2003
IRON MOUNTAIN ANNUAL REPORT

MANAGING AND PROTECTING THE WORLD'S INFORMATION

IRON MOUNTAIN®

About Our Company

Founded in 1951, Iron Mountain Incorporated is the world's trusted partner for outsourced records and information management services. The Company's two major service lines—records management and off-site data protection—are focused on helping customers manage and protect their information consistently across all formats and geographies. The Company offers records management services for both physical and digital media, disaster recovery support services, and consulting—services that help businesses save money and manage risks associated with legal and regulatory compliance, protection of vital information, and business continuity challenges.

AT-A-GLANCE (AS OF 4/1/2004)

Year Founded: 1951

Major Service Lines and Solutions:

Records Management
- Business records management
- Secure Shredding
- Digital Archiving
- Health information services
- Custom environments for vital records
- Records management consulting

Disaster Recovery Support Services
- Off-site media vaulting
- Electronic Vaulting
- Planning and testing support services
- Intellectual property escrow

Markets Served: 82 US and 63 international markets

Employees: 14,000+

Customer Accounts: 200,000+

Facilities Worldwide: 800+

Financial Highlights

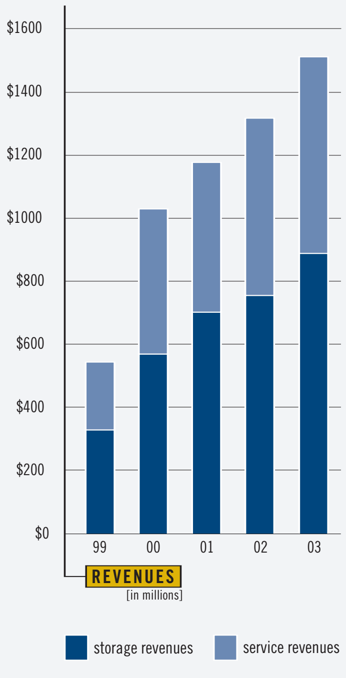
(amounts in thousands, except per share data)	1999	2000	2001	2002	2003
Total Revenues	$531,389	$1,004,165	$1,185,718	$1,318,497	$1,501,329
Storage Revenues	317,387	585,664	694,474	759,536	875,035
Gross Margin	48.7%	50.2%	51.4%	52.8%	54.7%
Operating Income (1)	64,249	105,549	144,116	252,586	304,893
Operating Income as a % of Total Revenues	12.1%	10.5%	12.2%	19.2%	20.3%
OIBDA (2)	129,463	232,211	297,387	361,578	435,811
OIBDA as a % of Total Revenues	24.4%	23.1%	25.1%	27.4%	29.0%
Interest Expense, net	54,425	117,975	134,742	136,632	150,468
(Loss) Income from Continuing Operations per Share — Diluted (3)	(0.02)	(0.35)	(0.53)	0.74	0.98
Net (Loss) Income per Share — Diluted (4)	(0.28)	(0.35)	(0.53)	0.68	0.98

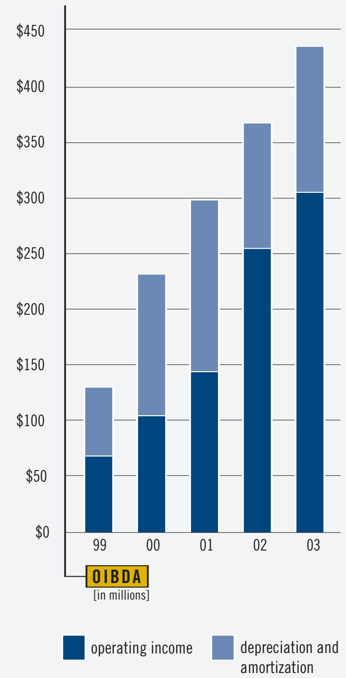
(1) Includes $27,910, $53,406 and $59,217 of goodwill amortization expense for 1999, 2000 and 2001, respectively that would not have been recorded had Statement of Financial Accounting Standards (SFAS) No. 142 been implemented on January 1, 1999. See Note 2(g) on p.68 of the accompanying Annual Report on Form 10-K for additional information.

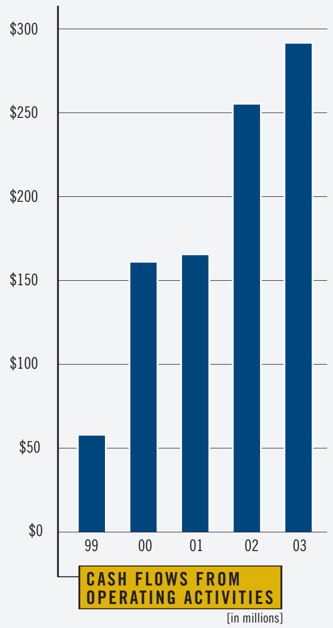
(2) Operating income before depreciation and amortization. See Item 6 on p.17 of the accompanying Annual Report on Form 10-K for a reconciliation of OIBDA to Net (Loss) Income.

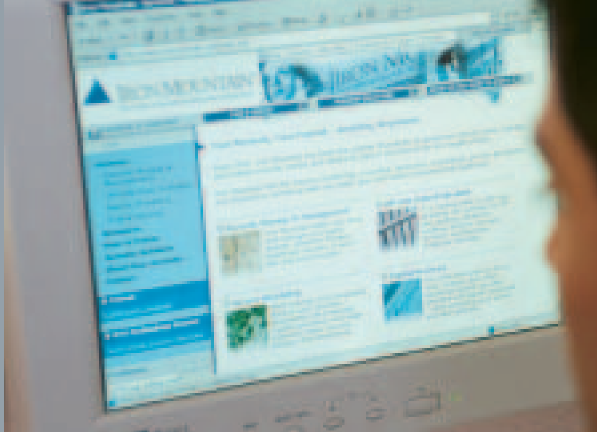
(3) Giving effect to the elimination of goodwill amortization under SFAS No. 142, Income From Continuing Operations would have been $0.42, $0.18 and $0.04 per diluted share for 1999, 2000 and 2001, respectively. See Note 2(g) on p.68 of the accompanying Annual Report on Form 10-K for additional information.

(4) Giving effect to the elimination of goodwill amortization under SFAS No. 142, Net Income would have been $0.16, $0.18 and $0.04 per diluted share for 1999, 2000 and 2001, respectively. See Note 2(g) on p.68 of the accompanying Annual Report on Form 10-K for additional information.









Iron Mountain In 2003

Managing and Protecting the World's Information

More businesses rely on Iron Mountain to protect their business critical information than any other company in the world. Perhaps it's because of our broad portfolio of records and information management services that help businesses save money and manage risks associated with legal and regulatory compliance and business continuity challenges. Or, maybe it's because of our long and distinguished history of delivering on the promise: "to manage and protect our customers' information as if it were our own."

TRUSTED PARTNERS SINCE 1951

Iron Mountain has been protecting information assets and managing records-related risks since its founding in 1951. While the definitions of those risks have expanded over time—from the physical threats of war, to the new threats of regulatory non-compliance and computer sabotage, to name a few—we have remained steadfast in our mission to support customers in the protection and management of their information assets.

The original "Iron Mountain Atomic Storage Corporation" made a name for itself offering protection for vital assets in the Iron Mountain underground mine in upstate New York. We were an important part of our customers' plans to protect their information in the event of a disaster (most notably the threat of a nuclear disaster during the Cold War). And, as customers' needs for information protection evolved, so did Iron Mountain.

In the 1960s and 1970s companies became increasingly dependent on computer data and looked to Iron Mountain for data protection, not from war but from the myriad of disasters that could interrupt their computing operations. Our Off-Site Data Protection service was born as an offshoot of our original vital records business, supporting the evolving needs of our customers.

In the 1980s the same companies that trusted Iron Mountain with their vital information assets viewed Iron Mountain as a valuable resource for their paper records storage and management. This coincided with the general trends of outsourcing and establishing more leveraged purchasing functions as tactics to reduce costs and improve business processes. The combination of lower-cost real estate, specially designed storage systems and information management technology made outsourcing for records management extremely compelling. By the late 1980s, Iron Mountain had grown into a national provider of records and information management services.

Beginning in the 1990s, e-business redefined records and information management. With more and more information created digitally, and the advent of transacting business electronically, this new class of e-records brought about new risk exposure and management challenges such as privacy breaches, fraud, and data corruption and loss. With these new risks came new laws and regulations to protect businesses and individuals, like SEC and NASD rules, the USA Patriot Act, HIPAA, Sarbanes-Oxley, Gramm-Leach-Bliley and others that regulate how organizations manage and protect information. These laws and regulations drove records and information management from the "backroom to the boardroom." Once tactical outsourcing tasks, both records management and data protection are now strategic risk management challenges that are receiving board-level visibility.

Iron Mountain responded to these new business challenges by bringing its records management expertise and newly developed digital service offerings to its customers, helping them navigate the new landscape. In

ARAMARK

"In today's climate, all companies are focused on implementing consistent records management programs and ARAMARK is no different. We rely on Iron Mountain's expertise for everything related to records management—to help us ensure our policies are appropriate and to implement our compliant records management program for both our paper and electronic records."

— David Solomon
Chief Financial Officer
ARAMARK, Uniform Division

➤ *Back in 1951, the original Iron Mountain Atomic Storage Corporation made a name for itself offering protection for vital assets in this underground mine in upstate New York. Today, the facility is one of more than 800 worldwide that offers these services to Iron Mountain customers.*

1996, we began our Consulting Services to help customers develop and implement legally compliant records management programs. In 2000, we began offering Secure Shredding services to provide privacy and protection for confidential information that no longer needs to be retained. By 2001, Iron Mountain launched its Digital Archiving services to help customers manage and protect their electronic records and introduced its Electronic Vaulting services. We currently have operations in 145 markets around the world so we can support our customers consistently wherever they do business. By ensuring our customers can respond to these new information management challenges, Iron Mountain's original value proposition of protecting information and providing risk management capabilities is more relevant than ever.

SOLUTIONS FOR TODAY'S BUSINESS NEEDS

Iron Mountain's major service lines are focused on helping customers manage and protect their information consistently, across all formats, for the purposes of records retention compliance and business continuity.

Records Management services include:

- *Business Records Management* - The outsourced storage, access, retrieval, retention and destruction management essential to implementing a records management program.

- *Secure Shredding* - Secure Shredding of paper records and media in order to protect private, personal information, trade secrets and other confidential information.
- *Digital Archiving* - Outsourced services for secure, legally compliant and cost-effective, long-term archival of electronic records. These digital services are analogous to those offered for paper records and include storage, access, retrieval, retention and destruction management.
- *Health Information Services* - Storage and management of various formats of medical records, including a wide range of support services.
- *Vital Records* - Specialized services for vital records, film & sound media, oil and gas exploration data and other information assets requiring special environments and protection.
- *Consulting* - Records management program development and implementation services to help customers implement legally compliant and consistent records management programs.

Disaster Recovery Support services include:

- *Media Vaulting* - Secure, off-site vaulting of backup data for fast and efficient data recovery in the event of a disaster, human error or virus.
- *Electronic Vaulting* - Managed, on-line data backup and recovery services for PC and server data.
- *Support Services* - Services including disaster preparedness planning and support.
- *Intellectual Property Protection* - Escrow services to protect and manage source code and other proprietary information with a trusted, neutral third party.

OUR COMPETITIVE ADVANTAGE

Iron Mountain is uniquely qualified to support customers' records and information management needs. We are the only company that has the expertise and can provide comprehensive services to manage and protect information on a global basis.

- *Expertise* - Since 1951, Iron Mountain has assembled an unrivaled body of knowledge and expertise in records and information management and protection. This expertise resides with our employees and is embedded in our technology.

- *Management Systems* - Iron Mountain's customer-facing applications provide the platform to drive consistent, policy-based processes for records and information management and protection. Crucial management information is provided to monitor and measure compliance.

- *Breadth of Services* - Iron Mountain's portfolio of services allows customers to implement consistent process controls across geographies, business units and media types, for either data recovery or archival purposes.

- *Customer Support* - Our numerous customer support professionals are trained to help implement our customers' programs on their behalf. We have unparalleled coverage to assist our customers in achieving an enterprise-wide solution.

- *Global Footprint* - Serving 82 markets in the United States and 63 internationally, Iron Mountain has the largest global network of records and information management operations. Our global platform provides customers with consistent, enterprise-wide service and support.

- *Local Service* - The combination of a decentralized service organization and empowered local management supported by the centralized core resources of a global business provides unmatched service quality to our customers, large and small.

WELLS FARGO & CO

"We've partnered with Iron Mountain for the off-site protection of our business critical data because they understand the importance of security and the urgency of getting us our data when and where we need it. I also appreciate Iron Mountain's continuous effort to provide new and emerging technologies to meet Wells Fargo's growing needs as we move our business forward."

— Aaron Meckler
Senior Vice President, Business Continuity Planning and Technology Infrastructure Governance
Wells Fargo & CO

To Our Shareholders

Our objectives in this annual report remain the same as in the past: to examine our annual results, review the progress made in 2003 towards accomplishing our tactical and strategic goals and to share our views about our future.

Once again, in 2003, our business performed well, both financially and strategically. Revenues increased 14%, both operating income and operating income before depreciation and amortization (OIBDA) grew 21%, and net income rose 45% to $84.6 million, or $0.98 per diluted share. Iron Mountain is comprised of various business units operating in related markets across a broad global footprint. As with any portfolio of businesses, some performed better than others. I will review the major ones later in this letter.

On the strategic front, we saw significant progress. As a reminder, we have for a long time operated according to a three phase strategic plan. Phase I involves establishing leadership and broad market access in each business line, primarily through acquisitions. In Phase II, our objective is market penetration through aggressive direct selling to new prospects to convert previously unvended demand and capture market share. In Phase III, we seek to expand these customer relationships and penetrate accounts to increase revenue and drive margins.

Our largest North American businesses, records management services and off-site data protection services, are in Phase III. These businesses represented 85% of our total revenues and posted solid results in 2003. While we have been growing these businesses through acquisition (Phase I) and direct selling of core services (Phase II), we have also been increasing our efficiency yielding margin expansion and significant free cash flow. In preparation for the third phase of our strategy in North America we have been investing in new services to enhance our leadership and sustain our growth for a long time to come. We have also been aggressively expanding our geographic reach in Europe and Latin America to "be where our customers need us to be" and to service new high growth markets.

In 2003, we advanced our strategic agenda in three major areas. We became the only national service provider for Secure Shredding services in the US and Canada; we gained market acceptance for our new digital services; and we sealed our market leadership position in Europe through the acquisition of our largest competitor. These strategic initiatives focus on large, emerging market opportunities and today represent approximately $400 million of our run rate annual revenues.

One cornerstone of Phase III is the evolution and refinement of our sales, marketing and account management strategies. During the first two phases of our strategy in North America, we operated with separate, business line specific delivery and sales organizations. In 2002, we created unified enterprise sales and account management organizations to better align with our enterprise customers. We had success in terms of customer satisfaction and increased revenues from this first step. In 2004 and beyond we will continue to evolve our customer facing coverage models and increase our investment in sales and marketing resources to capture an increasing share of the

large market opportunities before us. The changes we started last year will continue on an evolutionary, not revolutionary, path for some time. We are taking a conservative approach to making these changes to enhance revenue growth while minimizing organizational risk. We believe in the long-term view.

Our business records management division (IMRM) provides physical records storage and management services throughout North America. IMRM accounted for 68% of our total revenues in 2003 and posted solid core revenue growth of 8%. Its complementary services, which comprise 12% of its total revenues, experienced a 9% reduction, as the level of large, one-time customer projects performed in 2002 was not duplicated in 2003. IMRM's sales organization performed as expected and added more than 6,500 new customers. This division continued to expand margins through efficiency of operations and scale. Also of major importance was the launch of new Web-based services to enhance our customers' records management programs and service experience.

In 2003, Iron Mountain became the only truly national provider of Secure Shredding services in the US and Canada. Secure Shredding is a natural extension of our records management services, completing the life cycle of a record. Customers, faced with increased regulatory pressure, are seeking ways to protect their own client and employee data as well as their proprietary trade secrets. Now, through a combination of shredding centers and the rollout of custom-built mobile shredding units, we are able to offer Secure Shredding services in all of our US and Canadian markets. We will continue to expand our presence in this business through acquisitions and internal start-up operations that leverage our existing records management infrastructure.

Our Digital Archiving service line provides on-line storage and records management services for digital information such as e-mail, computer output and images, and consulting and professional services to help our customers develop and implement effective, compliant records management programs. These services fit within the third phase by extending our service lines beyond just physical records to cover information archived in a digital format.

In 2003, this new service line made significant progress but did not meet its revenue targets for the year. This is a new service in an emerging market, which in the case of SEC regulated e-mail archiving, has been given a boost by increased regulatory scrutiny, fines and litigation. We responded to our customers and tailored our services to meet their needs. We were rewarded by signing significant contracts with several leading Wall Street firms and currently have 125 customers using our various digital services. We did, however, spend according to our investment plan. We believe that we have now made sufficient investment in product development and delivery infrastructure and are shifting the focus of our investment towards selling and marketing activities. We plan to hold our 2004 spend rate roughly flat to 2003. Selling success beyond our plan will require more investment to support the additional revenue. We expect 2004 to be a period in which sales success will lead operations investment. We also expect to exit the year having a strong foundation of revenue generation supported by high quality service delivery.

Our Off-Site Data Protection division (OSDP) supports our customers' disaster recovery programs by securely storing and rotating their computer backups either in physical media format or on-line through the internet. This business, now in Phase III, is focusing on acquiring new customers and expanding existing relationships through broader program coverage and with new services. During 2003, OSDP had core revenue growth of 8%, which was solid but less than the highs of 2002, a strong growth year because of market concerns for disaster recovery protection caused by terrorist concerns in the US. This was difficult to repeat in 2003. OSDP experienced reductions in some of its complementary services such as the sale of computer media due to a weak environment for information technology spending. The division managed its operations superbly in the face of lower than expected revenue growth and delivered on-target margin performance for the year. In addition, during 2003 OSDP created a new sales organization specializing in its Electronic Vaulting services. This group produced good results and Electronic Vaulting is expected to enhance OSDP's growth rate in 2004 and beyond as it achieves broader market acceptance.

2003 could be called "The Year of Europe" at Iron Mountain. We have operated in Europe since 1999. We currently estimate the total revenue potential of this market to be $10 billion, approximately the same as the US market. However, its level of outsourcing is only about 10% compared to approximately 50% in the US. The drivers for outsourcing in Europe are the same as in the US: cost reduction, regulatory compliance and disaster preparedness. The long-term margin structures are very similar to those of our US businesses. These attributes suggest an attractive market opportunity for a long time to come. Since entering the market via a joint venture with UK partners, we have been executing the same three-phase strategy as we have employed in North America. However, we have been advancing at a much faster pace.

Entering 2003 we had operations in 28 markets and had run-rate revenues of $110 million. The UK was firmly in Phase II of its strategic plan with the continental European

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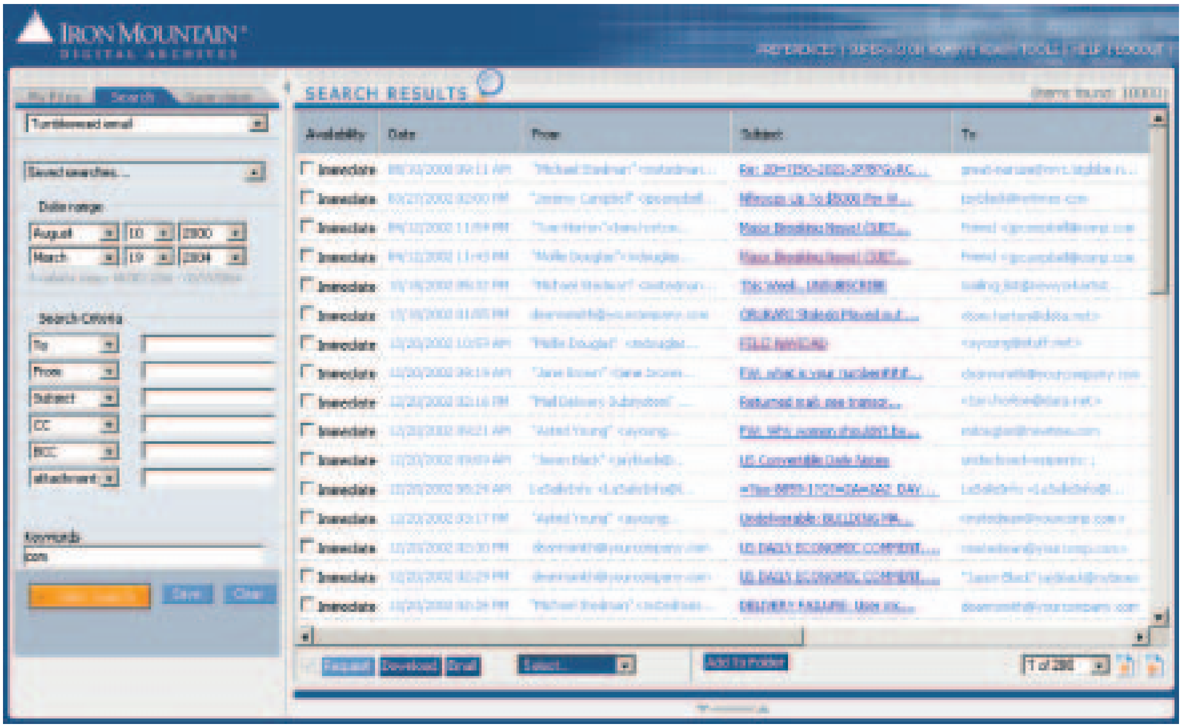
This third phase of our strategic plan will be of indefinite length. There is enormous untapped primary demand for our core services around the world given the low prevailing levels of outsourcing and the inexorable growth of information.

operations at various points of Phase I or Phase II depending on the market. Early in the year our largest European competitor, Hays IMS, was placed on the market as part of a strategic restructuring. Hays IMS had a long history in the marketplace and an enviable customer base. We acquired Hays IMS in July 2003. The integration is advancing according to plan and it is expected to be complete by the end of this year.

Today, Iron Mountain Europe (IME) has run rate revenues of approximately $330 million with operations in 44 markets in the UK and continental Europe. Most of the new market acquisition investment is complete, particularly in the UK, but we will continue to expand markets on a selective basis. We are focusing on building our sales and account management teams to take advantage of these untapped markets. IME is the clear leader in terms of size, market coverage, breadth of product offerings and service reputation. As an adjunct to completing the acquisition of Hays IMS, we also negotiated the February 2004 purchase of the remaining 49.9% interest of Iron Mountain Europe from our joint venture partners thereby capturing the benefits of all of the future opportunity for growth in Europe for our shareholders. Our UK partners were valuable and effective partners for the five years that we operated together in Europe and we thank them for the relationship we enjoyed.

In addition to Europe, we continued to advance our market position and customer base in South America and Mexico. Recovering economies and currencies added to the already strong



HORNOR, TOWNSEND, & KENT

"The supervision requirements for securities firms may be fundamentally necessary, but not necessarily easy to comply with. Iron Mountain's outsourced Digital Archive service made it very easy for us to get compliant with retention requirements of the SEC; the new Supervision service will make communications monitoring so much easier for us."

— Charles Bennett
Vice President of Compliance and Market Conduct
Hornor, Townsend, & Kent

double-digit organic growth. In addition, effective selling both locally and to global customers added to our leading market share. Iron Mountain Latin America is the market leader in the region in terms of market share, market coverage, breadth of product offerings and service reputation. Iron Mountain Latin America has built its market footprint and selling organization and is poised for strong organic growth and margin expansion.

The common theme that emerges from the preceding review is that most of our businesses are now in, or are rapidly approaching, the third phase of our long-standing strategic plan. This next phase will be of indefinite length. There is enormous untapped primary demand for our core services around the world given the low prevailing levels of outsourcing and the inexorable growth of information. Further, we now better appreciate the size of the opportunity we have to solve additional problems with new services for our existing customers. There is significant opportunity to capitalize on this global franchise we have built and plenty of hard work to do. Our journey is far from over.

As we have grown our business fifteen-fold since going public in 1996, I have become known (and as I recently learned, impersonated with great humor) within the Iron Mountain organization for my many speeches dealing with change and the challenges and impact of change on our organization. Our third phase

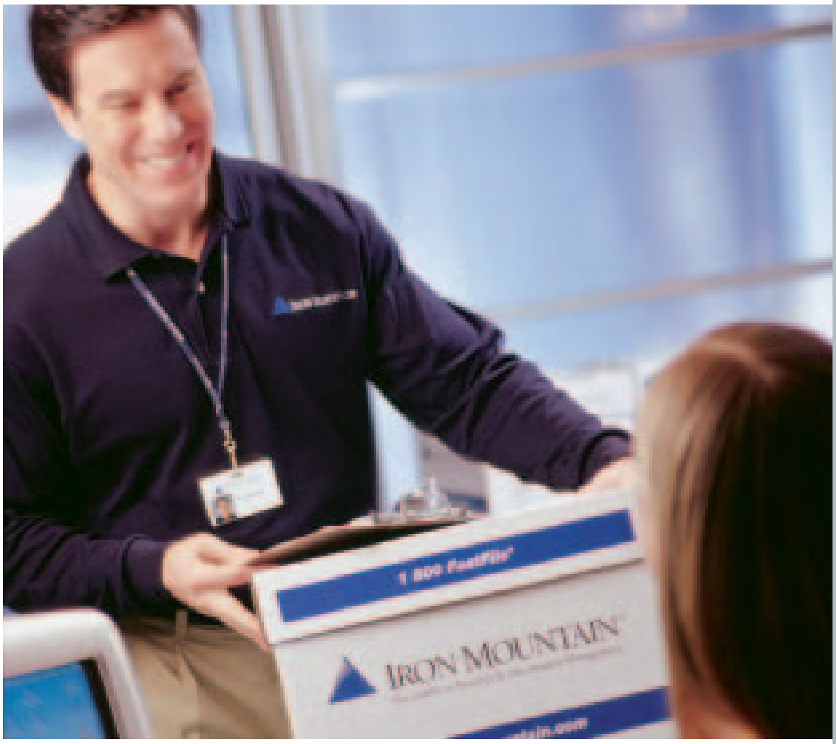
plan brings its share of changes. How we execute this plan will define whether our future performance is merely good or great. We have already embarked upon our change path to build *a world class selling organization supported by a service delivery organization driven by total customer satisfaction.* This initiative, a multi-year journey, offers great opportunity for customers, employees and shareholders alike. To achieve success all three must win. This is now our greatest challenge.

As some things change, our basic philosophies, which bear repeating, remain the same. In governing Iron Mountain we are guided by two principles: (1) invest our shareholders' money as if it were our own; and (2) do what is right for our customers and employees. We believe that if we do these things well, and continue to communicate openly and candidly, our shareholders will benefit greatly. In line with this philosophy we have always and will continue to invest our shareholders' money with the goal of increasing OIBDA in relation to total capital invested. Having reached the point where the investments in market expansion and infrastructure development of the first two strategic phases are yielding returns in terms of significant and growing free cash flow, we will remain vigilant to seek high return investments in our core businesses. Or, in the absence of appropriate higher-return investment opportunities, we will return cash to our shareholders in the future. We will continue to give our shareholders as much information as possible about their company to allow them to make their own judgments regarding our performance. See John Kenny's letter for an important honor recently bestowed upon us, which recognizes the quality and transparency of our disclosure.

Corporate governance is an important subject for every company, but particularly for Iron Mountain. We operate in a trend-favored market, as we are part of the infrastructure for the information marketplace. This opportunity is enhanced as customers seek to maintain compliance with new governance standards and regulations. But we also view governance as an important issue because we are the custodians of your money and the support for the families of our more than 14,000 employees. In today's business environment, new regulations regarding corporate governance are being promulgated on an almost daily basis. In 2003, we expended significant energy, mostly internal costs, reaffirming that we were compliant with these new standards. John and I certified our financial statements in good conscience and without reservation as a result of these on-going efforts. However, technical compliance with these regulations is only the first step towards first class corporate governance. More important are Iron Mountain's collective values, ethics and behavior. We hold ourselves to a higher standard and are diligent in our hiring practices, looking to attract employees that share our views on these issues. We believe that we have been extraordinary in our success here.

We have also benefited from the guidance of a strong and active board of directors; one that voices diverse views but shares a common philosophy with us all. Our Board meets the standards and actions required for independence. As a group they also have significant financial holdings in the company. The majority of those holdings were created by investing their own cash, not by accrual of value from options granted to them by other shareholders. We believe those characteristics, along with experience, good judgment, integrity and the willingness to share an opinion are key to good governance. I believe that our shareholders are fortunate to benefit from their contributions. As a group, the Board decided that is was important to make sure that you, our shareholders, could make your voice heard. This year the Board has decided to change the process for electing our directors. Rather than having directors elected to staggered, three-year terms, each director will stand for election every year. We believe this provides our shareholders the ability to vote for change in the near term if they feel that change is in order.

