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Iron Mountain, Inc.

Investor Meeting Australia Conference Call

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PRESENTATION

Melissa Marsden:

Good afternoon. If everybody could please take their seats so we could get started on time. The event is being webcast so we do want to make sure that we're starting promptly. Thank you.

So welcome everyone. I'm Melissa Marsden. I head up Investor Relations and Corporate Communications for Iron Mountain and I do want to thank everybody for joining us today on what I know is a fairly busy reporting day for a lot of you, so we will do our best to make it productive for you and hopefully very informative.

Before we get started, at Iron Mountain, safety is a number one priority. It is part of our culture and as a result we do start every group meeting with a brief safety induction, so I will turn it over to Steve Limebeer from the Four Seasons Hotel to give a brief safety message and then we'll get underway.

Steve Limebeer:

Thanks Melissa. Good afternoon ladies and gentlemen. My name is Steve Limebeer. I'm the Director of Security for Four Seasons Hotel. Welcome to the hotel. I won't take up much of your time. Just in the event that we do have an evacuation, which is highly unlikely, emergency exits are located directly behind

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the suite here. I would ask you to remain in the room. We have well-trained staff here that in the event that we do need to evacuate the hotel that we'll guide you across to our evacuation point which is located in the First Fleet Park. It's approximately a 30 seconds walk across the road so not too far to go. As I say it's highly unlikely that will occur. If you do hear a beep-beep sound and then followed up by a woop-woop, which means basically to evacuate, the staff will come in and help you out at the hotel. We have 24 hour security here as well, so your safety and security is paramount. So welcome to the hotel and hope you enjoy your session.

Melissa Marsden:

Thank you Steve. Before beginning our presentation, I want to say that today's remarks will contain forward-looking statements. For a list of those factors that could affect future performance or cause our actual results to be different from those that we discuss in today's meeting, I would refer you to the risks factors on this slide, as well as to a list of our risk factors that can be found in our most recent Form 10-K that's available on our website.

Today's agenda is going to include presentations from Bill Meaney, our President and CEO, as well as Rod Day, who officially transitioned his role as Executive Vice President and CFO effective with the filing of our second quarter 10-Q on August 5. He transitioned those responsibilities to Stuart Brown who just joined us two weeks ago.

For those of you not familiar with the Company, I'll provide a brief update of Iron Mountain. We are the trusted guardian of the assets that are most important to our customers to secure their past, their present and the future value of those assets. We primarily store information, both physical records, as well as computer backup and different forms of digital media, and we help our customers protect that so that they can lower their storage costs, comply with regulations and basically recover from corporate disasters. We are trusted to protect those documents and information that are most important to our customers.

We have a very diversified business, as you can see here. We've got more than 220,000 customers and 940 of those are among the Fortune 1000 companies. We do have a very expansive real estate platform as well. As you can see from the bottom of the slide, the bulk of our business is in the records management or document storage business, that's about 75% of total revenue; 16% is from our data management or our tape backup business; and the remainder is in shredding. Again, we've got the largest global presence, we operate in 45 countries on six continents and our business is characterized by very attractive characteristics, particularly when compared with other real estate property types. We've got very low turnover, very low maintenance capital requirements in the business and very high customer retention leading to low volatility in our storage rental revenue.

We also have a very solid track record of enhancing value for our shareholders. As many of you know, we converted to a real estate investment trust, or REIT, effective January 1st of 2014, and since that time we have significantly enhanced our payout and our dividend. Then more recently, we just launched actually a couple of days ago our 2015 corporate responsibility report. For those of you who are interested in tracking our progress, we lay out our commitments to reduction in greenhouse gas emissions, to improving our safety, diversity and also pay equity programs. So that information is hot off the press and available on the website.

Turning to our business model, storage rental revenue and storage net operating income are really the main drivers of the economics of the business. As you can see on the left side of the screen, we have very attractive economics in our storage business on a per square foot basis. So what's really unique about our business model is that whether we own or lease the underlying real estate, our occupancy costs are incurred on a per square foot or per square meter basis, but we generate rental revenue on the per cubic foot or per cubic meter basis, so we get that multiplier effect that significantly enhances our storage margins as well as our return on invested capital.

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On the right side, you can really see illustrated the durability of the business. So, if you look at what happened with what are often considered kind of the stalwarts of the REIT property sectors of self-storage and industrial, you can see that while they experienced negative same-store net operating income because they had both losses in occupancy as well as reductions in rental rate, Iron Mountain remained positive during that time and continued to have positive storage internal revenue growth. So, that demonstrates the durability of the business and the stability throughout economic cycles.

With that, I will turn it over to Bill Meaney.

William L. Meaney:

Thank you, Melissa. Before I kind of start going through my part of the presentation, let me just kind of walk you through the pieces I'm going to try to break it out to illustrate the durability of the business following on from what Melissa just showed. So, first I'll talk a little bit and demonstrate a little bit about what's going on in the paper document business because Melissa highlighted at the beginning, it's about 75% of our business today is still in the paper document storage, although some of the other areas are growing even faster. But, I think it's important to start off answering the question, what's happening to the paper document business? Is it continuing to grow in a world that's becoming more and more paperless, or so it seems. Then I'll talk a little bit about what the results, underpinning that, what the results were or are in terms of our strategy that we outlined back in our—my first Investor Day with the Company back in March 2014 and how we're progressing against that plan. Then after that, I'll wrap that up and look at we're projecting for the 2020 plan which we discussed at the Investor Day in New York City in October of this past year in 2015 looking in where we launched our 2020 plan which was a follow-on from that first three-year strategic plan.

On top of the 2020 plan that we launched or we announced in October, obviously now we've closed on Recall, so I think it's important before kind of putting the capstone on that plan and showing what the financial projections are for the next three years is that we need to also discuss where we are in terms of the integration and the Recall acquisition as well as where we are in terms of our transformation plan—program, because those two programs alone drive over $235 million worth or roughly $235 million worth of cash flow improvement over the next three or four years. Then finally, I'll put that into a picture before Rod takes over on what it looks like in terms of what I'll call top-level financial metrics. So, it's a little bit of a convoluted story I'm going to take you through in the next few minutes but I think it's important if we want to have a discussion around the durability, not just about what our projections are going forward, but what underlines that based on past performance and most importantly what underlines that in terms of what's going on in the physical document business, especially when it comes to paper documents, okay?

So, with that, let me go through the next slide in the presentation, which is, for those on the web, which is Page 8. This shows what's happening in terms of the physical paper document business across the globe in our business, and before I kind of walk you through the chart, I think the best way to think about this because when I describe the data this is going to be counterintuitive for some of those people that are new to the Iron Mountain story or to the document storage business. If you think about what happens in law firms, law firms, which are one of our I think our third largest segment or vertical in our business, have been paperless for 20 or 30 years, right, yet, the picture that's outlined here is a very similar picture that we would see in law firms, i.e., when you look across the chart, you'll see that consistently we're getting between 1.5% and 2% internal growth, or growth before acquisitions across our business and that's as I say very similar to what we get in law firms.

So, you say, well why is that that law firms have been paperless for all that period of time? We never stored paper for law firms, we stored documents, so just like 30 years ago as today, if you have a will, you have a contract from your law firm that is printed out, someone puts a wet signature on it, law firm stores it, comes to us, your company stores it, which comes to us. So, it's actually—which is a great business.—we get to store it twice. But in seriousness, that's the same type of business that we've been going year in year out. So, whilst there's less paper produced to actually come to that end document, there is still in virtually every market, every major market we operate in the world, whether the most developed markets like in North

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America to the most emerging markets like India—I just came from India last night—all these places we see consistent growth before acquisitions.

So, if you look at Slide 8 just to kind of take you through the high level is basically it's probably three or four bars that are worth looking at. First of all, ignore the yellow bar at the top to a certain degree. It's important but that's the acquisition. So, if you say, well what's really going on in the business before acquisitions? You'll see that consistently we're getting about 6% volume growth, which is the light green bar, from existing clients. So, this is volume that's coming in year in year out from customers that we already have a relationship with. They're sending us 6% new documents every year, right. So, you say, even in developed markets how could that be? Well luckily law firms are part of the problem where the solution for us is the documents get thicker and thicker, so that's always good for our business—regulation is our friend.

The 2.6% or roughly the 2.5% dark green box is new customers. So, we're not just complacent with the current customers. In a couple of slides I'll show you some data that BCG we commissioned to do, we'll show you that why we're able to continue, even the most developed markets, continue to find new logos and new customers, and for us a new customer is about new logos and new volume in existing customers where we didn't have a relationship or access to that particular volume before.

Subtracting from that is the dark blue and the light blue line. The dark blue is destruction. So, this is when documents are at the end of the life. So, you can see that actually documents coming in the end of the life, if you look at the dark blue versus the light green, that would be kind of the normal balance, although as I say, a little bit of the dark green is you could consider light green as well, but I think that that is where is the documents and the end of their useful life and get destroyed. The light blue is when we lose customers. When a customer just says or a box either just goes out and doesn't come back or a customer just leaves us.

You'll hear us talk about later that our average relationship with our customers, which is also go through the durability of our business model, is on average 50 years. That's the reciprocal of the 2%, right. So, you think about it, the other thing that adds durability of our business is not just the fact that we have a business that's consistently growing, is that our customer relationships last for about 50 years, and we have a relationship with 940 of the Fortune 1000. So, 94% of the largest global companies are our customers in that last for 50 years.

