up and delivery of records upon customer request. Charges for courier services are based on urgency of delivery, volume and location and are billed monthly. As of December 31, 2011, we were utilizing a fleet of approximately 3,700 owned or leased vehicles.

The growth rate of mission-critical digital information is accelerating, driven in part by the use of the Internet as a distribution and transaction medium. The rising cost and increasing importance of digital information management, coupled with the increasing availability of telecommunications bandwidth at lower costs, may create meaningful opportunities for us to provide solutions to our customers with respect to their digital records management challenges. We continue to cultivate marketing and technology partnerships to support this anticipated growth.

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

We offer records management services that have been tailored for specific industries, such as health care, or to address the needs of customers with more specific requirements based on the critical nature of their records. Healthcare information services principally include the handling, storage, filing, processing and retrieval of medical records used by hospitals, private practitioners and other medical institutions. Medical records tend to be more active in nature and are typically stored on specialized open shelving systems that provide easier access to individual files. Healthcare information services also include recurring project work and ancillary services. Recurring project work involves the on-site removal of aged patient files and related computerized file indexing. Ancillary healthcare information services include release of information (medical record copying and delivery), temporary staffing, contract coding, facilities management and imaging.

Vital records contain critical or irreplaceable data such as master audio and video recordings, film and other highly proprietary information, such as energy data. Vital records may require special facilities or services, either because of the data they contain or the media on which they are recorded. Our charges for providing enhanced security and special climate-controlled environments for vital records are higher than for typical storage services. We provide the same ancillary services for vital records as we provide for our other storage operations.

We offer a variety of additional services which customers may request or contract for on an individual basis. These services include conducting records inventories, packing records into cartons or other containers, and creating computerized indices of files and individual documents. We also provide services for the management of active records programs. We can provide these services, which generally include document and file processing and storage, both off-site at our own facilities and by supplying our own personnel to perform management functions on-site at the customer's premises. We also sell a full line of specially designed corrugated cardboard storage cartons.

Table of Contents

Other complementary lines of business that we operate include fulfillment services and professional consulting services. Fulfillment services are performed by our wholly owned subsidiary, Iron Mountain Fulfillment Services, Inc. ("IMFS"). IMFS stores marketing literature and other materials for its customers and delivers this material to sales offices, trade shows and prospective customers' locations based on current and prospective customer requests. In addition, IMFS assembles custom marketing packages and orders and manages and provides detailed reporting on customer marketing literature inventories. A growing element of the content we manage and fulfill is stored digitally and printed on demand by IMFS. Digital print allows marketing materials such as brochures, direct mail, flyers, pamphlets and newsletters to be personalized to the recipient with variable messages, graphics and content.

We provide professional consulting services to customers, enabling them to develop and implement comprehensive records and information management programs. Our consulting business draws on our experience in information management services to analyze the practices of companies and assist them in creating more effective programs of records and information management. Our consultants work with these customers to develop policies and schedules for document retention and destruction.

We divested ourselves of our domain name management product line in 2010 and our Digital Business, including our former wholly owned subsidiaries, Mimosa Systems, Inc. and Stratify, Inc., and New Zealand operations in 2011. Also, we committed to selling our Italian Business in December 2011. Consistent with our treatment of acquisitions, we eliminated all revenues associated with these businesses, which have all been reflected as discontinued operations for financial reporting purposes, from the calculation of our internal growth rates for 2009, 2010 and 2011.

Data Protection & Recovery Services

Our data protection & recovery services are designed to comply with applicable laws and regulations and to satisfy industry best practices with regard to the off-site vaulting of data for disaster recovery and business continuity purposes. We provide data protection & recovery services for both physical and electronic records. We also offer technology escrow services in this category.

Physical data protection & recovery services consist of the storage and rotation of backup computer media as part of corporate disaster recovery and business continuity plans. Computer tapes, cartridges and disk packs are transported off-site by our courier operations on a scheduled basis to secure, climate-controlled facilities, where they are available to customers 24 hours a day, 365 days a year, to facilitate data recovery in the event of a disaster. Frequently, backup tapes are rotated from our facilities back to our customers' data centers. We also manage tape library relocations and support disaster recovery testing and execution.

Online backup is a Web-based service that automatically backs up computer data from servers or directly from desktop or laptop computers over the Internet and stores it in secure data centers. Since our sale of the Digital Business, we continue to offer this service pursuant to a reseller agreement with Autonomy Corporation plc, a corporation formed under the laws of England and Wales ("Autonomy").

Through our technology escrow services business, we act as a trusted, neutral, third party, safeguarding valuable technology assets such as software source code, object code and data in secure, access-protected escrow accounts. Acting in this intermediary role, we help document and maintain intellectual property integrity. The result is increased control and leverage for all parties, enabling them to protect themselves, while maintaining competitive advantage.

Information Destruction Services

Our information destruction services consist primarily of physical secure shredding operations. Secure shredding is a natural extension of our hard copy records management services, completing the lifecycle of a record, and involves the shredding of sensitive documents for customers that, in many cases, also use our services for management of archival records. These services typically include the

Table of Contents

scheduled pick-up of loose office records which customers accumulate in specially designed secure containers we provide. Complementary to our shredding operations is the sale of the resultant waste paper to third-party recyclers. Through a combination of plant-based shredding operations and mobile shredding units comprised of custom built trucks, we are able to offer secure shredding services to our customers throughout the U.S., Canada, the United Kingdom, Australia and Latin America.

Financial Characteristics of Our Business

Our financial model is based on the recurring nature of our various revenue streams. The historical predictability of our revenues and the resulting Adjusted OIBDA allow us to operate with a high degree of financial leverage. Our business has the following financial characteristics:

Recurring Revenues. We derive a majority of our consolidated revenues from fixed periodic, usually monthly, fees charged to customers based on the volume of records stored. Once a customer places physical records in storage with us and until those records are destroyed or permanently removed (for which we typically receive a service fee), we receive recurring payments for storage fees without incurring additional labor or marketing expenses or significant capital costs. Similarly, contracts for the storage of electronic backup media involve primarily fixed monthly payments. Our annual revenues from these fixed periodic storage fees have grown for 23 consecutive years. For each of the three years 2009 through 2011, storage revenues, which are stable and recurring, have accounted for over 55% or more of our total consolidated revenues. This stable and growing storage revenue base also provides the foundation for increases in service revenues and Adjusted OIBDA.

Historically Non-Cyclical Storage Business. Historically, we have not experienced significant reductions in our storage business as a result of economic downturns although, during recent economic slowdowns, the rate at which some customers added new cartons to their inventory was below historical levels. We believe that companies that have outsourced records management services are less likely during economic downturns to incur the move-out costs and other expenses associated with accelerating destruction of their records, switching vendors or moving their records management services programs in-house. However, during the current economic downturn, which is more severe and has lasted longer than other recent downturns, destruction rates have increased as some customers have been more willing to incur additional short-term service costs in exchange for lower storage costs in the long-term. In addition, we have experienced longer sales cycles and lower incoming volumes from existing customers, due in large part we believe to high unemployment rates and generally lower levels of business activity. Combined, these impacts have resulted in lower net volume growth rates. The net effect of these factors has been the continued growth of our storage revenue base, albeit at a lower rate. For each of the three years 2009 through 2011, total net volume storage growth has been approximately 2% on a global basis.

Inherent Growth from Existing Physical Records Customers. Our physical records customers have, on average, sent us additional cartons at a faster rate than stored cartons have been destroyed or permanently removed. However, during the current economic downturn, the combination of lower incoming volumes from existing customers, due in large part we believe to high unemployment rates and generally lower business activity, and increased destruction rates, as described above, has resulted in net volume growth from existing customers being negative at times in certain markets. We expect that after the economy has improved, our growth from existing customers will improve although we cannot give any assurance as to how much, if any, improvement we will realize. We believe the continued growth of our physical records storage revenues is the result of a number of factors, including: (1) the trend toward increased records retention; (2) customer satisfaction with our services; (3) the costs and inconvenience of moving storage operations in-house or to another provider of information management services; and

(4) our positive pricing actions; however, in the current economic downturn, elevated destruction and withdrawal rates have resulted in lower net volume growth in recent quarters.

Diversified and Stable Customer Base. As of December 31, 2011, we had over 155,000 clients in a variety of industries. We currently provide services to commercial, legal, banking, healthcare, accounting, insurance, entertainment and government organizations, including more than 94% of the Fortune 1000. No customer accounted for as much as 2% of our consolidated revenues in any of the years ended December 31, 2009, 2010 and 2011. For each of the three years 2009 through 2011, the average volume reduction due to customers terminating their relationship with us was less than 3%.

Capital Expenditures Related Primarily to Business Line Growth and Ongoing Operations. Our business requires significant capital expenditures to support our expected revenue growth and ongoing operations as well as new products and services and increased profitability. As the nature of our business has evolved over time, so has the nature of our capital expenditures. Every year we expend capital to support a number of different objectives. The majority of our capital goes to support business line growth and our ongoing operations. We also expend capital to support the development and improvement of products and services and projects designed to increase our profitability. These expenditures are generally smaller and more discretionary in nature. Below are descriptions of the major types of capital expenditures we are likely to make in a given year:

Capital to support business line growth these expenditures are primarily related to capacity expansion such as investments in new building outfitting, carton storage systems, tape storage systems and containers, shredding plants and bins and technology service storage and processing capacity.

Capital to support ongoing business operations these expenditures are primarily related to major repairs and/or the replacement of assets, such as facilities, warehouse equipment and computers, previously referred to as maintenance capital expenditures. This category also includes operational support initiatives such as sales and marketing and information technology projects to support infrastructure requirements.

Capital for new product development these expenditures are directly related to the development of new products or services in support of our integrated value proposition.

Capital for product improvement these expenditures are primarily related to product and service enhancements that support our leadership position in the various markets in which we operate. Spending in this area includes items such as increased feature functionality, security upgrades or system enhancements.

Capital to support operational efficiencies these expenditures are primarily related to driving increased profitability through cost savings and operating efficiencies and include items such as facility consolidations and systems to support operating process improvements.

Capital to acquire/construct real estate these expenditures are directly related to the acquisition of real estate, either through the purchase of a new facility or the exercise of a purchase option in an existing lease, or the construction of a new facility.

Table of Contents

Following is a table presenting our capital expenditures for 2009, 2010 and 2011 organized by the nature of the spending as described above:

	Year Ended December 31,		
Nature of Capital Spend (dollars in millions)	**2009(1)(2)**	**2010(1)(2)**	**2011(1)(2)**
Business Line Growth	$ 156	$ 116	$ 81
Business Operations(3)	56	65	84
Product Development	12	10	2
Product Improvement	28	31	14
Operational Efficiencies	9	8	18
Real Estate	36	14	20
Total Capital	$ 297	$ 244	$ 218

We believe that capital expenditures incurred as a percent of revenues is a meaningful metric for investors as it indicates the efficiency with which we are investing in the growth and operational efficiency of our business. For the years 2009 through 2011, our total capital expenditures incurred as a percent of revenues were approximately 11%, 8% and 7%, respectively. The decrease in capital expenditures as percent of revenues since 2009 is due primarily to our disciplined approach to capital management, a shift toward less capital intense service revenues and moderating growth rates in our physical storage business.