While I am discussing topics of governance, I also encourage you to vote in favor of the proxy ballot question to expand our stock option pool. This is the first time we have sought your approval to expand our option pool in six years. I believe that options are an important compensation tool to attract, retain and fairly compensate talented people based upon performance. Neither economists nor accountants can agree on their true value. Therefore, I believe that the implementation of an effective option program is more of an art than a science. The art requires a mix of optimism and vision about the future, financial skills to develop an opinion about future value based upon this vision and market-based compensation data to build a competitive total compensation plan. Stock options are part of that total compensation plan, not an add-on. With all of this complexity, I determined a long time ago that I could not make the right allocation of value between the shareholders and employees or among individual employees if I had the inherent conflict of competing with everyone else for a share of this finite option pool. Therefore, I personally have never taken an option. This has given me the luxury of trying to accomplish our goals for our shareholders and reward our employees appropriately. I believe that our option program has been a successful component of our overall compensation philosophy and we will



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continue to walk the path to try to find the right balance between you and our employees. As always, I will not accept stock options so that I have a clear conscience in the transfer of value from you to our employees. So that you can evaluate our use of this compensation tool, we will continue to expense our option grants through our income statement consistent with the practice we started in 2003.

Our employees continue to dedicate themselves to the challenges we face. Our secret weapon in creating value for our customers and competing effectively is neither our technology nor our global presence, it is the knowledge and dedicated work that our employees bring to the workplace every day. Our smartest customers double the value they receive from us by making us their partner, listening to our ideas and sharing in our successes and challenges. We appreciate all of our employees for their loyal service and are happy to reward their successes.

We continue to attract high quality investors and thank you for your advice and support. We are proud that we have been able to reward your support over a long period of time with returns in excess of the market. We look forward to continuing to build value on your behalf, and as always, I seek your input and advice for the future.

We remain excited about the future of Iron Mountain. As we enter our third phase, the prospects for internal growth and the attractive returns on invested capital inherent in that growth have never been better. And, as I said before, the difference between our future being good versus great depends upon the quality of our execution of our plans. Future success is within our control and I believe when judged in arrears, Iron Mountain will be regarded as a great company!

With continued pride and enthusiasm,

C. Richard Reese
Chairman & Chief Executive Officer
April 2, 2004

Our Mission

TO PROVIDE SUPERIOR VALUE TO OUR CUSTOMERS BY:

- Protecting and managing their information as if it were our own
- Delivering reliable and responsive service
- Providing real-world solutions

A message from our
Chief Financial Officer

As was the case last year, this letter discusses value creation resulting from business rationalization, strategic investment and debt refinancing. Our agenda has not changed because the fundamentals of our business have not changed, nor are they likely to in the foreseeable future. Further, our plans for creating equity value for our shareholders remain sound and unwavering.

For the third year in a row you have read the preceding paragraph, which is repeated here, not for effect, but because its message remains both current and relevant. This letter will review our progress against our financial objectives, share some learning from the past year and discuss our outlook for future performance. Our goal of maximizing returns to shareholders causes us to focus on five primary financial objectives:

- Maximizing internal revenue growth;
- Reducing the capital required for internal growth;
- Increasing operating margins;
- Lowering our cost of capital; and
- Investing prudently in acquisitions and business development initiatives.

Our targets for these objectives remain consistent—long-term internal revenue growth of 10% or greater supported by total capital expenditures of 12% of revenue or less, with OIBDA (operating income before depreciation and amortization) margins of 30% or better. Our compensation programs, particularly in the area of variable incentive compensation, have evolved over time to drive our performance against these targets.

2003 was a year of solid financial performance for us as we exceeded $1.5 billion in revenues and $300 million in operating income, posted a 29% OIBDA margin and generated $83 million of free cash flow before acquisitions (defined as cash flows provided by operating activities less capital expenditures, net and additions to customer relationship and acquisition costs). The internal growth rate for storage revenues, which is a key driver for our industry, was 8% while core service revenues grew at 9%. Together, these two revenue components represent 87% of our total revenues, and their growth rates were in line with 2002. It is worth noting that storage revenue, which represents 58% of our total revenues and produces 75% of our gross profit dollars has increased now for 60 consecutive quarters or 15 consecutive years. That is the foundation upon which everything else is built. We did experience a 7% reduction in complementary service revenues on a consolidated basis as several large projects ran their course in 2002 and did not repeat in 2003. As we have said, these services are inherently less predictable, and more random than our storage related core services.

For 2004, we expect our total internal growth rate to be in the range of 6% to 9% with the storage revenue growth rate showing a modest increase over 2003. We are looking to drive higher internal growth rates by further investing in sales and marketing, refining our customer and prospect coverage model, and introducing revenue growth as a component of variable compensation for all exempt employees. These are important steps, creating permanent organizational change, as we shift our focus towards internal growth. For the third year in a row, internal growth contributed more to total revenue growth than did acquisitions. For the next several years, we are looking for sustained higher growth rates from our international operations and our Secure Shredding business, more positive contributions to growth from our digital initiatives and improvements in the complementary services as we work to achieve our long-term objective of 10% internal revenue growth.

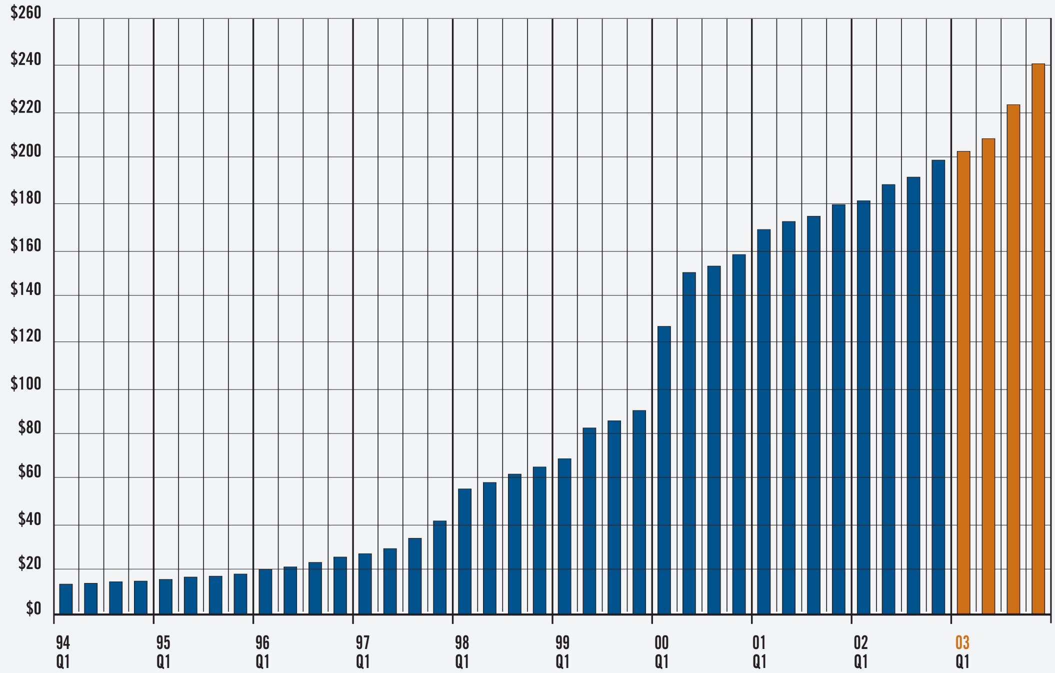
We continued to post impressive margin gains as gross margins marched forward in every one of our business segments leading to a consolidated improvement of 190bps. Primarily the result of post-system conversion operating efficiencies and lower incentive compensation expense, the additional gross profits funded the increased investment in sales, marketing and account management we believe necessary to drive our internal growth. Even with this additional investment, our operating income and OIBDA margins expanded by 110bps and 160bps to 20.3% and 29.0%, respectively in 2003. A primary driver of this expansion was the significant reduction in our bad debt expense. Due to the success of our centralized collection efforts over the past two years and the resulting improvements to the accounts receivable aging, we were able to reduce our allowance for doubtful accounts, which, by necessity, had increased during our acquisition and integration phase. In 2004, we expect bad debt expense to run more consistently around its historical level of approximately 0.5% of revenue.

We fully expect to achieve our OIBDA margin objective of 30% in 2006 as we continue to refine our business processes, achieve scale in our Secure Shredding and continental European operations and leverage our field and corporate overhead. That being said, we will continue to use a portion of our expected margin improvement to fund our increasing investments in our revenue generating efforts.

For 2003, we reported income from continuing operations before extraordinary items of $0.98 per diluted share compared to $0.74 per share in 2002. This performance was driven primarily by a 21% increase in operating income accompanied by an increase in interest expense of only 10%. Our net income also benefited from the line item other income, net, which has seen a lot of action in each of the last two years. First, we have taken advantage of very favorable credit markets and refinanced high-yield debt resulting in early extinguishment charges. At the same time, we recorded net gains due to foreign

➤ *It is worth noting that storage revenue, which represents 58% of our total revenues and produces 75% of our gross profit dollars has increased now for 60 consecutive quarters or 15 consecutive years. That is the foundation upon which everything else is built.*

60 CONSECUTIVE QUARTERS OF STORAGE REVENUE GROWTH



QUARTERLY STORAGE REVENUES (in millions) exchange rate movements, as we marked certain of our foreign subsidiary intercompany debt to market in a weak dollar environment. Coincidentally, in each of the last two years these gains and charges have roughly offset each other. To be more specific, we had other income, net of $3 million, or 3 cents per share for 2003 compared to other expense, net of $1 million, or 2 cents per share for 2002.

In December 2002, we began to implement a comprehensive international financing strategy, the objectives of which were to reduce our cost of debt capital, extend maturities, build natural hedges against our major foreign investments, and reduce our global tax obligations. We continue to enjoy strong access to the high-yield and senior credit markets, both here in the US and more recently, in Europe. Specifically, during this 16 month period, we issued US high-yield debt four times and, in January 2004, we issued our first foreign currency high-yield security in the form of a £150 million, 10-year note at a rate of 7.25%. Further, we raised senior credit at both the Iron Mountain parent (IMI) level ($550 million with multi-currency flexibility and $200 million of Term B financing) and at the Iron Mountain Europe (IME) subsidiary level (£200 million), on a non-recourse basis. As a result of these financing activities, we:

- Refinanced more than $430 million of high-yield debt;
- Reduced our weighted average cost of debt by more than 50bps to 7.9%;
- Maintained over 85% of our debt portfolio fixed with respect to interest rates;
- Extended the average maturity of our debt from 7 years to 9 years;
- Established £300 million of borrowing capacity (of which £147 million is currently drawn) to naturally hedge our investment in IME; and
- Established a $350 million revolver at the IMI level, which is now virtually undrawn.

The accelerating free cash flow that has been an important underpinning of the Iron Mountain investment thesis is here to stay.

As we first predicted in 2000, our capital spending (net of dispositions) has remained flat in dollar terms over the last three years. With OIBDA rising 21% in 2003 and cash paid for interest and taxes actually decreasing slightly compared to 2002, free cash flow before acquisitions and investments rose by $26 million, or 47%. The result is that, excluding the extraordinary and strategic acquisition of the records management operations of Hays plc, our free cash flow has more than covered our acquisition spending in each of the past two years. I would further point out that over that same timeframe we funded discretionary investments in real estate and in our Digital Archiving start-up totaling $110 million. The accelerating free cash flow that has been an important underpinning of the Iron Mountain investment thesis is here to stay.

Having said that, I offer a word of caution. The Hays IMS acquisition combined with the buyout of our European minority partner in February 2004 will not be accretive to earnings or free cash flow in 2004. The higher interest load combined with the required restructuring capital spending (over $20 million in 2004) will be approximately neutral to earnings and suppress any meaningful growth in free cash flow. These deals were strategically important, as they ensured our leadership position in the European marketplace (a significantly under-penetrated market estimated to be as large as the North American market) and captured all the future upside for our shareholders. As synergies are realized and the one-time integration investment runs its course, Europe will be accretive to earnings and free cash flow.

Steady internal growth, improving margins, and the unfolding free cash flow dynamics in our business add up to strong and increasing returns on invested capital. Our historical returns have been modest due to our strategy of using acquisitions as the primary means of establishing the tremendous global franchise we now enjoy. As our strategy shifts toward capitalizing on these investments, so does the risk/reward profile of our business. Looking forward, our investments will be driven primarily by internal growth, which has higher inherent return characteristics with lower risk than growth through acquisitions. We also remain committed to using prudent levels of financial leverage, further enhancing returns on equity.

With respect to our acquisition

➤ *As our strategy shifts toward capitalizing on these investments, so does the risk/reward profile of our business. Looking forward, our investments will be driven primarily by internal growth, which has higher inherent return characteristics with lower risk than growth through acquisitions.*

program, we do not have any predetermined level of acquisition spending. Rather, our agenda is opportunistic and aimed at accomplishing certain strategic objectives and creating shareholder value by deploying capital in attractive risk/reward situations. We are clearly buying footprint in our Secure Shredding business and investing in other records management-related service lines. Additionally, we often find that the fold-in economics of tactical acquisitions coupled with the availability of low cost (7%), long-term (10-12 year) debt produce compelling value creation opportunities. So, while the pool of acquisition candidates is devoid of viable targets of meaningful size, we will continue to use cash to fund an appropriate level of acquisitions and other business development opportunities.

We have completed the major systems implementation and conversions impacting the finance and accounting functions in North America. While there will be new acquisitions to integrate and new business lines to support, we are now focused on refining our processing, driving efficiencies and ensuring regulatory compliance in an increasingly complex environment. We, like all public companies, have been busy reaffirming, documenting and testing the internal control environment throughout our global organization as required by the Sarbanes-Oxley legislation.

Additionally, our focus is shifting more and more to our international operations. We seek to ensure strong internal control during the acquisitive, platform-building phases of those businesses while addressing the multi-faceted issues of financing, foreign exchange, hedging and tax strategy. Speaking of taxes, cash tax payments loom on the horizon as we begin to consume our net operating losses. We expect 2006 to be the year we begin to pay meaningful cash income taxes. At year-end 2003, our federal tax net operating loss carry forward amounted to $226 million.

In 2003, we introduced the metric "operating income before depreciation and amortization" (OIBDA), as one important measure to be used in analyzing our operating performance. As we evolve as a company, we will continue to refine our external communication. Our objective has always been to provide robust and transparent disclosure in compliance with all relevant regulations and to allow our stakeholders, both existing and prospective, to judge for themselves the success of our performance.

Finally, it is with great pride and humility, that we acknowledge the honor of winning the award for Best Disclosure Policy for a small to mid-cap company at the recently held IR Magazine US Awards 2004. This prestigious honor is determined by in-depth independent research conducted amongst 2,000 portfolio managers and analysts covering the US market. The award is the recognition of our corporate philosophy to conduct candid and compliant discussions with our investors regarding our business both historically and prospectively.

We appreciate the continued support of our stakeholders, old and new. We welcome and encourage your input and we look forward to seeing you throughout the year, especially at our next Investor Day.

Sincerely,

John F. Kenny, Jr.
Executive Vice President,
Chief Financial Officer
April 2, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended December 31, 2003

or

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

For the transition period from ______________ to ______________

Commission File Number 1-13045

IRON MOUNTAIN INCORPORATED

(Exact name of registrant as specified in its charter)

Pennsylvania	**23-2588479**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)
745 Atlantic Avenue, Boston, Massachusetts	**02111**
(Address of principal executive offices)	(Zip Code)

617-535-4766

(Registrant's telephone number, including area code)

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

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

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

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ☒ No ☐

As of June 30, 2003, the aggregate market value of the Common Stock of the registrant held by non-affiliates of the registrant was $2,658,636,421 based on the closing price on the New York Stock Exchange on such date.

Number of shares of the registrant's Common Stock at March 1, 2004: 85,775,503

IRON MOUNTAIN INCORPORATED
2003 FORM 10-K ANNUAL REPORT

Table of Contents

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

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required in Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K is incorporated by reference from our definitive Proxy Statement for the Annual Meeting of Shareholders to be held on or about May 27, 2004.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements in this Annual Report on Form 10-K that constitute "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 and in other federal securities laws. These forward-looking statements concern our operations, economic performance, financial condition, goals, beliefs, strategies, objectives, plans and current expectations. The forward-looking statements are subject to various known and unknown risks, uncertainties and other factors. When we use words such as "believes," "expects," "anticipates," "estimates" or similar expressions, we are making forward-looking statements.

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

- changes in customer preferences and demand for our services;
- changes in the price for our services relative to the cost of providing such services;
- the cost and availability of financing for contemplated growth;
- our ability or inability to complete acquisitions on satisfactory terms and to integrate acquired companies efficiently;
- in the various digital businesses in which we are engaged, capital and technical requirements will be beyond our means, markets for our services will be less robust than anticipated, or competition will be more intense than anticipated;
- changes in the political and economic environments in the countries in which our international subsidiaries operate, including foreign currency fluctuations;
- the possibility that business partners upon whom we depend for technical assistance or management and acquisition expertise outside the U.S. will not perform as anticipated; and
- other trends in competitive or economic conditions affecting our financial condition or results of operations not presently contemplated.

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

PART I

Item 1. Business.

A. Development of Business.

We are the leader in records and information management services. We are an international, full-service provider of records and information management and related services, enabling customers to outsource these functions. We have a diversified customer base comprised of numerous commercial, legal, banking, healthcare, accounting, insurance, entertainment, and government organizations, including more than half of the Fortune 500 and more than two thirds of the FTSE 100. Our comprehensive solutions help customers save money and manage risks associated with legal and regulatory compliance, protection of vital assets, and business continuity challenges.

Our core business records management services include: records management program development and implementation based on best-practices to help customers comply with specific regulatory requirements; implementation of policy-based programs that feature secure, cost-effective storage for all major media, including paper, which is the dominant form of records storage, flexible retrieval access and retention management; digital archiving services for secure, legally compliant and cost-effective long-term archiving of electronic records; secure shredding services that ensure privacy and a secure chain of record custody; and specialized services for vital records, film and sound and regulated industries such as healthcare, energy and financial services.

Our off-site data protection services include: disaster preparedness planning support; secure, off-site vaulting of data backup media for fast and efficient data recovery in the event of a disaster, human error or virus; electronic vaulting to provide managed, online data backup and recovery services for personal computers and server data; and intellectual property escrow services to protect and manage source code and other proprietary information with a trusted, neutral third party.

In addition to our core records management and off-site data protection services, we sell storage materials, including cardboard boxes and magnetic media, and provide consulting, facilities management, fulfillment and other outsourcing services.

Iron Mountain was founded in 1951 in an underground facility near Hudson, New York. Now in our 53rd year, we have experienced tremendous growth and organizational change, particularly since successfully completing the initial public offering of our common stock in February 1996. Since then, we have built ourselves from a regional business with limited product offerings and annual revenues of $104 million in 1995 into the leader in records and information management services, providing a full range of services to customers in markets around the world. For the year ended December 31, 2003, we had total revenues of $1.5 billion.

The growth since 1995 has been accomplished primarily through the acquisition of U.S. and international records management companies. The goal of our current acquisition program is to supplement internal growth by continuing to establish a footprint in targeted international markets and adding fold-in acquisitions both in the U.S. and internationally. Having substantially completed our North American geographic expansion by the end of 2000, we shifted our focus from growth through acquisitions to internal revenue growth. In 2001, as a result of this shift, internal revenue growth exceeded growth through acquisitions for the first time since we began our acquisition program in 1996. This was also the case in 2002 and 2003, and in the absence of unusual acquisition activity, we expect this trend to continue. We expect to achieve our internal revenue growth through a sophisticated new sales and account management coverage model that is designed to drive incremental revenue by acquiring new customer relationships, increasing the revenue generated by existing customer relationships and by effectively selling a wide range of complementary and ancillary services to expand our new and existing customer relationships.

In July 2003, we and Iron Mountain Europe ("IME"), our European joint venture, completed the acquisition of the records management operations of Hays plc ("Hays IMS") in two simultaneous transactions for aggregate cash consideration (including transactions costs) of approximately 205 million British pounds sterling ($333 million). IME acquired the European operations and we acquired the U.S. operations. IME's acquisition of Hays IMS has more than doubled our revenue base in Europe and has significantly strengthened our energy and U.K. public sector business lines. Since the acquisition, we have been integrating the cultures, operating systems and procedures, and information technology systems of IME and Hays IMS.

In February 2004, we completed the acquisition of Mentmore plc's 49.9% equity interest in IME for total consideration of 82.5 million British pounds sterling ($154 million) in cash. Included in this amount is the repayment of all trade and working capital funding owed to Mentmore by IME. Completion of the transaction gives us 100% ownership of IME, affording us full access to all future cash flows and greater strategic and financial flexibility.

As of December 31, 2003, we provided services to over 200,000 customer accounts in 82 markets in the U.S. and 58 markets outside of the U.S., employed over 13,000 people and operated approximately 800 records management facilities in the U.S., Canada, Europe and Latin America.

B. Description of Business.

The Records and Information Management Services Industry

Overview

Companies in the records and information management services industry store and manage information in a variety of media formats, which can broadly be divided into physical and electronic records, and provide a wide range of services related to the records stored. We refer to our general physical records storage and management services as business records management. We define physical records to include paper documents, as well as all other non-electronic media such as microfilm and microfiche, master audio and videotapes, film, X-rays and blueprints. Electronic records include various forms of magnetic media such as computer tapes and hard drives and optical disks. We include in our electronic records storage and management services (1) off-site data protection and (2) digital archiving services.

Physical Records

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

Electronic Records

Electronic records management focuses on the storage of, and related services for, computer media that is either a backup copy of recently processed data or archival in nature. Customer needs for data backup and recovery and archiving are distinctively different. Backup data exists because of the need of many businesses to maintain backup copies of their data in order to be able to recover the data in the event of a system failure, casualty loss or other disaster. It is customary (and a best-practice) for data processing groups to rotate backup tapes to off-site locations on a regular basis and to require multiple copies of such information at multiple sites. We refer to these services as off-site data protection.

In addition to the physical rotation and storage of backup data, we offer electronic vaulting services as an alternative way for businesses to transfer data to us, and to access the data they have stored with us. Electronic vaulting is a Web-based service that automatically backs up computer data over the Internet and stores it off site in one of our secure data centers. In early 2003, we announced an expansion of the electronic vaulting service to include backup and recovery for personal computer data, answering customers' needs to protect critical business data, which is often orphaned and unprotected on employee laptops and desktop personal computers.

There is a growing need for better ways of archiving data for legal, regulatory and compliance reasons and for occasional reference in support of ongoing business operations. Historically, businesses have relied on backup tapes for storing archived data, but this process can be costly and ineffective when attempting to search and retrieve the data for litigation or other needs. In addition, many industries, such as healthcare and financial services, are facing increased governmental regulation mandating the way in which electronic records are stored and managed. To help customers meet these growing storage challenges, we introduced digital archiving services. We have experienced early market adoption of these services, especially for e-mail archiving, which enables businesses to identify and retrieve electronic records quickly and cost-effectively, while maintaining regulatory compliance.

Growth of Market

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

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

Consolidation of a Highly Fragmented Industry

There was significant consolidation within the highly fragmented records and information management services industry from 1995 to 2000. Most records and information management services companies serve a single local market, and are often either owner-operated or ancillary to another business, such as a moving and storage company. We believe that the consolidation trend will continue because of the industry's capital requirements for growth, opportunities for large records and information management services providers to achieve economies of scale and customer demands for more sophisticated technology-based solutions.

We believe that the consolidation trend in the industry is also due to, and will continue as a result of, the preference of certain large organizations to contract with one vendor in multiple cities and countries for multiple services. In particular, customers increasingly demand a single, large, sophisticated company to handle all of their important physical and electronic records needs. Large, national and multinational companies are better able to satisfy these demands than smaller competitors. We have made, and intend to continue to make, acquisitions of our competitors, many of whom are small, single city operators.

Description of Our Business

We generate our revenues by providing storage for a variety of information media formats, core records management services and an expanding menu of complementary products and services to a large and diverse customer base. Providing outsourced storage for records and information is the mainstay of our customer relationships and provides the foundation for our revenue growth. The core services, which are a vital part of a comprehensive records management program, are highly recurring in nature and therefore very predictable. Core services consist primarily of the handling and transportation of stored records and information. In our secure shredding business, core services consist primarily of the scheduled collection and handling of sensitive records. In 2003, our storage and core service revenues represented approximately 87% of our total revenues. In addition to our core services, we offer a wide array of complementary products and services such as performing special project work, selling records and information management services related products, providing fulfillment services and consulting on records management issues. These services address more specific needs and are designed to enhance our customers' overall records management programs. These services complement our core services; however, they are more episodic and discretionary in nature. Revenue generated by our business records and off-site data protection businesses includes both core and complementary components.

Our various operating segments offer the products and services discussed below. In general, our business records management segment offers records management, secure shredding, healthcare information services, vital records services, and service and courier operations in the U.S. and Canada. Our off-site data protection segment offers data backup and disaster recovery services, vital records services, service and courier operations, and intellectual property protection services in the U.S. Our international segment offers elements of all our product and services lines outside the U.S. and Canada. Our corporate and other segment includes our fulfillment, consulting and digital archiving services. Some of our complementary services and products are offered within all of our segments. The amount of revenues derived from our business records management, off-site data protection, international, and corporate and other operating segments and other relevant data for fiscal years 2001, 2002 and 2003 are set forth in Note 12 to Notes to Consolidated Financial Statements.

Business Records Management

The hard copy business records stored by our customers with us by their nature are not very active. These types of records are stored in cartons packed by the customer. We use a proprietary order processing and inventory management system known as the *SafekeeperPLUS®* system to efficiently store and later retrieve a customer's cartons. Storage charges are generally billed monthly on a per storage unit basis, usually either per carton or per cubic foot of records, and include the provision of space, racking, computerized inventory and activity tracking and physical security.

Off-Site Data Protection

Off-site data protection services consist of the storage and rotation of backup computer media as part of corporate disaster recovery and business continuity plans. Computer tapes, cartridges and disk packs are transported off-site by our courier operations on a scheduled basis to secure, climate-controlled facilities, where they are available to customers 24 hours a day, 365 days a year, to facilitate data recovery in the event of a disaster. We use various proprietary information technology systems such as *MediaLink™* and *SecureBase™* software to manage this process. We also manage tape library relocations and support disaster recovery testing and execution. In addition, we have introduced electronic vaulting services as part of our off-site data protection services product line. Our electronic vaulting service automatically backs up personal computer and server data over the Internet and stores it off site in one of our secure data centers, always available in the event of a disaster.

Healthcare Information Services

Healthcare information services principally include the handling, storage, filing, processing and retrieval of medical records used by hospitals, private practitioners and other medical institutions. Medical records tend to be more active in nature and are typically stored on specialized open shelving systems that provide easier access to individual files. Healthcare information services also include recurring project work and ancillary services. Recurring project work involves the on-site removal of aged patient files and related computerized file indexing. Ancillary healthcare information services include release of information (medical record copying), temporary staffing, contract coding, facilities management and imaging.

Vital Records Services

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

Service and Courier Operations

Service and courier operations are an integral part of a comprehensive records management program for all physical media including paper and electronic records. They include adding records to storage, temporary removal of records from storage, refiling of removed records, permanent withdrawals from storage, and destruction of records. Service charges are generally assessed for each procedure on a per unit basis. The *SafekeeperPLUS®* system controls the service processes from order entry through transportation and invoicing for business records management while *MediaLink™* and *SecureBase™* systems manage the process for the off-site data protection services business.

Courier operations consist primarily of the pickup and delivery of records upon customer request. Charges for courier services are based on urgency of delivery, volume and location and are billed monthly. As of December 31, 2003, we were utilizing a fleet of more than 2,000 owned or leased vehicles.

Secure Shredding

Secure shredding is a natural extension of our records management services, completing the lifecycle of a record. The service involves the shredding of sensitive documents for corporate customers that, in many cases, also use our services for management of less sensitive archival records. We believe that customers are motivated by increased privacy regulation and the desire to protect their proprietary trade secrets. These services typically include the scheduled pick-up of loose office records which customers accumulate in specially designed secure containers we provide. Complementary to our shredding operations is the sale of the resultant waste paper to third-party recyclers. Through a combination of plant based shredding operations and mobile shredding units comprised of custom built trucks, we are able to offer secure shredding services to our customers in all of our existing business records management markets throughout the U.S. and Canada. We seek to expand our presence in this business through acquisitions and internal start-ups that leverage our existing records management infrastructure.

Intellectual Property Protection Services

We provide intellectual property protection services through our wholly-owned subsidiary, DSI Technology Escrow Services, Inc. DSI specializes in third party technology escrow services that protect intellectual property assets such as software source code. In addition, DSI assists in securing intellectual property as collateral for lending, investments and other joint ventures, in managing domain name registrations and transfers, and provides expertise and assistance to brokers and dealers in complying with electronic records regulations of the SEC.

Digital Archiving Services

Our digital archiving services focus on archiving digital information with long-term preservation requirements. These services represent the digital analogy to our physical records management services. Because of increased litigation risks and regulatory mandates, companies are increasingly aware of the need to apply the same records management policies and retention schedules to electronic data as they do physical records. Typical digital records include e-mail, e-statements, images, electronic documents retained for legal or compliance purposes and other data documenting business transactions.

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

We believe the issues encountered by customers trying to manage their electronic records are similar to the ones they face in their business records management programs and consist primarily of: (1) storage capacity and the preservation of data; (2) access to and control over the data in a secure environment; and (3) the need to retain electronic records due to regulatory compliance or for litigation support. Our digital archiving service is representative of our commitment to address evolving records management needs and expand the array of services we offer.