The other thing that's interesting if you look at the reciprocal of the bottom half of the graph, you find out that on average when they give us a box, it stays with us for 15 years, so what they give us is also very durable. So, if you think about it, we continue to grow even in the most developed markets because of this disconnect between document creation and paper usage, we continue to grow volume in every market, and at the same time we have relationships with customers that are even stickier, and when they give us something on average that stays with us for 15 years. So, when I was asked by an analyst at Investor Day in October and I know some of you were there, I made the comment, they said, "But clearly this isn't going to last forever," and that point, now this is in October, I took out my iPhone—make sure it's off—I took out my iPhone and I said, "Tim Cook has a harder job than I do because 60% of his franchise is this, and how do you keep innovating and growing the volume of the iPhone." I should be actually in (inaudible) because of course then he had a quarter one and a quarter two negative growth this year, so I didn't have to be very clever I'm sure and most of you predicted it as well. But, it is just to my point is that one thing that our business model won't change is there isn't a single business model of any company that you own that doesn't have to change over, you know, pick a period of time, but you'll see both for the data on this chart and the next slide that I'll show you is that—and our projections going forward, is our business model's going to change very slowly. Additionally remember we have a relationship, a trusting relationship that on average has lasted 50 years with the largest global customers, and when they give us something they trust us to give it back to them in the same condition and shape 15 years later.

So, even the ability, when we start talking about new business areas that we're going into, the willingness of customers to ask us to do new things for them also grows. So, let's look at some more data. Let's look at North America. Okay, North America, one of our most mature markets, let's look at the data in a different

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way. This is on Slide 9 for those on the web, is if you look at the starting balance in 2011 with 358 million cubic feet of storage in North America. During that period of time you see a very similar picture where I showed in the previous graph, we had 79 million cubic feet added to the volume during that period of time. In addition, we got 23 million from new customers. So, if you think about it, that's significant growth in terms of just those two bars. Also, we had some outperms, we had some destruction, so we had an organic growth of 2 million cubic feet. In a few minutes that—which is a good performance, should have been better, to be honest with you, but still this is all before acquisitions, still positive growth in volume during that period of time. Then when we add on acquisitions then you get to a higher total growth. In addition, during this period of time—and I'll show you some data why I think we can do better and we are indeed, you'll see in some of the recent data we're doing better in the recent past—is during this period of time, the headwinds in our Company weren't the market, the headwinds during this business, even though we had positive organic growth during this period of time was internally driven. We had two transitions of CEO during the period of time, and I'm committed to make sure we don't have another near term transition with CEO. So, we have had two transitions of the CEO and we've converted to a REIT all during that period of time.

Now, why am I confident we can do better than that while if that was still a good performance on a very mature market? So, I talked about the BCG analysis. So, we asked BCG a few months ago to look at the North American market, and specifically to look at the North American market, ignore the largest unvended market in North America, which is the United States government. The United States government, just for those who are less familiar with that market, is probably the most socialist government in the world in terms of their view towards outsourcing. So, we actually have a small, relatively small but sizable business with the US government that's growing double-digit, but the potential in the US government is almost the same size, the order of magnitude is the same size of our whole North American business, so it's big potential. That's not included on this graph.

The other thing that's not included on this graph is the small to medium business segment. Small to medium business segment I'll talk about a little bit later because Recall gives us even a better opportunity at that, but just to give you some context to the small to medium business, that's even bigger than the enterprise market in North America where Iron Mountain has historically been focused on and most present.

So, if you think about—missing off this graph are two markets which are of the same size, and in one case even bigger than the market that Iron Mountain is currently focused on.

Okay, so that being said, so let's look at this carved-down enterprise market where this graph depicts. So, in that market first of all globally, before I kind of describe the chart in more detail, there's about 1.9 billion cubic feet of volume up for grabs in the North American market. Less than half of that, only 700 million cubic feet is then stored by Iron Mountain or one of our competitors. If we kind of look at it in even in a little bit more detail, and the way this graph works is that we look at the different segments or verticals across the horizontal axis and then we look at the share of cubic feet, whether in the dark blue's vended, the lighter blue or the kind of medium blue is unvended but it's in a customer that at least has some of their volume vended. So, there is a relationship either with Iron Mountain or one of our competitors so they've already made the decision to outsource part of their records. Then the lightest blue, the lighter shade is purely unvended. So, this is a customer that's never outsourced their records, they have everything in-house, right.

So financial services, looking at the first segment, you can see financial services is a big chunk and it is our largest segment as well as a company in terms of total market, but only 45%, and this is again North America, the most mature market, only 45% of the financial services' records are currently outsourced. In addition, there's another 33% of financial service records that are in-house but in customers that have already vended some to us or our competitors. So, we already have a relationship with those customers, and this is something that our teams now are more and more focused on and continuing to hammer away to try to understand and to change people's view of why do you keep that one warehouse or why do you keep that one location to store your own records when we can do that for you. Then of course there are other areas which is a little bit a harder sell is convincing somebody like the Federal Government why they should be outsourcing documents. But again, over time the realities of gravity and then there's a reason

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why this dark blue exists is that the quality, cost, liability of an outsourced, focused vendor on records management is a much better solution than trying to do it in-house.

So, as you can see, if you net this all up together, this is one of the reasons why when we start looking at the results in a minute is that what we've been achieving since we put the strategy in about two and a half years ago, why we're starting to get further improvement even based on the historical data that I was showing you on the previous slide.

So, where do we stand in terms of the three-year plan that we discussed almost three years ago at Investor Day in March of 2014? For those of you new to the story, our strategic plan really revolves around three key pillars with supporting elements. One is getting more out of developed markets. Two, making a bigger presence in emerging markets because those are faster growing markets in the areas where we had underserved. The third area is building on that relationship with 94% of the Fortune 1000. What new adjacent business areas can Iron Mountain, both based on our skills and trust and relationship with some of our most important customers should and can explore to actually build business models even further into the future? Underlying all that obviously is transformation which is actually reducing our overhead cost base which gives us more fuel to both return capital to its shareholders as well as reinvest in the business, now there's the integration with Recall which again helps boost cash flow and then an underlying cost focus on developing—both attracting, retaining and developing the talent in our Company both in terms of managing the business today and into the future, and then of course supporting all this is the REIT structure since we've converted to a REIT.

So overall, in a minute I'll just show you some of the numbers, but in terms of developed markets just to keep the focus is to mine deeper, similar to what that BCG graph shows, fine-tune our go-to-market strategy, fine-tune our sales force or incentivize our sales force to provide the solutions that are necessary to get into some of those unvended areas and continue to drive the growth in the business. Since we launched this plan prior to acquisitions we've added 9 million net cubic feet, so that's net, positive volume growth in the developed markets.

In the emerging markets, back almost three years ago, we were at about 10% of our volume was in the emerging markets, and this is an area in emerging markets that I just returned from India last night, emerging markets grow on average about 10% a year. In India it's north of 15% but this is again all before acquisitions. So, these are the fast-growing markets which continue to add growth and strength to the business long out into the future. So, we were at 10% of our market share, our total sales were 10%, we're at 10% in these markets, they're now at 16.4% and we originally said by the end of 2016 we'd be at 16% of our sales in the emerging markets.

Adjacent businesses, three, four years ago, we had less than $5 million worth of sales in data center. Purely through organic growth during that period of time we exited 2015 at $20 million worth of sales, so clearly this business is growing 15% to 20% in a highly competitive market, but we're getting very strong returns, very strong resonance, and additionally that we've just recently done an acquisition in the art storage business. So, we acquired the number one art storage business in the United States and that's about a billion dollar market globally and we think there's a real opportunity to do a roll-up in the art storage similar to the records management. As I say, underlying that is our transformation and talent.

So, how have we done financially during this period across those three pillars? So in terms of revenue growth, developed markets, we've grown at about 1% compounded annual growth. In the emerging markets, 33%, and that's primarily been our focus and where we've put our M&A dollars to work. From a capital allocation standpoint, that's clearly where we have the biggest opportunity to grow and get the highest returns. Adjacent businesses grew at 20%. If we put that into kind of bottom line metrics, we originally said three years ago we would grow revenue at 4% CAGR during this period of time. So, we're a bit short. We're at 3%. Part of that is driven—as you can see, if you do the calculus between 2013 and 2014 you say, "Well you're on track to do your 4% and then some," and then 2015 it decelerated to almost flat. The deceleration was really a reflection in terms of our decision to acquire Recall because once we knew we were going to buy Recall, is we slowed down our acquisitions to figure out what we were going to

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get through on the regulatory hurdles with Recall so that we knew where to focus our M&A dollars and we weren't buying things that we were going to later have to divest. So, you will have seen in the last quarter actually we announced recently for instance Santa Fe acquisition in Southeast Asia. You'll see that we're starting to ramp-up that acquisition trail again. On OIBDA though, we over performed our original goal slightly. We've got 4.5% compounded annual growth rate in terms of OIBDA during that period of time and we nearly doubled dividends. Now, the dividend isn't purely obviously driven by the OIBDA growth, it's also the conversion to a REIT, so we'll be able to more efficiently return capital to our shareholders.

Let's strip out acquisitions and see how have we performed during this period if we take acquisitions out. Without acquisitions, let's look at it—this is now on Slide 13—let's look at two different sides of the chart. We can look at—on the left-hand side of the chart is we look at both the internal storage rental growth in terms of revenue as well as service.

So, in storage rental growth you see a track where we start up around 3% and we're currently at around 2.7%, so we continue to guide that we're in the 2% to 3% annual storage rent—internal storage rental revenue growth. On service, you can see in 2012 we were minus 4.4% and we're approaching nearly breakeven or nearly about a 0% or flat growth in terms of service revenue. Now Rod will talk a little bit more about that in detail later in terms of our service trends, but I think we've spoken on a number of calls and a number of conferences that we're going through a transition from what I call the traditional services which is transportation, which has been in decline because now our documents are much more for archival and proof rather than use, and we're replacing those services with new services such as secured IT asset destruction, some of the new air gap solutions that we're offering with other IT vendors like EMC, etc. So, you can see that we've begun to reverse that trend and nearly completely reversed that trend in terms of the decline in service revenue. As Rod will highlight later, it's a different mix of services.