Following is a table presenting our capital expenditures as a percent of total revenues for 2009, 2010 and 2011 organized by the nature of the spending as described above:

	Year Ended December 31,		
Nature of Capital Spend	**2009(1)(2)**	**2010(1)(2)**	**2011(1)(2)**
Business Line Growth	5.6%	4.0%	2.7%
Business Operations(3)	2.0%	2.2%	2.8%
Product Development	0.4%	0.3%	0.1%
Product Improvement	1.0%	1.1%	0.5%
Operational Efficiencies	0.3%	0.3%	0.6%
Real Estate	1.3%	0.5%	0.7%
Total Capital	10.7%	8.4%	7.2%

(1) Represents accrued capital expenditures and may differ from amounts presented on the cash basis in the Consolidated Statement of Cash Flows.

(2) Columns may not foot due to rounding.

(3) Capital expended in support of ongoing business operations includes amounts previously referred to as maintenance capital expenditures. This category also includes capital expended on operational support initiatives such as sales and marketing and information technology projects to support infrastructure requirements.

Growth Strategy

We offer our customers an integrated value proposition by providing them with comprehensive records management services, data protection & recovery services and information destruction services, along with the expertise and experience to address complex information management challenges such as rising storage costs, litigation, regulatory compliance and disaster recovery. We expect to maintain a leadership position in the information management services industry around the world by enabling customers to protect and better use their information regardless of its format, location or lifecycle stage so they can optimize their business and ensure proper recovery, compliance and discovery.

Table of Contents

In the U.S. and Canada, we seek to be one of the largest information management services providers in each of our markets. Internationally, our objectives are to continue to capitalize on our expertise in the information management services industry and to make additional acquisitions and investments in selected international markets. Our near-term growth objectives are comprised of a set of specific initiatives including: (1) increasing our focus on our core businesses with a targeted, low risk approach to improving our sales effectiveness and thereby increasing revenues with our existing customers by selling them new services and gaining net new customers; (2) higher growth in our international businesses as we expand our platform for selling core services and new services in higher growth markets; and (3) continuing to expand our services portfolio in the hybrid market to capture those larger, faster growing opportunities. Although the focus will be on growing our business organically, targeted acquisitions will continue to play a role in our overall growth strategy.

Introduction of New Products and Services

We continue to expand our portfolio of products and services. Adding new products and services allows us to further penetrate our existing customer accounts and attract new customers in previously untapped markets.

Growth from Existing Customers

Our existing customers' storage of physical records contributes to the growth of storage and storage-related services revenues because, on average, our existing customers generate additional cartons at a faster rate than old cartons are destroyed or permanently removed. However, during the current economic downturn, the combination of lower incoming volumes from existing customers, due in large part we believe to high unemployment rates and generally lower business activity, and increased destruction rates, as described above, has resulted in net volume growth from existing customers being negative at times in certain markets. We expect that after the economy has improved, our growth from existing customers will improve although we cannot give any assurance as to how much, if any, improvement we will realize. In order to maximize growth opportunities from existing customers, we seek to maintain high levels of customer retention by providing premium customer service through our local account management staff.

Our sales coverage model is designed to identify and capitalize on incremental revenue opportunities by allocating our sales resources based on a sophisticated segmentation of our customer base and selling additional records management, data protection & recovery and information destruction services in new and existing markets within our existing customer relationships. We also seek to leverage existing business relationships with our customers by selling complementary services and products such as special project work, data restoration projects, fulfillment services, consulting services, technology services and product sales (including specially designed storage containers and related supplies).

Addition of New Customers

Our sales forces are dedicated to three primary objectives: (1) establishing new customer account relationships; (2) generating additional revenue from existing customers in new and existing markets; and (3) expanding new and existing customer relationships by effectively selling a wide array of complementary services and products. In order to accomplish these objectives, our sales forces draw on our U.S. and international marketing organizations and senior management.

Growth through Acquisitions

The goal of our current acquisition program is to supplement internal growth by continuing to expand our presence in targeted international markets, continuing to make fold-in acquisitions in North America and expanding our new service capabilities and industry-specific services. We have a successful record of acquiring and integrating information management services companies.

Table of Contents

Acquisitions in the North American Business Segment

Although we substantially completed our geographic expansion in North America in 2003, we have since acquired and we continue to seek to acquire information management services businesses in the U.S. and Canada. Given the relatively smaller size of the acquisition targets in our core physical businesses in North America and our increased revenue base, future acquisitions are expected to be less significant to our overall North American Business segment revenue growth than in the past.

Acquisitions in the International Business Segment

We substantially completed our geographic expansion in Europe and Latin America by 2003 and entered the Asia Pacific market in 2005. We expect to continue to make acquisitions and investments in information management services businesses in targeted markets outside North America. We have acquired and invested in, and seek to acquire and invest in, information management services companies in certain countries, and, more specifically, certain markets within such countries, where we believe there is potential for significant growth. Future acquisitions and investments will focus primarily on expanding priority markets in Continental Europe, Latin America and Asia, with continued leverage of our successful joint venture model.

The experience, depth and strength of local management are particularly important in our international expansion and acquisition strategy. Since beginning our international expansion program in January 1999, we have, directly and through joint ventures, expanded our operations into more than 35 countries in Europe, Latin America and Asia Pacific. These transactions have taken, and may continue to take, the form of acquisitions of an entire business or controlling or minority investments with a long-term goal of full ownership. We believe our joint venture strategy, rather than an outright acquisition, may, in certain markets, better position us to expand the existing business. The local partners benefit from our expertise in the information management services industry, our multinational customer relationships, our access to capital and our technology, and we benefit from our local partners' knowledge of the market, relationships with local customers and their presence in the community. In addition to the criteria we use to evaluate North American acquisition candidates, when looking at an international investment or acquisition, we also evaluate the presence in the potential market of our existing customers as well as the risks uniquely associated with an international investment, including those risks described below.

Our long-term goal is to acquire full ownership of each business in which we made a joint venture investment. Since 2008, we acquired the remaining minority equity ownership in our Greek (2010), Chinese (2010), Hong Kong (2010) and Singapore (2010) operations. In 2010, to better align our operations with our long-term international growth objectives, we sold our ownership stakes in Indonesia and Sri Lanka. We now own more than 97% of our international operations, measured as a percentage of consolidated revenues. In connection with the strategic review of certain of our international businesses, we sold our New Zealand operations in October 2011. Additionally, in December 2011, we committed to a plan to sell our Italian Business.

Our international investments are subject to risks and uncertainties relating to the indigenous political, social, regulatory, tax and economic structures of other countries, as well as fluctuations in currency valuation, exchange controls, expropriation and governmental policies limiting returns to foreign investors.

The amount of our revenues derived from international operations and other relevant financial data for fiscal years 2009, 2010 and 2011 are set forth in Note 9 to Notes to Consolidated Financial Statements. For the years ended December 31, 2009, 2010 and 2011, we derived approximately 31%, 32% and 34%, respectively, of our total revenues from outside of the U.S. As of December 31, 2009, 2010 and 2011, we had long-lived assets of approximately 34%, 36% and 36%, respectively, outside of the U.S.

Table of Contents

Competition

We are the global leader in the physical information management services industry with operations in more than 35 countries. We compete with our current and potential customers' internal information management services capabilities. We can provide no assurance that these organizations will begin or continue to use an outside company such as Iron Mountain for their future information management services.

We also compete with numerous information management services providers in all geographic areas where we operate. The physical information management services industry is highly competitive and includes thousands of competitors in North America and around the world. We believe that the majority of physical information management services companies serve a single city and are either owner-operated or ancillary to another business, such as a moving and storage company. We believe that competition for customers is based on price, reputation for reliability, quality of service and scope and scale of technology and that we generally compete effectively in each of these areas.

Alternative Technologies

We derive most of our revenues from the storage of paper documents and storage-related services. This storage requires significant physical space. Alternative storage technologies exist, many of which require significantly less space than paper documents. These technologies include computer media, microform, CD-ROM and optical disk. To date, none of these technologies has replaced paper documents as the principal means for storing information. However, we can provide no assurance that our customers will continue to store most of their records as paper documents. We continue to provide additional services such as online backup, primarily through partnerships, designed to address our customers' need for efficient, cost-effective, high quality solutions for electronic records and information management.

Employees

As of December 31, 2011, we employed over 8,800 employees in the U.S. and over 8,200 employees outside of the U.S. At December 31, 2011, an aggregate of 469 employees were represented by unions in California, Georgia and three provinces in Canada.

All non-union employees are generally eligible to participate in our benefit programs, which include medical, dental, life, short and long-term disability, retirement/401(k) and accidental death and dismemberment plans. Unionized employees receive these types of benefits through their unions. In addition to base compensation and other usual benefits, all full-time employees participate in some form of incentive-based compensation program that provides payments based on revenues, profits, collections or attainment of specified objectives for the unit in which they work. Management believes that we have good relationships with our employees and unions. All union employees are currently under renewed labor agreements or operating under an extension agreement.

Insurance

For strategic risk transfer purposes, we maintain a comprehensive insurance program with insurers that we believe to be reputable and that have adequate capitalization in amounts that we believe to be appropriate. Property insurance is purchased on a comprehensive basis, including flood and earthquake (including excess coverage), subject to certain policy conditions, sublimits and deductibles. Property is insured based upon the replacement cost of real and personal property, including leasehold improvements, business income loss and extra expense. Other types of insurance that we carry, which are also subject to certain policy conditions, sublimits and deductibles, include: medical, workers' compensation, general liability, umbrella, automobile, professional, warehouse legal liability and directors' and officers' liability policies. In 2002, we established a wholly owned Vermont domiciled captive insurance company as a subsidiary through which we retain and reinsure a portion of our property loss exposure.

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

Environmental Matters

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

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

Internet Website

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

Item 1A. Risk Factors.

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

Operational Risks

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

In reaction to publicized incidents in which electronically stored information has been lost, illegally accessed or stolen, almost all states have adopted breach of data security statutes or regulations that require notification to consumers if the security of their personal information, such as social security numbers, is breached. In addition, certain federal laws and regulations affecting financial institutions, health care providers and plans and others impose requirements regarding the privacy and security of information maintained by those institutions as well as notification to persons whose personal information is accessed by an unauthorized third party. Some of these laws and regulations provide for civil fines in certain circumstances. One state has adopted regulations requiring every company that maintains or stores personal information to adopt a comprehensive written information security program. In some instances European data protection authorities have issued large fines as a result of data security breaches.