Complementary Services and Products

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

Other complementary lines of business that we operate include fulfillment services and professional consulting services. Fulfillment services are performed by our wholly-owned subsidiary, COMAC, Inc. COMAC stores customer marketing literature and delivers this material to sales offices, trade shows and prospective customers' sites based on current and prospective customer orders. In addition, COMAC assembles custom marketing packages and orders, and manages and provides detailed reporting on customer marketing literature inventories.

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

We also sell: (1) a full line of specially designed corrugated cardboard, metal and plastic storage containers; (2) magnetic media products including computer tapes, cartridges and drives, tape cleaners and supplies and CDs; and (3) computer room equipment and supplies such as racking systems, furniture, bar code scanners and printers.

Financial Characteristics of Our Business

Our financial model is based on the recurring nature of our revenues. The historical predictability of this revenue stream and the resulting operating income before depreciation and amortization (OIBDA)[1] allow us to operate with a high degree of financial leverage. Our primary financial goal has always been, and continues to be, to increase consolidated OIBDA in relation to capital invested, even as our focus has shifted from growth through acquisitions to internal revenue growth. Our business has the following financial characteristics:

- *Recurring Revenues.* We derive a majority of our consolidated revenues from fixed periodic, usually monthly, fees charged to customers based on the volume of records stored. Our quarterly revenues from these fixed periodic storage fees have grown for 60 consecutive quarters. Once a customer places physical records in storage with us and until those records are destroyed or permanently removed, for which we typically receive a service fee, we receive recurring payments for storage fees without incurring additional labor or marketing expenses or significant capital costs. Similarly, contracts for the storage of electronic backup media consist primarily of fixed monthly payments. In each of the last five years, storage revenues, which are stable and recurring, have accounted for approximately 58% of our total revenues. This stable and growing storage revenue base also provides the foundation for increases in service revenues and OIBDA.
- *Historically Non-Cyclical Storage Business.* We have not experienced any significant reductions in our storage business as a result of past general economic downturns, although we can give no assurance that this would be the case in the future. We believe that companies that have outsourced records and information management services are less likely during economic downturns to incur the move-out costs and other expenses associated with switching vendors or moving their records and information management services programs in-house. However, during this most recent economic slowdown, the rate at which some customers added new cartons to their inventory was below historical levels. The net effect of these factors is the continued growth of our storage revenue base, albeit at a lower rate.
- *Inherent Growth from Existing Physical Records Customers.* Our physical records customers have on average generated additional Cartons[2] at a faster rate than stored Cartons have been destroyed or permanently removed. From January 1, 1998 through December 31, 2001, our annual Net Carton Growth From Existing Customers[3] ranged from approximately 4% to approximately 6%. For the years ended December 31, 2002 and 2003, Net Carton Growth from Existing Customers was between 3% to 4%. We believe the consistent growth of our physical records storage revenues is the result of a number of factors, including: (1) the trend toward increased records retention; (2) customer satisfaction with our services; and (3) the costs and

1 For a more detailed definition and reconciliation of OIBDA and a discussion of why we believe this measure provides relevant and useful information to our current and potential investors, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures."

2 We define "Carton" as a measurement of volume equal to a single standard storage carton, approximately 1.2 cubic feet.

3 We define "Net Carton Growth From Existing Customers" as the net increase in Cartons attributable to existing customers. This calculation excludes our Latin American and European operations as well as a portion of our medical records operations.

inconvenience of moving storage operations in-house or to another provider of records and information management services.

- *Diversified and Stable Customer Base.* As of December 31, 2003, we had over 200,000 customer accounts in a variety of industries. We currently provide services to numerous commercial, legal, banking, healthcare, accounting, insurance, entertainment and government organizations, including more than half of the Fortune 500 and more than two thirds of the FTSE 100. No customer accounted for more than 2% of our consolidated revenues for the year ended December 31, 2003. From January 1, 1999 through December 31, 2003, average annual permanent removals of Cartons, not including destructions, represented approximately 3% of total Cartons stored.
- *Capital Expenditures Related Primarily to Growth.* Our records and information management services business requires limited annual capital expenditures made in order to maintain our current revenue stream. From January 1, 1999 through December 31, 2003, over 85% of our aggregate capital expenditures were growth-related investments, primarily in storage systems, which include racking, building and leasehold improvements, computer systems hardware and software, and buildings. These growth-related capital expenditures are primarily discretionary and create additional capacity for increases in revenues and OIBDA. In addition, since shifting our focus from growth through acquisitions to internal revenue growth, our capital expenditures, made primarily to support our internal revenue growth, have exceeded the aggregate acquisition consideration we conveyed in both 2001 and 2002. Although this was not the case in 2003 due to the acquisition of Hays IMS, we expect this to be the case in 2004 and thereafter absent unusual acquisition activity.

Growth Strategy

Our objective is to maintain our position as the leader in records and information management services. In the U.S. and Canada, we seek to be one of the largest records and information management services providers in each of our geographic markets. Internationally, our objectives are to continue to capitalize on our expertise in the records and information management services industry and to make additional acquisitions and investments in selected international markets. Our primary avenues of growth are: (1) increased business with existing customers; (2) the addition of new customers; (3) the introduction of new products and services such as secure shredding, electronic vaulting and digital archiving; and (4) selective acquisitions in new and existing markets.

Growth from Existing Customers

Our existing customers storing physical records contribute to storage and storage-related service revenues growth because on average they generate additional Cartons at a faster rate than old Cartons are destroyed or permanently removed. In order to maximize growth opportunities from existing customers, we seek to maintain high levels of customer retention by providing premium customer service through our local account management staff.

Our new sales coverage model is designed to identify and capitalize on incremental revenue opportunities by reallocating our sales resources based on a more sophisticated segmentation of our customer base and selling additional business records management and off-site data protection services within our existing customer relationships. We also seek to leverage existing business relationships with our customers by selling complementary services and products. Services include records tracking, indexing, customized reporting, vital records management and consulting services.

Addition of New Customers

Our sales forces are dedicated to three primary objectives: (1) establishing new customer account relationships, (2) generating additional revenue from existing customers and (3) expanding new and existing customer relationships by effectively selling a wide array of complementary services and products. In order to accomplish these objectives, our sales forces draw on our U.S. and international marketing organizations and senior management. As a result of acquisitions and our decision to recruit additional qualified sales professionals, we have increased the size of our sales force to approximately 600 such professionals as of December 31, 2003 from approximately 450 as of December 31, 2002.

Introduction of New Products and Services

We continue to expand our menu of products and services. We have established a national presence in the U.S. and Canadian secure shredding industry and offer new electronic vaulting and digital archiving services. These new products and services allow us to further penetrate our existing customer accounts and attract new customers in previously untapped markets.

Growth through Acquisitions

Our acquisition strategy includes expanding geographically, as necessary, and increasing our presence and scale within existing markets through "fold-in" acquisitions. We have a successful record of acquiring and integrating records and information management services companies. Between January 1, 1996 and December 31, 2000, the height of our acquisition activity, we completed 78 acquisitions in the U.S., Canada, Europe and Latin America for total consideration of approximately $2 billion. During that period, we substantially completed our geographic expansion in the U.S. and Canada and began to expand in Europe and Latin America. Between January 1, 2001 and December 31, 2003, we completed an additional 34 acquisitions for total consideration of approximately $500 million (including the Hays IMS acquisition in July 2003 for approximately $333 million), primarily in the secure shredding industry in the U.S. and the records and information management industry in the U.S., Canada, Europe and Latin America.

Acquisitions in the U.S. and Canada

We intend to continue our acquisition program in the U.S. and Canada focusing on the secure shredding industry, expanding geographically, as necessary and building scale in some of our smaller markets through "fold-in" acquisitions. However, given the small number of large acquisition prospects and our increased revenue base, future acquisitions are expected to be less significant to overall U.S. and Canadian revenue growth than they were prior to 2001.

International Growth Strategy

We also intend to continue to make acquisitions and investments in records and information management services businesses outside the U.S. and Canada. We have acquired and invested in, and seek to acquire and invest in, records and information management services companies in countries, and, more specifically, markets within such countries, where we believe there is sufficient demand from existing multinational customers or the potential for significant growth. Since beginning our international expansion program in January 1999, we have directly and through joint ventures, expanded our operations into 19 countries in Europe and Latin America. These transactions have taken, and may continue to take, the form of acquisitions of the entire business or controlling or minority investments, with a long-term goal of full ownership. In addition to the criteria we use to evaluate U.S. and Canadian acquisition candidates, we also evaluate the presence in the potential market of our existing customers as well as the risks uniquely associated with an international investment, including those risks described below.

The experience, depth and strength of local management are particularly important in our international acquisition strategy. As a result, we have formed joint ventures with, or acquired significant interests in, target businesses throughout Europe and Latin America. We began our international expansion by acquiring a 50.1% controlling interest in each of our Iron Mountain Europe

Limited, Iron Mountain South America, Ltd. and Sistemas de Archivo Corporativo (a Mexican limited liability company) subsidiaries. Iron Mountain South America has in some cases bought controlling, yet not full, ownership in local businesses in order to enhance our local market expertise. We believe this strategy, rather than an outright acquisition, may, in certain markets, better position us to expand the existing business. The local partner benefits from our expertise in the records and information management services industry, our access to capital and our technology, and we benefit from our local partner's knowledge of the market, relationships with customers and their presence in the community. Our long-term goal is to acquire full ownership of each such business, as evidenced by our recent acquisition of Mentmore's 49.9% equity interest in IME discussed previously under "—A. Development of Business."

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

The amount of our revenues derived from international operations and other relevant financial data for fiscal years 2001, 2002 and 2003 are set forth in Note 12 to Notes to Consolidated Financial Statements. For the year ended December 31, 2003, we derived approximately 19% of our total revenues from outside of the U.S. We expect this percentage to increase in 2004 due to the acquisition of the European operations of Hays IMS.

Customers

Our customer base is diversified in terms of revenues and industry concentration. We track customer accounts based on invoices. Accordingly, depending upon how many invoices have been arranged at the request of a customer, one organization may represent multiple customer accounts. As of December 31, 2003, we had over 200,000 customer accounts in a variety of industries. We currently provide services to numerous commercial, legal, banking, healthcare, accounting, insurance, entertainment and government organizations, including more than half of the Fortune 500 and more than two thirds of the FTSE 100. No customer accounted for more than 2% of our consolidated revenues for the year ended December 31, 2003.

Competition

We compete with our current and potential customers' internal records and information management services capabilities. We can provide no assurance that these organizations will begin or continue to use an outside company such as Iron Mountain for their future records and information management services.

We compete with multiple records and information management services providers in all geographic areas where we operate. We believe that competition for customers is based on price, reputation for reliability, quality of service and scope and scale of technology and that we generally compete effectively based on these factors.

We also compete with other records and information management services providers for companies to acquire. Some of our competitors may possess substantial financial and other resources. If any such competitor were to devote additional resources to the records and information management services business and such acquisition candidates or focus their strategy on our markets, our results of operations could be adversely affected.

Alternative Technologies

We derive most of our revenues from the storage of paper documents and storage-related services. This storage requires significant physical space. Alternative storage technologies exist, many of which require significantly less space than paper documents. These technologies include computer media, microform, CD-ROM and optical disk. To date, none of these technologies has replaced paper documents as the principal means for storing information. However, we can provide no assurance that our customers will continue to store most of their records in paper documents format. A significant shift by our customers to storage of data through non-paper documents based technologies, whether now existing or developed in the future, could adversely affect our business. We continue to invest in additional services such as electronic vaulting and digital archiving, designed to address our customers' need for efficient, cost-effective, high quality solutions for electronic records and information management.

Employees

As of December 31, 2003, we employed over 9,000 employees in the U.S. Directly and through majority-owned joint ventures, as of December 31, 2003, we employed over 4,000 employees outside of the U.S. A small percentage of our employees are represented by unions. These unionized employees are located in California and two cities in Canada. As of December 31, 2003, the aggregate number of unionized employees was less than 450.

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

Insurance

For strategic risk transfer purposes, we maintain a comprehensive insurance program with insurers that we believe to be reputable and that have adequate market security in amounts that we believe to be appropriate. Property insurance is purchased on an all-risk basis, including flood and earthquake, subject to certain policy conditions, sublimits and deductibles, and inclusive of the replacement cost of real and personal property, including leasehold improvements, business income loss and extra expense. Separate excess policies for insurer defined Critical Earthquake Zone exposures are maintained at what we believe to be appropriate limits and deductibles for that exposure. Included among other types of insurance that we carry are: workers compensation, general liability, umbrella, automobile, professional and directors and officers liability policies, subject to certain policy conditions, sublimits and deductibles. In 2002, we established a wholly-owned Vermont domiciled captive insurance company as a subsidiary; through the subsidiary we retain and reinsure a portion of our property loss exposure.

Our standard form of storage contract sets forth an agreed maximum valuation for each carton or other storage unit held by us, which serves as a limitation of liability for loss or damage, as permitted under the Uniform Commercial Code. In contracts containing such limits, such values are nominal, and we believe that in typical circumstances our liability would be so limited in the event of loss or damage to stored items for which we may be held liable. However, some of our agreements with large volume accounts and some of the contracts assumed in our acquisitions contain no such limits or contain higher limits or supplemental insurance arrangements. See "Item 3. Legal Proceedings" for a description of claims by particular customers seeking to rescind their contracts, including limitations on liability, as a result of the fires experienced at our South Brunswick Township, New Jersey facilities in 1997.

Environmental Matters

Some of our currently and formerly owned or operated properties were previously used by entities other than us for industrial or other purposes that involved the use or storage of hazardous substances or petroleum products or may have involved the generation of hazardous wastes. In some instances these properties included the operation of underground storage tanks or the presence of asbestos-containing materials. We have undertaken remediation activities at some of our properties. Although we regularly conduct limited environmental reviews of real property that we intend to purchase, we have not undertaken an in-depth environmental review of all of our owned and operated properties. Under various federal, state and local environmental laws, we may be potentially liable for environmental compliance and remediation costs to address contamination, if any, located at owned and operated properties as well as damages arising from such contamination. Environmental conditions for which we might be liable may also exist at properties that we may acquire in the future. In addition, future regulatory action and environmental laws may impose costs for environmental compliance that do not exist today.

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

Internet Website

Our Internet address is *www.ironmountain.com*. Under the "Investor Relations" category on our Internet website, we make available through a hyperlink to a third party SEC website, free of charge, our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") as soon as reasonably practicable after such forms are electronically filed or furnished to the SEC. We are not including the information contained on or available through our website as a part of, or incorporating such information by reference into, this Annual Report. Copies of our corporate governance guidelines, code of ethics and the charters of our audit, compensation, and nominating and governance committees may be obtained free of charge by writing to our Secretary, Iron Mountain Incorporated, 745 Atlantic Avenue, Boston, Massachusetts, 02111 and will be available on our website www.ironmountain.com under the heading "Corporate Governance" prior to our Annual Meeting of Shareholders to be held on or about May 27, 2004.

Item 2. Properties.

As of December 31, 2003, we conducted operations through 582 leased facilities and 207 facilities that we own or are owned by variable interest entities that we consolidate. Our facilities are divided among our reportable segments as follows: Business Records Management (524), Off-Site Data Protection (60), International (187) and Corporate and Other (18). These facilities contain a total of 49.3 million square feet of space. Rent expense was $134.4 million for the year ended December 31, 2003. The leased facilities typically have initial lease terms of ten years with options to renew for an additional five to ten years. In addition, some of the leases contain either a purchase option or a right of first refusal upon the sale of the property. Our facilities are located throughout North America, Europe and Latin America, with the largest number of facilities in California, Florida, Illinois, New Jersey, Texas, Canada and the U.K. We believe that the space available in our facilities is adequate to meet our current needs, although future growth may require that we acquire additional real property either by leasing or purchasing. See Note 13 to Notes to Consolidated Financial Statements for information regarding our minimum annual rental commitments.

Item 3. Legal Proceedings.

Sequedex, H-W Associates, Pioneer and Pierce Proceedings

On March 28, 2002, Iron Mountain and Iron Mountain Information Management, Inc. ("IMIM"), one of our wholly owned subsidiaries, commenced an action in the Middlesex County, New Jersey, Superior Court, Chancery Division, captioned Iron Mountain Incorporated and Iron Mountain Information Management, Inc. v. J. Peter Pierce, Sr., Douglas B. Huntley, J. Michael Gold, Fred A. Mathewson, Jr., Michael DiIanni, J. Anthony Hayden, Pioneer Capital, LLC, and Sequedex, LLC. In the complaint, we alleged that defendant J. Peter Pierce, Sr., a former member of our Board of Directors and the former President of IMIM until his termination without cause effective June 30, 2000, violated his fiduciary obligations, as well as various noncompetition and other provisions of an employment agreement with Iron Mountain, dated February 1, 2000, by providing direct and/or indirect financial, management and other support to defendant Sequedex. Sequedex was established in October 2000, and competed directly with us in the records information management services industry. The complaint also alleged that Mr. Pierce and certain of the other defendants, who were employed by or affiliated with Pierce Leahy Corp. prior to the merger of Pierce Leahy with Iron Mountain in February 2000, misappropriated and used our trade secrets and other confidential information. Finally, the complaint asserted claims against Sequedex and others for tortious interference with contractual relations, against all of the defendants for civil conspiracy in respect of the matters described above, and against defendant Michael DiIanni for breach of his employment agreement with IMIM, dated September 6, 2000. The litigation seeks injunctions in respect of certain matters and recovery of damages against the defendants.

On April 12, 2002, Iron Mountain also initiated a related arbitration proceeding against Mr. Pierce before the Philadelphia, Pennsylvania, Office of the American Arbitration Association (the "AAA") pursuant to an arbitration clause in the employment agreement between Iron Mountain and Mr. Pierce. In the arbitration, Mr. Pierce counterclaimed for indemnification of his expenses, including attorneys' fees. We disputed Mr. Pierce's claim. On July 19, 2002, the litigation was stayed pending the outcome of the arbitration proceeding. On February 25, 2003, in response to Iron Mountain's request, the AAA removed the arbitrator. The arbitration proceeding was transferred by agreement of the parties to ADR Options, Inc. On February 4, 2004, the arbitrator rendered a decision. The arbitrator did not find the evidence provided by us in our action against Mr. Pierce sufficient to rule in our favor on the particular claims at issue. In addition, the arbitrator ruled that, pursuant to an indemnification provision in Mr. Pierce's employment agreement, we must pay Mr. Pierce's attorneys fees and costs that are attributable to this single arbitration. The arbitrator has established a procedure to ascertain the amount of these fees and expenses, which, in any case are not expected to be material to our financial position or results of operations. We have recently filed a motion to vacate the arbitrator's decision and award in Middlesex County, New Jersey, where the pending action against Mr. Pierce and others is currently stayed.

On December 16, 2002, Hartford Windsor Associates, L.P. ("H-W Associates"), Hartford General, LLC, J. Anthony Hayden, Mr. Pierce, Frank Seidman and John H. Greenwald, Jr. commenced an action in the Court of Common Pleas, Montgomery County, Pennsylvania, against Iron Mountain Incorporated. In the complaint, the plaintiffs allege that H-W Associates purchased a warehouse property in Connecticut to serve as a records storage facility, and entered into a lease for the facility with Sequedex, then a competitor of ours, and that the remaining plaintiffs were limited or general partners of H-W Associates. The plaintiffs also allege that we tortiously interfered with Sequedex's contractual relations with an actual or prospective customer of Sequedex and, as a result, caused Sequedex to default on its lease to H-W Associates. The complaint seeks damages in excess of $100,000. We have denied the material allegations in the complaint filed against us by H-W Associates and the other plaintiffs and have since filed counterclaims against the plaintiffs alleging tortious interference with our business relationship with one of our longstanding customers. Discovery is proceeding.

Also on December 16, 2002, Pioneer Capital L.P. ("Pioneer"), Pioneer Capital Genpar, Inc. ("PCG"), the general partner of Pioneer, and Mr. Pierce, the President of PCG, commenced an action in the Court of Common Pleas, Montgomery County, Pennsylvania, against Iron Mountain Incorporated, C. Richard Reese, John F. Kenny, Jr., Garry Watzke, Schooner Capital LLC ("Schooner") and Vincent J. Ryan. The named individuals are Directors and/or officers of Iron Mountain and Schooner is a shareholder of Iron Mountain. In the complaint, the plaintiffs allege that the defendants had numerous conversations and arrangements with Mr. Carr, one of Mr. Pierce's and Pioneer's business partners in a company named Logisteq LLC. The plaintiffs further allege that, as a result of such conversations and arrangements, defendants conspired to, and did intentionally, interfere with Pioneer's relationship with its partner and Logisteq. The plaintiffs also allege that defendants damaged Mr. Pierce's reputation in the community by telling Iron Mountain employees and other third parties that Mr. Pierce breached his employment agreement with Iron Mountain, misappropriated and used Iron Mountain's confidential information, breached his fiduciary duties to Iron Mountain's shareholders and assisted Sequedex, then a competitor of Iron Mountain, in unfairly competing with Iron Mountain. Finally, the complaint alleges that the business partner in Logisteq taped conversations with Mr. Pierce and others which allegedly violated privacy laws, that the defendants knew, or should have known, that the tapes were being made without the consent of the individuals and, as a result, Mr. Pierce was harmed. The complaint seeks damages in excess of $5,000,000. Iron Mountain and the other defendants have challenged the legal sufficiency of the plaintiffs' pleadings in each of these cases.

On September 10, 2003, IMIM filed a complaint in the Court of Common Pleas, Montgomery County, Pennsylvania in a matter related to the litigation between the Company and Sequedex, Mr. Pierce and others disclosed above. The new matter names Sequedex, J. Michael Gold and Peter Hamilton as defendants, and alleges that in 2000 defendants Gold and Hamilton, both former IMIM employees, used confidential and proprietary business information that they had obtained while employed by IMIM to form their own records management company, Sequedex. The complaint also alleges unlawful interference with IMIM's contractual relationship with a certain customer and other matters. The defendants filed preliminary objections to our complaint and Iron Mountain has answered those preliminary objections.

Prior to the litigation directly pertaining to Mr. Pierce having been filed, in approximately October 2000, three former management employees of IMIM became employed by or otherwise associated with Sequedex. IMIM commenced actions against these three former employees to enforce its rights under their confidentiality and non-competition agreements. IMIM has also asserted claims against Sequedex for tortious interference with these agreements, and against both Sequedex and the former employees for misappropriation and use of IMIM's trade secrets and confidential information.

The defendants in all three cases have denied the material allegations in IMIM's complaints and asserted various affirmative defenses. In addition, Sequedex and the individual defendants filed counterclaims against IMIM and third party complaints against Iron Mountain. The counterclaims and third party complaints assert claims for tortious interference with certain contracts and prospective business relations between Sequedex and its current and potential customers as well as a claim for trade disparagement and defamation. The defendant in one of these actions sought a declaratory judgment regarding the enforceability of the confidentiality and non-competition agreements at issue in that case and filed a motion for summary judgment seeking to have the non-competition agreement declared void, or to limit its scope. IMIM and Iron Mountain filed motions in all three cases to dismiss the various counterclaims and third-party complaints. All of these motions, i.e., the defendants' motion for summary judgment and IMIM's and Iron Mountain's motions to dismiss, were denied by the court following a hearing on May 7, 2002. As previously disclosed in our quarterly report on Form 10-Q for the quarter ended September 30, 2003, Sequedex furnished a preliminary statement of damages with an estimate of compensatory damages of approximately $172 million and an indication that Sequedex intended to seek punitive damages of approximately $1.5 billion. Sequedex is no longer seeking damages in this amount and in connection with its proposed amended counterclaim, Sequedex has recently furnished a litigation expert's report of damages claiming approximately $59 million plus approximately $6.6 million of pre-judgment interest. Sequedex has indicated that it also intends to seek punitive damages in an undisclosed amount. Extensive discovery has been conducted in the three cases and is ongoing; on the basis of that discovery, it is our belief that Sequedex has not produced any material evidence that we or IMIM acted wrongfully in any respect. Further, limited discovery has been conducted in respect of Sequedex's damages claim; on the basis of that discovery, we do not believe that Sequedex has any foundation, and we believe that it cannot provide any foundation, for its damages calculations. We believe that the damages calculations submitted by Sequedex are not supported by credible evidence and are subject to serious legal, methodological and factual deficiencies. A trial of the three actions in which the Sequedex counterclaims and third party complaints have been asserted is scheduled to commence in April of 2004. IMIM, Sequedex and one of the individual defendants recently filed dispositive motions, including motions for summary judgment as to certain of the claims. All of these motions were denied by the court following a hearing on February 24, 2004.

Discovery is proceeding in each of these cases, other than the arbitration. We intend to prosecute these actions vigorously, as well as to defend ourselves vigorously against the counterclaims and the third party complaints.

South Brunswick Fires Litigation

In March 1997, we experienced three fires, all of which authorities have determined were caused by arson. The fires resulted in damage to one and destruction of another records and information management services facility in South Brunswick Township, New Jersey.

Certain of our customers or their insurance carriers have asserted claims as a consequence of the destruction of, or damage to, their records as a result of the fires, including claims with specific requests for compensation and allegations of negligence or other culpability on the part of Iron Mountain. We and our insurers have denied any liability on the part of Iron Mountain as to all of these claims.

We are presently aware of five pending lawsuits that have been filed against Iron Mountain by certain of our customers and/or their insurers, and one pending lawsuit filed by the insurers of an abutter of one of the South Brunswick facilities. Five of these six lawsuits have been consolidated for pre-trial purposes in the Middlesex County, New Jersey, Superior Court. The sixth lawsuit, brought by a single customer, is pending in the Supreme Court for New York County, New York. A seventh lawsuit, also brought by a single customer, was tried before a federal judge in New Jersey in February 2000, with a defendant's verdict entered in favor of Iron Mountain. An eighth lawsuit filed by an injured firefighter is currently being settled by our insurer for a nominal amount. Several other claims that were originally filed in relation to these lawsuits have been voluntarily dismissed without prejudice by the customers, abutting business owners, and/or their insurance carriers.

We have denied liability and asserted affirmative defenses in all of the remaining cases arising out of the fires and, in certain of the cases, have asserted counterclaims for indemnification against the plaintiffs. Discovery is ongoing. We deny any liability as a result of the destruction of, or damage to, customer records or property of abutters as a result of the fires, which were beyond our control. We intend to vigorously defend ourselves against these and any other lawsuits that may arise.

Our professional liability insurer, together with our general liability and property insurance carriers, have entered into a binding agreement with us regarding reimbursement of defense costs and have agreed to ongoing discussions regarding any remaining coverage issues, further defense and/or settlement of these claims.

General

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

The outcome of the South Brunswick fires, Sequedex, H-W Associates, Pioneer and Pierce proceedings cannot be predicted with certainty. Based on our present assessment of the situation, after consultation with legal counsel, management does not believe that the outcome of these proceedings will have a material adverse effect on our financial condition or results of operations, although there can be no assurance in this regard.

Item 4. Submission of Matters to a Vote of Security Holders.

There were no matters submitted to a vote of security holders of Iron Mountain during the fourth quarter of the fiscal year ended December 31, 2003.

PART II

Item 5. Market for the Registrant's Common Stock and Related Shareholder Matters.

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "IRM." The following table sets forth the high and low sale prices on the NYSE, for the years 2002 and 2003:

	Sale Prices	
	High	Low
2002		
First Quarter	$32.83	$29.19
Second Quarter	33.17	29.10
Third Quarter	31.30	22.72
Fourth Quarter	34.20	20.14
2003		
First Quarter	$39.49	$30.23
Second Quarter	40.64	36.63
Third Quarter	39.94	33.56
Fourth Quarter	40.15	34.78

The closing price of our common stock on the NYSE on March 1, 2004 was $45.23. As of March 1, 2004, there were 576 holders of record of our common stock. We believe that there are more than 15,000 beneficial owners of our common stock.

We have not paid dividends on our common stock during the last two years. Any determinations by our Board to pay cash dividends on our common stock in the future will be based primarily upon our financial condition, results of operations and business requirements. Our Fifth Amended and Restated Credit Agreement dated March 15, 2002 (the "Amended and Restated Credit Agreement") contains provisions that limit the amount of cash dividends we may pay and stock repurchases that we may make.

Item 6. Selected Financial Data.