You put those two things together, we went from a negative growth in 2012 and 2013. We're consistently showing again before acquisitions positive growth, in 2014 at 1%, 1.5% for '15 and we're guiding for about—to get to about 2% growth for 2016.

Now, let's talk about going forward from this as a basis and looking at the 2020 plan that we discussed at the Investor Day last October. So broadly, the 2020 plan, if I think about main strategic focuses or emphasis is around three key things. One is to continue to boost the durability of the business, keeping the goose that lays the golden eggs healthy. So, every morning we come in and we pet the goose, right. That's boost the durability. Boosting the durability allows us to continue to delever the business. Now delevering the business is not about because we feel like there's so much volatility in the business, we're worried about liquidity, it's not because we're so close to covenants and we're worried about that, because as Melissa showed earlier that even during the GSC we continue to drive positive same-store effectively, same-store rental increases.

Continuing to delever is about giving us more flexibility and more opportunity in the business. In other words, if we see something that makes sense to invest, we know that we have that much more dry powder to do that. So we think it makes sense over time to delever the business but we can delever the business, what I would call organically, being an operating business, it's about driving more operating efficiency, more operational growth in the business and therefore driving more cash flow that goes—both goes back to shareholders as well as goes into returning or paying down debt. Effectively we're less than paying down debt, it's just growing EBITDA faster. Then what this allows us all to do is to maintain the focus between now and 2020 on both growing the dividend and hence the total shareholder return, which is the combination of this year's dividend with next year's growth.

So, if we look at that, broadly it's how do we think about the 2020 plan? So, first of all, let's start off where we are in terms of the first quarter of '16. So, the way we look at it is look at this—this is really intended to show you the mix of our two large—two kind of segments of the business, and the reason why we're breaking up the business in two segments, these two segments have different growth dynamics associated with it. So, think about the business really is in two halves. You have the developed portfolio, and these are things that are growing at—have internal growth rates, i.e., before acquisitions of low single-digits, and

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then you have the developing or the emerging areas, which are emerging markets and adjacent markets which have on average 10% internal growth rates. So, the way it stands right now at Q2 is about 82% of our business is in that developed portfolio, and that grows at about 2% adjusted OIBDA growth, the profitability from that portfolio of businesses. If I look at the faster growing business, that represents about 18% of our business today. So, about 16% of that is emerging markets, and about 2% are these adjacent businesses; both of them, you know, different businesses but both growing roughly at 10%. So, when you do the math and you combine that, you'd get about a 3% average internal OIBDA growth with about a 12% ROIC associated with it. So, that's where we stand today again before acquisitions.

So, 2020 is all about how do we go from where we are today to a business that has the mix of about 75% in terms of developed portfolio, and not because that business is in decline, but it's just the other side is where we're investing more capital to grow that business and it's also growing at a faster rate. So, if we project forward in 2020, we expect 75% in the developed portfolio, and we also expect that to be growing OIBDA at 3%. So, we do expect to improve from 2% to 3%. That's partly driven by a new focus on the SMB market, for instance, that we're getting through Recall, which has a different pricing dynamic, and it's also getting more volume based on some of the tools and insights that we've gotten from the BCG analysis and some of our go-to-market strategies to get at some of that unvended market.

On the growth portfolio, the emerging market portfolio we expect to be 20% by 2020. We're well on track to do that. We're about—we have about four times the number of things in our M&A pipeline that we need to get to that target, plus we already have a certain amount that's coming just from the faster growth, and then the adjacent businesses would be about 5% of the total mix. So, if you look at that combined is it takes us from about a 3% internal adjusted OIBDA growth to 5%, again internal adjusted OIBDA growth before acquisitions with about a 14% ROIC.

Before I wrap this all up and put it into what I would call the top line financial metrics are for the business, I need to overlay on top of this what the Recall integration or acquisition does with the integration benefit from Recall, and also talk about the transformation benefits because that needs to get rolled up on top before I can tell you what it—how it all impacts dividend growth and—overall financial growth and dividend growth.

So Recall. So, I always like to see silver lining. So, besides having the privilege of having been the longest ever takeover in Australian history of Recall, the regulatory process could did give us a benefit, besides giving me more gray hair. I was completely black a year ago. But anyway. So, one of the benefits, it gave us a lot of time to plan the integration between the two customers. Some of the investors in this room or Recall investors probably think gave us too much time because I think they're all anxious to get the deal done as we were, but it did give us a lot of time to do the planning. So, the result of that is it feels like we've owned the company a lot longer than we have, and we've only owned the company since the second of May. Since the second of May a lot has happened. A lot has to have happened because we are a REIT and there's certain things that we had to do to meet our quarterly reporting guidelines under the tax rules in the United States. But that means that a lot has happened.

First of all, the Leadership Teams have been highly engaged, and there I really credit also the Leadership in terms of Recall. As early as last October, Doug, he's Head of HR, Doug Pertz who ran Recall, he's Head of HR, myself, my Head of HR, met regularly to talk about talent, positions, how to retain people, which people to put your arm around, which are the people that we really need long term, which are the people we need short term. So when we—besides the Integration Teams who were in the engine room trying to figure out how we're going to knit the systems together and the approaches, even though we couldn't talk about the commercial aspects but we could talk about a lot of what I call the engine room aspects, we also had a very strong view in terms of how to take the best of both cultures, the best of both people and knit them together, and that's worked really well.

An example—I've mentioned SMB a few times—an example is that virtually the whole Leadership Team now is in place for our SMB sales in the United States. We're about—just so you know, our Iron Mountain's historical representation in the SMB space which is in the midmarket which as I said is larger than the

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enterprise market—has been about four or five times lower than our natural market share at the enterprise level. That's an area where Recall did much better. So, the standard today—in fact I think the memo just went out this week—so, the Head of Sales now in North America is the former Head of Sales for Recall—really the guy who actually worked with some of our people at Cintas even before we went to Recall—some of our people knew them already and he's now put a dedicated team in place which we took the best athletes that just happen to be Recall people because again those are the people with the most presence in that space to focus at the SMB market in the midmarket in North America. So, I have very high expectations for good success. As I said, we've completed the conversions to support the REIT structure since the second of May which is obviously very important. Literally I think five days after we completed the transaction, we completed the sale of 13 of the markets in North America that were required under the Department of Justices' mandate.

We're evaluating the bids and the other required dispositions which includes some US, some Canadian, UK and the Australian business. We reviewed service offerings on both businesses to figure out who had the best product and also the best back room operations to actually deliver that product and we're continuing—in fact Ellen Hall is in charge of our real estate strategy for the group is here today—but we're continuing and accelerating our analysis of what the consolidation opportunities are between the two companies looking at the real estate. So we're making good progress.

So, if you think about the progress that we're making on the integration with Recall, together with transformation—and at the end I'll wrap and talk a little bit more detail about transformation—what does that mean from a cash flow standpoint. So again, if you put the two programs together, is it's about $235 million worth of benefit over the next three or four years. So, first of all, if you look—so in this graph I'm showing you in terms of '16, '17, '18 and fully synergized what the combined benefit of those two programs are; the integration along with the transformation.

So, in 2016—I'm on Page 17 for those on the web—is that you may have recalled we originally said that we thought we would have $15 million worth of benefit in 2016 from the Recall integration. We've now upgraded that a couple of weeks ago on our quarter call that we now have line of sight that we will expect that to be $18 million versus $15 million, and while $3 million may not sound significant, when I wrap up at the end of this afternoon I will highlight what it takes to get that extra $3 million because that extra $3 million gets multiplied many times over when it gives us the run rate, exit rate going into '17. So, the $18 million is a very important number when you actually annualize that and see what our entry rate will be into '17. So, we're very pleased in terms of the ability to accelerate that.

The $50 million benefit in terms of transformation is from the work that we did in '15. If you go forward in '17, you'll see going—staying on transformation that goes from $50 million to $100 million, and that's based on the other $50 million that we're taking out as we sit here today—and again, I'll go through that a little bit further at the end of today's presentation—and you can see that carry on all the way through to a total of $230 million worth of benefit when the plans are fully completed.

So, one last slide and then I'm going to hand it over to Rod. Wrapping all this up and putting it into a financial context, what I would call top level metrics, is what does this mean from an investor standpoint? From an investor standpoint, we start off with revenue, it means that we expect revenue from 2016 to 2020 to grow on average of 4% a year. Where you really see the benefit of a lot of the transformation and integration side is when you look at OIBDA. That's expected to grow at 9% because not only are you getting the leverage in terms of the continued growth in the business in terms of the mining, the deeper mining in the developed markets and the faster growth in the emerging markets, but you're also getting that cash flow transformation and integration benefit I highlighted on the previous slide. That allows us to translate into significant and rapid growth in the dividend.

So, already next year we've guided to market that we expected at a minimum to actually grow dividend by 13% next year on a dividend per share basis. The year after that, we've guided that we expect to grow dividend per share by an additional 7% and thereafter grow in line with the growth of OIBDA which is roughly around 4% a year going forward after that. So, if you think about it, significant dividend growth on where

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we are today. At the same time, dividend as a percent of AFFO is expected to go—so our payout ratio is expected to go from 77% to 70%. Already the 77% is reasonably good coverage. I mean, if you look at the REIT industry, there's a wide range of dividend coverage, so we're kind of within that sweet spot but obviously the 70% is better than the 77% in terms of payout ratio. Our leverage during this period of time is expected to go from 5.7X to 5X. So again, this is basically what we're threading through is operational improvement in the business together with transformation and integration benefit, rapid and significant growth in dividends, yet at the same time reducing the payout ratio and reducing the leverage of the business. This is really based on the operating leverage of the overall enterprise.