Continued governmental focus on data security may lead to additional legislative action. For example, the U.S. Congress is considering legislation that would expand the federal data breach notification requirement beyond the financial and medical fields. In addition, the European Commission has proposed a new regulation and directive that will, if adopted, supersede Directive 95/46/EC, which has governed the processing of personal data since 1995. It is anticipated that the new proposal will significantly alter the security and privacy obligations of entities, such as Iron Mountain, that process data of citizens of members of the European Union. The continued emphasis on information security may lead customers to request that we take additional measures to enhance security and assume higher liability under our contracts. We have experienced incidents in which customers' backup tapes or other records have been lost, and we have been informed by customers that some of the incidents involved the loss of personal information, resulting in monetary damages which we have paid. As a result of legislative initiatives and client demands, we may have to modify our operations with the goal of further improving data security. Any such modifications may result in increased expenses and operating complexity, and we may be unable to increase the rates we charge for our services sufficiently to offset any increased expenses.

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

Table of Contents

Our customers may shift from paper storage to alternative technologies that require less physical space.

We derive most of our revenues from the storage of paper documents and storage related services. This storage requires significant physical space, which we provide through our owned and leased facilities. Alternative storage technologies exist, many of which require significantly less space than paper documents. These technologies include computer media, microform, CD-ROM and optical disk. U.S. federal government initiatives have resulted in many health care providers adopting programs to evolve to greater use of electronic medical records. In addition, as alternative technologies are adopted, storage related services may decline as the physical records we store become less active and more archived. We can provide no assurance that our customers will continue to store most of their records in paper documents format. The adoption of alternative technologies may also result in decreased demand for services related to the paper documents we store. A significant shift by our customers to storage of data through non-paper based technologies, whether now existing or developed in the future, could adversely affect our businesses.

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

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

We face competition for customers.

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

Our customers may be constrained in their ability to pay for services or require fewer services.

Continued economic weakness in the markets where we operate may cause some customers to postpone projects for which they would otherwise retain our services and may, in some instances, cause customers to reduce or forgo our services. Many of our largest customers are financial institutions that have been particularly affected by the economic downturn; their condition may lead them to reduce their use of our services. In addition, customers may increasingly seek protection under bankruptcy laws, potentially affecting not only future business but also our ability to collect accounts receivable.

Table of Contents

Failure to comply with certain regulatory and contractual requirements under our U.S. Government General Services Administration Multiple Award Schedule contracts could adversely affect our revenues, operating results and financial position.

Selling our services to the U.S. Government subjects us to certain regulatory and contractual requirements. Failure to comply with these requirements could subject us to investigations, price reductions, up to treble damages, and civil penalties. Noncompliance with certain regulatory and contractual requirements could also result in us being suspended or barred from future U.S. Government contracting. Any of these outcomes could have a material adverse effect on our revenues, operating results and financial position.

We may be subject to certain costs and potential liabilities associated with the real estate required for our business.

Because our business is heavily dependent on real estate, we face special risks attributable to the real estate we own or lease. Such risks include:

- variable occupancy costs and difficulty locating suitable sites due to fluctuations in real estate markets;

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

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

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

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

International operations may pose unique risks.

As of December 31, 2011, we provided services in more than 35 countries outside the U.S. As part of our growth strategy, we expect to continue to acquire or invest in information management services businesses in select foreign markets. International operations are subject to numerous risks, including:

- the impact of foreign government regulations and U.S. regulations that apply to us wherever we operate;

- the volatility of certain foreign economies in which we operate;

- political uncertainties;

Table of Contents

- unforeseen liabilities, particularly within acquired businesses;
- the risk that the business partners upon whom we depend for technical assistance or management and acquisition expertise outside of the U.S. will not perform as expected;
- differences in business practices; and
- foreign currency fluctuations.

In particular, our net income can be significantly affected by fluctuations in currencies associated with certain intercompany balances of our foreign subsidiaries owed to us and between our foreign subsidiaries.

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

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

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

As of December 31, 2011, we operated 932 records management and off-site data protection facilities worldwide, including 615 in the United States alone. Many of these facilities were built and outfitted by third parties and added to Iron Mountain's real estate portfolio as part of acquisitions. Some of these facilities contain fire suppression and safety features that are different from our current specifications and current standards for new facilities, although we believe all of our facilities were constructed in compliance with laws and regulations in effect at the time of their construction or outfitting. Where we believe the fire suppression and safety features of a facility require improvement, we will develop and implement a plan to remediate the issue. In some instances local authorities having jurisdiction may take the position that our fire suppression and safety features in a particular facility are insufficient and require additional measures which may involve considerable expense to Iron Mountain. If additional fire safety and suppression measures were required at a large number of our facilities, this could negatively impact our business, financial condition or results of operations.

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

Our operating revenues and results of operations are impacted by significant changes in commodity prices. Our secure shredding operations generate revenue from the sale of shredded paper to recyclers. We generate additional revenue when the price of diesel fuel rises above certain predetermined rates through a customer surcharge. As a result, significant declines in paper and diesel fuel prices may negatively impact our revenues and results of operations while increases in other commodity prices, including steel, may negatively impact our results of operations.

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

Unexpected events, including fires or explosions at our facilities, natural disasters such as hurricanes and earthquakes, war or terrorist activities, unplanned power outages, supply disruptions and failure of equipment or systems, could adversely affect our results of operations. These events could result in customer service disruption, physical damages to one or more key operating facilities, the

Table of Contents

temporary closure of one or more key operating facilities or the temporary disruption of information systems.

Attacks on our internal information technology systems could damage our reputation, harm our businesses and adversely impact our results of operations.

Our reputation for providing secure information storage to customers is critical to the success of our business. We have previously faced attempts by hackers and similar unauthorized users to gain access to our information technology systems and expect to continue to face such attempts. Although we seek to prevent, detect and investigate these security incidents and have taken steps to prevent such security breaches, there can be no assurance that attacks by unauthorized users will not be attempted in the future or that our security measures will be effective. A successful breach of the security of our information technology systems could lead to theft or misuse of our customers' proprietary or confidential information and result in third party claims against us and reputational harm. If our reputation is damaged, we may become less competitive, which could negatively impact our businesses, financial condition or results of operations.

Risks Relating to our Strategic Review

No guaranty that any of the alternative financing, capital, and tax strategies being evaluated, including a potential conversion to a REIT, will be implemented or will be successful if implemented.

In April 2011 we entered into a settlement agreement with Elliott Associates, L.P. and Elliott International, L.P. in which we agreed to form a special committee of our board of directors to, among other things, evaluate ways to maximize stockholder value through alternative financing, capital, and tax strategies (the "Strategic Review"), including evaluating a potential conversion to a real estate investment trust (a "REIT"). The Strategic Review has required, and may continue to require, the expenditure of significant time and resources by us. The Strategic Review process is complex and may divert management's time and attention. We may not pursue any of the alternative strategies being evaluated, including a potential conversion to a REIT, and we can provide no assurances that any strategy we pursue will be successfully implemented or achieve the intended benefits. Finally, stockholder litigation that may arise in connection with the Strategic Review may result in significant costs for defense or liability. These consequences, alone or in combination, may have a material adverse effect on our business, financial condition or results of operations.

Risks Relating to Our Common Stock

No Guaranty of Dividend Payments or Stock Repurchases.

Our board of directors approved a share repurchase program and adopted a dividend policy under which we intend to pay quarterly cash dividends on our common stock. In addition, on April 19, 2011, we announced our intention to make stockholder payouts of approximately $2.2 billion through 2013, with approximately $1.2 billion of capital returned to stockholders by May 2012 through a combination of share repurchases, ongoing quarterly dividends and potential one-time dividends. Although we are committed to returning capital to stockholders and returned $1.15 billion between April 19, 2011 and February 10, 2012, any determinations by us to repurchase our common stock or pay cash dividends on our common stock in the future, as well as the form and mix of such stockholder payouts, will be based primarily upon our financial condition, results of operations, business requirements and strategy, the price of our common stock (in the case of the repurchase program) and our board of directors' continuing determination that the repurchase program and the declaration of dividends under the dividend policy are in the best interests of our stockholders and are in compliance with all laws and agreements applicable to the repurchase and dividend programs. The terms of our credit agreement

Table of Contents

and our indentures contain provisions permitting the payment of cash dividends and stock repurchases subject to certain limitations.

Risks Relating to Our Indebtedness

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

We have a significant amount of indebtedness. The following table shows important credit statistics as of December 31, 2011 (dollars in millions):

Total long-term debt	$ 3,353.6
Total equity	$ 1,254.3
Debt to equity ratio	2.67X

Our substantial indebtedness could have important consequences to you. Our indebtedness may increase as we continue to borrow under existing and future credit arrangements in order to finance future acquisitions and for general corporate purposes, which would increase the associated risks. These risks include:

- inability to satisfy our obligations with respect to our various debt instruments;
- inability to adjust to adverse economic conditions;
- inability to fund future working capital, capital expenditures, acquisitions and other general corporate requirements, including possible required repurchases of our various indebtedness, the payment of quarterly dividends or the repurchase of shares of our common stock;
- limits on our flexibility in planning for, or reacting to, changes in our business and the information management services industry;
- limits on future borrowings under our existing or future credit arrangements, which could affect our ability to pay our indebtedness or to fund our other liquidity needs;
- inability to generate sufficient funds to cover required interest payments; and
- restrictions on our ability to refinance our indebtedness on commercially reasonable terms.

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

Our credit facility and our indentures contain covenants restricting or limiting our ability to, among other things:

- incur additional indebtedness;
- pay dividends or make other restricted payments;
- make asset dispositions;

- create or permit liens; and
- make capital expenditures and other investments.

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

Table of Contents

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

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

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

Iron Mountain is a holding company, and substantially all of our assets consist of the stock of our subsidiaries and substantially all of our operations are conducted by our direct and indirect wholly owned subsidiaries. As a result, our ability to make payments on our various debt obligations will be dependent upon the receipt of sufficient funds from our subsidiaries. However, our various debt obligations are guaranteed, on a joint and several and full and unconditional basis, by most, but not all, of our direct and indirect wholly owned U.S. subsidiaries.

Acquisition and Expansion Risks

Failure to manage our growth may impact operating results.

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

Failure to successfully integrate acquired operations could negatively impact our future results of operations.

The success of any acquisition depends in part on our ability to integrate the acquired company. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of our management's attention and our financial and other resources. We can give no assurance that we will ultimately be able to effectively integrate and manage the operations of any acquired business. The failure to successfully integrate the cultures, operating systems, procedures and information technologies of an acquired business could have a material adverse effect on our results of operations.

We may be unable to continue our international expansion.

Our growth strategy involves expanding operations in international markets, and we expect to continue this expansion. Europe, Latin America and Australia have been our primary areas of focus for international expansion, and we have expanded into the Asia Pacific region to a lesser extent. We have entered into joint ventures and have acquired all or a majority of the equity in information management services businesses operating in these areas and may acquire other information management services businesses in the future.

Table of Contents

This growth strategy involves risks. We may be unable to pursue this strategy in the future at the desired pace or at all. For example, we may be unable to:

- identify suitable companies to acquire or invest in;
- complete acquisitions on satisfactory terms;
- successfully expand our infrastructure and sales force to support growth;
- incur additional debt necessary to acquire suitable companies if we are unable to pay the purchase price out of working capital, common stock or other equity securities; or
- enter into successful business arrangements for technical assistance or management expertise outside of the U.S.