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

	Year Ended December 31,				
	1999	2000(1)	2001(1)	2002(1)(2)	2003(2)
	(In thousands, except per share data)				
Consolidated Statements of Operations Data:					
Revenues:					
Storage	$317,387	$ 585,664	$ 694,474	$ 759,536	$ 875,035
Service and Storage Material Sales	214,002	418,501	491,244	558,961	626,294
Total Revenues	531,389	1,004,165	1,185,718	1,318,497	1,501,329
Operating Expenses:					
Cost of Sales (excluding depreciation)	272,770	500,565	576,538	622,299	680,747
Selling, General and Administrative	128,948	246,998	307,800	333,050	383,641
Depreciation and Amortization	65,214	126,662	153,271	108,992	130,918
Stock Option Compensation Expense	—	15,110	—	—	—
Merger-related Expenses	—	9,133	3,673	796	—
Loss on Disposal/Writedown of Property, Plant and Equipment, Net	208	148	320	774	1,130
Total Operating Expenses	467,140	898,616	1,041,602	1,065,911	1,196,436
Operating Income	64,249	105,549	144,116	252,586	304,893
Interest Expense, Net	54,425	117,975	134,742	136,632	150,468
Other (Income) Expense, Net	(17)	10,865	37,485	1,435	(2,564)
Income (Loss) from Continuing Operations Before Provision for Income Taxes and Minority Interest	9,841	(23,291)	(28,111)	114,519	156,989
Provision for Income Taxes	10,579	6,758	17,875	47,318	66,730
Minority Interests in Earnings (Losses) of Subsidiaries, Net	322	(2,224)	(1,929)	3,629	5,622
(Loss) Income from Continuing Operations before Discontinued Operations and Cumulative Effect of Change in Accounting Principle	(1,060)	(27,825)	(44,057)	63,572	84,637
Income from Discontinued Operations (net of tax)	241	—	—	1,116	—
Loss on Sale of Discontinued Operations (net of tax benefit)	(13,400)	—	—	—	—
Cumulative Effect of Change in Accounting Principle (net of minority interest)	—	—	—	(6,396)	—
Net (Loss) Income	$(14,219)	$ (27,825)	$ (44,057)	$ 58,292	$ 84,637
Net (Loss) Income per Common Share—Basic:					
(Loss) Income from Continuing Operations	$ (0.02)	$ (0.35)	$ (0.53)	$ 0.75	$ 0.99
Income from Discontinued Operations (net of tax)	0.01	—	—	0.01	—
Loss on Sale of Discontinued Operations (net of tax benefit)	(0.27)	—	—	—	—
Cumulative Effect of Change in Accounting Principle (net of minority interest)	—	—	—	(0.08)	—
Net (Loss) Income—Basic	$ (0.28)	$ (0.35)	$ (0.53)	$ 0.69	$ 0.99
Net (Loss) Income per Common Share—Diluted:					
(Loss) Income from Continuing Operations	$ (0.02)	$ (0.35)	$ (0.53)	$ 0.74	$ 0.98
Income from Discontinued Operations (net of tax)	0.01	—	—	0.01	—
Loss on Sale of Discontinued Operations (net of tax benefit)	(0.27)	—	—	—	—
Cumulative Effect of Change in Accounting Principle (net of minority interest)	—	—	—	(0.07)	—
Net (Loss) Income—Diluted	$ (0.28)	$ (0.35)	$ (0.53)	$ 0.68	$ 0.98
Weighted Average Common Shares Outstanding—Basic	50,018	79,688	83,666	84,651	85,267
Weighted Average Common Shares Outstanding—Diluted	50,018	79,688	83,666	86,071	86,718

(footnotes follow)

	Year Ended December 31,				
	1999	2000(1)	2001(1)	2002(1)	2003
	(In thousands)				
Other Data:					
OIBDA (3)	$ 129,463	$ 232,211	$ 297,387	$ 361,578	$ 435,811
OIBDA Margin (3)	24.4%	23.1%	25.1%	27.4%	29.0%
Ratio of Earnings to Fixed Charges	1.1x	0.8x(4)	0.8x(4)	1.6x	1.8x

	As of December 31,				
	1999	2000(1)	2001	2002	2003
	(In thousands)				
Consolidated Balance Sheet Data:					
Cash and Cash Equivalents	$ 3,830	$ 6,200	$ 21,359	$ 56,292	$ 74,683
Total Assets	1,317,212	2,659,096	2,859,906	3,230,655	3,892,099
Total Long-Term Debt (including Current Portion of Long-Term Debt)	612,947	1,355,131	1,496,099	1,732,097	2,089,928
Shareholders' Equity	488,754	924,458	885,959	944,861	1,066,114

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

	Year Ended December 31,				
	1999	2000(1)	2001(1)	2002(1)(2)	2003(2)
	(In thousands)				
OIBDA	$129,463	$232,211	$297,387	$361,578	$435,811
Less: Depreciation and Amortization	65,214	126,662	153,271	108,992	130,918
Operating Income	64,249	105,549	144,116	252,586	304,893
Less: Interest Expense, Net	54,425	117,975	134,742	136,632	150,468
Other (Income) Expense, Net	(17)	10,865	37,485	1,435	(2,564)
Provision for Income Taxes	10,579	6,758	17,875	47,318	66,730
Minority Interests in Earnings (Losses) of Subsidiaries	322	(2,224)	(1,929)	3,629	5,622
Income from Discontinued Operations (net of tax)	(241)	—	—	(1,116)	—
Loss on Sale of Discontinued Operations (net of tax benefit)	13,400	—	—	—	—
Cumulative Effect of Change in Accounting Principle (net of minority interest)	—	—	—	6,396	—
Net (Loss) Income	$(14,219)	$(27,825)	$(44,057)	$ 58,292	$ 84,637

(footnotes follow)

(1) On February 1, 2000, we completed a merger with Pierce Leahy in a transaction valued at approximately $1,036,000. The results of the Pierce Leahy merger are reflected in the table above beginning with 11 months of activity in 2000. In addition, we recorded specific charges associated with the integration of the operations of Pierce Leahy in 2000, 2001 and 2002 within merger related expenses and recorded non-cash stock option compensation expense as a result of the Pierce Leahy acquisition in 2000. This merger impacts the comparability of results before and after the merger.

(2) Effective January 1, 2002, we ceased amortizing our goodwill balance in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." The accounting change impacts the comparability of results to previous years. See Note 2(g) to Notes to Consolidated Financial Statements.

(3) OIBDA is defined as operating income before depreciation and amortization expenses. OIBDA Margin is calculated by dividing OIBDA by total revenues. For a more detailed definition and reconciliation of OIBDA and a discussion of why we believe these measures provide relevant and useful information to our current and potential investors, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures."

(4) We reported a loss from continuing operations before provision for income taxes and minority interest for the years ended December 31, 2000 and 2001. We would have needed to generate for the years ended December 31, 2000 and 2001 additional income from operations before provision for income taxes and minority interest of $23,291 and $28,111, respectively, to cover our fixed charges of $154,975 and $177,032, respectively.

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

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

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

Overview

Our revenues consist of storage revenues as well as service and storage material sales revenues. Storage revenues, which are considered a key performance indicator for the records and information management services industry, consist of largely recurring periodic charges related to the storage of materials (either on a per unit or per cubic foot of records basis), which are typically retained by customers for many years, and have accounted for approximately 58% of total consolidated revenues in each of the last five years. Our quarterly revenues from these fixed periodic storage fees have grown for 60 consecutive quarters. In certain circumstances, based upon customer requirements, storage revenues include periodic charges associated with normal, recurring service activities. Service and storage material sales revenues are comprised of charges for related service activities and courier operations and the sale of storage materials. Related service revenues arise from additions of new records, temporary removal of records from storage, refiling of removed records, destructions of records, permanent withdrawals from storage and other complementary and ancillary services, and sales of specially designed storage containers, magnetic media including computer tapes and related supplies. Courier operations consist primarily of the pickup and delivery of records upon customer request. Customers are generally billed on a monthly basis on contractually agreed-upon terms. Our consolidated revenues are subject to variations caused by the net effect of foreign currency translation on revenue derived from outside the U.S. For the years ended December 31, 2003 and 2002, we derived 19.0% and 14.0%, respectively, of our total revenues from outside the U.S. We expect the percentage of total revenues that we derive from outside the U.S. to increase in 2004 due to our acquisition of the European operations of Hays IMS.

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

The expansion of our European and secure shredding operations have resulted in changes to the mix of certain cost of sales components. We expect that until we complete the integration of the European operations of Hays IMS, rationalize our European facilities and maximize their utilization, our facilities costs may increase as a percentage of consolidated revenue, as our European operations become a greater percentage of our consolidated results. Our European and secure shredding operations are more labor intensive; therefore, our labor expense will be higher as a percentage of revenue as compared to our mature operations. In addition, our secure shredding operations incur higher transportation costs and lower facility costs, as a percentage of consolidated revenue, as compared to our mature operations.

Selling, general and administrative expenses consist primarily of wages and benefits for management, administrative, information technology, sales, account management and marketing personnel, as well as expenses related to communications and data processing, travel, professional fees, bad debts, training, office equipment and supplies. Trends in total wages and benefits dollars and as a percentage of total consolidated revenue are influenced by changes in headcount and compensation levels, achievement of incentive compensation targets, workforce productivity and variability in costs associated with medical insurance. We expect our adoption of the measurement provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure," will result in increasing amounts of selling, general and administrative expenses in the future. We began using the fair value method of accounting in our financial statements beginning January 1, 2003 using the prospective method. The prospective method involves recognizing expense for the fair value for all awards granted or modified in the year of adoption and thereafter with no expense recognition for previous awards. As we continue to grant new options subject to these standards and amortize compensation expense associated with options granted after January 1, 2003, we expect our stock compensation expense will grow significantly over the $1.5 million we recorded for such expense in selling, general and administrative expenses for the year ended December 31, 2003. It is not possible to predict the increase in stock compensation expense for 2004 as it is dependent upon the number of options that will be granted throughout 2004 and the valuation assumptions in use at the time those options are granted. The overhead structure of our expanding European operations, as compared to our mature operations, is more labor intensive and has not achieved the same level of overhead leverage, which may result in an increase in selling, general and administrative expenses, as a percentage of consolidated revenue, as our European operations become a more meaningful percentage of our consolidated results.

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

Effective July 1, 2001 and January 1, 2002, we adopted the provisions of SFAS No. 141, "Business Combinations" and SFAS No. 142. SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are no longer amortized but are reviewed annually for impairment or more frequently if impairment indicators arise. Separable intangible assets that are not deemed to have indefinite lives will continue to be amortized over their useful lives. Had SFAS No. 142 been effective January 1, 2001, goodwill amortization expense would have been reduced by $59.2 million ($50.9 million, net of tax) for the year ended December 31, 2001. See Note 2(g) to Notes to Consolidated Financial Statements.

In February 2004, we completed the acquisition of Mentmore plc's 49.9% equity interest in IME. This transaction should have no impact on revenue or operating income since we already fully consolidate IME's financial results. Since we will be using the purchase method of accounting for this acquisition, 49.9% of the net assets of IME will be adjusted to reflect their fair market value if different from their current carrying value. As a result, we expect this transaction will increase depreciation and amortization expenses going forward. Additionally, we will record an increase in interest expense, net associated with debt used to fund this acquisition and will no longer record the minority interest in earnings of subsidiaries, net related to Mentmore's ownership interest in IME.

All of our costs are subject to variations caused by the net effect of foreign currency translation on costs incurred by our entities outside the U.S. During 2003, we have seen increases in costs as a result of the strengthening of the British pound sterling, the Euro, and the Canadian dollar against the U.S. dollar, based on an analysis of weighted average rates for the comparable periods. It is impossible to predict how much foreign currency exchange rates will fluctuate in the future and how those fluctuations will impact individual balances reported in our consolidated statement of operations; however, given the relative increase in our international operations, these fluctuations may become material.

Reclassifications and Changes in Presentation

Previously, consolidated losses (gains) on disposal/writedown of property, plant and equipment, net were recorded within various captions of our consolidated statements of operations based on the nature of the underlying asset. During the first quarter of 2003, we determined that it was more appropriate to record these gains and losses separately within our results from operations. We have reflected this change in all applicable tables and discussions for all periods presented within the following discussion of results of operations.

Previously, debt extinguishment expenses were recorded as an extraordinary charge within our consolidated statements of operations. Effective January 1, 2003, we have reflected these charges to other (income) expense, net in accordance with recent changes in accounting pronouncements. We have reflected this change in all applicable tables and discussions for all periods presented within the following discussion of results of operations.

Non-GAAP Measures

Operating Income Before Depreciation and Amortization, or OIBDA

OIBDA is defined as operating income before depreciation and amortization expenses. OIBDA Margin is calculated by dividing OIBDA by total revenues. Our management uses these measures to evaluate the operating performance of our consolidated business. As such, we believe these measures provide relevant and useful information to our current and potential investors. We use OIBDA for planning purposes and multiples of current or projected OIBDA-based calculations in conjunction with our discounted cash flow models to determine our overall enterprise valuation and to evaluate acquisition targets. We believe OIBDA and OIBDA Margin are useful measures to evaluate our ability to grow our revenues faster than our operating expenses and they are an integral part of our internal reporting system utilized by management to assess and evaluate the operating performance of our business. OIBDA does not include certain items, specifically (1) minority interest in earnings (losses) of subsidiaries, net, (2) other (income) expense, net, (3) income from discontinued operations and loss on sale of discontinued operations and (4) cumulative effect of change in accounting principle that we believe are not indicative of our core operating results. OIBDA also does not include interest expense, net and the provision for income taxes. These expenses are associated with our capitalization and tax structures, which management does not consider when evaluating the profitability of our core operations. Finally, OIBDA does not include depreciation and amortization expenses, in order to eliminate the impact of capital investments, which management believes is better evaluated by comparing capital expenditures to incremental revenue generated and as a percentage of total revenues. OIBDA and OIBDA Margin should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with accounting principles generally accepted in the Unites States of America, or GAAP, such as operating or net income or cash flows from operating activities (as determined in accordance with GAAP).

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

	Year Ended December 31,		
	2001	2002	2003
OIBDA	$297,387	$361,578	$435,811
Less: Depreciation and Amortization	153,271	108,992	130,918
Operating Income	144,116	252,586	304,893
Less: Interest Expense, Net	134,742	136,632	150,468
Other Expense (Income), Net	37,485	1,435	(2,564)
Provision for Income Taxes	17,875	47,318	66,730
Minority Interest	(1,929)	3,629	5,622
Income from Discontinued Operations	—	(1,116)	—
Cumulative Effect of Change in Accounting Principle	—	6,396	—
Net (Loss) Income	$(44,057)	$ 58,292	$ 84,637

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements and for the period then ended. On an on-going basis, we evaluate the estimates used, including those related to the allowance for doubtful accounts, impairments of tangible and intangible assets, income taxes, purchase accounting related reserves, self-insurance liabilities, incentive compensation liabilities, litigation liabilities and contingencies. We base our estimates on historical experience, actuarial estimates, current conditions and various other assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets and liabilities and are not readily apparent from other sources. We use these estimates to assist us in the identification and assessment of the accounting treatment necessary with respect to commitments and contingencies. Actual results may differ from these estimates. Our critical accounting policies include the following and are in no particular order:

Accounting for Acquisitions

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

Each acquisition has been accounted for using the purchase method of accounting as defined under the applicable accounting standards at the date of each acquisition, including, Accounting Principles Board Opinion No. 16, "Accounting for Business Combinations," and more recently, SFAS No. 141. Accounting for these acquisitions has resulted in the capitalization of the cost in excess of fair value of the net assets acquired in each of these acquisitions as goodwill. We estimated the fair values of the assets acquired in each acquisition as of the date of acquisition and these estimates are subject to adjustment. These estimates are subject to final assessments of the fair value of property, plant and equipment, intangible assets, operating leases and deferred income taxes. We complete these assessments within one year of the date of acquisition. We are not aware of any information that would indicate that the final purchase price allocations for acquisitions completed in 2003 would differ meaningfully from preliminary estimates. See Note 7 to Notes to Consolidated Financial Statements.

In connection with each of our acquisitions, we have undertaken certain restructurings of the acquired businesses to realize efficiencies and potential cost savings. Our restructuring activities include the elimination of duplicate facilities, reductions in staffing levels, and other costs associated with exiting certain activities of the businesses we acquire. The estimated cost of these restructuring activities are included as costs of the acquisition and are recorded as goodwill consistent with the guidance of Emerging Issues Task Force ("EITF") Issue No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination." While we finalize our plans to restructure the businesses we acquire within one year of the date of acquisition, it may take more than one year to complete all activities related to the restructuring of an acquired business.

Our acquisitions have resulted in a significant accumulation of goodwill. Beginning on January 1, 2002, we ceased to amortize goodwill in accordance with SFAS No. 142. We reviewed goodwill for impairment consistent with the guidelines of SFAS No. 142 using a discounted future cash flow approach to approximate fair value. The result of testing our goodwill for impairment in accordance with SFAS No. 142, as of January 1, 2002, was a non-cash charge of \$6.4 million (net of minority interest of \$8.5 million), which, consistent with SFAS No. 142, is reported in the caption "cumulative effect of change in accounting principle" in our consolidated statement of operations. Impairment adjustments recognized in the future, if any, are generally required to be recognized as operating expenses. The \$6.4 million charge relates to our South American reporting unit within our international reporting segment. The South American reporting unit failed the impairment test primarily due to a reduction in the expected future performance of the unit resulting from a deterioration of the local economic environment and the devaluation of the currency in Argentina. As goodwill amortization expense in our South American reporting unit is not deductible for tax purposes, this impairment charge is not net of a tax benefit. We have a controlling 50.1% interest in Iron Mountain South America, Ltd ("IMSA") and the remainder is owned by an unaffiliated entity. IMSA has acquired a controlling interest in entities in which local partners have retained a minority interest in order to enhance our local market expertise. These local partners have no ownership interest in IMSA. This has caused the minority interest portion of the non-cash goodwill impairment charge (\$8.5 million) to exceed our portion of the non-cash goodwill impairment charge (\$6.4 million). In accordance with SFAS No. 142, we selected October 1 as our annual goodwill impairment review date. We performed our annual goodwill impairment review as of October 1, 2003 and noted no impairment of goodwill at our reporting units as of that date. As of December 31, 2003, no factors were identified that would alter this assessment.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated losses resulting from the potential inability of our customers to make required payments. When calculating the allowance, we consider our past loss experience, current and prior trends in our aged receivables, current economic conditions, and specific circumstances of individual receivable balances. If the financial condition of our customers were to significantly change, resulting in a significant improvement or impairment of their ability to make payments, an adjustment of the allowance may be required. As of December 31, 2002 and 2003, our allowance for doubtful accounts balance totaled \$20.3 million and \$18.3 million, respectively. The decrease in the allowance for doubtful accounts as of December 31, 2003 compared to December 31, 2002 is primarily attributable to the success of our centralized collection efforts within the U.S. and Canada, which resulted in improved cash collections and an improved accounts receivable aging that enabled us to significantly reduce our allowance for doubtful accounts in the year ended December 31, 2003. The decrease in the allowance for doubtful accounts was partially offset by an increase in the allowance for doubtful accounts associated with businesses acquired during the year ended December 31, 2003, including Hays IMS.

Accounting for Variable Interest Entities

Three variable interest entities were established to acquire properties and lease those properties to us. These leases were designed to qualify as operating leases for accounting purposes, where the monthly lease expense was recorded as rent expense in our consolidated statements of operations and where the related underlying assets and liabilities were not consolidated in our consolidated balance sheets. We changed the characterization and the related accounting for properties in one variable interest entity ("VIE III") during the third quarter of 2002 and prospectively for new property acquisitions in the fourth quarter of 2002. In addition, anticipating the requirement to consolidate, and in line with our objective of transparent reporting, we voluntarily guaranteed all of the at-risk equity in VIE III and our two other variable interest entities (together, the "Other Variable Interest Entities" and, collectively with VIE III, our "Variable Interest Entities") as of December 31, 2002. These guarantees resulted in our consolidating all of our Variable Interest Entities' assets and liabilities.

Our Variable Interest Entities were financed with real estate term loans. These real estate term loans have always been and continue to be treated as indebtedness for purposes of our financial covenants under our Amended and Restated Credit Agreement. As of the date they were consolidated into our financial statements, they were also considered indebtedness under our indentures for certain of our senior subordinated notes. As of December 31, 2003, these real estate term loans amounted to $202.6 million. No further financing is currently available to our Variable Interest Entities to fund further property acquisitions. See Note 5 to Notes to Consolidated Financial Statements.

As of December 31, 2002, we voluntarily guaranteed all of the at-risk equity in VIE III. This resulted in our consolidating all of its remaining assets and liabilities. VIE III's remaining assets and liabilities relate to an interest rate swap agreement, which it entered into upon its inception. This swap agreement hedges the majority of interest rate risk associated with VIE III's real estate term loans. Specifically, VIE III has swapped $97.0 million of floating rate debt to fixed rate debt. Since the time it entered into the swap agreement, interest rates have fallen. As a result, the estimated fair value of the derivative liability held by VIE III, and now consolidated on our balance sheet, related to the swap agreement was $11.0 million at December 31, 2003. This swap has been since inception and continues to be, as of December 31, 2003, an effective hedge in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." During the years ended December 31, 2002 and 2003, we recorded depreciation expense of $1.7 million and $1.8 million, respectively, associated with the properties and interest expense of $6.2 million and $8.2 million, respectively, associated with the real estate term loans. See Notes 3, 4 and 5 to Notes to Consolidated Financial Statements.

In addition, as of December 31, 2002, we voluntarily guaranteed all of the at-risk equity in the Other Variable Interest Entities. This resulted in our consolidating all of their assets and liabilities. As of December 31, 2002, the total impact of consolidating the Other Variable Interest Entities was an increase of $103.9 million both in property, plant and equipment and long-term debt. The underlying leases associated with the Other Variable Interest Entities were treated as operating leases from inception (as early as 1998) through consolidation on December 31, 2002. As a result, during the years ended December 31, 2001 and 2002, we recorded $6.7 million and $5.9 million, respectively, in rent expense in our consolidated statements of operations related to these leases. In 2003, we began recording depreciation expense associated with the properties, interest expense associated with the real estate term loans and no longer have rent expense related to leases associated with the Other Variable Interest Entities in our consolidated financial results. During the year ended December 31, 2003, we recorded depreciation expense of $2.0 million associated with the properties and interest expense of $5.5 million associated with the real estate term loans. If the Other Variable Interest Entities had been consolidated in our historical financial statements as of January 1, 2002: (1) depreciation expense would have increased in an amount equal to $2.0 million for the twelve months ended December 31, 2002; and (2) rent expense for these properties would have been reclassified as interest expense in an amount equal to $5.9 million for the twelve months ended December 31, 2002. Consequently, our OIBDA, operating income and interest expense would have increased by $5.9 million, $3.9 million and $5.9 million, respectively, for the twelve months ended December 31, 2002. In addition, net income before provision for income taxes would have decreased by $2.0 million for the twelve months ended December 31, 2002.

In January and December 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 46 ("FIN 46") and No. 46, revised ("FIN 46R"), "Consolidation of Variable Interest Entities." These statements, which address perceived weaknesses in accounting for entities commonly known as special-purpose or off-balance-sheet, require consolidation of certain interests or arrangements by virtue of holding a controlling financial interest in such entities. Certain provisions of FIN 46R related to interests in special purpose entities were applicable for the period ended December 31, 2003. We must apply FIN 46R to our interests in all entities subject to the interpretation as of the first interim or annual period ending after March 15, 2004. Adoption of this new method of accounting for variable interest entities did not and is not expected to have a material impact on our consolidated results of operations and financial position. As a result of the actions described above, as of December 31, 2002 and December 31, 2003, we did not have any unconsolidated variable interest entities.

Accounting for Derivative Instruments and Hedging Activities

SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. SFAS No. 133 requires an entity to recognize all derivatives as either assets or liabilities on its balance sheet and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (1) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; (2) a hedge of the exposure to variable cash flows of a forecasted transaction; or (3) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security, or a foreign-currency-denominated forecasted transaction. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and resulting designation. Unrealized gains and losses are recognized each period as other comprehensive income which is a component of accumulated other comprehensive items included in shareholders' equity, assets and liabilities or earnings depending on the nature of such derivatives. See Note 4 to Notes to Consolidated Financial Statements for a detailed description of our derivative instruments.

In order for a derivative contract to be designated as a hedge, the relationship between the hedging instrument and the hedged item or transaction must be highly effective. The effectiveness test is performed at the inception of the hedge and each reporting period thereafter, throughout the period that the hedge is designated. Any amounts determined to be ineffective are recorded currently in earnings.

For fair value hedges, the gains and losses are recorded in earnings each period along with the change in the fair value of the hedged item. For cash flow hedges, the effective portions of the gains and losses are recorded to other comprehensive income and are recognized in earnings concurrent with the disposition of the hedged risks. For hedges of foreign currency the accounting treatment generally follows the treatment for cash flow hedges or fair value hedges depending on the nature of the foreign currency hedge.

Although we apply some judgment in the assessment of hedge effectiveness to designate certain derivatives as hedges, the nature of the contracts used to hedge the underlying risks is such that the correlation of the changes in fair values of the derivatives and underlying risks is generally high. We had $25.6 million of interest rate risk management liabilities and had a corresponding amount for unrealized losses to other comprehensive income ($16.2 million, net of tax) related to cash flow hedges at December 31, 2003.

We provided the initial financing totaling 190.5 million British pounds sterling to IME, our European joint venture, for all of the consideration associated with the acquisition of the European operations of Hays IMS using cash on hand and borrowings under our revolving credit facility. We recorded a foreign currency gain of $27.8 million in other (income) expense, net for this intercompany balance for the year ended December 31, 2003. In order to minimize the foreign currency risk associated with providing IME with the consideration necessary for the acquisition of Hay IMS, we borrowed 80.0 million British pounds sterling under our revolving credit facility to create a natural hedge. We recorded a foreign currency loss of $11.5 million on the translation of this revolving credit balance to U.S. dollars in other (income) expense, net for the year ended December 31, 2003. In addition, we entered into two cross currency swaps with a combined notional value of 100.0 million British pounds sterling. These swaps each have a term of one year and at maturity we have a right to receive $162.8 million in exchange for 100.0 million British pounds sterling. We have not designated these swaps as hedges and, therefore, all mark to market fluctuations of the swaps are recorded in other (income) expense, net in our consolidated statements of operations. We have recorded, for the year ended December 31, 2003, a foreign currency loss of $19.0 million in other (income) expense, net.

One of our interest rate swaps was used to hedge interest rate risk on certain variable operating lease commitments. As a result of the December 31, 2002 consolidation of one of the Other Variable Interest Entities (“VIE I”), the operating lease commitments that were hedged by this swap are now considered to be inter-company transactions and we determined that this hedge was no longer effective on a prospective basis. We have consolidated the real estate term loans of VIE I and we will prospectively record interest expense instead of rent expense as we make cash interest payments on this debt. The unrealized mark to market losses previously recorded in other comprehensive income attributable to this swap ($1.9 million and $0.8 million, net of tax, as of December 31, 2002 and 2003, respectively) will be amortized through other (income) expense, net in our consolidated statement of operations based on the changes in the fair value of the swap each period that the remaining interest payments are made on VIE I’s external debt. We are accounting for mark to market changes in the derivative liability of this swap agreement through other (income) expense, net in our consolidated statement of operations. This accounting has a net zero impact within our consolidated statement of operations as it relates to the amortization of unrealized mark to market losses and the fair valuing of the derivative liability.

Accounting for Internal Use Software

We develop various software applications for internal use. We account for those costs in accordance with the provisions of Statement of Position (“SOP”) 98-1, “Accounting for the Costs of Computer Software Developed or Obtained for Internal Use.” SOP 98-1 requires computer software costs associated with internal use software to be expensed as incurred until certain capitalization criteria are met. SOP 98-1 also defines which types of costs should be capitalized and which should be expensed. Payroll and related costs for employees who are directly associated with, and who devote time to, the development of internal use computer software projects, to the extent time is spent directly on the project, are capitalized and depreciated over the estimated useful life of the software. Capitalization begins when the design stage of the application has been completed and it is probable that the project will be completed and used to perform the function intended. Depreciation begins when the software is placed in service. Computer software costs that are capitalized are evaluated for impairment in accordance with SFAS No.144, “Accounting for the Impairment or Disposal of Long-Lived Assets.”

It may be necessary for us to write-off amounts associated with the development of internal use software if the project cannot be completed as intended. Our expansion into new technology-based service offerings requires the development of internal use software that will be susceptible to rapid and significant changes in technology. We may be required to write-off unamortized costs or shorten the estimated useful life if an internal use software program is replaced with an alternative tool prior to the end of the software's estimated useful life. General uncertainties related to expansion into digital businesses, including the timing of introduction and market acceptance of our services, may adversely impact the recoverability of these assets. See Note 2(f) to Notes to Consolidated Financial Statements.

During the years ended December 31, 2002 and 2003, we replaced internal use software programs, which resulted in the write-off to loss on disposal/writedown of property, plant and equipment, net of the remaining net book value of $1.1 million and $0.7 million, respectively.

Deferred Income Taxes

We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. We have considered estimated future taxable income and ongoing tax planning strategies in assessing the amount needed for the valuation allowance. If actual results differ unfavorably from those estimates used, we may not be able to realize all or part of our net deferred tax assets and additional valuation allowances may be required.

Stock-based Compensation

As of January 1, 2003, we adopted the measurement provisions of SFAS No. 123 and SFAS No. 148. As a result we began using the fair value method of accounting in our financial statements beginning January 1, 2003 using the prospective method. The prospective method involves recognizing expense for the fair value for all awards granted or modified in the year of adoption and thereafter with no expense recognition for previous awards. We will apply the fair value recognition provisions to all stock based awards granted, modified or settled on or after January 1, 2003 and will continue to provide the required pro forma information for all awards previously granted, modified or settled before January 1, 2003 in our consolidated financial statements. During the year ended December 31, 2003, we recorded $1.7 million of stock compensation expense in our consolidated statement of operations. Had we elected to recognize compensation cost based on the fair value of all options as of their grant dates as prescribed by SFAS No. 123 and No. 148, we would have recorded stock compensation expense of $4.9 million, $4.5 million and $5.6 million in our consolidated statements of operations for the years ended December 31, 2001, 2002 and 2003, respectively.

Results of Operations

The following table sets forth, for the periods indicated, information derived from our consolidated statements of operations, expressed as a percentage of total consolidated revenues.