So, with that, let me turn it over to Rod who will go through a little bit more detail of some of the financial aspect.

Roderick Day:

Yes, right. Thanks very much, Bill. Let me move on and talk a little bit about how we think about the model, how we think about the business financially and the model we use in terms of planning as we think about how we're going to continue to grow contribution and grow cash flow year in and year out.

So, there's really four key building blocks that we have. The first is to ensure that our storage business continues to grow revenue and continues to grow contribution year after year. We've done that for the last, you know, however long our business has been in existence and it's very important that we maintain that progress and that continuous improvement in that part of the business.

Second key building block is the service business that we have. There, our challenge is more around stabilization, small improvements. It has actually been quite a significant drain on the business historically. We've stabilized it in the last 12 to 24 months and it's important again that that is continued going forward.

Third element that Bill referred earlier is the transformation program or the overhead efficiency program where a good way through that it makes an important contribution to our overall financials. So, as I say that's a kind of third element of what we have to do.

Then the final component is just ensuring that our capital allocation for maintenance cap ex, maintenance capital and racking, so the day-to-day investments that we make, we continue to make those investments very efficiently and very effectively and only spend when we need to. So, if we get that lot right, as I say, contribution will grow year after year, cash flow will grow year after year, that obviously then allows us to increase the dividend and also frees up cash for further investment which then sort of enhance the business even more, strengthen it going forward.

Let me talk a little bit about each of those components in turn. So, the first is storage. So, 61% of our revenue but more importantly it's 83% of our gross profit. So, you can see how important it is for us overall. Revenue, so the graph at the top there, Slide 21 for those on the web, that's our internal growth, so that's stripping out acquisitions and stripping out year-on-year fluctuations in FX. You can see that our growth has been in the sort of 2% to 3% range. We expect that to continue this year and we expect that to continue in the long term for all the fundamentals that Bill explained earlier in terms of the dynamics of the paper business, the shift in mix towards emerging markets, etc. So, not only does revenue continue in a sort of solid way in a way that we can see and certainly for the last 5 to 10 years, but the other element is then the storage gross margin percentage. Again, the graph shows that we've seen significant improvements in over the last few years. We've done a lot of focus in terms of real estate, capacity utilization, rent negotiations, trying to put our storage assets, if you like, into more efficient facilities and then manage those facilities more effectively. Storage gross margin as a consequence has driven up. What you will see just for 2016 is there's a slight reduction in storage gross margin. That's the impact of Recall coming through. So, Recall operates at a lower storage gross margin than Iron Mountain so there's a mix effect going on. Clearly as we synergize that through that will change and we'll get back on the path that we've seen historically. So, that's storage. So, we've got great track record and it's just about maintaining that going forward.

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Service side is a little bit more complicated. Revenue historically, certainly two or three years ago, was declining quite significantly at 3% or 4% from an internal growth perspective. That's now much more stable and what we've done there is we focused more on those aspects of service that are not directly related to the storage business. So, we know that our storage business is becoming more archival, as a consequence transport revenues have been going down. What we haven't done is then said, "Well, hang on, what about all the other service opportunities that we have, what can we get after?" So, things like shredding, scanning, project work, we've been focusing on those and as a consequence we've been able to offset one with the other. So, service revenue has been more stable, and again expect that to continue.

The other aspect then has also been service gross margin percent, which had been in quite significant decline, and that was having quite a significant impact on our P&L three or four years ago, particularly when you combine it with the revenue picture. So, probably 18 to 24 months ago we kicked off a very important initiative to stabilize that service gross margin percentage. Nothing particularly radical about what we did, just improved transport, routing, better labor scheduling, better use of technology. As a consequence we were able to stabilize the margin last year, and again if we were to strip out the impact of Recall, which again operates at a lower service margin amount, and that will continue going forward and as Recall synergizes we'll see the benefit of that coming through in the numbers.

If you look at the charts on 23, you can see we try to illustrate how the mix has changed within our business. So, the bottom two bars in blue, that's the service revenue that's associated with our storage business, and you can see both from a data management and the tape storage business and records management and the bulk storage business how that's been in decline as a percent of the overall mix, but at the same time, we've been growing the scanning business and we've been growing the shredding business and some of our other service lines. One point to make about service revenue, but our service revenue's becoming more project basis, so a little bit more lumpy, so in terms of sort of quarter-on-quarter movements you can see some volatility. So a good—we've actually seen that this year. So, as an example in Q1 we were up from an internal growth point of view, and in Q2 we were down from an internal growth point of view. As we project forward looking at what we've got in the pipeline, we'll see some improvement as we get towards the back-end of the year. The net is we'll be in the slightly positive we think for the year as a whole, but as I say, you will see this sort of jumping around a little bit quarter-on-quarter, but that's just as it reflects more the nature of the business that we're in now. But the good thing is as I say revenue is much more stable than it has been.

The other thing that we've been doing is trying to think about how do we innovate around some of our service and storage offerings. We just put some examples here on Slides 24. So, we have a—these are all quite small at this stage but I think they offer great potential. One is a destruction of computer assets business. So, obviously we do a lot of shredding of paper. You can always think of us as like shredding of physical IT hardware and there's a very rapidly increasing demand for that and it's obviously more sophisticated than just showing a laptop through a minting machine. So, there's a little bit more to it than that but we're pleased to be part of that industry, if you like. It's early stages and with the brand and the customer contacts we have and the great market position we have in data management, we see that as an exciting opportunity for us going forward.

Another example to call out maybe is we've developed a partnership with Google for what we call sort of cloud seeding service, which is where if you want to take a big load of sort of backlog of data and put it on to a server, how do you do that in a safe and secure way? So, we with our experience in the tape management business have experience of that, and clearly Google brings a lot to the party as well, but again it's another example of the type of thing that we are offering and we're increasing offer going forward. A third one to touch on maybe is with EMC our cloud archive solution. So, when you've got stuff on the cloud, how do you know that that is safe and secure? So again, developing propositions around that. So, I think some exciting propositions, if you like, that sort of come off the back of our core business and is very much a focus of that within Iron Mountain today.

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So, that comes the first two of our building blocks. So, the first is the storage revenue and margin and making sure that continues to grow. Second is making sure that the service side of the business stays—from a contribution it's only 17% of our gross profit, but just making sure that that's stable and maybe grow slightly but—and trying to enhance that with some innovation.

Third element, the third of those building blocks is the SG&A efficiency plan, the transformation program. So, Iron Mountain historically was a roll-up and we've never really focused too much on the efficiency of our back office, so it's very fragmented and quite inefficient. So, we have a plan in place that will deliver $125 million of bottom line benefits. We've started on this last year. We got $50 million in-year benefit this year that we have $50 million in-year benefit next year, we've already executed on more than half of that, and there will be a final $25 million in 2018. That will bring our SG&A cost as a percent of revenue down to the low 20%, which is nothing particularly spectacular, it's actually just more in line with where it should have been all along, and we're getting at it through offshoring, outsourcing, de-layering, automation, all the stuff that plenty of other global companies have done before us. So, we feel very comfortable with that program, and as I say it's an important component, if you like, of our overall financial model, certainly in the short to medium term.

So, in terms of where does this all add up? The way we try to structure the business financially is to make sure we have enough cash available for dividends and investments, such that it covers—it obviously covers our dividend and also covers all our maintenance cap ex spend, as well as our growth racking spend. So, obviously as volumes grow, as it continues to grow year after year, we need to put more racking into our facilities to make sure we can store the incremental inventory. So, our overall cash available for investments and dividends this year will be around $600 million. Our dividend will be $490 million in total and the growth racking will be $70 million. So, we've got more than enough to kind of cover for that. I won't go through all the numbers on the slide but you'll see above that we've covered off all the tax, interest, maintenance cap ex, etc. So, we have a kind of self-sustaining cash model, if you like, with a little bit left over for further investment. If you play that out to 2020, because obviously we have the benefit of Recall coming in, the synergies, the transformation program, the ongoing improvement in the storage business and so on and so forth, clearly contribution grows quite significantly. That then drops through to a more than 50% improvement in the cash available for dividends, investments. Again, that will more than cover the forecasted dividend that Bill outlined earlier, as well as the growth racking needs, and actually leaves us with over $150 million for incremental investment at the same time as allowing us to delever down to 5.0 times on a lease-adjusted basis.

So, as I say, that's kind of how we've modeled the business out and how we're sort of relentlessly sort of working through quarter after quarter, year after year to make sure that we deliver on these numbers.

For the final thing, I just wanted to touch on before handing over to Stuart was just the work we've been doing to refinance the business following the Recall acquisition. Obviously when we did the deal, we took out a large bridge loan. We then went to the market about a month after closing the deal to refinance that with longer-term bonds. That was a very successful offering for us so we've placed $500 million at 4 3/8 for five years and another $250 million at 5 3/8 for 10 years. The interesting thing about the rates that we've got was it was actually almost within the investment growth range, so it's just at the top of the investment grade rating. So, I think the encouraging thing, if you like, from an Iron Mountain perspective is the investor, the debt investors really got the whole Iron Mountain story, the stability of the cash flows, the growth prospects and the reliability and the durability of the business. So, we were obviously heavily oversubscribed and with that offering which they—just to place at a very attractive rate.