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

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

As of December 31, 2011, we conducted operations through 746 leased facilities and 236 facilities that we own. Our facilities are divided among our reportable segments as follows: North American Business (643), International Business (338), and Corporate (1). These facilities contain a total of 63.7 million square feet of space. Facility rent expense was $216.1 million and $219.4 million for the years ended December 31, 2010 and 2011, respectively. The leased facilities typically have initial lease terms of five to ten years with one or more five-year options to extend. In addition, some of the leases contain either a purchase option or a right of first refusal upon the sale of the property. Our facilities are located throughout North America, Europe, Latin America and Asia Pacific, with the largest number of facilities in California, Florida, New York, New Jersey, Texas, Canada and the United Kingdom. We believe that the space available in our facilities is adequate to meet our current needs, although future growth may require that we acquire additional real property either by leasing or purchasing. See Note 10 to Notes to Consolidated Financial Statements for information regarding our minimum annual lease commitments.

Item 3. Legal Proceedings.

In August 2010, we were named as a defendant in a patent infringement suit filed in the U.S. District Court for the Eastern District of Texas by Oasis Research, LLC. The plaintiff alleges that the technology found in our Connected and LiveVault products infringed certain U.S. patents owned by the plaintiff and seeks an unspecified amount of damages. A final pre-trial conference has been scheduled for October 12, 2012. We expect the court to establish a trial date during the pre-trial conference. As part of the sale of our Digital Business discussed at Note 14 to Notes to Consolidated Financial Statements, our Connected and LiveVault products were sold to Autonomy and Autonomy has assumed this obligation and the defense of this litigation and has agreed to indemnify us against any losses.

In July 2006, we experienced a significant fire in a leased records and information management facility in London, England, that resulted in the complete destruction of the facility and its contents.

Table of Contents

The London Fire Brigade ("LFB") issued a report in which it concluded that the fire resulted either from human agency, i.e., arson, or an unidentified ignition device or source, and its report to the Home Office concluded that the fire resulted from a deliberate act. The LFB also concluded that the installed sprinkler system failed to control the fire because the primary electric fire pump was disabled prior to the fire and the standby diesel fire pump was disabled in the early stages of the fire by third-party contractors. We have received notices of claims from customers or their subrogated insurance carriers under various theories of liability arising out of lost data and/or records as a result of the fire. Certain of those claims have resulted in litigation in courts in the United Kingdom. We deny any liability in respect of the London fire, and we have referred these claims to our excess warehouse legal liability insurer, which has been defending them to date under a reservation of rights. Certain of the claims have been settled for nominal amounts, typically one to two British pounds sterling per carton, as specified in the contracts, which amounts have been or will be reimbursed to us from our primary property insurer. We believe we carry adequate property and liability insurance related to this incident.

General

In addition to the matters discussed above, we are involved in litigation from time to time in the ordinary course of business. A portion of the defense and/or settlement costs associated with such litigation is covered by various commercial liability insurance policies purchased by us and, in limited cases, indemnification from third parties. In the opinion of management, other than discussed above, no material legal proceedings are pending to which we, or any of our properties, are subject.

Item 4. Mine Safety Disclosures.

None.

Table of Contents

PART II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is traded on the New York Stock Exchange (the "NYSE") under the symbol "IRM." The following table sets forth the high and low sale prices on the NYSE, for the years 2010 and 2011:

	Sale Prices	
	High	Low
2010		
First Quarter	$ 27.76	$ 21.32
Second Quarter	28.49	22.44
Third Quarter	25.81	20.09
Fourth Quarter	25.42	19.93
2011		
First Quarter	$ 31.53	$ 24.28
Second Quarter	35.50	31.18
Third Quarter	35.79	27.68
Fourth Quarter	33.70	28.34

The closing price of our common stock on the NYSE on February 10, 2012 was $30.47. As of February 10, 2012, there were 539 holders of record of our common stock. We believe that there are more than 50,500 beneficial owners of our common stock.

In February 2010, our board of directors adopted a dividend policy under which we intend to pay quarterly cash dividends on our common stock. Declaration and payment of future quarterly dividends is at the discretion of our board of directors. In 2010 and 2011, our board of directors declared the following dividends:

Declaration Date	Dividend Per Share	Record Date	Total Amount (in thousands)	Payment Date
March 25, 2010	$ 0.0625	March 25, 2010	$ 12,720	April 15, 2010
June 4, 2010	0.0625	June 25, 2010	12,641	July 15, 2010
September 15, 2010	0.0625	September 28, 2010	12,532	October 15, 2010
December 10, 2010	0.1875	December 27, 2010	37,514	January 14, 2011
March 11, 2011	0.1875	March 25, 2011	37,601	April 15, 2011
June 10, 2011	0.2500	June 24, 2011	50,694	July 15, 2011
September 8, 2011	0.2500	September 23, 2011	46,877	October 14, 2011
December 1, 2011	0.2500	December 23, 2011	43,180	January 13, 2012

Our board of directors has authorized up to $1.2 billion in repurchases of our common stock. As of February 10, 2012, we have repurchased approximately $1.1 billion of our common stock under such authorization. Any determinations by us to repurchase our common stock or pay cash dividends on our common stock in the future will be based primarily upon our financial condition, results of operations, business requirements, the price of our common stock (in the case of the repurchase program) and our board of directors' continuing determination that the repurchase program and the declaration of dividends under the dividend policy are in the best interests of our stockholders and are in compliance with all laws and agreements applicable to the repurchase and dividend programs. The terms of our credit agreement and our indentures contain provisions permitting the payment of cash dividends and stock repurchases subject to certain limitations.

Table of Contents

Unregistered Sales of Equity Securities and Use of Proceeds

There were no sales of unregistered securities for the three months ended December 31, 2011. The following table sets forth our common stock repurchased for the three months ended December 31, 2011:

Issuer Purchases of Equity Securities

Period(1)	Total Number of Shares Purchased(2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(3)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs(4) (In Thousands)
October 1, 2011 October 31, 2011	3,650,195	$ 30.70	3,650,195	$ 428,226
November 1, 2011 November 30, 2011	6,078,525	$ 29.68	6,078,525	$ 247,845
December 1, 2011 December 31, 2011	4,923,158	$ 29.89	4,923,158	$ 100,701
Total	14,651,878	$ 30.00	14,651,878	

(1) Information is based on trade dates of repurchase transactions.

(2) Consists of shares of our common stock, par value $.01 per share. All repurchases were made pursuant to an announced plan. All repurchases were made in open market transactions under the terms of a Rule 10b5-1 plan adopted by us.

(3) In February 2010, our board of directors approved a share repurchase program authorizing up to $150.0 million in repurchases of our common stock, and in October 2010, our board of directors authorized up to an additional $200.0 million of such purchases. In May 2011, our board of directors authorized up to an additional $850.0 million of such purchases, for a total authorization of $1.2 billion. Our board of directors did not specify an expiration date for this program.

(4) Dollar amounts represented reflect $1.2 billion total authorization minus the total aggregate amount purchased in such month and all prior months during which the repurchase program was in effect and exclude commissions paid in connection therewith.

Table of Contents

Item 6. Selected Financial Data.

The following selected consolidated statements of operations, balance sheet and other data have been derived from our audited consolidated financial statements (see footnote (1) below). The selected consolidated financial and operating information set forth below, giving effect to stock splits, should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Consolidated Financial Statements and the Notes thereto included elsewhere in this filing.

	Year Ended December 31,				
	2007(1)	2008(1)	2009(1)	2010(1)(2)	2011
	(in thousands, except per share data)				
Consolidated Statements of Operations Data:					
Revenues:					
Storage	$ 1,362,161	$ 1,496,194	$ 1,533,792	$ 1,598,718	$ 1,682,990
Service	1,204,367	1,329,240	1,240,592	1,293,631	1,331,713
Total Revenues	2,566,528	2,825,434	2,774,384	2,892,349	3,014,703
Operating Expenses:					
Cost of sales (excluding depreciation and amortization)	1,212,516	1,311,891	1,201,871	1,192,862	1,245,200
Selling, general and administrative	677,847	759,264	749,934	772,811	834,591
Depreciation and amortization	220,217	254,497	277,186	304,205	319,499
Intangible Impairments(3)				85,909	46,500
(Gain) Loss on disposal/write-down of property, plant and equipment, net	(5,463)	7,522	168	(10,987)	(2,286)
Total Operating Expenses	2,105,117	2,333,174	2,229,159	2,344,800	2,443,504
Operating Income	461,411	492,260	545,225	547,549	571,199
Interest Expense, Net	214,147	219,989	212,545	204,559	205,256
Other Expense (Income), Net	4,103	31,505	(12,599)	8,768	13,043
Income from Continuing Operations Before Provision for Income Taxes	243,161	240,766	345,279	334,222	352,900
Provision for Income Taxes	72,617	146,122	113,762	167,483	106,488
Income from Continuing Operations	170,544	94,644	231,517	166,739	246,412
Loss from Discontinued Operations, Net of Tax	(17,858)	(14,889)	(12,138)	(219,417)	(47,439)
Gain on Sale of Discontinued Operations, Net of Tax					200,619
Net Income (Loss)	152,686	79,755	219,379	(52,678)	399,592
Less: Net Income (Loss) Attributable to Noncontrolling Interests	920	(94)	1,429	4,908	4,054
Net Income (Loss) Attributable to Iron Mountain Incorporated	$ 151,766	$ 79,849	$ 217,950	$ (57,586)	$ 395,538

(footnotes follow)

Table of Contents

	Year Ended December 31,				
	2007(1)	2008(1)	2009(1)	2010(1)(2)	2011
	(in thousands, except per share data)				
Earnings (Losses) per Share Basic:					
Income from Continuing Operations	$ 0.85	$ 0.47	$ 1.14	$ 0.83	$ 1.27
Total Loss (Income) from Discontinued Operations	$ (0.09)	$ (0.07)	$ (0.06)	$ (1.09)	$ 0.79
Net Income (Loss) Attributable to Iron Mountain Incorporated	$ 0.76	$ 0.40	$ 1.07	$ (0.29)	$ 2.03
Earnings (Losses) per Share Diluted:					
Income from Continuing Operations	$ 0.84	$ 0.47	$ 1.13	$ 0.83	$ 1.26
Total Loss (Income) from Discontinued Operations	$ (0.09)	$ (0.07)	$ (0.06)	$ (1.09)	$ 0.78
Net Income (Loss) Attributable to Iron Mountain Incorporated	$ 0.75	$ 0.39	$ 1.07	$ (0.29)	$ 2.02
Weighted Average Common Shares Outstanding Basic	199,938	201,279	202,812	201,991	194,777
Weighted Average Common Shares Outstanding Diluted	202,062	203,290	204,271	201,991	195,938
Dividends Declared per Common Share(4)	$	$	$	$ 0.3750	$ 0.9375

(footnotes follow)

	Year Ended December 31,				
	2007(1)	2008(1)	2009(1)	2010(1)(2)	2011
	(In thousands)				
Other Data:					
Adjusted OIBDA(5)	$ 676,165	$ 754,279	$ 822,579	$ 926,676	$ 934,912
Adjusted OIBDA Margin(5)	26.3%	26.7%	29.6%	32.0%	31.0%
Ratio of Earnings to Fixed Charges	1.8x	1.8x	2.2x	2.2x	2.2x