	Year Ended December 31,		
	2001	2002	2003
Revenues:			
Storage	58.6%	57.6%	58.3%
Service and Storage Material Sales	41.4	42.4	41.7
Total Revenues	100.0	100.0	100.0
Operating Expenses:			
Cost of Sales (excluding depreciation)	(48.6)	(47.2)	(45.3)
Selling, General and Administrative	(26.0)	(25.3)	(25.6)
Depreciation and Amortization	(12.9)	(8.3)	(8.7)
Merger-related Expenses	(0.3)	(0.1)	—
Loss on Disposal/Writedown of Property, Plant and Equipment, Net	—	(0.1)	(0.1)
Total Operating Expenses	(87.8)	(80.8)	(79.7)
Operating Income	12.2	19.2	20.3
Interest Expense, Net	(11.4)	(10.4)	(10.0)
Other (Expense) Income, Net	(3.2)	(0.1)	0.2
(Loss) Income from Continuing Operations Before Provision for Income Taxes and Minority Interest	(2.4)	8.7	10.5
Provision for Income Taxes	(1.5)	(3.6)	(4.4)
Minority Interest in Losses (Earnings) of Subsidiaries	0.2	(0.3)	(0.4)
(Loss) Income from Continuing Operations before Discontinued Operations and Cumulative Effect of Change in Accounting Principle	(3.7)	4.8	5.6
Income from Discontinued Operations (net of tax)	—	0.1	—
Cumulative Effect of Change in Accounting Principle (net of minority interest)	—	(0.5)	—
Net (Loss) Income	(3.7)%	4.4%	5.6%
Other Data:			
OIBDA Margin (1)	25.1%	27.4%	29.0%

(1) See "Non-GAAP Measures—Operating Income Before Depreciation and Amortization, or OIBDA" for definition, reconciliation and a discussion of why we believe this measure provides relevant and useful information to our current and potential investors.

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002 Consolidated Results (in thousands)

	Year Ended December 31, 2002	Year Ended December 31, 2003	Dollar Change	Percent Change
Revenues:				
Storage	$ 759,536	$ 875,035	$115,499	15.2%
Service and Storage Material Sales	558,961	626,294	67,333	12.0%
Total Revenues	1,318,497	1,501,329	182,832	13.9%
Operating Expenses:				
Cost of Sales (excluding depreciation)	622,299	680,747	58,448	9.4%
Selling, General and Administrative	333,050	383,641	50,591	15.2%
Depreciation and Amortization	108,992	130,918	21,926	20.1%
Merger-related Expenses	796	—	(796)	—
Loss on Disposal/Writedown of Property, Plant and Equipment, Net	774	1,130	356	46.0%
Total Operating Expenses	1,065,911	1,196,436	130,525	12.2%
Operating Income	252,586	304,893	52,307	20.7%
Interest Expense, Net	136,632	150,468	13,836	10.1%
Other Expense (Income), Net	1,435	(2,564)	(3,999)	(278.7%)
Income from Continuing Operations Before Provision for Income Taxes and Minority Interest	114,519	156,989	42,470	37.1%
Provision for Income Taxes	47,318	66,730	19,412	41.0%
Minority Interest in Earnings of Subsidiaries	3,629	5,622	1,993	54.9%
Income from Continuing Operations before Discontinued Operations and Cumulative Effect of Change in Accounting Principle	63,572	84,637	21,065	33.1%
Income from Discontinued Operations (net of tax)	1,116	—	(1,116)	—
Cumulative Effect of Change in Accounting Principle (net of minority interest)	(6,396)	—	6,396	—
Net Income	$ 58,292	$ 84,637	$ 26,345	45.2%
Other Data:				
OIBDA (1)	$ 361,578	$ 435,811	$ 74,233	20.5%
OIBDA Margin (1)	27.4%	29.0%		

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

Comparison of Year Ended December 31, 2003 to Year Ended December 31, 2002

Revenue

Our consolidated storage revenues increased $115.5 million, or 15.2%, to $875.0 million for the year ended December 31, 2003. The increase is attributable to internal revenue growth (8%) resulting from net increases in records and other media stored by existing customers and sales to new customers, acquisitions (5%), primarily consisting of $30.0 million from the operations of Hays IMS, and foreign currency exchange rate fluctuations (2%). Foreign currency exchange rate fluctuations were primarily due to the strengthening of the British pound sterling, Canadian dollar, and Euro against the U.S. dollar, offset by a weakening of the Mexican peso and Brazilian real against the U.S. dollar, based on an analysis of weighted average rates for the comparable periods.

Consolidated service and storage material sales revenues increased $67.3 million, or 12.0%, to $626.3 million for the year ended December 31, 2003. The increase is attributable to acquisitions (7%), including revenue from the Hays IMS operations of $24.6 million, internal revenue growth (3%) resulting from net increases in service and storage material sales to existing customers and sales to new customers, and foreign currency exchange rate fluctuations (2%). Foreign currency exchange rate fluctuations were primarily due to the strengthening of the British pound sterling, Canadian dollar, and Euro against the U.S. dollar, offset by a weakening of the Mexican peso and Brazilian real against the U.S. dollar, based on an analysis of weighted average rates for the comparable periods.

For the reasons stated above, our consolidated revenues increased $182.8 million, or 13.9%, to $1,501.3 million. Internal revenue growth for the year ended December 31, 2003 was 6%. We calculate internal revenue growth in local currency for our international operations.

Internal Growth—Eight-Quarter Trend

	2002					2003				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Storage Revenue	8%	9%	9%	8%	8%	8%	8%	9%	8%	8%
Service and Storage Material Sales Revenue	9%	10%	15%	10%	11%	8%	3%	2%	1%	3%
Total Revenue	9%	9%	11%	9%	10%	8%	6%	6%	5%	6%

Our internal revenue growth rate represents the weighted average year over year growth rate of our revenues after removing the effects of acquisitions and foreign currency exchange rate fluctuations. Over the past eight quarters, the internal growth rate of our storage revenues has ranged between 8% to 9%. Our storage revenue internal growth rate trend for the year ended December 31, 2003 reflects higher growth rates in our international businesses, primarily Europe, stabilized net carton volume growth in our North American records management business and higher growth rates in our digital businesses. We experienced higher volumes of carton destructions and permanent removals in the fourth quarter of 2003 as compared to the first three quarters of 2003, which contributed to the decline in our internal growth rate for storage revenue from the third quarter to the fourth quarter of 2003. We experienced similar volumes of destructions and permanent removals in the fourth quarter of 2002. Net carton volume growth is a function of the rate new cartons are added by existing and new customers offset by the rate of carton destructions and other permanent removals.

The internal growth rate for service and storage material sales revenue is inherently more volatile than the storage revenue internal growth rate due to more discretionary services we offer such as large special projects, data products and carton sales and recycled paper. These revenues are impacted to a greater extent by economic downturns as customers defer or cancel the purchase of these services as a way to reduce their short-term costs. As a commodity, recycled paper prices are subject to the volatility of that market. The quarterly growth rates in 2003 were negatively impacted by several factors: (1) large special project service revenue did not achieve the same high levels experienced in the corresponding periods of 2002, (2) product sales, primarily data product sales, decreased and (3) carton destructions and other permanent removals have decreased relative to prior periods. In addition, our off-site data protection business continued to operate in a market experiencing downward pressure on information technology spending as companies look to reduce their costs.

Cost of Sales

Consolidated cost of sales (excluding depreciation) is comprised of the following expenses (in thousands):

					% of Consolidated Revenues		
	2002	2003	Dollar Change	Percent Change	2002	2003	Percent Change (Favorable)/ Unfavorable
Labor	$318,707	$344,761	$26,054	8.2%	24.2%	23.0%	(1.2)%
Facilities	184,988	211,597	26,609	14.4%	14.0%	14.1%	0.1%
Transportation	56,972	65,142	8,170	14.3%	4.3%	4.3%	—
Product Cost of Sales	34,552	30,987	(3,565)	(10.3)%	2.6%	2.1%	(0.5)%
Other	27,080	28,260	1,180	4.4%	2.1%	1.9%	(0.2)%
	$622,299	$680,747	$58,448	9.4%	47.2%	45.3%	(1.9)%

Labor

Labor expense decreased as a percentage of revenue as a result of improved labor management in our North American operations and lower incentive compensation expense for the year ended December 31, 2003 as compared to the year ended December 31, 2002. This improvement was offset by increases in wages, medical expenses, and headcount due to growth and acquisitions in our secure shredding operations and the acquisition of Hays IMS. We expect labor expenses as a percentage of consolidated revenues in 2004 may increase as we report a full year of integrated Hays IMS operations.

Facilities

The largest component of our facilities cost is rent expense, which increased $6.9 million for the year ended December 31, 2003 primarily as a result of increased rent in our European operations of $9.0 million attributable to new facilities and properties acquired through acquisitions, including our acquisition of Hays IMS. In addition, after adjusting for the consolidation of properties owned by our Variable Interest Entities, we have increased the number of leased facilities we occupy in the U.S. and Canada as of December 31, 2003 compared to December 31, 2002 primarily due to acquisitions. The increase in rent is offset by the consolidation of 38 properties owned by our Variable Interest Entities during the third and fourth quarter of 2002. The leases associated with these properties were accounted for as operating leases prior to December 31, 2002. We recorded $5.9 million of rent expense for these 38 properties during the year ended December 31, 2002 and no rent expense in the year ended December 31, 2003. Rather than rent expense, we recorded interest expense and depreciation expense associated with these properties for the year ended December 31, 2003. Excluding our European operations, the dollar increase in facilities expenses is attributable to property taxes, utilities, and property insurance, which increased $5.5 million, $4.0 million, and $1.9 million, respectively, for the year ended December 31, 2003 compared to the year ended December 31, 2002. Facilities expenses in our European operations increased $6.4 million primarily due to the growth of operations and acquisitions for the year ended December 31, 2003 compared to the year ended December 31, 2002.

We anticipate that reporting a full year of integrated Hays IMS operations and no longer having the offsetting impact caused by our Variable Interest Entities could cause an increase in rent expense and possibly in total facility costs as a percentage of consolidated revenues in 2004.

Transportation

Our transportation expenses, which were flat as a percentage of consolidated revenues, are influenced by several variables including total number of vehicles, owned versus leased vehicles, use of subcontracted couriers, fuel expenses, and maintenance. In the year ended December 31, 2003, we experienced a $3.4 million increase in transportation expenses in our European operations as compared to the year ended December 31, 2002, which is primarily attributable to an increase in fleet size and vehicles under operating lease resulting from the acquisition of Hays IMS and growth of operations. Transportation efficiencies achieved in our North American operations, partially offset by higher fuel costs and an increased percentage of vehicles under operating lease, mitigated the impact of our European operations on transportation expenses as a percentage of consolidated revenues.

Product Cost of Sales and Other Cost of Sales

Product and other cost of sales are highly correlated to complementary revenue streams. Product cost of sales for the year ended December 31, 2003 was lower than the year ended December 31, 2002 as a percentage of product revenues due to more focused selling efforts on higher margin products and improved product sourcing.

Selling, General and Administrative Expenses

Selling, general and administrative expenses are comprised of the following expenses (in thousands):

					% of Consolidated Revenues		
	2002	2003	Dollar Change	Percent Change	2002	2003	Percent Change (Favorable)/ Unfavorable
General and Administrative	$179,550	$206,575	$27,025	15.1%	13.6%	13.8%	0.2%
Sales, Marketing & Account Management	85,932	111,408	25,476	29.6%	6.5%	7.4%	0.9%
Information Technology	55,971	67,950	11,979	21.4%	4.2%	4.5%	0.3%
Bad Debt Expense	11,597	(2,292)	(13,889)	(119.8)%	0.9%	(0.2)%	(1.1)%
	$333,050	$383,641	$50,591	15.2%	25.3%	25.6%	0.3%

General and Administrative

The increase in general and administrative expenses as a percentage of consolidated revenues for the year ended December 31, 2003 is primarily attributable to a $16.4 million increase in general and administrative expenses in our European operations due to the growth of operations and acquisitions. In our North American operations, general and administrative expenses increased as a result of higher wages due to normal inflation and merit increases, and increases in worker's compensation and medical expenses. The increase in labor expenses was partially offset by decreases in general insurance expenses and lower incentive compensation expenses. We anticipate increased pressure on our general and administrative expenses as a percentage of consolidated revenues as we integrate the operations of Hays IMS.

Sales, Marketing & Account Management

The majority of our sales, marketing and account management costs are labor related and are primarily driven by the headcount in each of these departments. Increased headcount and commissions are the most significant contributors to the increase in sales and marketing expenses for the year ended December 31, 2003. Throughout the years ended December 31, 2002 and 2003, we continued to invest in the expansion and improvement of our sales force and account management personnel. Excluding our European operations, since December 31, 2002, we added 66 sales and marketing employees, a 16% increase in headcount, increased our account management force and initiated several new marketing and promotional efforts to develop awareness in the marketplace of our entire service offerings. The costs associated with these efforts have contributed to the increase in our sales, marketing and account management expenses. In addition, costs associated with our European sales and account management teams increased by $4.1 million for the year ended December 31, 2003 as compared to the year ended December 31, 2002, due to the hiring of new personnel and the expansion of our European sales force. We expect that sales, marketing and account management expenses will continue to increase as a percentage of consolidated revenues as we continue to expand and train our sales force and develop new marketing initiatives.

Information Technology

Information technology expenses increased $12.0 million for the year ended December 31, 2003 principally due to higher compensation costs resulting from increased headcount, normal inflation and merit increases, as well as an increase in external resources, which was partially offset by lower incentive compensation expenses. As our technology initiatives mature, less of our efforts are development related, thus decreasing capitalizable expenditures, which results in increased information technology expenses. In addition, we incurred additional costs to expand bandwidth and international connectivity in the year ended December 31, 2003 as compared to the year ended December 31, 2002 to satisfy growth of our business and to integrate acquisitions.

Bad Debt Expense

The decrease in consolidated bad debt expense for the year ended December 31, 2003 compared to the year ended December 31, 2002 is primarily attributable to the success of our centralized collection efforts within the U.S. and Canada during 2002 and 2003, which resulted in improved cash collections and an improved accounts receivable aging that enabled us to significantly reduce our allowance for doubtful accounts in the year ended December 31, 2003. We do not expect to experience a similar decrease during 2004 and expect bad debt expense to be approximately 0.5% of consolidated revenues in 2004.

Depreciation, Amortization, Merger-Related Expenses and Loss on Disposal/Writedown of Property, Plant and Equipment, Net

Consolidated depreciation and amortization expense increased $21.9 million to $130.9 million (8.7% of consolidated revenues) for the year ended December 31, 2003 from $109.0 million (8.3% of consolidated revenues) for the year ended December 31, 2002. Depreciation expense increased $19.8 million, primarily due to the additional depreciation expense related to recent capital expenditures, including storage systems, which include racking, building and leasehold improvements, computer systems hardware and software, and buildings, and depreciation associated with facilities accounted for as capital leases. Depreciation associated with our digital initiatives increased $5.4 million during the year ended December 31, 2003 as a result of software and hardware assets placed in service throughout the years ended December 31, 2002 and 2003. The consolidation of the properties owned by our Variable Interest Entities during the year ended December 31, 2002 resulted in $2.2 million of additional depreciation in the year ended December 31, 2003. Amortization expense increased as a result of the amortization of intangible assets associated with acquisitions we completed in the fourth quarter of 2002 and during the year ended December 31, 2003.

Merger-related expenses are certain expenses directly related to our merger with Pierce Leahy that cannot be capitalized and included system conversion costs, costs of exiting certain facilities, severance, relocation and pay-to-stay payments and other transaction-related costs. Merger-related expenses were $0.8 million for the year ended December 31, 2002. All merger related activities associated with the Pierce Leahy merger were completed in 2002.

Consolidated loss on disposal/writedown of property, plant and equipment, net consisted of disposals and asset writedowns partially offset by $4.2 million of gains on the sale of properties in Texas, Florida and the U.K. in the year ended December 31, 2003 and a gain of $2.1 million on the sale of a property in the U.K. in the year ended December 31, 2002.

Operating Income

As a result of the foregoing factors, consolidated operating income increased $52.3 million, or 20.7%, to $304.9 million (20.3% of consolidated revenues) for the year ended December 31, 2003 from $252.6 million (19.2% of consolidated revenues) for the year ended December 31, 2002.

OIBDA

As a result of the foregoing factors, consolidated OIBDA increased $74.2 million, or 20.5%, to $435.8 million (29.0% of consolidated revenues) for the year ended December 31, 2003 from $361.6 million (27.4% of consolidated revenues) for the year ended December 31, 2002.

Interest Expense, Net

Consolidated interest expense, net increased $13.8 million to $150.5 million (10.0% of consolidated revenues) for the year ended December 31, 2003 from $136.6 million (10.4% of consolidated revenues) for the year ended December 31, 2002. This increase was primarily attributable to (1) $7.4 million of interest expense associated with real estate term loans held by our Variable Interest Entities that were consolidated in the second half of 2002, (2) borrowings under our revolving credit facility and the issuance of our 6⅝% Senior Subordinated Notes due 2016 (the "6⅝% notes") which were used to finance the Hays IMS acquisition, and (3) an increase in our overall weighted average outstanding borrowings. The increase was offset by a decline in our overall weighted average interest rate from 8.3% as of December 31, 2002 to 7.7% as of December 31, 2003 resulting from our refinancing efforts and a decline in variable interest rates.

Other Expense (Income), Net (in thousands)

	2002	2003	Change
Foreign currency transaction gains	$(5,045)	$ (30,220)	$(25,175)
Debt extinguishment expense	5,431	28,174	22,743
Loss on investments	901	(462)	(1,363)
Other, net	148	(56)	(204)
	$ 1,435	$ (2,564)	$ (3,999)

Foreign currency gains of $30.2 million based on period-end exchange rates were recorded in the year ended December 31, 2003 primarily due to the strengthening of the Canadian dollar and British pound sterling against the U.S. dollar as these currencies relate to our intercompany balances with our Canadian and U.K. subsidiaries, U.S. dollar denominated debt held by our Canadian subsidiary, borrowings denominated in foreign currencies under our revolving credit facility, and our British pound sterling denominated cross currency swap.

During the year ended December 31, 2003, we redeemed the remaining outstanding principal amount of our 9⅛% Senior Subordinated Notes due 2007 (the "9⅛% notes"), resulting in a charge of $1.8 million, the remaining outstanding principal amount of our 8¾% Senior Subordinated Notes due 2009 (the "8¾% notes"), resulting in a charge of $13.8 million, and $115.0 million of the outstanding principal of the 8⅛% Senior Notes due 2008 of our Canadian subsidiary (the "Subsidiary notes"), resulting in a charge of $12.6 million. During the year ended December 31, 2002, we recorded a charge of $1.2 million related to the early retirement of debt in conjunction with the refinancing of our revolving credit facility and a charge of $4.2 million related to the early retirement of a portion of our 9⅛% notes. The charges consisted primarily of the call and tender premiums associated with the extinguished debt and the write-off of unamortized deferred financing cost and discounts.

Provision for Income Taxes

Our effective tax rate for the year ended December 31, 2003 was 42.5%. The primary reconciling item between the statutory rate of 35% and our effective tax rate is state income taxes (net of federal benefit). The disallowance of certain intercompany interest charges by states, including a change in Massachusetts tax laws, retroactive to January 1, 2002, increased our provision for income taxes for the year ended December 31, 2003 by 1.1%. Our effective tax rate was 41.3% for the year ended December 31, 2002. There may be future volatility with respect to our effective tax rate related to items including unusual unforecasted permanent items, significant changes in tax rates in foreign jurisdictions and the need for additional valuation allowances. Also, as a result of our net operating loss carryforwards, we do not expect to pay any significant international, U.S. federal and state income taxes during 2004.

Minority Interest, Discontinued Operations, and Cumulative Effect of Change in Accounting Principle

Minority interest in earnings of subsidiaries, net resulted in a charge to income of $5.6 million (0.4% of consolidated revenues) for the year ended December 31, 2003 compared to $3.6 million (0.3% of consolidated revenues) for the year ended December 31, 2002. This represents our minority partners' share of earnings in our majority-owned international subsidiaries that are consolidated in our operating results. The increase is a result of the improved profitability of our European and South American businesses.

In the fourth quarter of 2002, we recorded income from discontinued operations of $1.1 million (net of tax of $0.8 million) as a result of resolving several outstanding contingencies remaining from the sale of the Arcus Staffing Resources, Inc. business unit in 1999. There was no such income recorded in 2003.

In the first quarter of 2002, we recorded a non-cash charge for the cumulative effect of change in accounting principle of $6.4 million (net of minority interest of $8.5 million) as a result of our implementation of SFAS No. 142. There was no such charge in 2003.

Net Income

As a result of the foregoing factors, consolidated net income increased $26.3 million, or 45.2%, to $84.6 million (5.6% of consolidated revenues) for the year ended December 31, 2003 from net income of $58.3 million (4.4% of consolidated revenues) for the year ended December 31, 2002.

Segment Analysis (in thousands)

The results of our various operating segments are discussed below. In general, our business records management segment offers records management, secure shredding, healthcare information services, vital records services, and service and courier operations in the U.S. and Canada. Our off-site data protection segment offers data backup and disaster recovery services, vital records services, service and courier operations, and intellectual property protection services in the U.S. Our international segment offers elements of all our product and services lines outside the U.S. and Canada. Our corporate and other segment includes our corporate overhead functions and our fulfillment, consulting and digital archiving services.

	Business Records Management	Off-Site Data Protection	International	Corporate & Other
Segment Revenue				
Year Ended				
December 31, 2003	$1,022,335	$251,141	$198,068	$29,785
December 31, 2002	944,845	239,081	109,381	25,190
Increase in Revenues	$ 77,490	$ 12,060	$ 88,687	$ 4,595
Percentage Increase in Revenues	8.2%	5.0%	81.1%	18.2%
Segment Contribution (1)				
Year Ended				
December 31, 2003	$ 286,208	$ 71,240	$ 46,825	$32,668
December 31, 2002	262,541	61,729	21,988	16,890
Segment Contribution (1) as a Percentage of Segment Revenue				
Year Ended				
December 31, 2003	28.0%	28.4%	23.6%	109.7%
December 31, 2002	27.8%	25.8%	20.1%	67.1%

(1) See Note 12 to Notes to Consolidated Financial Statements for definition of Contribution and for the basis on which allocations are made and a reconciliation of Contribution to net income (loss) on a consolidated basis.

Business Records Management

During the year ended December 31, 2003, revenue in our business records management segment increased 8.2% primarily due to increased storage revenues, growth of our secure shredding operations and acquisitions (including revenue from the U.S. operations of Hays IMS of $8.2 million), and was offset by lower special project service revenue and lower permanent removal and destruction fees. In addition, favorable currency fluctuations during the year ended December 31, 2003 in Canada increased revenue $9.6 million when compared to the year ended December 31, 2002. Contribution as a percent of segment revenue increased primarily due to lower bad debt expense and lower incentive compensation expense which were partially offset by higher property taxes, utilities and our increased investment in our sales and account management force. Items excluded from the calculation of Contribution include the following: (1) depreciation and amortization expense for the year ended December 31, 2003 of $71.7 million compared to $67.7 million for the year ended December 31, 2002, (2) foreign currency gains of $29.5 million and $1.6 million for the years ended December 31, 2003 and 2002, respectively, and (3) gain on disposal/writedown of property plant and equipment, net of

$0.6 million for the year ended December 31, 2003 and a loss on disposal/writedown of property plant and equipment, net of $1.5 million for the year ended December 31, 2002.

Off-Site Data Protection

Revenue in our off-site data protection segment increased 5.0% primarily due to internal revenue growth from both existing and new customers in the face of increasing pressure in the marketplace to reduce information technology related spending. Contribution as a percent of segment revenue increased primarily due to reduced bad debt expense, increased product sales margins and improved labor management. This increase was partially offset by the growth of our sales and account management force. Items excluded from the calculation of Contribution include the following: (1) depreciation and amortization expense for the year ended December 31, 2003 of $13.8 million compared to $12.8 million for the year ended December 31, 2002 and (2) a loss on disposal/writedown of property plant and equipment, net of $1.9 million and $0.2 million for the year ended December 31, 2003 and 2002, respectively.

International

Revenue in our international segment increased 81.1% primarily due to acquisitions completed in Europe, including $46.4 million from the acquisition of Hays IMS, and in South America, as well as increased sales efforts and a large service project in the U.K. Favorable currency fluctuations during the year ended December 31, 2003 in Europe increased revenue, as measured in U.S. dollars, by $17.5 million compared to the year ended December 31, 2002. This increase was offset by $1.2 million of unfavorable currency fluctuations in Mexico and South America during the year ended December 31, 2003 compared to the year ended December 31, 2002. Contribution as a percent of segment revenue increased primarily due to improved gross margins from our European, South American, and Mexican operations and overall increased direct labor utilization and lower bad debt expenses. This increase was partially offset by increased overhead expenses associated with the growth of these emerging businesses. Items excluded from the calculation of Contribution include the following: (1) depreciation and amortization expense for the year ended December 31, 2003 of $16.0 million compared to $7.1 million for the year ended December 31, 2002, including $3.6 million associated with the acquisition of Hays IMS in the year ended December 31, 2003, (2) gains on disposal/writedown of property plant and equipment, net of $0.8 million and $2.1 million for the years ended December 31, 2003 and 2002, respectively, and (3) a foreign currency gain of $1.2 million in the year ended December 31, 2003 compared to a loss of $0.3 million in the year ended December 31, 2002.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001 Consolidated Results (in thousands)

	Year Ended December 31, 2001	Year Ended December 31, 2002	Dollar Change	Percent Change
Revenues:				
Storage	$ 694,474	$ 759,536	$ 65,062	9.4%
Service and Storage Material Sales	491,244	558,961	67,717	13.8%
Total Revenues	1,185,718	1,318,497	132,779	11.2%
Operating Expenses:				
Cost of Sales (excluding depreciation)	576,538	622,299	45,761	7.9%
Selling, General and Administrative	307,800	333,050	25,250	8.2%
Depreciation and Amortization	153,271	108,992	(44,279)	(28.9)%
Merger-related Expenses	3,673	796	(2,877)	(78.3)%
Loss on Disposal/Writedown of Property, Plant and Equipment, Net	320	774	454	141.9%
Total Operating Expenses	1,041,602	1,065,911	24,309	2.3%
Operating Income	144,116	252,586	108,470	75.3%
Interest Expense, Net	134,742	136,632	1,890	1.4%
Other Expense, Net	37,485	1,435	(36,050)	(96.2)%
(Loss) Income from Continuing Operations Before Provision for Income Taxes and Minority Interest	(28,111)	114,519	142,630	507.4%
Provision for Income Taxes	17,875	47,318	29,443	164.7%
Minority Interest in (Losses) Earnings of Subsidiaries	(1,929)	3,629	5,558	288.1%
(Loss) Income from Continuing Operations before Discontinued Operations and Cumulative Effect of Change in Accounting Principle	(44,057)	63,572	107,629	244.3%
Income from Discontinued Operations (net of tax)	—	1,116	1,116	—
Cumulative Effect of Change in Accounting Principle (net of minority interest)	—	(6,396)	(6,396)	—
Net (Loss) Income	$ (44,057)	$ 58,292	$102,349	232.3%
Other Data:				
OIBDA (1)	$ 297,387	$ 361,578	$ 64,191	21.6%
OIBDA Margin (1)	25.1%	27.4%		

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

Comparison of Year Ended December 31, 2002 to Year Ended December 31, 2001

Revenue

For the year ended December 31, 2002, our consolidated revenues increased $132.8 million, or 11.2%, compared to the same period of 2001. This increase was principally a result of internal revenue growth, which for the year ended December 31, 2002 was 10%, comprised of 8% for storage revenue and 11% for service and storage material sales revenue. We calculate internal revenue growth in local currency for our international operations.

Consolidated storage revenues increased $65.1 million, or 9.4%, to $759.5 million for the year ended December 31, 2002. The increase was primarily attributable to internal revenue growth of 8% resulting from net increases in records and other media stored by existing customers and sales to new customers. The net effect of foreign currency translation on storage revenues was a decrease in revenue of $2.4 million. This was a result of a weakening of the Argentine peso, the Canadian dollar, and the Brazilian real against the U.S. dollar, offset by a strengthening of the British pound sterling and the Euro against the U.S. dollar, based on an analysis of weighted average rates for the comparable periods.

Consolidated service and storage material sales revenues increased $67.7 million, or 13.8%, to $559.0 million for the year ended December 31, 2002. The increase was primarily attributable to internal revenue growth of 11% resulting from net increases in service and storage material sales to existing customers and sales to new customers. The net effect of foreign currency translation on service and storage material sales revenues was a decrease in revenue of $0.7 million. This was a result of a weakening of the Argentine peso, the Canadian dollar, and the Brazilian real against the U.S. dollar, offset by a strengthening of the British pound sterling and the Euro against the U.S. dollar, based on an analysis of weighted average rates for the comparable periods.

Internal Growth—Eight-Quarter Trend

	2001					2002				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Storage Revenue	13%	12%	11%	10%	11%	8%	9%	9%	8%	8%
Service and Storage Material Sales Revenue	9%	9%	5%	11%	8%	9%	10%	15%	10%	11%
Total Revenue	11%	10%	9%	10%	10%	9%	9%	11%	9%	10%

The consecutive quarter storage revenue internal growth trend over the last eight quarters, as calculated quarterly comparing the current quarter to the applicable quarter in the prior year, is primarily attributable to a decline in the rate at which customers have added new cartons to their inventory, which may be a result of current economic conditions. However, we have not seen a decline in the duration that our customers maintain their cartons in inventory nor an increase in the rate of cartons destroyed or permanently removed from inventory as a percentage of the total population. In addition, growth from new sales was adversely affected in 2001 and 2002 as a result of the disruption caused by the merging of our sales force with that of Pierce Leahy in 2000. The sales force reorganization has been completed and growth from new sales has begun to increase.