So, with that, I'm just going to hand it over to Stuart who will now cover more the investment side of the equation.

Stuart Brown:

Thank you, Rod. With listening to Bill and Rod, you can understand why I'm excited to have joined—recently joined the Management Team here at Iron Mountain. The other thing that gives me a lot of energy

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though is really looking at the investment opportunities that Iron Mountain has to deploy capital accretively, create value for shareholders. So, I'll walk you through, and for those of you on the line, Slide 29, walk you through high level what are the different platforms that we have to invest in, as well as then go into some detail and examples of some things we've done in the past as well as our projections looking forward.

So, if you think about the opportunities that we have to deploy capital, there's really three different platforms. The first one, business acquisitions in developed and emerging markets. Obviously Iron Mountain was formed through a series of roll-ups over time, so a lot of experience acquiring businesses and integrating them into the business. Moving into adjacent businesses, Bill touched on data center and art—I'll talk about that a little bit more—but really areas that we can leverage our capabilities as an organization and supply continued growth for the organization going forward. Lastly, looking at the real estate, how do we harvest and create additional value through our real estate portfolio as well as continuing to invest selectively in markets where it makes sense. So, I'll touch on each of those in a little bit greater detail.

Starting then really in M&A, again a really strong track record in this area, and if you look at the roll-up and the success that we've had, we will continue to deploy capital here. If you look at the spreads both in emerging markets and developed markets, spread—the returns which is a great spread over our 8% weighted average cost of capital, we'll total expect to invest about $150 million a year in business acquisitions and really weighted towards emerging markets. So, Bill touched on our target to get to 20% of our business being in emerging markets by 2020. It's really up from 16% today and just a few years ago was—three years ago was at 10%. So, continuing to make progress. These emerging markets are higher growth, obviously a little bit higher risk as well, so if we think of that from a portfolio standpoint we're going into different markets and—but still really good spreads over that risk-adjusted weighted average cost of capital, but this allows us to really leverage the systems that we have in place, the people, the processes in businesses that we really know well. Looking at the returns also then in the developed markets, again, supplement returns are a little bit lower in those markets just in terms of their overall lower growth, but still really good returns of 11% to 13%. We also as we look at places to invest both in existing businesses and adjacent, we have an active Board Finance Committee as well that's involved in that as we go through and make those evaluations.

Turning to the next slide, and which is for those of you on the line, 31, really the adjacent businesses it really expands the foundation for growth that Iron Mountain has. Our target today is—our target is to be 5% of the business in 2020 really growing off a fairly small base today, but a low teens returns. So, we'll touch on these in a little bit greater detail, but these are businesses that are really complementary to what we're doing today, leveraging our experiences in things like security, logistics and other areas of the business that we can keep investing in, and again expand that growth foundation. Art storage we'll touch on and data center as well.

Flipping to the next slide and these business lines, really if you look at the art business, so we've recently acquired Crozier, which is the leading art storage business in America and also I guess the world, $30 million of revenue, but if you look at—on the left side of the slide, the total size of that marketplace is about a billion dollars. So, even though we've bought the leading brand, there's a tremendous amount of opportunity here to roll this up and really a foundation not just for art but probably for all high-value storage is the way we're looking at and thinking about that business. We're in the process today of building the Management Team out a little bit further to be able to support that growth. It's a REIT-friendly business, 58% of the revenue is from storage, the rest of it from services, crating, logistics and really again able to leverage Iron Mountain's experience in logistics, security and the international platform that Iron Mountain has today. So, we'll be building off of those as we build this out going forward.

Turning to data center which is obviously a high growth part of the real estate industry, probably one of the fastest growth pieces of the industry, but in a business we've been in for 20 years but only now with this recent acquisition of land outside Washington DC really creating a key asset to really build off of and it's going to really expand our business there.

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So, what have we acquired and what are our plans there? So, we've bought 83 acres in Northern Virginia, Manassas, Virginia, outside of Washington, DC, which is one of the hottest data center markets in the United States, and allows us to build the four buildings, totalled 640,000 square feet, and it's got substantial fiber and power today already existing to the site so we're able to leverage that out there as well, and we're in the process of finalizing a development agreement with a partner to start construction on the first building in the fourth quarter. We've recently announced this publicly, and in addition to some of the premarketing that we've done, we've gotten great reception and actually getting inbound calls from some of our existing customers of the other business today which is what really differentiates Iron Mountain from some of the other data center providers out there because we're able to leverage the digital records business that we have today and the relationship on the tape side which gives us greater insights to those customers, we understand where their businesses are, what they are and they, as Bill talked about before, able to leverage our reputation and relationships with those vendors today to be able to jump-start these types of investments.

Looking at Slide 34, again, it's four buildings, total investments of $441 million. The first building is going to take probably two to three years to stabilize after construction. We've structured the first agreement to mitigate some of the development risk so it'll be through a development partner of ours, and then we anticipate buying it once stabilized, so there's a purchase option built into it which we anticipate buying. The following three buildings will take, I don't know, somewhere probably after that another five, to six to seven years to build out, so this is an eight to ten year total project is what we anticipate today, and so over that time we'll be able to build those future buildings ourselves or in a development partnership if we like. So, there's four phases, again, takes somewhere seven to ten years to build out, $440 million total investment, adding $70 million of revenue, over $70 million of revenue off of a base today of $25 million. So, really multiplying our business substantially and really getting us into the data center game. So, we're really getting that flywheel turning in the data center business.

Turning to our real estate portfolio. So, we've got a—we control an expansive portfolio of 88 million square feet around the world today. We own about 30% of that, so 27 million square feet is what we own around the world, and when you think about what markets that we own those in, they're typically in gateway cities. So, our biggest markets are markets like New York, New Jersey, Chicago, Dallas, Los Angeles, Montreal, London, Paris, São Paulo, so markets where obviously very—megacenters but also markets where you typically want to own strategic assets. So, when you think about what our real estate strategy is, we want to own irreplaceable assets and where we want to lease and control assets' in markets that are even more liquid or we want more flexibility, or you get some markets that are even more overbuilt, right, so we don't necessarily strategically want to own assets that overbuilt because over time we can leverage our demand against—with the landlords to be able move around as we need to. So, that's sort of the overall portfolio. Utilization rates of the buildings' about 85%, for the racking it's 91%, so even within the existing portfolio today, some ability to grow quite cost efficiently.

So, how do we harvest value from the portfolio that we have? There's a number of different areas, and I'll sort of talk through some of them in a little bit of detail. So, if you start with just racking, investments in racking is the physical racks within the building today are our highest and best use of capital. So, if we have to expand a building and put racking in it to support either growing existing customers or bringing new customers in to a facility, leveraging, right, the labor that's already there and the facilities that are already there but expanding the buildings' about a 25% return but if we already have space within the building that we just haven't built out yet, those returns from that racking is about a 50% return, right. So, sort of a no-brainer return. So, that's our highest and best use of putting new capital to work.

Think about the next three items on the slide, the lease consolidation development and conversion, so you can think about those a little bit sort of together in the sense that lease consolidation are where we have multiple facilities in the market today and we can get more efficient by moving into one or two—moving into fewer facilities, and again in large cases we'll go to an owned facility, in some cases we may go to a leased one, so that could be both development and lease consolidation. Just to give you a quick example of one that we are actively working on right now is in the City of Philadelphia. We have six buildings today and we're going down to one building. So, the six buildings they're all leased, moving to one owned building.

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The total square footage that we've got in those buildings is 470,000 square feet. Some of that 470,000 square feet is not efficient, low clear heights, may not be great truck courts. So, we're able to take that and go to 180,000 square feet, so less than half the square footage, I think it's a 36 foot clear building, so going from 470,000 to 180,000 square feet owned building, and so if you think about the efficiency of not only lower occupancy cost on that but the labor efficiencies, the management facilities, those are the types of returns that we're looking for.

Conversions also include things though where we may have opportunity either in the existing lease to buy out the building, so a number of our leases today have purchase options build in, or you have a landlord who wants to put it up for sale obviously we're a fairly likely buyer in those cases or we may actually go out in some cases and actually talk to the landlord if they want to sell and try to get a right of first refusal, but just try to leverage those existing landlord relationships today on converting from lease to owned. There are some cases where you've got higher and better use as well, where we've got an infill location that we own, and there may be higher and better use of it, maybe obsolete for us that somebody else can use, either a small manufacturers or something else, and so where we can harvest value from recycling that and then moving out to the next ring road or moving out to the next area, if that makes sense, or if there's a way for us to use it internally through our storage or something else, we'd look at that also.

On the property management side, something also that you think about the size of the portfolio and our experience in managing the size of the facilities. Actually a key part of the—a piece of the Recall synergies is actually coming from leveraging our facilities management on the real estate platform that we'd just acquired from them. One of the things we found is we've been a little bit more efficient at managing our facilities, everything from how utilities get purchased to just overall maintenance cost, so we're able to leverage that as well.

Just to touch lastly on lease consolidation opportunities in terms of what you should think about for the next few years as we're looking at consolidating leases and some lease conversions. We've gone through some additional analysis. Again, we want to own strategic assets. I sort of think about it how Macy's probably wants to own Harold Square, downtown New York, right, those assets that you can't replace that you really want to control long term to serve our customers, we want to own those, other markets we want to be more flexible in. Managing the capital expenditure analysis, right, with the size of this portfolio, we can buy efficiently with racking and things like that. Then the scopes that we look at, the initial analysis. We've come up with a number of markets of what we can do some lease consolidation in, potential of $80 million to $90 million of investments over the next three to five years, and again, a 10% to 15% return just on the real estate piece. So, that's above—typically you think about real estate actually has a lower WAC than an operating business, and so getting a 10% to 15% return on the real estate side of it is pretty healthy.