	As of December 31,				
	2007	2008	2009	2010(2)	2011
	(in thousands)				
Consolidated Balance Sheet Data:					
Cash and Cash Equivalents	$ 125,607	$ 278,370	$ 446,656	$ 258,693	$ 179,845
Total Assets	6,308,949	6,359,291	6,851,157	6,416,393	6,041,258
Total Long-Term Debt (including Current Portion of Long-Term Debt)	3,263,998	3,240,450	3,248,649	3,008,207	3,353,588
Total Equity(1)	1,815,173	1,814,769	2,150,760	1,952,865	1,254,256

(footnotes follow)

Table of Contents

Reconciliation of Adjusted OIBDA to Operating Income and Net Income (Loss):

	Year Ended December 31,				
	2007(1)	2008(1)	2009(1)	2010(1)(2)	2011
			(in thousands)		
Adjusted OIBDA(5)	$ 676,165	$ 754,279	$ 822,579	$ 926,676	$ 934,912
Less: Depreciation and Amortization	220,217	254,497	277,186	304,205	319,499
Intangible Impairments(3)				85,909	46,500
(Gain) Loss on Disposal/Write-down of Property, Plant and Equipment, Net	(5,463)	7,522	168	(10,987)	(2,286)
Operating Income	461,411	492,260	545,225	547,549	571,199
Less: Interest Expense, Net	214,147	219,989	212,545	204,559	205,256
Other Expense (Income), Net	4,103	31,505	(12,599)	8,768	13,043
Provision for Income Taxes	72,617	146,122	113,762	167,483	106,488
Loss from Discontinued Operations, Net of Tax	17,858	14,889	12,138	219,417	47,439
Gain on Sale of Discontinued Operations, Net of Tax					(200,619)
Net Income (Loss) Attributable to Noncontrolling Interests	920	(94)	1,429	4,908	4,054
Net Income (Loss) Attributable to Iron Mountain Incorporated	$ 151,766	$ 79,849	$ 217,950	$ (57,586)	$ 395,538
(footnotes follow)					

(1) Revenue and Adjusted OIBDA for the years ended December 31, 2007, 2008, 2009 and 2010 have been restated to reflect a reduction in revenues of $2,183, $3,597, $4,813 and $6,023, respectively, to correct billing errors made in connection with a government contract as more fully described in Notes 2.y. and 10.h. to Notes to Consolidated Financial Statements. The impact to income from continuing operations and net income is a reduction of $1,328, $2,188, $2,927 and $3,686, respectively, for the after tax impact of the revenue errors for the years ended December 31, 2007, 2008, 2009 and 2010, respectively.

(2) Prior to January 1, 2010, the financial position and results of operations of the operating subsidiaries of Iron Mountain Europe (Group) Limited (collectively referred to as "IME"), our European business, were consolidated based on IME's fiscal year ended October 31. Effective January 1, 2010, we changed the fiscal year-end (and the reporting period for consolidation purposes) of IME to coincide with Iron Mountain Incorporated's fiscal year-end of December 31. We believe that the change in accounting principle related to the elimination of the two-month reporting lag for IME is preferable because it will result in more contemporaneous reporting of events and results related to IME. In accordance with applicable accounting literature, a change in subsidiary year-end is treated as a change in accounting principle and requires retrospective application. The impact of the change was not material to the results of operations for the previously reported annual and interim periods after January 1, 2007, and, thus, those results have not been revised. There is, however, a charge of $4.7 million recorded to other (income) expense, net in the year ended December 31, 2010 to recognize the immaterial difference arising from the change. There were no significant infrequent or unusual items in the IME two-month period ended December 31, 2008 and 2009.

(3) For the year ended December 31, 2010, we recorded a non-cash goodwill impairment charge of $85,909 related to our technology escrow services business, which we continue to own and operate

Table of Contents

and which was previously reflected in the former worldwide digital business segment and is now reflected as a component of the North American Business segment. For the year ended December 31, 2010, we recorded a $197,876 non-cash goodwill impairment charge related to our former worldwide digital business that is included in loss from discontinued operations, net of tax. For the year ended December 31, 2011, we recorded a non-cash goodwill impairment charge of $46,500 in our Western Europe reporting unit, which is a component of the International Business segment. See Note 2.g. to Notes to Consolidated Financial Statements.

(4)

In February 2010, our board of directors adopted a dividend policy under which we began paying quarterly dividends on our common stock. See "Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities."

(5)

Adjusted OIBDA is defined as operating income before depreciation, amortization, intangible impairments and (gain) loss on disposal/write-down of property, plant and equipment, net. Adjusted OIBDA Margin is calculated by dividing Adjusted OIBDA by total revenues. For a more detailed definition and reconciliation of Adjusted OIBDA and a discussion of why we believe these measures provide relevant and useful information to our current and potential investors, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Measures."

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with "Item 6. Selected Financial Data" and the Consolidated Financial Statements and Notes thereto and the other financial and operating information included elsewhere in this filing.

This discussion contains "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 and in other federal securities laws. See "Cautionary Note Regarding Forward-Looking Statements" on page ii of this filing and "Item 1A. Risk Factors" beginning on page 15 of this filing.

Overview

In August 2010, we divested the domain name management product line (the "Domain Name Product Line") of our digital business. On June 2, 2011, we completed the sale (the "Digital Sale") of our online backup and recovery, digital archiving and eDiscovery solutions businesses (the "Digital Business") to Autonomy, pursuant to a purchase and sale agreement dated as of May 15, 2011 among Iron Mountain Incorporated ("IMI"), certain subsidiaries of IMI and Autonomy (the "Digital Sale Agreement"). In the Digital Sale, Autonomy purchased (i) the shares of certain of IMI's subsidiaries through which IMI conducted the Digital Business and (ii) certain assets of IMI and its subsidiaries relating to our Digital Business. The financial position, operating results and cash flows of the Domain Name Product Line and the Digital Business, for all periods presented in this Annual Report on Form 10-K, including the gains on the sales, have been reported as discontinued operations for financial reporting purposes. IMI retained its technology escrow services business which had previously been reported in the former worldwide digital business segment along with the Digital Business and the Domain Name Product Line. The technology escrow services business is now reported in the North American Business segment. Additionally, on October 3, 2011, we sold our records management business in New Zealand (the "New Zealand Business"). The financial position, operating results and cash flows of the New Zealand Business, including the gain on the sale, for all periods presented, have been reported as discontinued operations for financial reporting purposes. Also, in December 2011, we committed to a plan to sell the Italian Business. The financial position, operating results and cash flows of the Italian Business, for all periods presented, have been reported as discontinued operations for financial reporting purposes. See Note 14 to Notes to Consolidated Financial Statements.

Table of Contents

Consolidated statements of operations amounts for 2009 and 2010 were restated in connection with the government contract billing error more fully discussed in Notes 2.y. and 10.h. to Notes to Consolidated Financial Statements. As a result, 2009 and 2010 consolidated statements of operations amounts related to: (a) storage, (b) service, (c) total revenues, (d) operating income, (e) income from continuing operations before provision for income taxes, (f) provision for income taxes, (g) income from continuing operations, (h) net income (loss) and (g) net income (loss) attributable to Iron Mountain Incorporated have been changed throughout management's discussion and analysis to conform to the restated figures.

Our revenues consist of storage revenues as well as service revenues. Storage revenues, which are considered a key performance indicator for the information management services industry, consist primarily of recurring periodic charges related to the storage of materials or data (generally on a per unit basis) that are typically retained by customers for many years and have accounted for over 55% of total consolidated revenues in each of the last three years. Our annual revenues from these fixed periodic storage fees have grown for 23 consecutive years. Service revenues are comprised of charges for related core service activities and a wide array of complementary products and services. Included in core service revenues are: (1) the handling of records, including the addition of new records, temporary removal of records from storage, refiling of removed records and the destruction of records; (2) courier operations, consisting primarily of the pickup and delivery of records upon customer request; (3) secure shredding of sensitive documents; and (4) other recurring services, including hybrid services and recurring project revenues. Our complementary services revenues include special project work, customer termination and permanent withdrawal fees, data restoration projects, fulfillment services, consulting services, technology services and product sales (including specially designed storage containers and related supplies). A by-product of our secure shredding and destruction services is the sale of recycled paper (included in complementary services revenues), the price of which can fluctuate from period to period, adding to the volatility and reducing the predictability of that revenue stream. Our consolidated revenues are also subject to variations caused by the net effect of foreign currency translation on revenue derived from outside the U.S. For the years ended December 31, 2009, 2010 and 2011, we derived approximately 31%, 32% and 34%, respectively, of our total revenues from outside the U.S.

We recognize revenue when the following criteria are met: persuasive evidence of an arrangement exists, services have been rendered, the sales price is fixed or determinable and collectability of the resulting receivable is reasonably assured. Storage and service revenues are recognized in the month the respective storage or service is provided, and customers are generally billed on a monthly basis on contractually agreed-upon terms. Amounts related to future storage or prepaid service contracts for customers where storage fees or services are billed in advance are accounted for as deferred revenue and recognized ratably over the applicable storage or service period or when the service is performed. Revenue from the sales of products, which is included as a component of service revenues, is recognized when products are shipped to the customer and title has passed to the customer. Revenues from the sales of products have historically not been significant.

Cost of sales (excluding depreciation and amortization) consists primarily of wages and benefits for field personnel, facility occupancy costs (including rent and utilities), transportation expenses (including vehicle leases and fuel), other product cost of sales and other equipment costs and supplies. Of these, wages and benefits and facility occupancy costs are the most significant. Trends in total wages and benefits in dollars and as a percentage of total consolidated revenue are influenced by changes in headcount and compensation levels, achievement of incentive compensation targets, workforce productivity and variability in costs associated with medical insurance and workers compensation. Trends in facility occupancy costs are impacted by the total number of facilities we occupy, the mix of properties we own versus properties we occupy under operating leases, fluctuations in per square foot occupancy costs, and the levels of utilization of these properties.

Table of Contents

The expansion of our European and secure shredding businesses has impacted the major cost of sales components. Our European operations are more labor intensive than our North American businesses and, therefore, add incremental labor costs at a higher percentage of segment revenue than our North American business. Our secure shredding operations incur lower facility costs and higher transportation costs as a percentage of revenues compared to our core physical businesses.

Selling, general and administrative expenses consist primarily of wages and benefits for management, administrative, information technology, sales, account management and marketing personnel, as well as expenses related to communications and data processing, travel, professional fees, bad debts, training, office equipment and supplies. Trends in total wage and benefit dollars as a percentage of total consolidated revenue are influenced by changes in headcount and compensation levels, achievement of incentive compensation targets, workforce productivity and variability in costs associated with medical insurance. The overhead structure of our expanding European and Asian operations, as compared to our North American operations, is more labor intensive and has not achieved the same level of overhead leverage, which may result in an increase in selling, general and administrative expenses, as a percentage of consolidated revenue, as our European and Asian operations become a more meaningful percentage of our consolidated results.