Service and storage material sales revenue internal growth is subject to fluctuations in the timing of non-recurring service projects ordered by customers and in some cases can be affected by delays or cancellations as some customers seek to reduce short-term costs. During the year ended December 31, 2002, we benefited from a number of large non-recurring service projects in North America and Europe. The volatility in the service revenue growth for the third and fourth quarters of 2001 and 2002 is primarily due to a disruption in the normal pattern of services we provide to our customers following the events of September 11, 2001 and the resulting shift of some services and related revenue, to the fourth quarter of 2001. This caused a favorable comparison for the service revenue growth rate in the third quarter of 2002 and a difficult comparison in the fourth quarter of 2002.

Cost of Sales

Consolidated cost of sales (excluding depreciation) is comprised of the following expenses (in thousands):

					% of Consolidated Revenues		
	2001	2002	Dollar Change	Percent Change	2001	2002	Percent Change (Favorable)/ Unfavorable
Labor	$286,951	$318,707	$ 31,756	11.1%	24.2%	24.2%	—
Facilities	173,610	184,988	11,378	6.6%	14.6%	14.0%	(0.6)%
Transportation	55,167	56,972	1,805	3.3%	4.7%	4.3%	(0.4)%
Product Cost of Sales	31,363	34,552	3,189	10.2%	2.6%	2.6%	—
Other	29,447	27,080	(2,367)	(8.0%)	2.5%	2.1%	(0.4)%
	$576,538	$622,299	$ 45,761	7.9%	48.6%	47.2%	(1.4)%

Labor

The dollar increase in labor expense is primarily attributable to increases in headcount and changes in our labor mix resulting from the expansion of our secure shredding operations. Our secure shredding operations are more labor intensive, therefore, labor expense will be higher as a percentage of revenue as compared to our mature operations. In the year ended December 31, 2002, this impact was mitigated by improved labor management in our off-site data protection segment. In addition, our operations in the U.S. and Canada, which comprise approximately 75% of our workforce, experienced an overall increase in wages due to normal inflation, merit increases and significant increases in medical insurance and worker's compensation expenses of approximately $12.0 million. The majority of these increases are attributable to higher premiums and self-insurance requirements.

Facilities

Our property management activities combined with a higher utilization of our space has driven the decrease of our facilities expenses as a percentage of consolidated revenues from 14.6% in the year ended December 31, 2001 to 14.0% in the year ended December 31, 2002. The largest component of our facilities cost is rent expense, which decreased $0.3 million for the year ended December 31, 2002. We reduced the number of leased facilities we occupy by 23 in the year ended December 31, 2002 primarily through the consolidation of our property portfolio as we exited less desirable facilities and consolidated our remaining properties subsequent to the Pierce Leahy merger.

The decrease in leased properties is also a result of the recharacterization of eight properties held by our Variable Interest Entities at the end of 2001, which are now consolidated on our balance sheet at the end of 2002. During the years ended December 31, 2001 and 2002, we recorded $1.8 million and $0.0 million of rent expense for these eight properties, respectively. An additional 23 properties held by our Variable Interest Entities were consolidated as of December 31, 2002; however, they were accounted for as operating leases during the year ended December 31, 2002 and their costs were included in rent expense. For the years ended December 31, 2001 and 2002, we recorded rent expense of $6.7 million and $5.9 million, respectively, on these 23 properties and we recorded rent expense as interest expense beginning in 2003.

The dollar increase in facilities expenses is attributable to property insurance, which increased $4.7 million for the year ended December 31, 2002 compared to the year ended December 31, 2001. The market-wide increase in property insurance premiums in the wake of the events of September 11, 2001, in addition to experience based annual premium adjustments, resulted in this dramatic increase. Increased rent and facilities expenses in our European operations of $4.6 million and higher property taxes in the U.S. and Canada of $1.8 million have also contributed to the dollar increase in facilities expenses.

Transportation

Our transportation expenses are influenced by several variables including total number of vehicles, owned versus leased vehicles, use of subcontracted couriers, fuel expenses, and maintenance. For the years ended December 31, 2002 and 2001 our fleet of vehicles used in operations totaled 2,140 and 2,032, respectively, of which 1,429 and 1,269, respectively, were under operating leases. The net increase in vehicles is primarily attributable to an increase of 40 vehicles in our secure shredding division that were either acquired through acquisitions or added to support growth in the business. We reduced our operating lease expense by $0.6 million during the year ended December 31, 2002 as a result of our fleet leasing program, which has benefited from an overall reduction in interest rates and our improving credit rating.

The results of our ongoing transportation efficiency projects and the completion of our conversions to the *SafeKeeper Plus®* system have been significant in reducing transportation expenses, including fuel and outside courier fees, as a percentage of consolidated revenues. In the year ended December 31, 2002 we had an overall reduction in fuel consumption and a decrease in fuel expense of $0.4 million in spite of an average increase in the price per gallon of fuel during the year ended December 31, 2002. We also benefited from a $0.9 million decline in subcontracted courier expenses, which we believe is the result of better management of internal transportation resources. Our improvements in transportation have been partially offset by increased vehicle insurance and repair costs of $0.7 million and $0.9 million, respectively, for the year ended December 31, 2002 over the year ended December 31, 2001, as a result of the increased size of our fleet. We experienced a $2.0 million increase in transportation expenses in our European operations, which is primarily attributable to the growth of operations and is also impacted by the weakening of the U.S. dollar in comparison to the British pound sterling in the year ended December 31, 2002 versus the year ended December 31, 2001.

Product Cost of Sales and Other Cost of Sales

Product and other cost of sales are highly correlated to complementary revenue streams. Product cost of sales for the year ended December 31, 2002 was consistent with the year ended December 31, 2001 as a percentage of product revenues. The decrease in other cost of sales of $2.4 million is directly attributable to decreases in variable expenses from our changing mix of complementary services and will vary as our mix of special projects changes from period to period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses are comprised of the following expenses (in thousands):

					% of Consolidated Revenues		
	2001	2002	Dollar Change	Percent Change	2001	2002	Percent Change (Favorable)/ Unfavorable
General and Administrative	$175,639	$179,550	$ 3,911	2.2%	14.8%	13.6%	(1.2)%
Sales, Marketing & Account Management	70,956	85,932	14,976	21.1%	6.0%	6.5%	0.5%
Information Technology	50,866	55,971	5,105	10.0%	4.3%	4.2%	(0.1%)
Bad Debt Expense	10,339	11,597	1,258	12.2%	0.9%	0.9%	—
	$307,800	$333,050	$25,250	8.2%	26.0%	25.3%	(0.7)%

General and Administrative

The dollar increase in general and administrative expenses is primarily attributable to an increase in professional fees, office facilities, telephone, and supplies expenses. However, these costs were consistent with the increasing scale of our business, as indicated by the decrease of 1.2% as a percentage of consolidated revenues. Increased overhead leverage offset an increase in wages due to normal inflation and merit increases.

Sales, Marketing & Account Management

The majority of our sales, marketing and account management expenses are labor related and are primarily driven by the headcount in each of these departments. Throughout the year ended December 31, 2002, we continued to expand our sales force and account management teams. We added approximately 60 new sales and marketing employees since December 31, 2001, a 15% increase in headcount.

Information Technology

Information technology expenses increased $5.1 million, or 10.0%, to $56.0 million (4.2% of consolidated revenues) for the year ended December 31, 2002 principally due to increased compensation costs as a result of increased headcount and normal inflation and merit increases, as well as, a decrease in capitalizable projects. Additionally, these costs were offset by savings of $1.7 million realized through improved management of information technology telecommunication expenses and a reduction of $1.1 million of information technology equipment lease expenses.

Bad Debt Expense

Consolidated bad debt expense increased $1.3 million, or 12.2%, to $11.6 million (0.9% of consolidated revenues) for the year ended December 31, 2002. Our projects to centralize collection efforts within our divisions have contributed significantly to holding bad debt expense flat as a percentage of consolidated revenues.

Depreciation, Amortization, Merger-Related Expenses and Loss on Disposal/Writedown of Property, Plant and Equipment, Net

Consolidated depreciation and amortization expense decreased $44.3 million, or 28.9%, to $109.0 million (8.3% of consolidated revenues) for the year ended December 31, 2002 from $153.3 million (12.9% of consolidated revenues) for the year ended December 31, 2001. Depreciation expense increased $16.7 million, primarily due to the additional depreciation expense related to capital expenditures, including storage systems, which include racking, building and leasehold improvements, computer systems hardware and software, and buildings, and depreciation associated with facilities accounted for as capital leases. Depreciation associated with our digital initiatives increased $3.7 million during the year ended December 31, 2002 as a result of software and hardware assets placed in service during late 2001 and throughout the years ended December 31, 2002. In the year ended December 31, 2002, the recharacterization of eight properties added in the year ended December 31, 2001 under one of our synthetic lease programs, as well as nine properties added to such program in the year ended December 31, 2002, resulted in $1.7 million of additional depreciation. Amortization expense decreased $61.3 million, primarily due to eliminating amortization expense related to goodwill in accordance with SFAS No. 142. See Note 2(g) to Notes to Consolidated Financial Statements and "—Critical Accounting Policies—Accounting for Acquisitions."

Merger-related expenses are certain expenses directly related to our merger with Pierce Leahy that cannot be capitalized and include system conversion costs, costs of exiting certain facilities, severance, relocation and pay-to-stay payments and other transaction-related costs. Merger-related expenses were $0.8 million (0.1% of consolidated revenues) for the year ended December 31, 2002 compared to $3.7 million (0.3% of consolidated revenues) for the same period of 2001. All merger related activities associated with the Pierce Leahy merger were completed in the year ended December 31, 2002.

Consolidated loss on disposal/writedown of property, plant and equipment, net for the year ended December 31, 2002 consisted of disposals and asset write-downs partially offset by a gain of $2.1 million recorded on the sale of a property in the U.K. during the second quarter of 2002.

Operating Income

As a result of the foregoing factors, consolidated operating income increased $108.5 million, or 75.3%, to $252.6 million (19.2% of consolidated revenues) for the year ended December 31, 2002 from $144.1 million (12.2% of consolidated revenues) for the year ended December 31, 2001.

OIBDA

As a result of the foregoing factors, consolidated OIBDA increased $64.2 million, or 21.6%, to $361.6 million (27.4% of consolidated revenues) for the year ended December 31, 2002 from $297.4 million (25.1% of consolidated revenues) for the year ended December 31, 2001.

Interest Expense, Net

Consolidated interest expense, net increased $1.9 million, or 1.4%, to $136.6 million for the year ended December 31, 2002 from $134.7 million for the year ended December 31, 2001. This increase was primarily attributable to $6.2 million of interest expense associated with 17 properties within one of our Variable Interest Entities and increased long-term borrowings through our 2001 bond offerings. These increases were offset by a decline in our overall weighted average interest rate resulting from a general decline in interest rates coupled with our refinancing efforts.

Other (Income) Expense, Net

Significant items included in other (income) expense, net include the following (in thousands):

	2001	2002	Change
Foreign currency transaction (gains) and losses	$10,437	$(5,045)	$(15,482)
Debt extinguishment expense	19,978	5,431	(14,547)
Loss on investments	6,900	901	(5,999)
Other, net	170	148	(22)
	$37,485	$ 1,435	$(36,050)

Foreign currency gains of $5.0 million based on period-end exchange rates were recorded in the year ended December 31, 2002 primarily due to the strengthening of the Canadian dollar and British pound sterling against the U.S. dollar as these currencies relate to our intercompany balances with our Canadian and European subsidiaries. During the year ended December 31, 2001, the Canadian dollar had weakened compared to the U.S. dollar and was the primary reason for the foreign currency loss of $10.4 million, based on period-end exchange rates.

The loss on investments is the result of a $6.9 million impairment charge taken on our investment in convertible preferred stock of a technology development company in the third quarter of 2001. In the year ended December 31, 2002, we recorded $0.9 million of similar write-downs.

During the year ended December 31, 2002, we recorded a debt extinguishment charge of $1.2 million related to the early retirement of debt in conjunction with the refinancing of our revolving credit facility and in the fourth quarter of 2002 we recorded a debt extinguishment charge of $4.2 related to the early retirement of a portion of our 9⅛% notes in conjunction with our underwritten public offering of the 7¾% Senior Subordinated Notes due 2015 (the "7¾% notes"). For the year ended December 31, 2001, we recorded a debt extinguishment charge of $20.0 million related to the early retirement of the 11⅛% senior subordinated notes and 10⅛% senior subordinated notes in conjunction with our underwritten public offerings of the 8⅝% Senior Subordinated Notes due 2013 (the "8⅝% notes"). The charges consisted primarily of the write-off of unamortized deferred financing costs and call and tender premiums associated with the extinguished debt.

Provision for Income Taxes

The provision for income taxes was $47.3 million for the year ended December 31, 2002 compared to $17.9 million for the year ended December 31, 2001. The effective rate was 41.3% for the year ended December 31, 2002 and the primary reconciling item between the statutory rate of 35% and the effective rate is state income taxes (net of federal benefit). The effective rate was (63.6%) for the year ended December 31, 2001. During the year ended December 31, 2001, we amortized non-deductible goodwill for book purposes, however, as result of the adoption of SFAS No. 142 in 2002, goodwill amortization ceased, thereby reducing the effective rate and some of the volatility with respect to our effective rate in the future. Additionally, the 2001 effective rate was impacted by state income taxes (net of federal benefit).

Minority Interest, Discontinued Operations, and Cumulative Effect of Change in Accounting Principle

Minority interest in earnings (losses) of subsidiaries, net resulted in a charge to income of $3.6 million (0.3% of consolidated revenues) for the year ended December 31, 2002. This represents our minority partners' share of earnings (losses) in our majority-owned international subsidiaries that are consolidated in our operating results. In the year ended December 31, 2001, our subsidiaries incurred losses and the minority interest resulted in a credit to income of $1.9 million. The improved results are primarily a result of (1) the elimination of goodwill amortization expense in accordance with

SFAS No. 142, (2) increased profitability in our European business and (3) our European minority partners' share ($0.7 million, net of tax) of the $2.1 million gain recorded on the sale of a property held by one of our European subsidiaries during the second quarter of 2002.

In the fourth quarter of 2002, we recorded income from discontinued operations of $1.1 million (net of tax of $0.8 million) as a result of resolving several outstanding contingencies remaining from the sale of the Arcus Staffing Resources, Inc. business unit in 1999.

In the first quarter of 2002, we recorded a non-cash charge for the cumulative effect of change in accounting principle of $6.4 million (net of minority interest of $8.5 million) as a result of our implementation of SFAS No. 142. There was no such charge in 2001.

Net Income (Loss)

As a result of the foregoing factors, consolidated net income increased $102.3 million, or 232.3%, to $58.3 (4.4% of consolidated revenues) for the year ended December 31, 2002 from a net loss of $44.1 (3.7% of consolidated revenues) for the year ended December 31, 2001.

Segment Analysis (in thousands)

The results of our various operating segments are discussed below. In general, our business records management segment offers records management, secure shredding, healthcare information services, vital records services, and service and courier operations in the U.S. and Canada. Our off-site data protection segment offers data backup and disaster recovery services, vital records services, service and courier operations, and intellectual property protection services in the U.S. Our international segment offers elements of all our product and services lines outside the U.S. and Canada. Our corporate and other segment includes our corporate overhead functions and our fulfillment, consulting and digital archiving services.

	Business Records Management	Off-Site Data Protection	International	Corporate & Other
Segment Revenue				
Year Ended				
December 31, 2002	$944,845	$239,081	$109,381	$25,190
December 31, 2001	861,302	209,429	89,475	25,512
Increase (Decrease) in Revenues	$ 83,543	$ 29,652	$ 19,906	$ (322)
Percentage Increase in Revenues	9.7%	14.2%	22.2%	(1.3%)
Segment Contribution (1)				
Year Ended				
December 31, 2002	$262,541	$ 61,729	$ 21,988	$16,890
December 31, 2001	227,164	50,254	16,250	7,712
Segment Contribution (1) as a Percentage of Segment Revenue				
Year Ended				
December 31, 2002	27.8%	25.8%	20.1%	67.1%
December 31, 2001	26.4%	24.0%	18.2%	30.2%

(1) See Note 12 to Notes to Consolidated Financial Statements for definition of Contribution and for the basis on which allocations are made and a reconciliation of Contribution to net income (loss) on a consolidated basis.

Business Records Management

Revenue in our business records management segment increased 9.7% primarily due to increased storage revenues, strong special projects revenues and acquisitions. The increase in Contribution, which we use as our internal measurement of financial performance and as the basis for allocating resources to our segments, as a percent of segment revenue for our business records management segment is primarily due to labor and transportation efficiencies gained by the increasing scale of our business and the completion of our integration of Pierce Leahy. Lower facilities expenditures, including rent expense and utilities, and lower bad debt expense resulting from our improved collection efforts also contributed to the improvement of Contribution, as a percentage of segment revenue. This increase was partially offset by higher insurance premiums for property and casualty insurance and an increased investment in our sales force. Reductions in spending related to telecommunication expenditures, as a percentage of segment revenue, also contributed to increasing Contribution.

Off-Site Data Protection

Revenue in our off-site data protection segment increased 14.2% primarily due to internal revenue growth from both existing and new customers. Contribution as a percent of segment revenue for our off-site data protection segment increased primarily due to improved labor and transportation management. This increase was partially offset by higher insurance premiums for property and casualty insurance and an increase in bad debt expense.

International

Revenue in our international segment increased primarily due to increased sales efforts and a large service project in the U.K., as well as, acquisitions completed in Europe and South America in the fourth quarter of 2002. Contribution as a percent of segment revenue for our international segment increased primarily due to improved gross margins from our European operations and reduced bad debt expense. This increase was partially offset by higher insurance premiums for property and casualty insurance and reduced margins in our South American operations due to the deteriorating local economic conditions and devaluation of the currency in Argentina. Unfavorable currency fluctuations in South America and Mexico during the year ended December 31, 2002 reduced revenues, as measured in U.S. dollars, by $5.0 million. This reduction was offset by the impact of favorable currency fluctuations during the year ended December 31, 2002 in Europe that increased revenue $2.9 million when compared to the prior year rates.

Liquidity and Capital Resources

The following is a summary of our cash balances and cash flows for the years ended 2001, 2002 and 2003 (in thousands).

	2001	2002	2003
Cash flows provided by operating activities	$ 160,909	$ 254,948	$ 288,693
Cash flows used in investing activities	(278,136)	(247,757)	(586,634)
Cash flows provided by financing activities	134,901	27,098	315,054
Cash and cash equivalents at the end of year	$ 21,359	$ 56,292	$ 74,683

Net cash provided by operating activities was $288.7 million for the year ended December 31, 2003 compared to $254.9 million for the year ended December 31, 2002. The increase resulted primarily from an increase in operating income and non-cash items, such as depreciation, amortization, debt extinguishment expenses and deferred income taxes. The net change in assets and liabilities primarily associated with growth in revenues and the resulting increase in receivables and disbursements to vendors contributed $2.0 million to cash flows from operating activities in the year ended December 31, 2003 as compared to $27.6 million in the year ended December 31, 2002.

We have made significant capital expenditures, additions to customer relationship costs and other investments, primarily acquisitions. Our capital expenditures are primarily related to growth and include investments in storage systems, information systems and discretionary investments in real estate. Cash paid for our capital expenditures and additions to customer relationship and acquisition costs during the year ended December 31, 2003 amounted to $204.5 million and $12.6 million, respectively. These investments have been funded entirely through cash flows from operations, as was the case in the year ended December 31, 2002, and we expect this to be the case again in the year ended December 31, 2004. In addition, we received proceeds from sales of property and equipment of $11.7 million in the year ended December 31, 2003. Excluding any potential acquisitions, we expect our capital expenditures to be between approximately $210 million and approximately $240 million in the year ending December 31, 2004.

In the year ended December 31, 2003, we paid net cash consideration of $381.2 million for acquisitions and other investments including $333.0 million for the acquisition of Hays IMS. Cash flows from operations funded all but the Hays IMS acquisition, which was funded through borrowings under our revolving credit facilities and the net proceeds from other financing transactions. In the year ended December 31, 2002, cash flows from operations funded all of our acquisitions.

Net cash provided by financing activities was $315.1 million for the year ended December 31, 2003. During the year we had gross borrowings under our revolving credit facilities of $744.0 million and we received net proceeds of $617.2 million from the issuance of our 7¾% notes and our 6⅝% notes. We used the proceeds from these financing transactions to repay debt and term loans ($698.8 million), retire senior subordinated notes ($374.3 million) and to partially fund the acquisition of Hays IMS.

Since December 31, 2003, we have completed three acquisitions for total consideration of approximately $26 million. In addition, we acquired the remaining 49.9% equity interest in IME for approximately $154 million. These transactions will be reflected in our consolidated statement of cash flows in the first quarter of 2004.

We are highly leveraged and expect to continue to be highly leveraged for the foreseeable future. Our consolidated debt as of December 31, 2003 was comprised of the following (in thousands):

Revolving Credit Facility due 2005	$ 142,280
Term Loan due 2008	248,750
8⅛% Senior Notes due 2008	18,768
8¼% Senior Subordinated Notes due 2011(1)	149,670
8⅝% Senior Subordinated Notes due 2013(1)	481,075
7¾% Senior Subordinated Notes due 2015(1)	441,331
6⅝% Senior Subordinated Notes due 2016(1)	314,071
Real Estate Term Loans	202,647
Real Estate Mortgages	17,584
Seller Notes	12,607
Other	61,145
Long-term Debt	2,089,928
Less Current Portion	(115,781)
Long-term Debt, Net of Current Portion	$ 1,974,147

(1) These debt instruments are collectively referred to as the "Parent Notes." The Parent notes, along with our revolving credit facility and term loan, are fully and unconditionally guaranteed, on a

senior subordinated basis, by substantially all of our direct and indirect wholly owned U.S. subsidiaries (the "Guarantors"). These guarantees are joint and several obligations of the Guarantors. The remainder of our subsidiaries do not guarantee the Parent notes or the revolving credit facility and term loan.

Our indentures use OIBDA-based calculations as primary measures of financial performance, including leverage ratios. Our key bond leverage ratio, as calculated per our bond indentures, increased to 5.0 as of December 31, 2003 from 4.8 as of December 31, 2002. The increase was primarily attributable to indebtedness incurred by us and lent to IME to fund IME's acquisition of the European operations of Hays IMS. Noncompliance with this leverage ratio would have a material adverse effect on our financial condition and liquidity. Subsequent to December 31, 2003, our key bond leverage ratio decreased to 4.9. The decrease was the result of the partial repayment by IME of the financing we provided to acquire Hays IMS offset by our January 2004 offering of 150 million British pounds sterling in aggregate principal amount of our 7¼% Senior Subordinated Notes due 2014 (the "7¼% notes") and the related use of the proceeds to acquire Mentmore's 49.9% equity interest in IME and to repay existing debts. Our target for this ratio is generally in the range of 4.5 to 5.5 while the maximum ratio allowable under the bond indentures is 6.5.

Our ability to pay interest on or to refinance our indebtedness depends on our future performance, working capital levels and capital structure, which are subject to general economic, financial, competitive, legislative, regulatory and other factors which may be beyond our control. There can be no assurance that we will generate sufficient cash flow from our operations or that future financings will be available on acceptable terms or in amounts sufficient to enable us to service or refinance our indebtedness, or to make necessary capital expenditures.

Our indentures and other agreements governing our indebtedness contain certain restrictive financial and operating covenants including covenants that restrict our ability to complete acquisitions, pay cash dividends, incur indebtedness, make investments, sell assets and take certain other corporate actions. The covenants do not contain a rating trigger. Therefore, a change in our debt rating would not trigger a default under our indentures and other agreements governing our indebtedness. As of December 31, 2003, we were in compliance with all material debt covenants and agreements.

As of December 31, 2003, we had $142.3 million of borrowings outstanding under our revolving credit facility, all of which was denominated in British pounds sterling in the amount of GBP 80.0 million. We also had various outstanding letters of credit totaling $34.4 million. The remaining availability under the revolving credit facility on December 31, 2003 was $223.3 million based on our current level of external debt and the leverage ratio under the Amended and Restated Credit Agreement. The interest rate in effect was 5.6% as of December 31, 2003.

In January 2003, we redeemed the remaining $23.2 million of outstanding principal amount of our 9⅛% notes, at a redemption price (expressed as a percentage of principal amount) of 104.563%, plus accrued and unpaid interest, with proceeds from our underwritten public offering of $100.0 million in aggregate principal of our 7¾% notes. We recorded a charge to other (income) expense, net in the accompanying consolidated statement of operations of $1.8 million in the first quarter of 2003 related to the early retirement of the remaining 9⅛% notes.

In March 2003, we completed two debt exchanges, which resulted in the issuance of $31.3 million in face value of our 7¾% notes and the retirement of $30.0 million of our 8¾% notes. These non-cash debt exchanges resulted in carryover basis and, therefore, no gain (loss) on extinguishment of debt in accordance with EITF No. 96-19, "Debtor's Accounting for Modification or Exchange of Debt Instruments." These exchanges result in a lower interest rate and, therefore, lower interest expense in future periods, as well as extend the maturity of our debt obligations. From time to time, we may enter into similar exchange transactions that we deem appropriate.

In April 2003, we completed an underwritten public offering of an additional $300 million in aggregate principal amount of our 7¾% notes, which were issued at a price to investors of 104% of par, implying an effective yield to worst of 7.066%. Our net proceeds of $307.3 million, after paying the underwriters' discounts, commissions and transaction fees, were used to fund our offer to purchase and consent solicitation relating to our outstanding 8¾% notes, redeem the 8¾% notes not purchased in the offer, repay borrowings under our revolving credit facility, repay other indebtedness and pay for acquisitions.

In April 2003, we received and accepted tenders for $143.3 million of the $220 million aggregate principal amount outstanding of our 8¾% notes. In May 2003, we redeemed the remaining $76.7 million of outstanding principal amount of our 8¾% notes, at a redemption price (expressed as a percentage of principal amount) of 104.375%, plus accrued and unpaid interest. We recorded a charge to other (income) expense, net of $13.8 million in the second quarter of 2003 related to the early retirement of the 8¾% notes, which consists of redemption premiums and transaction costs, as well as original issue discount and unamortized deferred financing costs related to the 8¾% notes.

In June 2003, we completed an underwritten public offering of $150 million in aggregate principal amount of our 6⅝% notes. The 6⅝% notes were issued at a price to investors of 100% of par. Our net proceeds of $147.5 million, after paying the underwriters' discounts, commissions and transaction fees, were used to redeem $50 million in aggregate principal amount of the outstanding Subsidiary notes in the third quarter of 2003 and pay for acquisitions.

In July 2003, using proceeds from our June 2003 offering of 6⅝% notes, we redeemed $50 million of outstanding principal amount of the Subsidiary notes, at a redemption price (expressed as a percentage of principal amount) of 104.063%, plus accrued and unpaid interest. We recorded a charge to other (income) expense, net of $5.5 million in the third quarter of 2003 related to the early retirement of these Subsidiary notes, which consists of redemption premiums and transaction costs, as well as original issue discount related to these Subsidiary notes.

In July 2003, we and IME completed the acquisition of Hays IMS in two simultaneous transactions. IME acquired the European operations of Hays IMS for aggregate cash consideration (including transaction costs) of approximately 190.0 million British pounds sterling ($309.0 million), while we acquired the U.S. operations of Hays IMS for aggregate cash consideration (including transaction costs) of 14.5 million British pounds sterling ($24.0 million). Both transactions were on a cash and debt free basis.

We provided the initial financing totaling 190.5 million British pounds sterling to IME for all of the consideration associated with the acquisition of the European operations of Hays IMS using cash on hand and borrowings under our revolving credit facility. We recorded a foreign currency gain of $27.8 million in other (income) expense, net for this intercompany balance for the year ended December 31, 2003. In order to minimize the foreign currency risk associated with providing IME with the consideration necessary for the acquisition of the European operations of Hay IMS, we borrowed 80.0 million British pounds sterling under our revolving credit facility to create a natural hedge. We recorded a foreign currency loss of $11.5 million on the translation of this revolving credit balance to U.S. dollars in other (income) expense, net for the year ended December 31, 2003. Additionally, on July 16, 2003 we entered into two cross currency swaps with a combined notional value of 100.0 million British pounds sterling. These swaps each have a term of one year and at maturity we have a right to receive $162.8 million in exchange for 100.0 million British pounds sterling. We have not designated these swaps as hedges and, therefore, all mark to market fluctuations of the swaps are recorded in other (income) expense, net in our consolidated statements of operations. We have recorded, as of December 31, 2003, a foreign currency loss of $19.0 million in other (income) expense, net.

In December 2003, we completed an underwritten public offering of an additional $170 million in aggregate principal amount of our 6⅝% notes, which were issued at a price to investors of 96.5% of par, implying an effective yield to worst of 7.06%. Our net proceeds of $161.3 million, after paying the underwriters' discounts, commissions and transaction fees, were used to redeem $65.0 million in aggregate principal amount of the outstanding Subsidiary notes in the fourth quarter of 2003, repay borrowings under our revolving credit facility, repay other indebtedness and pay for acquisitions.