So, with that, I'll turn it over to Bill for some additional comments.

William L. Meaney:

So, just a way of wrapping up, I thought what I'd do is just double click a little bit. I alluded to this before when I was up before but double click on what some of the integration and transformation benefits are, and then we'll turn it over to Q&A.

So, just beginning again just the checklist to say we're well on track in terms of bringing the two organizations together, but financially what does this mean? You might have seen this, this was in our quarter two report that we just highlighted and I kind of tried to walk you through in terms of the $18 million in-year integration benefit that we're getting in '16 and what does it mean. Well, in effect what we're saying is by the end of this year we will have achieved $95 million of run rate synergy benefit through the Recall acquisition, and of that, $40 million is already actioned as we sit at year-to-date on July 30. So, basically three months in or a little bit less than three months into the acquisition we had actioned and taken out about $40 million worth of synergy benefit. There's another $55 million to be actioned between now and the end of December, which we have locked and loaded, line of sight and plans in place to take that out.

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So, that means at the end of the year when we enter into '17 we have $95 million worth of run rate synergy from the Recall acquisition.

So, why is that important? That's important because if we look at the benefit, the expected synergies that we have by the end of '17, that puts us in a situation where there's only an additional $20 million that needs to come out in the course of '17 for '17 benefit. So, $20 million of 2017 benefit that has to come out, but we have 12 months to get that out when we enter into '17. So, we're in a very—it's very important to get a good start and we're off to even a better start than we initially projected.

Now, how do you get to the $80 million? You say well the $95 million plus the $20 million gives you $115 million. If you look at the divestitures that we have to do because of in the ACCC in this market, the DoJ in the US and the Canadians and the UK, that takes away about $35 million worth of OIBDA or EBITDA due to the divestitures you make, which give you a net of $80 million of net synergy. So, off to a very good start, we feel really good where we are and we like even better the fact that we've cracked a big part of it before we even get into '17, which is really important.

So, just to highlight again, this is a slide that probably a number of you've seen before, if you look at it in terms of the fully synergized target of $105 million, it's still the same. You can see that what's happened is '16 and '17 it's grown a little bit because we've be able to pull forward and accelerate some things into '16, but quite frankly we didn't have the visibility when we announced where we thought we'd be back in April, so we've upgraded that. But overall, we still are targeting the $105 million. I mean, where we've always said the $105 million just to be clear is our minimum target. Some of the things that Stuart highlighted at the end of his presentation in terms of real estate consolidation, that's where we think there's potential upside, but it's too early, we're in early days to be able to determine that.

I mean, one thing that's interesting which is both—for those of you listening to the call which is both a good and a bad, the bad on the call so to speak was a part of our drag on EPS was the leases that Recall had had a shorter duration than we expected. Their average length of lease was less than what the average leases in Iron Mountain which means that we had to accelerate the depreciation of certain racking assets as a result of that based on GAAP rules. That's the bad news. It's a non-cash item, so it's not a—I'm more of a cash flow freak so it's not the worse thing that ever hits you. On the good news is it does give us the potential of more flexibility or more optionality to look at lease consolidation, which is one of the things that will take into effect because the leases are expiring earlier and it gives us both more leverage with the landlords and more opportunities to look at where we can consolidate.

Overall, in terms of the amount of money it's going to take to get to those synergies, still $300 million is still valid. You'll see that some of those bars are a little bit taller in the earlier years. The total ends up being the same. The taller earlier is driven by being able to pull forward some of the benefits earlier.

So, where do we stand, going to transformation? Again, looking at it a different way in terms of kind of a fundraising thermometer, is you can see that the $50 million was the money that we took out last year for impact in '16 and you can see that this year we said we're going to action another $50 million so that we'll have a full $100 million benefit from the transformation program going into '17, and right now we've got $28 million of the next $50 million already actioned and complete and we have line of sight for the remaining bit, and then validating the opportunity for the last $25 million. When I say validating the opportunity, I should be kind of clear what that means is that we're in the bidding and reviewing process for offshoring a number of these back room operations. So, for those of you that have been briefed on this before will recall the last $25 million of the benefit and the reason why it was in the last year of the program was those are the things that we've been working on for the last few quarters in terms of planning how do we take some of our shared services and offshore those in the most efficient way. So, we're actually well underway, we're already at some stage in reviewing the actual options and we feel very confident and when we say validating the opportunities, it's just that we haven't decided which opportunities to go but we're very confident in terms of our ability to hit the $25 million target.

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If you put both of these together, what it means is that cash available for distribution in dividend going from '16 to 2020, increases by over 55%. So, over 55% between now and 2020 will increase the cash available for distribution, investment and dividend growth during this—for the Company, for the $600 million to $945 million. What you can see is by far one of the big growth areas is the $490 million to $685 million in terms of dividends which is what's really fueling the dividend per share growth next year of some 13%, the following year at 7% and then 4% growth thereafter. So, significant dividend growth over even the next two years and then going forward.

So finally, wrapping up before going into Q&A, if you put it all together, what it means is that first of all now since acquiring Recall, we are the only company in our industry that has a global platform. So, I said that we had already before the acquisition a relationship with 94% of the Fortune 1000 companies, so the largest 1000 global companies.

Now, we're the only one that can serve customers that are interesting in a vendor that has a global presence. Now, in reality, it's probably a dozen to 20 companies that really want one throat to choke, right, they really want to deal with a single company. The one thing I should say is the odd thing in our industry is what I see when I'm with customers is the trend going to single source rather than multiple source. There's a number of industries where customers want two people to play off each other on anything that they buy, right. In our industry what we see especially in those industries that are heavily regulated, they want one throat to choke. If they have a discovery order slapped on to them by a judicial authority somewhere in the world and all these authorities now have extra territorial reach, generally, in other words if you're getting sued for something—if you're a bank and you're getting sued for something for Australia they probably want your documents in Asia. You're getting sued by something with a DoJ, they want to see everything, right, so that's why a lot of companies don't probably like working in these jurisdictions. So, what they need to know is that if they choke somebody's throat they can get those boxes, they can get those tapes, they can get those documents, they can get those facts as quickly as they need, reliably as they need to where they need. So, we see that that's really important probably for 20 or so companies. But there's probably another couple of hundred companies that want to say or feel that they were the world or the market leader and we are clearly now the market leader, the only person with a global brand in our business and that's really important.

In addition, the business is diversified both in terms of the customer clientele, but again the underlying trust that's associated with that. So, no customer is 2% of our sales—let's say—our largest customer is less than 2% of our sales. So, it's a very low concentration. In addition to that, the fact that we have a durable business that's continuing to grow in every major geography today even before acquisitions is we have a 2020 plan that uses transformation, integration benefits to continue to fuel both investment, as well as returning cash to shareholders and continuing to build and sustain that goose that lays the golden eggs, also at the same time leveraging the relationships that we have with 940 of the Fortune 1000 to look at new business areas, new adjacent areas, like data center, etc., that we can actually continue to build business with them through their customers.

It's that overall it's a very—we're very lucky. I can't take credit for it. It was my predecessor really that in some sense packed the magic formula. As Melissa said right at the beginning of the presentation, this is a high margin business and the reason for that, the thing that Richard Reese and others cracked is we incur cost by the square foot and we rent out air. So, the result is we have a very high margin business but has a very large mote and protection around it because we have 25,000 mountaineers around the world that make this a very—in some sense a very simple but very complex business to imitate. But just to give you an idea where that trust comes from and the thing these 25,000 people around the world do 24/7 is they provide what we call seven-nines of reliability. So, seven-nines of reliability means, and it goes to this 50 years of trust that we have in a relationship, if you give us a box you have 99.59th of a decimal point assurance that that box will come back in the same condition and state that you gave it to us in. If you look at the reliability of two of those lesser known logistics companies who will remain to be unnamed, one of them I think has two-nines or maybe three-nines and the other has a single-nine, one is 98 and one has 99 and maybe a nine after it, I'm not sure, but it's—so that's the thing that is the bedrock for them.

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So with that, I'll take questions. The other I should just let you know, I have a number of colleagues here. So, first of all we have two colleagues that don't have an accent with us. So Greg Lever, who runs our Australian business, and Joe Platt, who's the Head of Finance for our Australian business, are here. So, if you get tired of hearing either British or yank accent, you can focus the questions on them. I'm hoping that I irritated you enough with my accent that you do that. Chris Larochelle, who's from our Treasury Department is here. So, Chris deserves all the credit or blame for the bond raising that Rod highlighted; and then Ellen Hall, as I said, who's the Head of Strategic Real Estate for us, is here. So, I also have a few colleagues, and then of course our IR colleagues, and besides Stuart, Rod and myself. So, with that, over to questions. Yes.

Peter Davidson:

How are you? Hi. Peter Davidson from BT Investment in Sydney. The question is just around that addressable cost base, the one that you'd taken the—you know, doing the cost-out program on. How big, how addressable is that cost base and what percentage are you taking out and are you being kind of excessively optimistic or have you really—you know, your are right down into nuts and bolts in terms of your forecast?