Our depreciation and amortization charges result primarily from the capital-intensive nature of our business. The principal components of depreciation relate to storage systems, which include racking, building and leasehold improvements, computer systems hardware and software, and buildings. Amortization relates primarily to customer relationship acquisition costs and is impacted by the nature and timing of acquisitions.

In September 2011, as a result of certain changes we made in the manner in which our European operations are managed, we reorganized our reporting structure and reassigned goodwill among the revised reporting units. As a result of the management and reporting changes, we concluded that we have three reporting units for our European operations: (1) the United Kingdom, Ireland and Norway ("UKI"); (2) Belgium, France, Germany, Luxembourg, Netherlands and Spain ("Western Europe"); and (3) the remaining countries in Europe ("Central Europe"). Due to these changes, we will perform all future goodwill impairment analysis on the new reporting unit basis. As a result of the restructuring of our reporting units, we concluded that we had an interim triggering event, and, therefore, we performed an interim goodwill impairment test for UKI, Western Europe and Central Europe in the third quarter of 2011 as of August 31, 2011. As required by accounting principles generally accepted in the United States of America ("GAAP"), prior to our goodwill impairment analysis, we performed an impairment assessment on the long-lived assets within our UKI, Western Europe and Central Europe reporting units and noted no impairment, except for the Italian Business, which was included in our Western Europe reporting unit, and which is now included in discontinued operations. See Note 14 to Notes to Consolidated Financial Statements. Based on our analyses, we concluded that the goodwill of our UKI and Central Europe reporting units was not impaired. Our UKI and Central Europe reporting units had fair values that exceed their carrying values by 15.1% and 4.9%, respectively, as of August 31, 2011. Central Europe is still in the investment stage, and, accordingly, its fair value does not exceed its carrying value by a significant margin at this point in time. A deterioration of the UKI or Central Europe businesses or their failure to achieve the forecasted results could lead to impairments in future periods. Our Western Europe reporting unit's fair value was less than its carrying value, and, as a result, we recorded a goodwill impairment charge of $46.5 million included as a component of intangible impairments from continuing operations in our consolidated statements of operations for the year ended December 31, 2011. A tax benefit of approximately $5.4 million was recorded associated with the Western Europe goodwill impairment charge for the year ended December 31, 2011 and is included in the provision from income taxes from continuing operations.

During the quarter ended September 30, 2010, prior to our annual goodwill impairment review, we concluded that events occurred and circumstances changed in our former worldwide digital business reporting unit that required us to conduct an impairment review. The primary factors contributing to our conclusion that we had a triggering event and a requirement to reassess our former worldwide digital business reporting unit goodwill for impairment included: (1) a reduction in forecasted revenue and operating results due to continued pressure on key parts of the business as a result of the weak economy; (2) reduced revenue and profit outlook for our eDiscovery service due to smaller average matter size and lower pricing; (3) a decision to discontinue certain software development projects; and (4) the sale of the Domain Name Product Line. As a result of the review, we recorded a provisional goodwill impairment charge associated with our former worldwide digital business reporting unit in the amount of $255.0 million during the quarter ended September 30, 2010. We finalized the estimate in the fourth quarter of 2010, and we recorded an additional impairment of $28.8 million, for a total goodwill impairment charge of $283.8 million. Based on a relative fair value basis, we allocated $85.9 million of this charge to the retained technology escrow services business which continues to be included in our continuing results of operations. Our technology escrow services business had previously been reported in the former worldwide digital business segment along with the Digital Business and the Domain Name Product Line. The technology escrow services business is now reported in the North American Business segment.

Our consolidated revenues and expenses are subject to variations caused by the net effect of foreign currency translation on revenues and expenses incurred by our entities outside the U.S. In 2009, we saw decreases in both revenues and expenses as a result of the weakening of the British pound sterling, the Canadian dollar and the Euro against the U.S. dollar, based on an analysis of weighted average exchange rates for the comparable periods. In 2010, we saw increases in both revenues and expenses as a result of the strengthening of the British pound sterling and the Canadian dollar, slightly offset by a weakening of the Euro, against the U.S. dollar, based on an analysis of weighted average exchange rates for the comparable periods. In 2011, we saw increases in both revenues and expenses as a result of the strengthening of the British pound sterling, Canadian dollar and Euro, against the U.S. dollar, based on an analysis of weighted average exchange rates for the comparable periods. It is difficult to predict how much foreign currency exchange rates will fluctuate in the future and how those fluctuations will impact our consolidated statement of operations. Due to the expansion of our international operations, these fluctuations have become material on individual balances. However, because both the revenues and expenses are denominated in the local currency of the country in which they are derived or incurred, the impact of currency fluctuations on our operating income and operating margin is partially mitigated. In order to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency fluctuations, we compare the percentage change in the results from one period to another period in this report using constant currency disclosure. The constant currency growth rates are calculated by translating the 2009 results at the 2010 average exchange rates and the 2010 results at the 2011 average exchange rates.

Prior to January 1, 2010, the financial position and results of operations of the operating subsidiaries of IME, our European business, were consolidated based on IME's fiscal year ended October 31. Effective January 1, 2010, we changed the fiscal year-end (and the reporting period for consolidation purposes) of IME to coincide with IMI's fiscal year-end of December 31. We believe that the change in accounting principle related to the elimination of the two-month reporting lag for IME is preferable because it results in more contemporaneous reporting of events and results related to IME. In accordance with applicable accounting literature, a change in a subsidiary's year-end is treated as a change in accounting principle and requires retrospective application. The impact of the change was not material to the results of operations for the previously reported annual and interim periods prior to January 1, 2010, and, thus, those results have not been revised. There is, however, a charge of $4.7 million recorded to other (income) expense, net in the year ended December 31, 2010 to recognize the immaterial differences arising from the change.

Table of Contents

The following table is a comparison of underlying average exchange rates of the foreign currencies that had the most significant impact on our U.S. dollar-reported revenues and expenses:

	Average Exchange Rates for the Year Ended December 31, 2010	Average Exchange Rates for the Year Ended December 31, 2011	Percentage Strengthening/ (Weakening) of Foreign Currency
British pound sterling	$ 1.546	$ 1.604	3.8%
Canadian dollar	$ 0.971	$ 1.012	4.2%
Euro	$ 1.328	$ 1.392	4.8%

	Average Exchange Rates for the Year Ended December 31, 2009(1)	Average Exchange Rates for the Year Ended December 31, 2010	Percentage Strengthening/ (Weakening) of Foreign Currency
British pound sterling	$ 1.544	$ 1.546	0.1%
Canadian dollar	$ 0.880	$ 0.971	10.3%
Euro	$ 1.366	$ 1.328	(2.8)%

(1) Corresponding to the appropriate periods based on the operating subsidiaries of IME's fiscal year ended October 31.

Non-GAAP Measures

Adjusted Operating Income Before Depreciation, Amortization and Intangible Impairments ("Adjusted OIBDA")

Adjusted OIBDA is defined as operating income before depreciation, amortization, intangible impairments and (gain) loss on disposal/write-down of property, plant and equipment, net. Adjusted OIBDA Margin is calculated by dividing Adjusted OIBDA by total revenues. We use multiples of current or projected Adjusted OIBDA in conjunction with our discounted cash flow models to determine our overall enterprise valuation and to evaluate acquisition targets. We believe Adjusted OIBDA and Adjusted OIBDA Margin provide current and potential investors with relevant and useful information regarding our ability to generate cash flow to support business investment. These measures are an integral part of the internal reporting system we use to assess and evaluate the operating performance of our business. Adjusted OIBDA does not include certain items that we believe are not indicative of our core operating results, specifically: (1) (gain) and loss on disposal/write-down of property, plant and equipment, net; (2) intangible impairments; (3) other expense (income), net; (4) cumulative effect of change in accounting principle; (5) income (loss) from discontinued operations; (6) gain (loss) on sale of discontinued operations; and (7) net income (loss) attributable to noncontrolling interests.

Adjusted OIBDA also does not include interest expense, net and the provision (benefit) for income taxes. These expenses are associated with our capitalization and tax structures, which we do not consider when evaluating the operating profitability of our core operations. Finally, Adjusted OIBDA does not include depreciation and amortization expenses in order to eliminate the impact of capital investments, which we evaluate by comparing capital expenditures to incremental revenue generated and as a percentage of total revenues. Adjusted OIBDA and Adjusted OIBDA Margin should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP, such as operating or net income (loss) or cash flows from operating activities from continuing operations (as determined in accordance with GAAP).

Table of Contents

Reconciliation of Adjusted OIBDA to Operating Income; Income from Continuing Operations and Net Income (Loss) (in thousands):

	Year Ended December 31,				
	2007	**2008**	**2009**	**2010**	**2011**
Adjusted OIBDA	$ 676,165	$ 754,279	$ 822,579	$ 926,676	$ 934,912
Less: Depreciation and Amortization	220,217	254,497	277,186	304,205	319,499
Intangible Impairments				85,909	46,500
Loss (Gain) on Disposal/Write-Down of Property, Plant and Equipment, Net	(5,463)	7,522	168	(10,987)	(2,286)
Operating Income	461,411	492,260	545,225	547,549	571,199
Less: Interest Expense, Net	214,147	219,989	212,545	204,559	205,256
Other (Income) Expense, Net	4,103	31,505	(12,599)	8,768	13,043
Provision for Income Taxes	72,617	146,122	113,762	167,483	106,488
Income from Continuing Operations	170,544	94,644	231,517	166,739	246,412
Total (Loss) Income from Discontinued Operations, Net of Tax	(17,858)	(14,889)	(12,138)	(219,417)	153,180
Net Income Attributable to Noncontrolling Interests	920	(94)	1,429	4,908	4,054
Net Income (Loss) Attributable to Iron Mountain Incorporated	$ 151,766	$ 79,849	$ 217,950	$ (57,586)	$ 395,538

Free Cash Flows before Acquisitions and Discretionary Investments ("FCF")

FCF is defined as Cash Flows from Operating Activities Continuing Operations less capital expenditures (excluding real estate), net of proceeds from the sales of property and equipment and other, net, and additions to customer relationship and acquisition costs. Our management uses this measure when evaluating the operating performance of our consolidated business. We believe this measure provides relevant and useful information to our current and potential investors. FCF is a useful measure in determining our ability to generate excess cash that may be used for reinvestment in the business, discretionary deployment in investments such as real estate or acquisition opportunities, returning of capital to our stockholders and voluntary prepayments of indebtedness.

Table of Contents

Reconciliation of FCF to Cash Flows from Operating Activities Continuing Operations (in thousands):

	Year Ended December 31,				
	2007	2008	2009	2010	2011
Free Cash Flows before Acquisitions and Discretionary Investments	$ 168,196	$ 196,522	$ 330,142	$ 370,128	$ 457,838
Add: Capital Expenditures (excluding real estate), net(1)	298,158	303,236	245,687	219,899	183,973
Additions to Customer Relationship and Acquisitions Costs	16,384	14,141	10,741	13,202	21,703
Cash Flows From Operating Activities Continuing Operations	$ 482,738	$ 513,899	$ 586,570	$ 603,229	$ 663,514
Cash Flows From Investing Activities Continuing Operations	$ (700,689)	$ (421,480)	$ (298,699)	$ (298,458)	$ (302,213)
Cash Flows From Financing Activities Continuing Operations	$ 461,570	$ 87,028	$ (128,286)	$ (379,711)	$ (762,670)

(1) The 2010 results included approximately $11,000 incurred by IME in November and December 2009 prior to the change in its fiscal year-end.