In December 2003, using proceeds from our December 2003 offering of 6⅝% notes, we redeemed $65.0 million of outstanding principal amount of the Subsidiary notes, at a redemption price (expressed as a percentage of principal amount) of 104.313%, plus accrued and unpaid interest. We recorded a charge to other (income) expense, net of $7.0 million in the fourth quarter of 2003 related to the early retirement of these Subsidiary notes, which consists of redemption premiums and transaction costs, as well as original issue discount related to these Subsidiary notes.

In January 2004, we completed an offering of 150 million British pounds sterling in aggregate principal amount of our 7¼% notes, which were issued at a price of 100.0% of par. Our net proceeds of 146.9 million British pounds sterling, after paying the initial purchasers' discounts, commissions and transaction fees, were used to fund our acquisition of Mentmore plc's 49.9% equity interest in IME for total consideration of 82.5 million British pounds sterling, to redeem $20.0 million in aggregate principal amount of the outstanding Subsidiary notes in the first quarter of 2004, repay borrowings under our revolving credit facility, repay other indebtedness and pay for other acquisitions.

In February 2004, using proceeds from our January 2004 offering of 7¼% notes, we redeemed the remaining $20 million of outstanding principal amount of the Subsidiary notes, at a redemption price (expressed as a percentage of principal amount) of 104.063%, plus accrued and unpaid interest. We will record a charge of approximately $2 million to other (income) expense, net in the first quarter of 2004 related to the early retirement of these remaining Subsidiary notes, which consists of redemption premiums and transaction costs, as well as original issue discount related to these Subsidiary notes.

In February 2004, we completed the acquisition of Mentmore plc's 49.9% equity interest in IME for total consideration of 82.5 million British pounds sterling ($154 million) in cash from proceeds of our 7¼% notes issued in January 2004. Included in this amount is the repayment of all trade and working capital funding owed to Mentmore by IME. Completion of the transaction gives us 100% ownership of IME, affording us full access to all future cash flows and greater strategic and financial flexibility. This transaction should have no impact on revenue or operating income since we already fully consolidate IME's financial results. Since we will be using the purchase method of accounting for this acquisition, 49.9% of the net assets of IME will be adjusted to reflect their fair market value if different from their current carrying value. As a result, we expect this transaction will increase depreciation and amortization expenses going forward. Additionally, we will record an increase in interest expense, net associated with the 7¼% notes used to fund this acquisition and will no longer record the minority interest in earnings of subsidiaries, net related to Mentmore's ownership interest in IME.

In March 2004, IME and certain of its subsidiaries entered into a credit agreement (the "IME Credit Agreement") with a syndicate of European lenders. The IME Credit Agreement provides for maximum borrowing availability in the principal amount of 210 million British pounds sterling, including a 100 million British pounds sterling revolving credit facility, (which includes the ability to borrow in certain other foreign currencies), a 100 million British pounds sterling term loan, and a 10 million British pounds sterling overdraft protection line. The revolving credit facility matures on March 2, 2009. The term loan facility is payable in three installments; two installments of 20 million British pounds sterling on March 2, 2007 and 2008, respectively, and the final payment of the remaining balance on March 2, 2009. The interest rate on borrowings under the IME Credit Agreement is based on LIBOR and varies depending on IME's choice of interest rate period, plus an applicable margin. The IME Credit Agreement includes various financial covenants applicable to the results of IME, which may restrict IME's ability to incur indebtedness under the IME Credit

Agreement and with third parties. Each of IME's subsidiaries will either guarantee the obligations or pledge shares to secure the IME Credit Agreement. We have not guaranteed or otherwise provided security for the IME Credit Agreement nor have any of our U.S., Canadian, Mexican and South American subsidiaries.

In March 2004, IME borrowed approximately 147 million British pounds sterling under the IME Credit Agreement, including the full amount of the term loan. IME used those proceeds to repay us 135 million British pounds sterling related to our initial financing of the acquisition of the European operations of Hays IMS. We expect to use those proceeds to: (1) pay down approximately $104 million of real estate term loans, (2) settle all obligations associated with terminating our two cross currency swaps used to hedge the foreign currency impact of our intercompany financing with IME, and (3) to pay down amounts outstanding under our Amended and Restated Credit Agreement. After the initial balance, IME's availability under the IME Credit Agreement, based on its current level of external debt and the leverage ratio under the IME Credit Agreement, was approximately 9 million British pounds sterling.

The real estate term loans held by our Variable Interest Entities have always been and continue to be treated as indebtedness for purposes of our financial covenants under our Amended and Restated Credit Agreement. As of the date they were consolidated into our financial statements, they were also considered indebtedness under our Indentures for our Senior Subordinated Notes and our Subsidiary notes. As of December 31, 2002 and 2003, these real estate term loans amounted to $202.6 million. No further financing is currently available to our Variable Interest Entities to fund further property acquisitions. See Notes 3, 4 and 5 to Notes to Consolidated Financial Statements and "—Critical Accounting Policies." The details of each real estate term loan is a follows:

- A $47.5 million real estate term loan made in October 1998 bearing interest at various variable interest rates based on LIBOR (London Inter-Bank Offered Rate) plus an applicable margin. This real estate term note has a principal payment due on March 31, 2004 of $28.8 million with the remaining $18.7 million maturing on March 31, 2005. This real estate term loan is expected to be repaid in March 2004.
- A $56.4 million real estate term loan made in July 1999 bearing interest at various variable interest rates based on LIBOR plus an applicable margin. This real estate term note matures on December 31, 2005. This real estate term loan is expected to be repaid in March 2004.
- A $98.7 million real estate term loan made in May 2001 bearing interest at various variable interest rates based on LIBOR plus an applicable margin. This real estate term note matures on November 22, 2007.

The following table summarizes our contractual obligations as of December 31, 2003 and the anticipated effect of these obligations on our liquidity in future years (in thousands):

	Payments Due by Period				
	Total	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Long-term Debt (including Capital Lease Obligations)	$2,087,127	$116,998	$228,472	$347,209	$1,394,448
Operating Lease Obligations	902,884	135,512	222,238	158,722	386,412
Purchase Obligations	42,528	16,011	23,888	2,629	—
Total	$3,032,539	$268,521	$474,598	$508,560	$1,780,860

In connection with some of our acquisitions, we have potential earn-out obligations that would be payable in the event businesses we acquired meet certain operational objectives. These payments are based on the future results of these operations and our estimate of the maximum contingent earn-out payments we would be required to make under all such agreements as of December 31, 2003 is approximately $5 million.

We expect to meet our cash flow requirements for the next twelve months from cash generated from operations, existing cash, cash equivalents and marketable securities, borrowings under our revolving credit facility and other financings, which may include secured credit facilities, securitizations and mortgage or capital lease financings. See Notes 5, 10 and 13 to Notes to Consolidated Financial Statements.

Net Operating Loss Carryforwards

At December 31, 2003, we had estimated net operating loss carryforwards of approximately $123 million for federal income tax purposes. As a result of such loss carryforwards, cash paid for income taxes has historically been substantially lower than the provision for income taxes. These net operating loss carryforwards do not include approximately $103 million of potential preacquisition net operating loss carryforwards of Arcus Group, Inc. and certain foreign acquisitions. Any tax benefit realized related to preacquisition net operating loss carryforwards will be recorded as a reduction of goodwill when, and if, realized. The Arcus Group carryforwards begin to expire in two years. As a result of these loss carryforwards, we do not expect to pay any significant international, U.S. federal and state income taxes in 2004.

Seasonality

Historically, our businesses have not been subject to seasonality in any material respect.

Inflation

Certain of our expenses, such as wages and benefits, insurance, occupancy costs and equipment repair and replacement, are subject to normal inflationary pressures. Although to date we have been able to offset inflationary cost increases through increased operating efficiencies and the negotiation of favorable long-term real estate leases, we can give no assurance that we will be able to offset any future inflationary cost increases through similar efficiencies, leases or increased storage or service charges.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

In December 2000, January 2001 and May 2001, we and our Variable Interest Entities, which we now consolidate, entered into a total of four derivative financial contracts, which are variable-for-fixed interest rate swaps consisting of (a) two contracts for interest payments payable on our term loan of an aggregate principal amount of $195.5 million, (b) one contract for interest payments payable (previously certain variable operating lease commitments payable) on our real estate term loans of an aggregate principal amount of $47.5 million and (c) one contract for interest payments payable on our real estate term loans of an aggregate principal amount of $97.0 million. See Note 4 to Notes to Consolidated Financial Statements and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies" in this Form 10-K.

After consideration of the swap contracts mentioned above, as of December 31, 2003, we had $308.1 million of variable rate debt outstanding with a weighted average variable interest rate of 4.72%, and $1,781.8 million of fixed rate debt outstanding. As of December 31, 2003, 85% of our total debt outstanding was fixed. If the weighted average variable interest rate on our variable rate debt had increased by 1%, our net income for the year ended December 31, 2003 would have been reduced by $1.7 million. See Note 5 to Notes to Consolidated Financial Statements for a discussion of our long-term indebtedness, including the fair values of such indebtedness as of December 31, 2003 included in this Form 10-K.

Currency Risk

Our investments in IME, Iron Mountain Canada Corporation, Iron Mountain South America, Ltd. and other international investments may be subject to risks and uncertainties related to fluctuations in currency valuation. Our reporting currency is the U.S. dollar. However, our international revenues are generated in the currencies of the countries in which we operate, primarily the Canadian dollar and British pound sterling. The currencies of many Latin American countries have experienced substantial volatility and depreciation in the past, including the Argentine peso. In addition, one of our Canadian subsidiaries, Iron Mountain Canada Corporation, has U.S. dollar denominated debt. Declines in the value of the local currencies in which we are paid relative to the U.S. dollar will cause revenues in U.S. dollar terms to decrease and dollar-denominated liabilities to increase in local currency. We also have several intercompany obligations between our foreign subsidiaries and Iron Mountain and our U.S.-based subsidiaries. These intercompany obligations are primarily denominated in the local currency of the foreign subsidiary. Our currency exposures to intercompany borrowings are generally unhedged, except as discussed below.

We provided the initial financing to IME for all of the consideration associated with the acquisition of the European operations of Hays IMS using cash on hand and borrowings under our revolving credit facility. In order to minimize the foreign currency risk associated with providing IME with the consideration necessary for the acquisition of Hay IMS, we borrowed 80.0 million British pounds sterling under our revolving credit facility to create a natural hedge. Additionally, on July 16, 2003 we entered into two cross currency swaps with a combined notional value of 100.0 million British pounds sterling. These swaps each have a term of one year and at maturity we have a right to receive $162.8 million in exchange for 100.0 million British pounds sterling. We have not designated these swaps as hedges and, therefore, all mark to market fluctuations of the swaps are recorded in other (income) expense, net in our consolidated statements of operations.

The impact of devaluation or depreciating currency on an entity depends on the residual effect on the local economy and the ability of an entity to raise prices and/or reduce expenses. Due to our constantly changing currency exposure and the potential substantial volatility of currency exchange rates, we cannot predict the effect of exchange fluctuations on our business. The effect of a change in foreign exchange rates on our net investment in foreign subsidiaries is reflected in the "Accumulated Other Comprehensive Items" component of shareholders' equity. A 10% depreciation in year-end 2003 functional currencies, relative to the U.S. dollar, would result in a $14.5 million reduction in our shareholders' equity.

Item 8. Financial Statements and Supplementary Data.

The information required by this item is included in Item 15 (a) of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

On June 19, 2002, our Board of Directors, upon recommendation of the Audit Committee and approval of the Executive Committee, dismissed Arthur Andersen LLP as our independent public accountants and engaged Deloitte & Touche LLP as our independent public accountants for the fiscal year ending December 31, 2002.

The audit reports of Arthur Andersen on our consolidated financial statements for the fiscal year ended December 31, 2001 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal year ended December 31, 2001 and the subsequent interim period through June 19, 2002, there were no disagreements with Arthur Andersen on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to Arthur Andersen's satisfaction, would have caused Arthur Andersen to make reference to the subject matter of the disagreement in connection with its reports. None of the reportable events described under Item 304(a)(1)(v) of Regulation S-K occurred within the fiscal year ended December 31, 2001 or within the interim period through June 19, 2002.

We provided Arthur Andersen with a copy of the above disclosures. A letter dated June 19, 2002 from Arthur Andersen stating its agreement with our statements was listed under Item 7 and filed as Exhibit 16.1 and incorporated by reference into our report on Form 8-K filed June 19, 2002.

During the fiscal year ended December 31, 2001 and the subsequent interim period through June 19, 2002, we did not consult with Deloitte & Touche with respect to the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements or regarding any other matters or events set forth in Item 304(a)(2)(i) and (ii) of Regulation S-K.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These rules refer to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within required time periods. As of December 31, 2003 (the "Evaluation Date"), we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, the chief executive officer and chief financial officer have concluded that, as of the Evaluation Date, such disclosure controls and procedures were effective in ensuring that required information will be disclosed on a timely basis in our reports filed under the Exchange Act.

Changes in Internal Controls

We maintain a system of internal accounting controls that are designed to provide reasonable assurance that our transactions are properly recorded and reported and that our assets are safeguarded against unauthorized or improper use. As part of the evaluation of our disclosure controls and procedures, we evaluated our internal controls. There were no changes to our internal control over financial reporting during the quarter ended December 31, 2003 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting, including any corrective actions taken with regard to any significant deficiencies or material weaknesses.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information required by Item 10 is incorporated by reference to our definitive Proxy Statement for the Annual Meeting of Shareholders to be held on or about May 27, 2004.

Item 11. Executive Compensation.

The information required by Item 11 is incorporated by reference to our definitive Proxy Statement for the Annual Meeting of Shareholders to be held on or about May 27, 2004.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required by Item 12 is incorporated by reference to our definitive Proxy Statement for the Annual Meeting of Shareholders to be held on or about May 27, 2004.

Item 13. Certain Relationships and Related Transactions.

The information required by Item 13 is incorporated by reference to our definitive Proxy Statement for the Annual Meeting of Shareholders to be held on or about May 27, 2004.

Item 14. Principal Accounting Fees and Services.

The information required by Item 14 is incorporated by reference to our definitive Proxy Statement for the Annual Meeting of Shareholders to be held on or about May 27, 2004.

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a)(1) and (2) *Financial Statements and Financial Statement Schedules filed as part of this report:*

(a)(3) *Exhibits filed as part of this report:*

As listed in the Exhibit Index following the signature page hereof.

(b) *Reports on Form 8-K:*

On December 5, 2003, the Company filed a Current Report on Form 8-K under Item 7 to file certain exhibits related to the (1) Underwriting Agreement dated December 4, 2003 between the Company, certain of the Company's subsidiaries and certain underwriters as an exhibit, (2) announcement of a proposed public offering of an additional $160 million of the Company's 6⅝% Senior Subordinated Notes due 2016, (3) commencement of a tender offer and consent solicitation for any and all of the $85 million aggregate principal amount of 8⅛% Senior Notes due 2008 of Iron Mountain Canada Corporation and (4) announcement that the Company priced an underwritten public offering of an additional $170 million in aggregate principal amount of its 6⅝% Senior Subordinated Notes due 2016.

On December 10, 2003, the Company filed a Current Report on Form 8-K under Items 5 and 7 to announce that the Company signed an agreement with Mentmore plc to acquire Mentmore's 49.9% equity interest in Iron Mountain Europe Limited for total consideration of 82.5 million British pounds sterling in cash.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Iron Mountain Incorporated:

We have audited the accompanying consolidated balance sheets of Iron Mountain Incorporated (a Pennsylvania corporation) and its subsidiaries (the "Company") as of December 31, 2003 and 2002, and the related consolidated statements of operations, shareholders' equity and comprehensive income (loss), and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Iron Mountain Europe Limited (a consolidated subsidiary) as of October 31, 2003 and 2002, which statements reflect total assets constituting 18% and 8%, respectively, of consolidated total assets as of December 31, 2003 and 2002, and total revenues constituting 12% and 7%, respectively, of the consolidated total revenues for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Iron Mountain Europe Limited, is based solely on the report of such other auditors. The financial statements of Iron Mountain Incorporated and its subsidiaries for the year ended December 31, 2001 were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements and referred to the report of other auditors in their report dated February 22, 2002 (except with respect to Note 17, as to which the date is March 15, 2002).

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of Iron Mountain Incorporated and its subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed above, the consolidated financial statements of Iron Mountain Incorporated and its subsidiaries for the year ended December 31, 2001 were audited by other auditors who have ceased operations. As described in Note 2g, these consolidated financial statements have been revised to include the transitional disclosures required by Statement of Financial Accounting Standards (Statement) No. 142, Goodwill and Other Intangible Assets, which was adopted by the Company as of January 1, 2002. Our audit procedures with respect to the disclosures in Note 2g for 2001 amounts included (a) agreeing the previously reported net income to the previously issued consolidated financial statements and the adjustments to reported net income representing amortization expense (including any related tax effects) recognized in those periods related to goodwill, intangible assets that are no longer being amortized and changes in amortization periods for intangible assets that will continue to be amortized as a result of initially applying Statement No. 142 (including any related tax effects) to the Company's underlying records obtained from management, and (b) testing the mathematical accuracy of the reconciliation of adjusted net income to reported net income, and the related earnings-per-share amounts. In our opinion, the disclosures for 2001 in Note 2g are appropriate. However, we were not engaged to audit, review, or apply any procedures to the 2001 consolidated financial statements of the Company other than with respect to such disclosures and, accordingly, we do not express an opinion or any other form of assurance on the 2001 consolidated financial statements taken as a whole.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
March 8, 2004

This is a copy of the audit report previously issued by Arthur Andersen LLP in connection with Iron Mountain Incorporated's filing of an Annual Report on Form 10-K for the year ended December 31, 2001. This audit report has not been reissued by Arthur Andersen LLP in connection with this Annual Report on Form 10-K for the year ended December 31, 2003. See Exhibit 23.3 to the December 31, 2002 Annual Report on Form 10-K filed with the SEC for further discussion. The consolidated balance sheets as of December 31, 2000 and 2001 and the consolidated statements of operations, shareholders' equity and comprehensive loss and cash flows for the years ended December 31, 1999 and 2000 referred to in this report have not been included in the accompanying consolidated financial statements.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
Iron Mountain Incorporated:

We have audited the accompanying consolidated balance sheets of Iron Mountain Incorporated (a Pennsylvania corporation) and its subsidiaries as of December 31, 2000 and 2001, and the related consolidated statements of operations, shareholders' equity and comprehensive loss and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of Iron Mountain Incorporated's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the consolidated financial statements of Iron Mountain Europe Limited as of October 31, 2000 and 2001, which statements reflect total assets and total revenues of 6 percent and 5 percent in 2000, and 8 percent and 6 percent in 2001, respectively, of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for this entity, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Iron Mountain Incorporated and its subsidiaries as of December 31, 2000 and 2001 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Boston, Massachusetts
February 22, 2002 (Except with respect to
Note 17, as to which the date is March 15, 2002)

IRON MOUNTAIN INCORPORATED

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	December 31, 2002	December 31, 2003
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 56,292	$ 74,683
Accounts receivable (less allowances of $20,274 and $18,310, respectively)	225,416	279,800
Deferred income taxes	34,192	33,043
Prepaid expenses and other	51,140	84,057
Total Current Assets	367,040	471,583
Property, Plant and Equipment:		
Property, plant and equipment	1,577,588	1,950,893
Less—Accumulated depreciation	(338,400)	(458,626)
Net Property, Plant and Equipment	1,239,188	1,492,267
Other Assets, net:		
Goodwill	1,544,974	1,776,279
Customer relationships and acquisition costs	48,213	116,466
Deferred financing costs	19,358	23,934
Other	11,882	11,570
Total Other Assets, net	1,624,427	1,928,249
Total Assets	$3,230,655	$3,892,099
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ 69,732	$ 115,781
Accounts payable	76,115	87,006
Accrued expenses	168,025	234,426
Deferred revenue	95,188	107,857
Other current liabilities	18,902	39,675
Total Current Liabilities	427,962	584,745
Long-term Debt, net of current portion	1,662,365	1,974,147
Other Long-term Liabilities	35,433	24,499
Deferred Rent	19,438	20,578
Deferred Income Taxes	78,464	146,231
Commitments and Contingencies (see Note 13)		
Minority Interests	62,132	75,785
Shareholders' Equity:		
Preferred stock (par value $0.01; authorized 10,000,000 shares; none issued and outstanding)	—	—
Common stock (par value $0.01; authorized 150,000,000 shares; issued and outstanding 85,049,624 shares and 85,575,254 shares, respectively)	850	856
Additional paid-in capital	1,020,452	1,034,070
(Accumulated deficit) Retained earnings	(45,403)	39,234
Accumulated other comprehensive items, net	(31,038)	(8,046)
Total Shareholders' Equity	944,861	1,066,114
Total Liabilities and Shareholders' Equity	$3,230,655	$3,892,099

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

IRON MOUNTAIN INCORPORATED

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Year Ended December 31,		
	2001	2002	2003
Revenues:			
Storage	$ 694,474	$ 759,536	$ 875,035
Service and storage material sales	491,244	558,961	626,294
Total Revenues	1,185,718	1,318,497	1,501,329
Operating Expenses:			
Cost of sales (excluding depreciation)	576,538	622,299	680,747
Selling, general and administrative	307,800	333,050	383,641
Depreciation and amortization	153,271	108,992	130,918
Merger-related expenses	3,673	796	—
Loss on disposal/writedown of property, plant and equipment, net	320	774	1,130
Total Operating Expenses	1,041,602	1,065,911	1,196,436
Operating Income	144,116	252,586	304,893
Interest Expense, Net	134,742	136,632	150,468
Other Expense (Income), Net	37,485	1,435	(2,564)
(Loss) Income from Continuing Operations Before Provision for Income Taxes and Minority Interest	(28,111)	114,519	156,989
Provision for Income Taxes	17,875	47,318	66,730
Minority Interest in (Losses) Earnings of Subsidiaries	(1,929)	3,629	5,622
(Loss) Income from Continuing Operations before Discontinued Operations and Cumulative Effect of Change in Accounting Principle	(44,057)	63,572	84,637
Income from Discontinued Operations (net of tax of $768)	—	1,116	—
Cumulative Effect of Change in Accounting Principle (net of minority interest)	—	(6,396)	—
Net (Loss) Income	$ (44,057)	$ 58,292	$ 84,637
Net (Loss) Income per Share—Basic:			
(Loss) Income from Continuing Operations before Discontinued Operations and Cumulative Effect of Change in Accounting Principle	$ (0.53)	$ 0.75	$ 0.99
Income from Discontinued Operations (net of tax)	—	0.01	—
Cumulative Effect of Change in Accounting Principle (net of minority interest)	—	(0.08)	—
Net (Loss) Income per Share—Basic	$ (0.53)	$ 0.69	$ 0.99
Net (Loss) Income per Share—Diluted:			
(Loss) Income from Continuing Operations before Discontinued Operations and Cumulative Effect of Change in Accounting Principle	$ (0.53)	$ 0.74	$ 0.98
Income from Discontinued Operations (net of tax)	—	0.01	—
Cumulative Effect of Change in Accounting Principle (net of minority interest)	—	(0.07)	—
Net (Loss) Income per Share—Diluted	$ (0.53)	$ 0.68	$ 0.98
Weighted Average Common Shares Outstanding—Basic	83,666	84,651	85,267
Weighted Average Common Shares Outstanding—Diluted	83,666	86,071	86,718

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

IRON MOUNTAIN INCORPORATED

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

(In thousands, except share data)

	Common Stock Voting					
	Shares	Amount	Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Items	Total Shareholders' Equity
Balance, December 31, 2000	82,919,847	$829	$ 990,578	$(59,383)	$(7,566)	$ 924,458
Issuance of shares under employee stock purchase plan and option plans, including tax benefit	1,374,468	14	16,258	—	—	16,272
Currency translation adjustment	—	—	—	—	(4,388)	(4,388)
Transition adjustment charge	—	—	—	—	(214)	(214)
Unrealized loss on hedging contracts	—	—	—	—	(5,857)	(5,857)
Adjustment due to differences in consolidation year end	—	—	—	(255)	—	(255)
Net loss	—	—	—	(44,057)	—	(44,057)
Balance, December 31, 2001	84,294,315	843	1,006,836	(103,695)	(18,025)	885,959
Issuance of shares under employee stock purchase plan and option plans, including tax benefit	755,309	7	13,373	—	—	13,380
Deferred compensation	—	—	243	—	—	243
Currency translation adjustment	—	—	—	—	3,378	3,378
Unrealized loss on hedging contracts	—	—	—	—	(16,391)	(16,391)
Net income	—	—	—	58,292	—	58,292
Balance, December 31, 2002	85,049,624	850	1,020,452	(45,403)	(31,038)	944,861
Issuance of shares under employee stock purchase plan and option plans, including tax benefit	525,630	6	18,242	—	—	18,248
Deferred compensation	—	—	(4,624)	—	—	(4,624)
Currency translation adjustment	—	—	—	—	16,466	16,466
Unrealized loss on hedging contracts	—	—	—	—	6,215	6,215
Unrealized gain on securities, net of tax	—	—	—	—	311	311
Net income	—	—	—	84,637	—	84,637
Balance, December 31, 2003	85,575,254	$856	$1,034,070	$ 39,234	$(8,046)	$1,066,114

	2001	2002	2003
COMPREHENSIVE (LOSS) INCOME:			
Net (loss) income	$(44,057)	$58,292	$ 84,637
Other Comprehensive (Loss) Income, Net of Tax:			
Foreign Currency Translation Adjustments	(4,388)	3,378	16,466
Transition Adjustment Charge	(214)	—	—
Unrealized (Loss) Gain on Hedging Contracts	(5,857)	(16,391)	6,215
Unrealized Gain on Securities	—	—	311
Comprehensive (Loss) Income	$(54,516)	$45,279	$107,629

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

IRON MOUNTAIN INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2001	2002	2003
Cash Flows from Operating Activities:			
Net (loss) income	$ (44,057)	$ 58,292	$ 84,637
Adjustments to reconcile net (loss) income to (loss) income from continuing operations before discontinued operations and cumulative effect of change in accounting principle:			
Income from discontinued operations (net of tax of $768)	—	(1,116)	—
Cumulative effect of change in accounting principle (net of minority interest)	—	6,396	—
(Loss) Income from continuing operations	(44,057)	63,572	84,637
Adjustments to reconcile (loss) income from continuing operations to cash flows provided by operating activities:			
Minority interests, net	(1,929)	3,629	5,622
Depreciation	87,130	104,176	123,974
Amortization (includes deferred financing costs and bond discount of $4,930, $4,921 and $3,654, respectively)	71,071	9,737	10,598
Provision for deferred income taxes	15,688	44,112	61,485
Loss on early extinguishment of debt	19,980	5,430	28,175
Loss on impairment of long-term assets	6,925	1,717	—
Loss on disposal/writedown of property, plant and equipment, net	320	774	1,130
Loss (Gain) on foreign currency and other, net	10,399	(5,773)	(28,961)
Changes in Assets and Liabilities (exclusive of acquisitions):			
Accounts receivable	(15,677)	(2,547)	(16,004)
Prepaid expenses and other current assets	(17,158)	(3,792)	6
Accounts payable	12,554	11,802	979
Accrued expenses, deferred revenue and other current liabilities	10,448	20,575	18,134
Other assets and long-term liabilities	5,215	1,536	(1,082)
Cash Flows Provided by Operating Activities	160,909	254,948	288,693
Cash Flows from Investing Activities:			
Capital expenditures	(197,039)	(196,997)	(204,477)
Cash paid for acquisitions, net of cash acquired	(71,397)	(49,361)	(379,890)
Additions to customer relationship and acquisition costs	(8,420)	(8,419)	(12,577)
Investment in convertible preferred stock	(2,000)	—	(1,357)
Proceeds from sales of property and equipment	720	7,020	11,667
Cash Flows Used in Investing Activities	(278,136)	(247,757)	(586,634)
Cash Flows from Financing Activities:			
Repayment of debt and tern loans	(118,278)	(462,243)	(698,817)
Proceeds from borrowings and term loans	105,595	438,842	744,016
Early retirement of senior subordinated notes	(312,701)	(54,380)	(374,258)
Net proceeds from sales of senior subordinated notes	427,924	99,000	617,179
Debt financing (repayment to) and equity contribution from (distribution to) minority shareholders, net	21,216	(1,241)	20,225
Other, net	11,145	7,120	6,709
Cash Flows Provided by Financing Activities	134,901	27,098	315,054
Effect of Exchange Rates on Cash and Cash Equivalents	(2,515)	644	1,278
Increase in Cash and Cash Equivalents	15,159	34,933	18,391
Cash and Cash Equivalents, Beginning of Year	6,200	21,359	56,292
Cash and Cash Equivalents, End of Year	$ 21,359	$ 56,292	$ 74,683
Supplemental Information:			
Cash Paid for Interest	$ 133,373	$ 133,873	$ 126,952
Cash Paid for Income Taxes	$ 4,925	$ 3,147	$ 8,316

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

1. Nature of Business

The accompanying financial statements represent the consolidated accounts of Iron Mountain Incorporated, a Pennsylvania corporation, and its subsidiaries. We are an international full-service provider of records and information management and related services for all media in various locations throughout the United States, Canada, Europe, Mexico and South America to Fortune 500 and FTSE 100 companies, and numerous legal, banking, health care, accounting, insurance, entertainment and government organizations.