William L. Meaney:

Okay. So, it's a good question. So, first of all, some people would usually say that the investors probably held this longer and probably say we're not being aggressive enough, but I think we're in the right sweet spot. So we were—our starting point was about 28%, 29% of SG&A as a percent of sales. So, as Rod said, way too fat, it accretes too much and a lot of it was we're blessed with high margin business and we're cursed with a high margin business and when you're doing roll-ups—and I'm not saying that we were complacent but sometimes you just don't get after your cost base as aggressively as you do—but if you look at our kind of business and you say, "You're running a business with 28% or 29% of SG&A as a percent of sales" I mean, it's way too high. So, the $125 million that we're talking about taking out of the cost base brings us down into the 22%, roughly, percent of SG&A, SG&A as a percent of sales, which we think is appropriate. I should say when we hired a new Head of HR about a year ago and she came in literally as we announced the plan, and I said, "You know, I didn't quite tell you this when you joined us but I didn't tell you that there's this little plan going on, and of course you're going to have a role to play," and she said—she came from a company called Clean Harbors which is a different industry but similar businesses as ours—and she said, "Well I kind of looked at it because ours was 12, so I figured that something like this would be coming down the pipeline." So it's not—so, in other words, there are companies that are operating and a lot lower than us, but I think we're running also a global business and it's a different plan. So, do I think we can get to 12% of SG&A as a percent of sales? No.

In terms of where we are on track—but I think 22%, 23% is about the right level. In terms of our plans to get that, so to give you some history and background, we announced that plan, I think it was June last year, roughly, we announced in June last year. By the end of December, we took out—we announced a $100 million plan, I should say, in June last year. By the end of December we had already taken out $50 million. We took $50 million of cost out of the business by the end of December, so we've already—you've already seen that benefit and you could start seeing that benefit come through in Q1 and then again in Q2 this year. That benefit's already in and we upgraded the program from $100 million to $125 million based on that because we already have line of sight in terms of what we need to do to get the next $50 million and we were pretty confident that we could get $25 million by the offshoring the other assets. So, where we stand today, the $50 million's already in the bag, another $28 million's already been actioned as we stand here at the end of July, and we have line of sight, in other words, we already know where we're taking the cost out to get the remaining $22 million for the rest of this year, which will give us $100 million benefit next year. The only thing I can tell you, we don't have contracts signed and we don't have the full implementation plans for the offshoring of the rest of the $25 million but we have proposals, so we have plans on place to get us easily to the $25 million. So, highly confident about the $125 million, highly confident that the approaching 30% of SG&A as a percent of sales was definitely not the right answer, and I think the 22%, 23% is about correct.

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Daniel Seeney:

Hi guys. It's Daniel Seeney here from Investor Mutual. I just wanted to ask about the mix shift that's underway in the service revenue part of the business a little bit more. Just looking at that chart on Slide 23 and the various segments that you've shown there, is it fair to say that about 20% to 30% of that revenue is from the non-traditional new parts of the revenue stream that you're talking about being the lumpier parts that are coming through and the remainder is the traditional revenue streams from that business?

William L. Meaney:

Yes and no. I think, Daniel, that's a good question. I think there is a bit—if you look at this chart, where's the lumpiness? There is some lumpiness in the other services area but generally some of those are relatively small, right, so it's more they're kind of new and they're harder to nail the forecast down. You do get some lumpiness that we're calling information, governance and digital solutions. Those tend to be lots of projects so some of them are and some of them not. The shred non-paper obviously isn't the best that's showing some growth, but these—you're right, these things that were in decline were much easier to predict on a day-to-day, month-to-month basis. Some of these others are—it's one of these things, right. I mean, this is the curse of being—I wish I was an Australian company and we only had to kind of report twice a year, right—is that if you asked me for the full year, because basically our customers do their budgeting on a full year basis, our guys then go out and sell on that, you know, programs and those lumpiness on a full year basis. So, we have good visibility I would say on an annual cycle and where we think we're going to end up, but how they come in on a quarter-by-quarter basis is much more difficult; whereas these were all activity-based which is just almost like breathing and it happened on a much more general place. So, you're right, we do get some lumpiness here and I would say a lot of lumpiness there in terms of the...

Daniel Seeney :

So the vast majority of that revenue still remains in the traditional...

William L. Meaney:

Oh yes, for sure, for sure.

Daniel Seeney :

I guess looking at the 2020 and your 4% top line expectation, I guess what are you thinking with regards to this business because it seems like the majority of that revenue stream is in decline and the non-traditional element will have to drive quite quickly to keep up? So, are you hoping that that is sort of broadly flat out to 2020 to hit that 4% or?

William L. Meaney:

Yes, it's pretty close to what you're saying. So, it's a good point. So, this will go down as a percentage but be flat in revenue in terms of the RM which is the biggest piece and we've kind of seen that and we've kind of called that out on a few calls that we see that kind of—that decline as kind of flattening out. We never kind of declared bottom but we see that pretty much if you look at the paper document business is that the level of activity now is fairly stable, it's not continuing to decline, so that transportation bar whilst the percent will go down the absolute volume we think is fairly stable. In the DM business, that's where we continue to see the decline. So, the DM business we're still seeing kind of a 9% to 10% transportation decline quarter-on-quarter—or compared to previous quarters, so a year-on-year basis, so I think we're still seeing that kind of decline, albeit it's a smaller part of the revenue, but I think that's where tapes are not being rotated to the same use anymore. So, the tape volume is increasing but the rotation is decreasing. Then the other parts are—yes, the other parts that are growing but other than shred the other parts are more project-based. Yes.

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Brett McNeill:

Hi. Brett McNeill from Antares. So, if we look at total internal revenue growth, your target for this year is 2%, first half you're at 1%. I know they're small differences but are you behind or is it just a timing thing and does it get to the quarterly reporting remark you made?

William L. Meaney:

Yes, no, we—our target's still to be around 2% for the year. So, part of it is the—well the driver is two things. One is that it's the project revenue, which we have visibility of the pipeline but it's just when that actually gets finalized or booked, and then the other aspect is that you will always see in our business and you saw this last year as well, is a ramp in even in terms of what I would call our storage business in the second half of the year. So, part of it is the ramp in the second half of the year, which is fairly typical on our business, so if you look at last year you'll see the same kind of ramp, and part of it is the project thing. I don't know, Rod, if you want to add anything to that?

Roderick Day:

No, I think that's—the other thing is there is a sort of—looking at the year-on-year comparators there's actually a slight benefit in the second half of the year compared to the first half which helps the growth in the second half of '16. So, that's just another small impact.

Brett McNeill:

Okay, and in terms of the Recall integration, just interested, what's the biggest acquisition you've integrated in your career and what are the key learnings and findings you'll apply in Recall?

William L. Meaney:

That's a good question. Well, I think first of all the Recall is—one banker said to us is he's never seen such a good deal in his career and this is a guy who had been in banking for—since dinosaurs roamed the earth, he had been there for a long time. So, first of all let me comment on the Recall. The thing that's unique about Recall and the thing that drives the level of synergies that we see is Recall was a quarter of our size, so they're one fourth our size, and yet they were running a very similar global platform, right, and they were the only other global platform in the business. We talked about it a little bit earlier is their margins were 700 basis points lower than ours. Now, the reason why their margins were 700 basis points lower than ours wasn't that their pricing was worse. In fact at the—in the midmarket their pricing was typically better than ours, right, so it wasn't that they had better/worse pricing. The real reason was is they were subscale trying to run a global platform and we were four times their size. So, the overhead efficiency, you know, we're just about taking their EBITDA, or their field EBITDA, I should say, and placing it on to our platform. So, if I'm kind of sitting there and thinking about when in my history I've ever done an acquisition, I was on the sell-side trying to do an acquisition in the pharmaceutical industry where we achieved almost that kind of benefit because of R&D, you know, it was really—you were almost selling someone a small manufacturing base but more than anything a marketing platform where you can start equating that but it was a long time ago and my memory's a bit fuzzy on that, and that—it was when I was in South Africa. For various reasons unfortunately the deal didn't go through but not because of the financials, but that's the only other time that I think in my life that I've seen the kind of leverage that you can get, and I think that was driven a little bit the same way, and of course in the pharmaceutical industry R&D is a very big part of your cost chain. But, I think this is—it's a unique opportunity to find somebody that has a complex overhead structure being a quarter of your size and you're able to just kind of lift that off and place them onto your platform and that's the thing that's really giving the leverage.

David Lloyd, Morgan Stanley

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Firstly, how's the pricing dynamic for the storage changed, is it all post the Recall acquisition? Then secondly, post Recall, how do you expect your outperms to trend from here?

William L. Meaney:

Okay. So, on the first one, we don't see anything and we didn't plan anything, we didn't expect anything. Where I think there may be improvement in pricing so to speak is not because of putting the two companies together as we expect to have a bigger exposure into the midmarket, and that typically is a market that has better pricing dynamics. It's just because it's smaller customers and you can generally price things in a way that your cost base doesn't necessarily move in tandem with the price. But, that is less to do with our putting the two companies together, it's more for them giving us more exposure and more growth potential in a market where Iron Mountain historically wasn't present. So, I think from a shift standpoint I see a potential, but I wouldn't go beyond that to be honest with you. I mean, our customers are pretty—you know, these are B2B customers that appreciate quality, they're not—at the same time they're not afraid of saying that they can do things themselves. So, I wouldn't overplay that.

I think on the outperms we expect continued improvement on the outperms because if we look at the Q2 it has—most of Q2 is consolidated with Recall, and I think if you talk to the people who followed Recall quite closely, I know Doug Pertz had a plan to actually—he had this thing called close the gap which is kind of a nice way of saying how they were going to get to our margins and our outperms. So, they were on a program to do that but I think they had higher outperms. In Iron Mountain we had invested just before I think I came in or just as I came in we invested with an outside party to build what I call an early warning algorithm that looks at a number of different metrics, how many times the customer calls into our call center, whether or not the volume has changed in terms of the stuff they're sending us, I think if there's been a billing discrepancy, there's a number of different indices to get to how many things we look at, and we have an automated system that tracks those things by customer where we can predict say six to nine months before they're going to fire us, right. If you go back to Iron Mountain's data, back if you look at 2013 to 2014, you will see a downtick in terms of the outperms because we implemented that program. So now we're obviously rolling that program out to Recall and Recall's customers as part of the acquisition, so we don't see any reason why we can't get their outperms to the same level as us.