Adjusted Earnings per Share from Continuing Operations ("Adjusted EPS")

Adjusted EPS from continuing operations is defined as reported earnings per share from continuing operations excluding: (a) (gain) loss on the disposal/write-down of property, plant and equipment, net; (b) intangible impairments; (c) other expense (income), net; and (d) the tax impact of reconciling items and discrete tax items. We do not believe these excluded items to be indicative of our ongoing operating results, and they are not considered when we are forecasting our future results. We believe Adjusted EPS from continuing operations is of value to investors when comparing our results from past, present and future periods.

Reconciliation of Adjusted EPS Fully Diluted from Continuing Operations to Reported EPS Fully Diluted from Continuing Operations:

	Year Ended December 31,				
	2007	2008	2009	2010	2011
Adjusted EPS Fully Diluted from Continuing Operations	$ 0.75	$ 0.86	$ 1.01	$ 1.28	$ 1.31
Less: (Gain) Loss on disposal/write-down of property, plant and equipment, net	(0.03)	0.04		(0.05)	(0.01)
Intangible Impairments				0.43	0.24
Other Expense (Income), net	0.02	0.15	(0.06)	0.04	0.07
Tax impact of reconciling items and discrete tax items	(0.08)	0.20	(0.06)	0.03	(0.25)
Reported EPS Fully Diluted from Continuing Operations	$ 0.84	$ 0.47	$ 1.13	$ 0.83	$ 1.26

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of

Table of Contents

contingent assets and liabilities at the date of the financial statements and for the period then ended. On an ongoing basis, we evaluate the estimates used. We base our estimates on historical experience, actuarial estimates, current conditions and various other assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. Our critical accounting policies include the following, which are listed in no particular order:

Revenue Recognition

Our revenues consist of storage revenues as well as service revenues and are reflected net of sales and value added taxes. Storage revenues, which are considered a key performance indicator for the information management services industry, consist primarily of recurring periodic charges related to the storage of materials or data (generally on a per unit basis). Service revenues are comprised of charges for related core service activities and a wide array of complementary products and services. Included in core service revenues are: (1) the handling of records, including the addition of new records, temporary removal of records from storage, refilling of removed records and the destruction of records; (2) courier operations, consisting primarily of the pickup and delivery of records upon customer request; (3) secure shredding of sensitive documents; and (4) other recurring services, including hybrid services and recurring project revenues. Our complementary services revenues include special project work, customer termination and permanent withdrawal fees, data restoration projects, fulfillment services, consulting services, technology services and product sales (including specially designed storage containers and related supplies). A by-product of our secure shredding and destruction services is the sale of recycled paper (included in complementary services revenues), the price of which can fluctuate from period to period, adding to the volatility and reducing the predictability of that revenue stream.

We recognize revenue when the following criteria are met: persuasive evidence of an arrangement exists, services have been rendered, the sales price is fixed or determinable and collectability of the resulting receivable is reasonably assured. Storage and service revenues are recognized in the month the respective storage or service is provided, and customers are generally billed on a monthly basis on contractually agreed-upon terms. Amounts related to future storage or prepaid service contracts for customers where storage fees or services are billed in advance are accounted for as deferred revenue and recognized ratably over the applicable storage or service period or when the service is performed. Revenue from the sales of products, which is included as a component of service revenues, is recognized when products are shipped to the customer and title has passed to the customer. Revenues from the sales of products have historically not been significant.

Accounting for Acquisitions

Part of our growth strategy has included the acquisition of numerous businesses. The purchase price of each acquisition has been determined after due diligence of the acquired business, market research, strategic planning and the forecasting of expected future results and synergies. Estimated future results and expected synergies are subject to revisions as we integrate each acquisition and attempt to leverage resources.

Each acquisition has been accounted for using the acquisition method of accounting as defined under the applicable accounting standards at the date of each acquisition. Accounting for these acquisitions has resulted in the capitalization of the cost in excess of fair value of the net assets acquired in each of these acquisitions as goodwill. We estimated the fair values of the assets acquired in each acquisition as of the date of acquisition and these estimates are subject to adjustment based on the final assessments of the fair value of property, plant and equipment, intangible assets, operating leases and deferred income taxes. We complete these assessments within one year of the date of acquisition. See Note 6 to Notes to Consolidated Financial Statements.

Table of Contents

Allowance for Doubtful Accounts and Credit Memos

We maintain an allowance for doubtful accounts and credit memos for estimated losses resulting from the potential inability of our customers to make required payments and potential disputes regarding billing and service issues. When calculating the allowance, we consider our past loss experience, current and prior trends in our aged receivables and credit memo activity, current economic conditions and specific circumstances of individual receivable balances. If the financial condition of our customers were to significantly change, resulting in a significant improvement or impairment of their ability to make payments, an adjustment of the allowance may be required. We consider accounts receivable to be delinquent after such time as reasonable means of collection have been exhausted. We charge-off uncollectible balances as circumstances warrant, generally no later than one year past due. As of December 31, 2010 and 2011, our allowance for doubtful accounts and credit memos balance totaled $20.7 million and $23.3 million, respectively.

Impairment of Tangible and Intangible Assets

Assets subject to amortization: We review long-lived assets and all amortizable intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to their carrying amount. The operations are generally distinguished by the business segment and geographic region in which they operate. If the operation is determined to be unable to recover the carrying amount of its assets, then intangible assets are written down first, followed by the other long-lived assets of the operation, to fair value. Fair value is determined based on discounted cash flows or appraised values, depending upon the nature of the assets.

Goodwill Assets not subject to amortization: Goodwill and intangible assets with indefinite lives are not amortized but are reviewed annually for impairment, or more frequently if impairment indicators arise. We have selected October 1 as our annual goodwill impairment review date. We performed our annual goodwill impairment review as of October 1, 2009, 2010 and 2011 and noted no impairment of goodwill. However, as a result of interim triggering events as discussed below, we recorded provisional goodwill impairment charges in each of the third quarters of 2010 and 2011 in conjunction with the Digital Sale and associated with our European operations, respectively. These provisional goodwill impairment charges were finalized in the fourth quarters of the 2010 and 2011 fiscal years, respectively. As of December 31, 2011, no factors were identified that would alter our October 1, 2011 goodwill assessment. In making this assessment, we relied on a number of factors including operating results, business plans, anticipated future cash flows, transactions and market place 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.

During the quarter ended September 30, 2010, prior to our annual goodwill impairment review, we concluded that events occurred and circumstances changed in our former worldwide digital business reporting unit that required us to conduct an impairment review. The primary factors contributing to our conclusion that we had a triggering event and a requirement to reassess our former worldwide digital business reporting unit goodwill for impairment included: (1) a reduction in forecasted revenue and operating results due to continued pressure on key parts of the business as a result of the weak economy; (2) reduced revenue and profit outlook for our eDiscovery service due to smaller average matter size and lower pricing; (3) a decision to discontinue certain software development projects; and (4) the sale of the Domain Name Product Line. As a result of the review, we recorded a provisional goodwill impairment charge associated with our former worldwide digital business reporting unit in the amount of $255.0 million during the quarter ended September 30, 2010. We finalized the estimate in the fourth quarter of 2010, and we recorded an additional impairment of $28.8 million, for a total

Table of Contents

goodwill impairment charge of $283.8 million. For the year ended December 31, 2010, based on a relative fair value basis, we allocated $85.9 million of this charge to the retained technology escrow services business which continues to be included in our continuing results of operations. The technology escrow services business had previously been reported in the former worldwide digital business segment along with the Digital Business and the Domain Name Product Line and is now reported in the North American Business segment.

In September 2011, as a result of certain changes we made in the manner in which our European operations are managed, we reorganized our reporting structure and reassigned goodwill among the revised reporting units. Previously, we tested goodwill impairment at the European level on a combined basis. As a result of the management and reporting changes, we concluded that we have three reporting units for our European operations: (1) UKI; (2) Western Europe; and (3) Central Europe. Due to these changes, we will perform all future goodwill impairment analyses on the new reporting unit basis. As a result of the restructuring of our reporting units, we concluded that we had an interim triggering event, and, therefore, we performed an interim goodwill impairment test for UKI, Western Europe and Central Europe in the third quarter of 2011 as of August 31, 2011. As required by GAAP, prior to our goodwill impairment analysis, we performed an impairment assessment on the long-lived assets within our UKI, Western Europe and Central Europe reporting units and noted no impairment, except for the Italian Business, which was included in our Western Europe reporting unit, and which is now included in discontinued operations as discussed at Note 14 to Notes to Consolidated Financial Statements. Based on our analyses, we concluded that the goodwill of our UKI and Central Europe reporting units was not impaired. Our UKI and Central Europe reporting units had fair values that exceed their carrying values by 15.1% and 4.9%, respectively, as of August 31, 2011. Central Europe is still in the investment stage, and, accordingly, its fair value does not exceed its carrying value by a significant margin at this point in time. A deterioration of the UKI or Central Europe businesses or their failure to achieve the forecasted results could lead to impairments in future periods. Our Western Europe reporting unit's fair value was less than its carrying value, and, as a result, we recorded a goodwill impairment charge of $46.5 million included as a component of intangible impairments from continuing operations in our consolidated statements of operations for the year ended December 31, 2011. A tax benefit of approximately $5.4 million was recorded associated with the Western Europe goodwill impairment charge for the year ended December 31, 2011 and is included in the provision for income taxes from continuing operations.

Our reporting units at which level we performed our goodwill impairment analysis as of October 1, 2010 were as follows: North America; Europe; Latin America; Australia; Joint Ventures (which includes India, the various joint ventures in Southeast Asia and Russia (referred to as "Joint Ventures")); and Business Process Management ("BPM"). Given their similar economic characteristics, products, customers and processes, (1) the United Kingdom, Ireland and Norway and (2) the countries of Continental Europe (excluding Joint Ventures), each a reporting unit, have been aggregated as Europe and tested as one for goodwill impairment. As of December 31, 2010, the carrying value of goodwill, net amounted to $1,750.4 million, $438.3 million, $29.8 million and $61.0 million for North America, Europe, Latin America and Australia, respectively. Our Joint Ventures and BPM reporting units had no goodwill as of December 31, 2010. Our reporting units at which level we performed our goodwill impairment analysis as of October 1, 2011 were as follows: North America; UKI; Western Europe; Central Europe; Latin America; Australia; and Joint Ventures. As of December 31, 2011, the carrying value of goodwill, net amounted to $1,748.9 million, $306.2 million, $46.4 million, $63.8 million, $27.3 million, and $61.7 million for North America, UKI, Western Europe, Central Europe, Latin America and Australia, respectively. Our Joint Ventures reporting unit has no goodwill as of December 31, 2011. Our North America, Latin America and Australia reporting units had estimated fair values as of October 1, 2011 that exceeded their carrying value by greater than 40%.

Table of Contents

Reporting unit valuations have been calculated using an income approach based on the present value of future cash flows of each reporting unit or a combined approach based on the present value of future cash flows and market and transaction multiples of revenues and earnings. The income approach incorporates many assumptions including future growth rates, discount factors, expected capital expenditures and income tax cash flows. Changes in economic and operating conditions impacting these assumptions could result in goodwill impairments in future periods. In conjunction with our annual goodwill impairment reviews, we reconcile the sum of the valuations of all of our reporting units to our market capitalization as of such dates.

Accounting for Internal Use Software

We develop various software applications for internal use. Computer software costs associated with internal use software are expensed as incurred until certain capitalization criteria are met. Payroll and related costs for employees who are directly associated with, and who devote time to, the development of internal use computer software projects (to the extent time is spent directly on the project) are capitalized and depreciated over the estimated useful life of the software. Capitalization begins when the design stage of the application has been completed and it is probable that the application will be completed and used to perform the function intended. Depreciation begins when the software is placed in service. Computer software costs that are capitalized are periodically evaluated for impairment.

It may be necessary for us to write-off amounts associated with the development of internal use software if the project cannot be completed as intended. We may be required to write-off unamortized costs or shorten the estimated useful life if an internal use software program is replaced with an alternative tool prior to the end of the software's estimated useful life. Capitalized labor net of accumulated depreciation was $33.7 million as of both December 31, 2011 and December 31, 2010. See Note 2.f. to Notes to Consolidated Financial Statements.

During the years ended December 31, 2009 and 2011, we wrote-off $0.6 million (primarily in Corporate) and $3.5 million (approximately $3.1 million associated with our International Business segment and approximately $0.4 million associated with our North American Business segment), respectively, of previously deferred software costs associated with internal use software development projects that were discontinued after implementation, which resulted in a loss on disposal/write-down of property, plant and equipment, net in each of these years.

Income Taxes

We recorded a valuation allowance, amounting to $72.2 million as of December 31, 2011, to reduce our deferred tax assets, primarily associated with certain state and foreign net operating loss carryforwards and foreign tax credit carryforwards, to the amount that is more likely than not to be realized. We have federal net operating loss carryforwards which begin to expire in 2020 through 2025 of $28.2 million ($9.9 million, tax effected) at December 31, 2011 to reduce future federal taxable income. We have an asset for state net operating losses of $7.9 million (net of federal tax benefit), which begins to expire in 2012 through 2025, subject to a valuation allowance of approximately 99%. We have assets for foreign net operating losses of $40.3 million, with various expiration dates, subject to a valuation allowance of approximately 69%. We also have foreign tax credits of $56.6 million, which begin to expire in 2014 through 2019, subject to a valuation allowance of approximately 65%. U.S. legislative changes in 2010 reduced the expected utilization of foreign tax credits which resulted in the requirement for a valuation allowance. If actual results differ unfavorably from certain of our estimates used, we may not be able to realize all or part of our net deferred income tax assets and foreign tax credit carryforwards, and additional valuation allowances may be required. Although we believe our estimates are reasonable, no assurance can be given that our estimates reflected in the tax provisions and accruals will equal our actual results. These differences could have a material impact on our income tax provision and operating results in the period in which such determination is made.

Table of Contents

The evaluation of an uncertain tax position is a two-step process. The first step is a recognition process whereby the company determines whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The second step is a measurement process whereby a tax position that meets the more likely than not recognition threshold is calculated to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

We are subject to examination by various tax authorities in jurisdictions in which we have significant business operations. We regularly assess the likelihood of additional assessments by tax authorities and provide for these matters as appropriate. As of December 31, 2010 and 2011, we had approximately $59.9 million and $31.4 million, respectively, of reserves related to uncertain tax positions. The reversal of these reserves will be recorded as a reduction of our income tax provision if sustained. Although we believe our tax estimates are appropriate, the final determination of tax audits and any related litigation could result in favorable or unfavorable changes in our estimates.

We have elected to recognize interest and penalties associated with uncertain tax positions as a component of the provision (benefit) for income taxes. We recorded $4.7 million, $(1.6) million and $(8.5) million for gross interest and penalties for the years ended December 31, 2009, 2010 and 2011, respectively.

We had $11.6 million and $2.8 million accrued for the payment of interest and penalties as of December 31, 2010 and 2011, respectively.

We have not provided deferred taxes on book basis differences related to certain foreign subsidiaries because such basis differences are not expected to reverse in the foreseeable future and we intend to reinvest indefinitely outside the U.S. These basis differences arose primarily through the undistributed book earnings of our foreign subsidiaries. The basis differences could be reversed through a sale of the subsidiaries, the receipt of dividends from subsidiaries and certain other events or actions on our part, each of which would result in an increase in our provision for income taxes. It is not practicable to calculate the amount of such basis differences.

Stock-Based Compensation

We record stock-based compensation expense, utilizing the straight-line method, for the cost of stock options, restricted stock, restricted stock units, performance units and shares of stock issued under the employee stock purchase plan. Stock-based compensation expense for the years ended December 31, 2009, 2010 and 2011 was $18.7 million, including $3.5 million in discontinued operations, ($14.7 million after tax or $0.07 per basic and diluted share), $20.4 million, including $3.1 million in discontinued operations, ($15.7 million after tax or $0.08 per basic and diluted share) and $17.5 million, including $0.3 million in discontinued operations, ($8.8 million after tax or $0.05 per basic and diluted share), respectively.

The fair values of option grants are estimated on the date of grant using the Black-Scholes option pricing model. Expected volatility and the expected term are the input factors to that model which require the most significant management judgment. Expected volatility is calculated utilizing daily historical volatility over a period that equates to the expected life of the option. The expected life (estimated period of time outstanding) of the stock options granted is estimated using the historical exercise behavior of employees.

Self-Insured Liabilities

We are self-insured up to certain limits for costs associated with workers' compensation claims, vehicle accidents, property and general business liabilities, and benefits paid under employee healthcare

Table of Contents

and short-term disability programs. At December 31, 2010 and 2011, there were approximately $43.9 million and $39.4 million, respectively, of self-insurance accruals reflected in our consolidated balance sheets. The measurement of these costs requires the consideration of historical cost experience and judgments about the present and expected levels of cost per claim. We account for these costs primarily through actuarial methods, which develop estimates of the undiscounted liability for claims incurred, including those claims incurred but not reported. These methods provide estimates of future ultimate claim costs based on claims incurred as of the balance sheet date.

We believe the use of actuarial methods to account for these liabilities provides a consistent and effective way to measure these highly judgmental accruals. However, the use of any estimation technique in this area is inherently sensitive given the magnitude of claims involved and the length of time until the ultimate cost is known. We believe our recorded obligations for these expenses are appropriate. Nevertheless, changes in healthcare costs, severity, and other factors can materially affect the estimates for these liabilities.

Recent Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2011-08, *Intangibles Goodwill and Other (Topic 350): Testing Goodwill for Impairment.* ASU 2011-08 allows but does not require entities to first assess qualitatively whether it is necessary to perform the two-step goodwill impairment test. If an entity believes, as a result of its qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative two-step impairment test is required; otherwise, no further testing is required. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The adoption of this ASU 2011-08 will not have a material impact on our consolidated financial position, results of operations or cash flows.

Results of Operations

Comparison of Year Ended December 31, 2011 to Year Ended December 31, 2010 and Comparison of Year Ended December 31, 2010 to Year Ended December 31, 2009 (in thousands):

	Year Ended December 31,		Dollar	Percentage
	2010	2011	Change	Change
Revenues	$ 2,892,349	$ 3,014,703	$ 122,354	4.2%
Operating Expenses(1)(2)	2,344,800	2,443,504	98,704	4.2%
Operating Income	547,549	571,199	23,650	4.3%
Other Expenses, Net	380,810	324,787	(56,023)	(14.7)%
Income from Continuing Operations(1)(2)	166,739	246,412	79,673	47.8%
Loss from Discontinued Operations(1)(2)	(219,417)	(47,439)	171,978	78.4%
Gain on Sale of Discontinued Operations		200,619	200,619	100.0%
Net (Loss) Income	(52,678)	399,592	452,270	858.6%
Net Income Attributable to Noncontrolling Interests	4,908	4,054	(854)	17.4%
Net (Loss) Income Attributable to Iron Mountain Incorporated	$ (57,586)	$ 395,538	$ 453,124	786.9%
Adjusted OIBDA(3)	$ 926,676	$ 934,912	$ 8,236	0.9%
Adjusted OIBDA Margin(3)	32.0%	31.0%		

Table of Contents

	Year Ended December 31, 2009	Year Ended December 31, 2010	Dollar Change	Percentage Change
Revenues	$ 2,774,384	$ 2,892,349	$ 117,965	4.3%
Operating Expenses(1)	2,229,159	2,344,800	115,641	5.2%
Operating Income	545,225	547,549	2,324	0.4%
Other Expenses, Net	313,708	380,810	67,102	21.4%
Income from Continuing Operations(1)	231,517	166,739	(64,778)	(28.0)%
Loss from Discontinued Operations(1)	(12,138)	(219,417)	(207,279)	(1,707.7)%
Net Income (Loss)	219,379	(52,678)	(272,057)	(124.0)%
Net Income Attributable to Noncontrolling Interests	1,429	4,908	3,479	(243.5)%
Net Income (Loss) Attributable to Iron Mountain Incorporated	$ 217,950	$ (57,586)	$ (275,536)	(126.4)%
Adjusted OIBDA(3)	$ 822,579	$ 926,676	$ 104,097	12.7%
Adjusted OIBDA Margin(3)	29.6%	32.0%		

(1) A $283.8 million non-cash goodwill impairment charge related to our former worldwide digital business reporting unit in the year ended December 31, 2010 was recorded. We allocated $85.9 million of the charge to our retained technology escrow services business, included in our continuing results of operations (included in operating expenses in 2010). We allocated the remaining $197.9 million to the Digital Business (included in loss from discontinued operations in 2010). See Notes 2.g. and 14 to Notes to Consolidated Financial Statements.

(2) A $49.0 million non-cash goodwill impairment charge related to our Western Europe reporting unit in the year ended December 31, 2011 was recorded. $46.5 million of the charge is included in our continuing results of operations (included in operating expenses in 2011). $2.5 million of the charge was allocated to the Italian Business and is included in loss from discontinued operations in 2011. See Notes 2.g. and 14 to Notes to Consolidated Financial Statements.

(3) See "Non-GAAP Measures Adjusted Operating Income Before Depreciation, Amortization and Intangible Impairments, or 'Adjusted OIBDA'" for the definition, reconciliation and a discussion of why we believe these measures provide relevant and useful information to our current and potential investors.

REVENUE

Year Ended December 31, 2010	Year Ended December 31, 2011	Dollar Change	Percentage Change Actual	Percentage Change Constant Currency(1)	Percentage Change Internal Growth(2)