The other thing I should say which is kind of a follow-on question that people normally ask, and they say, "Well, you know, are you going to able to get to this volume growth because clearly you guys are taking stuff off of each other," which is kind of the other side of it, and the actual reality is that we—obviously we pretty much knew the data before we had to present it—but part of the review process is we had to show take-away data to the different authorities, how often they took stuff from us or we from them, and I think the authorities were surprised it doesn't happen very often. In other words, both of us tended to lose. I mean, there's some times where Recall aggravated me and we aggravated them and saying that we never took business from each other, but if you actually look at the volume of the data is we both tended to lose to somebody else.

Tom McFarlane:

It's Tom McFarlane from Deutsche Asset Management. I was just interested in the competition councils and things like that, when they look at you in the US or they look at you in Australia, what's most important, it's the overall market share or is it more localized or just sort of growing in emerging markets? Is that out of need in some sense because you've got sufficient market share in a lot of the developed markets or how much can you grow in Europe, US, Australia from here?

William L. Meaney:

So, it's a lot of questions in that one thing. So let me—first, let me peel it back and say what—the way the authorities looked at us, right, and then say whether we care about that or not or how do we think about growth of the business, right. So, the way the authorities looked at us is mainly on a local market basis. So, they would look at if in Melbourne did you have too much market share, if I put in the two companies

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together, right, with Sydney, etc. They did do an overlay both in Australia and in North America and mainly in the US, less so in Canada. They did do an overlay in saying, "We also—you need to be a certain size to be competitive against Iron Mountain in those geographies." So, there was two lenses, local, and a big part of it, local scale, drives a lot of the economics, but then also saying, "You know, are you even a contender for a customer that cares about someone that has a national or a super regional platform?" So, they looked at both lenses. In the UK they did it both but you can see where the divestiture happened in the UK. They were mainly worried about the concentration in Scotland, right, so that was the only thing that we had to do. So they were—but I think the market also dynamically such that they could point to a couple of other players that were actually bigger than Recall, right, so there wasn't—we weren't putting a number one and number two together. So, I think the reality is the regulators look at both. Nobody seemed to look about or was that focused on global. It was more within their jurisdiction or within that jurisdiction.

In terms of how do we think is Iron Mountain? Look, from a certain standpoint what was—I guess the best way to answer that, what attracted us to the Recall acquisition? The thing that attracted us to the Recall acquisition was a question that I had earlier was saying, "Where does the synergy really come?" The synergy comes—you know, it's financially—it's a financially transformative deal first and foremost, and strategically transformative, secondary. So, the financial transformation is that we were able to take a company that had a similar complex network to run that was a quarter of our size and just lift that and put it on to our platform. So, there's a lot of cost that could come out of just the head office cost, right.

Strategically, the thing that was interesting but less interesting to me quite frankly was what the Recall acquisition was going to do for us say in North America, because already in North America we were multiple, multiple times the size of Recall. I mean Recall was really a distant second in North America. So, I didn't—I wasn't looking to, "Oh, this is going to be great. We're going to have Recall volume in North America." So, even before we acquired Recall we weren't doing a lot of acquisitions in North America. We do a lot of what we call pick up and moves. These are small mom and pops that sit there and with their retirement plan, but effectively we don't even take their buildings, we literally just take their storage assets and we put them in one of our facilities and we continue to do. That's really like an acquisition of a customer's and not an acquisition of a business. It's acquiring a bunch of customers, right, and there's a pass-through. So, we continue to do that. But that's really where if I look in North America, that's where our investment capital goes, not doing big M&A in North America.

So, strategically where is the benefit? Strategically where the benefit is that we're the only global player, so for those 20 customers that it really matters and to the other 100 or 200 that really want to be with a market leader, that really does have a difference. The second strategic benefit is that it gave us a certain infill. We're now in 45 countries, they had a stronger presence in Scandinavia, they had a much stronger presence in Southeast Asia, so together with them in Southeast Asia and the acquisition of Santa Fe, I mean that's giving us an amazing platform in Southeast Asia, which also happens to be a high growth area. So, I really like what it's done in that marketplace. I mean, in Australia to me to be honest with you, it was a push, right. I mean for both of us this was a mature market, yes we're now the market leader, we sold off our business which was the number two, but being the number two in this market was okay as well, yet being number one's a bit better, but the benefits and the costs that we did, you know, it's not a huge thing. The third thing though which we already had the scale but this gives even further scale is our ability to invest and innovate on behalf of our customers is even stronger, right.

So, a couple of days ago as I said earlier I was in India. I was with two customers, one was one of the largest state-owned banks, and the other one was one of the largest private sector banks. On the private sector bank, we spent at least half of the time talking about blended digital, physical record assets. They were looking at how we could manage the whole life of the document, decide which documents should be purely electronic and help them get to electronic state in that through scanning, other things that determine which things it would never cost to do that and you should just store for use and other things you should just put in deep storage. Then that went on to the next conversation was saying, "Would you come back and talk to our IT department to talk about some of the things that you're doing with EMC that allows us to build air gap into our storage, our electric storage technology to make sure that if we get hacked, we don't get our data destroyed as a result of that that we can recover," right. So, who else in our industry now?

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Before Recall could kind of try to have that conversation but now not only can nobody else have that conversation from an innovation standpoint. We at Iron Mountain even if they want to, we at Iron Mountain have the ability to invest on our customers' behalf in R&D that nobody else can. So, that's the way I see the benefits. I don't know if that answers your question.

Tom McFarlane:

Yes, that's good. Just in terms of growth though, is 80% of that growth in emerging markets and 20% have you got a feel for how much of that can actually be done in developed markets or is it more—certainly more than that?

William L. Meaney:

For the new product or the old product?

Tom McFarlane:

Acquisitions.

William L. Meaney:

Oh acquisitions. The acquisitions, it will be predominantly in emerging markets in terms of acquisitions, yes. I mean, unless it's an adjacent business area, something—you know, if it's the right opportunity in data center for instance or something or the art obviously with both emerging and developed markets, but if you're talking about the core records management business, most of that acquisition activity will happen in the emerging markets.

Tom McFarlane:

Great, thanks.

Ryan Green:

Ryan Green from Greencape Capital. Bill, a few questions on the synergies. I might just run through them one by one. Just on the outperm improvement, is that captured in your synergy number that you've put out there in 105 or is that additional?

William L. Meaney:

No. Oh no, it's not in the 105. I'm just trying to think though is it—I think some of it's embedded in the OIBDA growth going forward, right.

Roderick Day:

So, that would be embedded in the OIBDA growth going forward.

Ryan Green:

Okay, and given you expect to have over 80% of the synergies for next year done by this year, could you just maybe detail what the 20% in next year contains? What are you looking for, and is that harder to come by or is it just a matter of time here that you made...

Roderick Day:

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Yes, it's really a couple of things. There's certain markets, which particularly in Western Europe where there's a more laborious process to go through, unions or workers' councils and what have you. So, that's sort of one component. The other component is that we're getting more into real estate benefit, so consolidations, efficiencies and what have you, and that takes longer to work through and to implement. So, it's really those two main areas, yes.

Ryan Green:

Okay, and the other one you sort of mentioned maybe around real estate consolidation as you assess the Recall portfolio. Understand you don't want to quantify that today, but I the mean time, can you give any indication of when you might be able to think about the portfolio?

William L. Meaney:

Yes, can we get Ellen to—is there a mic? Can we just give—oh, here. Let me get Ellen.

Ellen Hall:

I think the schedule that Stuart talked about is probably a fair one where we're saying three to five years, some of it might come a bit earlier, but again it depends on jurisdictions and locations, but I think three to five years, somewhere around the $100 million is probably okay, with some upside once we get through some of the details we have now since we've closed.

Ryan Green:

I mean, given that you are ahead of the run rate today on the synergies, just interested in your view on should that continue and you'd apply the funds is it—do you think about deleverage quicker, essentially growing the dividend faster or would you look to reinvest the funds in growth via acquisition or other investments?

William L. Meaney:

I think it's too early to say to be honest with you. I mean, I think what we've always said is that our dividend target is kind of the minimum target, right, so we will—as the cash comes available, we will take a capital allocation decision on that. It's the growth opportunity versus the deleverage opportunity versus increasing the dividend, you know, which is the best—what we think is going to give the best total shareholder return both in the near, medium term is we'll make a decision, but I think we haven't moved—let me put it this way, since the Investor Day in October and further announcement in April, we haven't changed our capital allocation decision at this point because if—you can't do that on a quarter-by-quarter basis. You want to see how the cash flow comes in and what the sustainability of that is. So, I think—but all these things will be open. I can't tell you we have a bias to one or the another. I want to get the cash in the door and then we'll decide what the best way is for...

Ryan Green:

Good. Thank you.

William L. Meaney:

I guess with a quiet group this is probably the best thing to do is in the afternoon when you're kind of standing between drinks and the thing—if there are no more questions, we're going to have some cocktails and then happy to talk to you—you can talk—you know, I have a number of my colleagues here with me. So again, thank you very much. I know it's a busy season for you all. We'll try to figure out how to do these types of events in times that are less hectic for you guys during the reporting season but we wanted to do

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this fairly quickly in the—after the closing of the deal. So, thanks a lot for coming and we'll have some I guess drinks outside. Okay. Thanks a lot.

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