2. Summary of Significant Accounting Policies

a. Principles of Consolidation

The accompanying financial statements reflect our financial position and results of operations on a consolidated basis. All significant intercompany account balances have been eliminated.

b. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements and for the period then ended. On an on-going basis, we evaluate the estimates used, including those related to the allowance for doubtful accounts, impairments of tangible and intangible assets, income taxes, purchase accounting related reserves, self-insurance liabilities, incentive compensation liabilities, litigation liabilities and contingencies. We base our estimates on historical experience, actuarial estimates, current conditions and various other assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets and liabilities and are not readily apparent from other sources. We use these estimates to assist us in the identification and assessment of the accounting treatment necessary with respect to commitments and contingencies. Actual results may differ from these estimates.

c. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash invested in short-term securities which have remaining maturities at the date of purchase of less than 90 days. Cash and cash equivalents are carried at cost, which approximates fair value. Our balance of cash and cash equivalents as of December 31, 2003 includes $1,959 of restricted cash due to contractual and other arrangements.

d. Foreign Currency Translation

Local currencies are considered the functional currencies for most of our operations outside the United States. All assets and liabilities are translated at year-end exchange rates, and revenues and expenses are translated at average exchange rates for the year, in accordance with Statement of Financial Accounting Standards ("SFAS") No. 52, "Foreign Currency Translation." Resulting translation adjustments are reflected in the accumulated other comprehensive items component of shareholders' equity. The gain or loss on foreign currency transactions, including those related to U.S. dollar denominated 8⅛% senior notes of our Canadian subsidiary and those related to the foreign currency

(In thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

denominated intercompany obligations of our foreign subsidiaries to us, are included in Other (Income) Expense, net, on our Consolidated Statements of Operations. The total of such net (gains) losses amounted to $10,437, $(5,043) and $(30,223) for the years ended December 31, 2001, 2002 and 2003, respectively.

e. Derivative Instruments and Hedging Activities

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" requires that every derivative instrument be recorded in the balance sheet as either an asset or a liability measured at its fair value. The adoption of SFAS No. 133 resulted in the recognition of a derivative liability and a corresponding transition adjustment charge to accumulated other comprehensive items of approximately $214 as of January 1, 2001.

Periodically, we acquire derivative instruments that are intended to hedge either cash flows or fair values which are subject to exchange or other market price risk, and not for trading purposes. We have formally documented our hedging relationships, including identification of the hedging instruments and the hedged items, as well as the risk management objectives and strategies for undertaking each hedge transaction.

f. Property, Plant and Equipment

Property, plant and equipment are stated at cost and depreciated using the straight-line method with the following useful lives:

Buildings	40 to 50 years
Leasehold improvements	8 to 10 years or the life of the lease, whichever is shorter
Racking	5 to 20 years
Warehouse equipment/vehicles	3 to 20 years
Furniture and fixtures	3 to 10 years
Computer hardware and software	3 to 5 years

Property, plant and equipment, at cost, consist of the following:

	December 31,	
	2002	2003
Land and buildings	$ 623,717	$ 745,838
Leasehold improvements	96,509	144,244
Racking	496,919	598,101
Warehouse equipment/vehicles	66,718	88,127
Furniture and fixtures	34,005	41,996
Computer hardware and software	204,444	260,190
Construction in progress	55,276	72,397
	$1,577,588	$1,950,893

2. Summary of Significant Accounting Policies (Continued)

Minor maintenance costs are expensed as incurred. Major improvements which extend the life, increase the capacity or improve the safety or the efficiency of property owned are capitalized. Major improvements to leased buildings are capitalized as leasehold improvements and depreciated.

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

We apply the provisions of Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" ("SOP 98-1") which requires computer software costs associated with internal use software to be expensed as incurred until certain capitalization criteria are met. SOP 98-1 also defines which types of costs should be capitalized and which should be expensed. The computer software costs incurred and capitalized are being depreciated over their useful lives or the useful lives of the related assets, and are evaluated for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

During the year ended December 31, 2002 and 2003, we replaced certain of our internal use software programs, which resulted in the write-off to loss on disposal/writedown of property, plant and equipment, net of the remaining net book value of $1,077 and $710, respectively.

g. Goodwill and Other Intangible Assets

Effective July 1, 2001 and January 1, 2002, we adopted the provisions of SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets," respectively. SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are no longer amortized but are reviewed annually for impairment or more frequently if impairment indicators arise. Separable intangible assets that are not deemed to have indefinite lives will continue to be amortized over their useful lives. Had SFAS No. 142 been effective January 1, 2001, goodwill amortization expense would have been reduced by $59,217 ($50,903, net of tax) for the year ended December 31, 2001.

Through December 31, 2001, we reviewed our existing goodwill for impairment, consistent with the guidelines of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" and determined that no amounts of goodwill were impaired using the undiscounted future cash flow methodology of SFAS No. 121. Effective January 1, 2002, we reviewed goodwill for impairment consistent with the guidelines of SFAS No. 142 using a discounted future cash flow approach to approximate fair value. The result of testing our goodwill for impairment in accordance with SFAS No. 142, as of January 1, 2002, was a non-cash charge of $6,396 (net of minority interest of $8,487), which, consistent with SFAS No. 142, is reported in the caption "cumulative effect of change in accounting principle" in the accompanying consolidated statement of operations. Impairment adjustments recognized in the future, if any, are generally required to be recognized as

(In thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

operating expenses. The $6,396 charge relates to our South American reporting unit within our international reporting segment. The South American reporting unit failed the impairment test primarily due to a reduction in the expected future performance of the unit resulting from a deterioration of the local economic environment and the devaluation of the currency in Argentina. As goodwill amortization expense in our South American reporting unit is not deductible for tax purposes, this impairment charge is not net of a tax benefit. We have a controlling 50.1% interest in Iron Mountain South America, Ltd ("IMSA") and the remainder is owned by an unaffiliated entity. IMSA has acquired a controlling interest in entities in which local partners have retained a minority interest in order to enhance our local market expertise. These local partners have no ownership interest in IMSA. This has caused the minority interest portion of the non-cash goodwill impairment charge ($8,487) to exceed our portion of the non-cash goodwill impairment charge ($6,396). In accordance with SFAS No. 142, we selected October 1 as our annual goodwill impairment review date. We performed our annual goodwill impairment review as of October 1, 2003 and noted no impairment of goodwill at our reporting units as of that date. As of December 31, 2003, no factors were identified that would alter this assessment.

The changes in the carrying value of goodwill attributable to each reportable operating segment for the years ended December 31, 2002 and 2003 is as follows:

	Business Records Management	Off-Site Data Protection	International	Corporate & Other	Total Consolidated
Balance as of December 31, 2001	$1,139,212	$236,850	$149,928	$ 3,557	$1,529,547
Goodwill acquired during the year	19,726	895	15,163	—	35,784
Adjustments to purchase reserves	(5,134)	(85)	561	—	(4,658)
Fair value adjustments	(4,355)	35	—	(26)	(4,346)
Other adjustments and currency effects	2,311	(517)	3,896	(2,160)	3,530
Impairment losses	—	—	(14,883)	—	(14,883)
Balance as of December 31, 2002	1,151,760	237,178	154,665	1,371	1,544,974
Goodwill acquired during the year	39,330	7,675	142,065	—	189,070
Adjustments to purchase reserves	(613)	(52)	(285)	—	(950)
Fair value adjustments	3,097	(150)	(4,385)	—	(1,438)
Other adjustments and currency effects	24,898	(30)	19,755	—	44,623
Balance as of December 31, 2003	$1,218,472	$244,621	$311,815	$ 1,371	$1,776,279

(In thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

Actual results of operations for the years ended December 31, 2002 and 2003 and pro forma results of operations for the year ended December 31, 2001 had we applied the non-amortization provisions of SFAS No. 142 as of January 1, 2001 are as follows:

	Year Ended December 31,		
	2001	2002	2003
	(Proforma)	(Actual)	
(Loss) Income from Continuing Operations before Provision for Income Taxes and Minority Interest	$(28,111)	$114,519	$156,989
Add: Goodwill Amortization	59,217	—	—
Provision for Income Taxes	26,154	47,318	66,730
Minority Interest in Earnings of Subsidiaries, Net	1,197	3,629	5,622
Adjusted Income from Continuing Operations before Discontinued Operations, Extraordinary Charges and Cumulative Effect of Change in Accounting Principle	3,755	63,572	84,637
Income from Discontinued Operations	—	1,116	—
Cumulative Effect of Change in Accounting Principle	—	(6,396)	—
Net Income	$ 3,755	$ 58,292	$ 84,637
Net (Loss) Income per Share—Basic:			
(Loss) Income from Continuing Operations before Discontinued Operations and Cumulative Effect of Change in Accounting Principle, as Reported	$ (0.53)	$ 0.75	$ 0.99
Add: Goodwill Amortization, Net of Change in Provision for Income Taxes and Minority Interest	0.57	—	—
Adjusted Income from Continuing Operations before Discontinued Operations and Cumulative Effect of Change in Accounting Principle	0.04	0.75	0.99
Income from Discontinued Operations	—	0.01	—
Cumulative Effect of Change in Accounting Principle	—	(0.08)	—
Net Income per Share—Basic	$ 0.04	$ 0.69	$ 0.99
Net (Loss) Income per Share—Diluted:			
(Loss) Income from Continuing Operations before Discontinued Operations and Cumulative Effect of Change in Accounting Principle, as Reported	$ (0.53)	$ 0.74	$ 0.98
Add: Goodwill Amortization, Net of Change in Provision for Income Taxes and Minority Interest	0.56	—	—
Adjusted Income from Continuing Operations before Discontinued Operations and Cumulative Effect of Change in Accounting Principle	0.04	0.74	0.98
Income from Discontinued Operations	—	0.01	—
Cumulative Effect of Change in Accounting Principle	—	(0.07)	—
Net Income per Share—Diluted	$ 0.04	$ 0.68	$ 0.98

(In thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

Estimated amortization expense for existing intangible assets (excluding deferred financing costs which are amortized through interest expense) for the next five succeeding fiscal years is as follows:

	Estimated Amortization Expense
2004	$6,935
2005	6,314
2006	5,970
2007	5,891
2008	5,755

h. Long-Lived Assets

In accordance with SFAS No. 144, we review long-lived assets and all amortizable intangible assets (excluding goodwill) for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to their carrying amount. The operations are generally distinguished by the business segment and geographic region in which they operate. If the operation is determined to be unable to recover the carrying amount of its assets, then intangible assets are written down first, followed by the other long-lived assets of the operation, to fair value. Fair value is determined based on discounted cash flows or appraised values, depending upon the nature of the assets.

i. Customer Relationships and Acquisition Costs and Other

In connection with adopting SFAS No. 142, we reassessed the useful lives and classification of our intangible assets. Costs related to the acquisition of large volume accounts, net of revenues received for the initial transfer of the records, are capitalized and amortized for periods ranging from five to 30 years (weighted average of 29 years at December 31, 2003). These costs had previously been amortized over periods not to exceed 12 years. If the customer terminates its relationship with us, the unamortized cost is charged to expense. However, in the event of such termination, we collect, and record as income, permanent removal fees that generally equal or exceed the amount of the unamortized costs. Customer relationship intangible assets acquired through business combinations are amortized over periods ranging from five to 30 years (weighted average of 21 years at December 31, 2003). As of December 31, 2002 and 2003, the gross carrying amount of customer relationships and acquisition costs was $58,781 and $131,294, respectively, and accumulated amortization of those costs was $10,568 and $14,828, respectively. For years ended December 31, 2001, 2002 and 2003, amortization expense was $3,053, $1,770, and $4,395, respectively.

Other intangible assets, including noncompetition agreements and trademarks, are capitalized and amortized over a weighted average period of five years. As of December 31, 2002 and 2003, the gross carrying amount of other intangible assets was $21,088 and $22,212, respectively, and accumulated amortization of those costs was $16,857 and $20,280, respectively. For the years ended December 31, 2001, 2002 and 2003, amortization expense was $3,872, $3,046 and $2,559, respectively.

(In thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

j. Deferred Financing Costs

Deferred financing costs are amortized over the life of the related debt using the effective interest rate method. If debt is retired early, the related unamortized deferred financing costs are written off in the period the debt is retired to other (income) expense, net. As of December 31, 2002 and 2003, gross carrying amount of deferred financing costs was $25,883 and $29,620, respectively, and accumulated amortization of those costs was $6,525 and $5,686, respectively, and was recorded in interest expense, net.

k. Investment in Preferred Stock

In May 2000, we made a $6,500 investment in the convertible preferred stock of LiveVault Corporation, a technology development company. This investment is accounted for at the lower of cost or market. In September 2001, we recorded an impairment charge in other (income) expense, net of $6,900, including the original investment and certain loans related to such investment. In December 2001, in connection with a recapitalization of LiveVault, we made an additional $2,000 investment in LiveVault's convertible preferred stock. In December 2002, we recorded an impairment charge related to this investment in other (income) expense, net of $600. In March 2003, we made an additional $1,357 investment in LiveVault's convertible preferred stock. As of December 31, 2002 and 2003, $1,400 and $2,757, respectively, of carrying value related to this investment is included in other assets in the accompanying consolidated balance sheets.

l. Accrued Expenses

Accrued expenses consist of the following:

	December 31	
	2002	2003
Interest	$ 26,647	$ 48,960
Payroll and vacation	36,634	47,874
Derivative Liability	13,778	30,633
Restructuring costs (see Note 7)	9,906	16,322
Incentive compensation	23,752	15,306
Other	57,308	75,331
	$168,025	$234,426

m. Revenues

Our revenues consist of storage revenues as well as service and storage material sales revenues. Storage revenues consist of periodic charges related to the storage of materials (either on a per unit or per cubic foot of records basis). In certain circumstances, based upon customer requirements, storage revenues include periodic charges associated with normal, recurring service activities. Service and storage material sales revenues are comprised of charges for related service activities and courier

(In thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

operations and the sale of storage materials. Customers are generally billed on a monthly basis on contractually agreed-upon terms.

Storage and service revenues are recognized in the month the respective service is provided. Storage material sales are recognized when shipped to the customer. Amounts related to future storage for customers where storage fees are billed in advance are accounted for as deferred revenue and amortized over the applicable period.

n. Deferred Rent

We have entered into various leases for buildings used in the storage of records. Certain leases have fixed escalation clauses or other features which require normalization of the rental expense over the life of the lease resulting in deferred rent being reflected in the accompanying consolidated balance sheets. In addition, we have assumed various above market leases in connection with certain of our acquisitions. The difference between the present value of these lease obligations and the market rate at the date of the acquisition was recorded as a net deferred rent liability and is being amortized over the remaining lives of the respective leases.

o. Stock-based Compensation

As of January 1, 2003, we adopted the measurement provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure." As a result we began using the fair value method of accounting in our financial statements beginning January 1, 2003 using the prospective method. The prospective method involves recognizing expense for the fair value for all awards granted or modified in the year of adoption and thereafter with no expense recognition for previous awards. Additionally, we recognize expense related to the discount embedded in our employee stock purchase plan. We will apply the fair value recognition provisions to all stock based awards granted, modified or settled on or after January 1, 2003 and will continue to provide the required pro forma information for all awards previously granted, modified or settled before January 1, 2003.

Had we elected to recognize compensation cost based on the fair value of the options granted at grant date as prescribed by SFAS No. 123 and No. 148, net (loss) income and net (loss) income per share would have been changed to the pro forma amounts indicated in the table below:

	Year Ended December 31,		
	2001	2002	2003
Net (loss) income, as reported	$(44,057)	$58,292	$84,637
Add: Stock-based employee compensation expense included in reported net income, net of tax benefit	—	—	984
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of tax benefit	2,912	2,687	3,304
Net (loss) income, pro forma	$(46,969)	$55,605	$82,317
(Losses) Earnings per share:			
Basic—as reported	(0.53)	0.69	0.99
Basic—pro forma	(0.56)	0.66	0.97
Diluted—as reported	(0.53)	0.68	0.98
Diluted—pro forma	(0.56)	0.65	0.95

(In thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

The weighted average fair value of options granted in 2001, 2002 and 2003 was $8.74, $9.70 and $10.97 per share, respectively. The values were estimated on the date of grant using the Black-Scholes option pricing model. The following table summarizes the weighted average assumptions used for grants in the year ended December 31:

Assumption	2001	2002	2003
Expected volatility	27.0%	27.5%	27.0%
Risk-free interest rate	4.65	4.08	2.91
Expected dividend yield	None	None	None
Expected life of the option	5.0 years	5.0 years	5.0 years

p. Merger-related Expenses

Merger-related expenses as presented in the accompanying consolidated financial statements relate primarily to non-capitalizable expenses directly related to our merger with Pierce Leahy Corp. and consist primarily of severance, relocation and pay-to-stay payments, costs of exiting certain facilities, system conversion costs and other transaction-related costs.

q. Income Taxes

We account for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the tax and financial reporting basis of assets and liabilities and for loss and credit carryforwards. Valuation allowances are provided when recovery of deferred tax assets is not considered likely.

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

In accordance with SFAS No. 128, "Earnings per Share," basic net income (loss) per common share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding. The calculation of diluted net income (loss) per share is consistent with that of basic net income (loss) per share but gives effect to all potential common shares (that is, securities such as options, warrants or convertible securities) that were outstanding during the period, unless the effect is antidilutive. Potential common shares, substantially attributable to stock options, included in the calculation of diluted net income per share totaled 1,420,655 and 1,451,467 shares for the years ended December 31, 2002 and 2003, respectively. Potential common shares of 1,912,069, 316,864 and 380,304 for the years ended December 31, 2001, 2002 and 2003, respectively, have been excluded from the calculation of diluted net income per share, as their effects are antidilutive.

s. Reclassifications

Certain reclassifications have been made to the 2001 and 2002 consolidated financial statements to conform to the 2003 presentation.

(In thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

t. New Accounting Pronouncements

In April 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, amendment of FASB Statement No. 13, and Technical Corrections," which, among other things, limits the classification of gains and losses from extinguishment of debt as extraordinary to only those transactions that are unusual and infrequent in nature as defined by APB Opinion No. 30 "Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." We adopted SFAS No. 145 on January 1, 2003. Gains and losses on certain future debt extinguishments, if any, will be recorded in pre-tax income. Losses on early extinguishment of debt of $19,980, $5,430 and $28,175 for the years ended December 31, 2001, 2002 and 2003, respectively, are included in other (income) expense, net in our accompanying consolidated statements of operations to conform to the requirements under SFAS No. 145.

In January and December 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46") and No. 46, revised ("FIN 46R"), "Consolidation of Variable Interest Entities." These statements, which address perceived weaknesses in accounting for entities commonly known as special-purpose or off-balance-sheet, require consolidation of certain interests or arrangements by virtue of holding a controlling financial interest in such entities. Certain provisions of FIN 46R related to interests in special purpose entities were applicable for the period ended December 31, 2003. We must apply FIN 46R to our interests in all entities subject to the interpretation as of the first interim or annual period ending after March 15, 2004. Adoption of this new method of accounting for variable interest entities did not and is not expected to have a material impact on our consolidated results of operations and financial position.

u. Rollforward of Allowance for Doubtful Accounts

Year Ended December 31,	Balance at Beginning of the Year	Charged to Expense	Other Additions(1)	Deductions	Balance at End of the Year
2002	$17,086	$11,597	$ 783	$(9,192)	$20,274
2003	$20,274	$(2,292)	$4,873	$(4,545)	$18,310

(1) Includes allowance of businesses acquired during the year as described in Note 7, the impact associated with currency translation adjustments and the reclassification of certain allowances and credit memo reserves that were historically presented in other balance sheet accounts.

(In thousands, except share and per share data)

2. Summary of Significant Accounting Policies (Continued)

v. Accumulated Other Comprehensive Items, Net

Accumulated other comprehensive items, net consists of the following:

	December 31,	
	2002	2003
Foreign currency translation adjustments	$ (8,576)	$ 7,890
Transition adjustment charge	(214)	(214)
Unrealized loss on hedging contracts	(22,248)	(16,033)
Unrealized gain on securities	—	311
	$(31,038)	$ (8,046)

3. Variable Interest Entities

Three variable interest entities were established to acquire properties and lease those properties to us. These leases were designed to qualify as operating leases for accounting purposes, where the monthly lease expense was recorded as rent expense in our consolidated statements of operations and where the related underlying assets and liabilities were not consolidated in our consolidated balance sheets. We changed the characterization and the related accounting for properties in one variable interest entity ("VIE III") during the third quarter of 2002 and prospectively for new property acquisitions in the fourth quarter of 2002. In addition, anticipating the requirement to consolidate, and in line with our objective of transparent reporting, we voluntarily guaranteed all of the at-risk equity in VIE III and our two other variable interest entities (together, the "Other Variable Interest Entities" and, collectively with VIE III, our "Variable Interest Entities") as of December 31, 2002. These guarantees resulted in our consolidating all of our Variable Interest Entities' assets and liabilities.

Our Variable Interest Entities were financed with real estate term loans. These real estate term loans have always been and continue to be treated as indebtedness for purposes of our financial covenants under our Fifth Amended and Restated Credit Agreement dated March 15, 2002 (the "Amended and Restated Credit Agreement"). As of the date they were consolidated into our financial statements, they were also considered indebtedness under our indentures for certain of our senior subordinated notes. As of December 31, 2003, these real estate term loans amounted to $202,647. No further financing is currently available to our Variable Interest Entities to fund further property acquisitions. See Note 5.

As of December 31, 2002, we voluntarily guaranteed all of the at-risk equity in VIE III. This resulted in our consolidating all of its remaining assets and liabilities. VIE III's remaining assets and liabilities relate to an interest rate swap agreement, which it entered into upon its inception. This swap agreement hedges the majority of interest rate risk associated with VIE III's real estate term loans. Specifically, VIE III has swapped $97,000 of floating rate debt to fixed rate debt. Since the time it entered into the swap agreement, interest rates have fallen. As a result, the estimated fair value of the derivative liability held by VIE III, and now consolidated on our balance sheet, related to the swap agreement was $13,658 and $10,960 at December 31, 2002 and 2003, respectively. This swap has been

3. Variable Interest Entities (Continued)

since inception and continues to be, as of December 31, 2003, an effective hedge in accordance with SFAS No. 133. During the years ended December 31, 2002 and 2003, we recorded depreciation expense of $1,675 and $1,779 associated with the properties, respectively, and interest expense of $6,193 and $8,169, respectively, associated with the real estate term loans. See Notes 4 and 5.

In addition, as of December 31, 2002, we voluntarily guaranteed all of the at-risk equity in the Other Variable Interest Entities. This resulted in our consolidating all of their assets and liabilities. As of December 31, 2002, the total impact of consolidating the Other Variable Interest Entities was an increase of $103,932 both in property, plant and equipment and long-term debt. The underlying leases associated with the Other Variable Interest Entities were treated as operating leases from inception (as early as 1998) through consolidation on December 31, 2002. As a result, we recorded $6,733 and $5,915 in rent expense in our consolidated statements of operations related to these leases for the years ended December 31, 2001 and 2002, respectively. For the year ended December 31, 2003, we recorded depreciation expense of $2,001 associated with the properties, interest expense of $5,464 associated with the real estate term loans and no longer have rent expense related to leases associated with the Other Variable Interest Entities in our consolidated financial results.

4. Derivative Instruments and Hedging Activities

We have entered into two interest rate swap agreements, which are derivatives as defined by SFAS No. 133 and designated as cash flow hedges. These swap agreements hedge interest rate risk on certain amounts of our term loan. For all qualifying and highly effective cash flow hedges, the changes in the fair value of the derivatives are recorded in other comprehensive income (loss) which is a component of accumulated other comprehensive items included in shareholders' equity in the accompanying consolidated balance sheets. Specifically, we chose to swap the interest rates on $195,500 of floating rate debt to fixed rate. Since entering into these two swap agreements, interest rates have fallen. As a result, the estimated cost to terminate these swaps (fair value of derivative liability) would be $18,713 and $13,370 at December 31, 2002 and 2003, respectively. We have recorded, in the accompanying consolidated balance sheets, the fair value of the derivative liability, a deferred tax asset and a corresponding charge to accumulated other comprehensive items of $13,370 ($8,709 recorded in accrued expenses and $4,661 recorded in other long-term liabilities), $4,878 and $8,492, respectively, as of December 31, 2003. Additionally, as a result of the foregoing, for the years ended December 31, 2001, 2002 and 2003, we recorded additional interest expense of $2,677, $7,534 and $8,709 resulting from interest rate swap settlements. These interest rate swap agreements were determined to be highly effective, and therefore no ineffectiveness was recorded in earnings.

We have entered into a third interest rate swap agreement, which was designated as a cash flow hedge through December 31, 2002. This swap agreement hedged interest rate risk on certain amounts of our variable operating lease commitments. Specifically, we chose to swap the variable component of $47,500 of certain operating lease commitments to fixed operating lease commitments. Since entering into the swap agreement, interest rates have fallen. As a result, the estimated cost to terminate these swaps (fair value of derivative liability) would be $2,949 and $1,250 at December 31, 2002 and 2003, respectively. We have recorded, in the accompanying consolidated balance sheets, the estimated cost to terminate this swap, a deferred tax asset and a corresponding charge to accumulated other

4. Derivative Instruments and Hedging Activities (Continued)

comprehensive items of $1,250 ($1,135 recorded in accrued expenses and $115 recorded in other long-term liabilities), $456 and $794, respectively, as of December 31, 2003. From inception through December 31, 2002, this interest rate swap agreement was determined to be highly effective, and therefore no ineffectiveness was recorded in earnings. As a result of the consolidation of one of the Other Variable Interest Entities ("VIE I") on December 31, 2002, we consolidated the real estate term loans of VIE I and the operating lease commitments that were hedged by this swap are now considered to be inter-company transactions. As a result, this interest rate swap agreement was deemed to be no longer effective on a prospective basis. The unrealized mark to market losses previously recorded in other comprehensive income attributable to this swap ($1,875, net of tax, as of December 31, 2002) will be amortized through other (income) expense, net in the accompanying consolidated statement of operations based on the changes in the fair value of the swap each period that the remaining interest payments are made on VIE I's real estate term loans. We will prospectively account for mark to market changes in the derivative liability of this swap through other (income) expense, net in the accompanying consolidated statement of operations. This accounting will have a net zero impact within our consolidated statement of operations as it relates to the amortization of unrealized mark to market losses and the fair valuing of the derivative liability. Additionally, as a result of the foregoing, for the years ended December 31, 2001 and 2002, we recorded additional rent expense of $743 and $1,807, respectively, resulting from the settlements associated with this interest rate swap agreement and for the year ended December 31, 2003 we recorded additional interest expense of $2,083 resulting from settlements associated with this interest rate swap agreement.

Also, as of December 31, 2002, we consolidated VIE III which had entered into an interest rate swap agreement upon its inception which was designated as a cash flow hedge. This swap agreement hedges the majority of interest rate risk associated with VIE III's real estate term loans. Specifically, VIE III has swapped $97,000 of floating rate debt to fixed rate debt. Since the time it entered into the swap agreement, interest rates have fallen. As a result, the estimated cost to terminate these swaps (fair value of derivative liability) would be $13,658 and $10,960 at December 31, 2002 and 2003, respectively. We have recorded, in the accompanying consolidated balance sheets, the fair value of the derivative liability, a deferred tax asset and a corresponding charge to accumulated other comprehensive items of $10,960 ($4,806 recorded in accrued expenses and $6,154 recorded in other long-term liabilities), $3,998 and $6,962, respectively, as of December 31, 2003. Additionally, as a result of the foregoing, for the year ended December 31, 2002 and 2003, we recorded additional interest expense of $3,423 and $4,806, respectively, resulting from interest rate swap settlements. This interest rate swap agreement has been since inception and continues to be a highly effective hedge, and therefore no ineffectiveness was recorded in earnings.

In July 2003, we provided the initial financing totaling 190,459 British pounds sterling to Iron Mountain Europe Limited ("IME"), our European joint venture, for all of the consideration associated with the acquisition of the information management services business of Hays plc ("Hays IMS") using cash on hand and borrowings under our revolving credit facility. We recorded a foreign currency gain of $27,777 in other (income) expense, net for this intercompany balance for the year ended December 31, 2003. In order to minimize the foreign currency risk associated with providing IME with the consideration necessary for the acquisition of the European operations of Hay IMS, we borrowed

(In thousands, except share and per share data)

4. Derivative Instruments and Hedging Activities (Continued)

80,000 British pounds sterling under our revolving credit facility to create a natural hedge. We recorded a foreign currency loss of $11,496 on the translation of this revolving credit balance to U.S. dollars in other (income) expense, net for the year ended December 31, 2003. In addition, on July 16, 2003, we entered into two cross currency swaps with a combined notional value of 100,000 British pounds sterling. These swaps each have a term of one year and at maturity we have a right to receive $162,800 in exchange for 100,000 British pounds sterling. We have not designated these swaps as hedges and, therefore, all mark to market fluctuations of the swaps are recorded in other (income) expense, net in our consolidated statements of operations. We have recorded, in the accompanying consolidated balance sheet, the fair value of the derivative liability and the associated swap cost of $18,978 in accrued expenses as of December 31, 2003 and for the year ended December 31, 2003, we recorded $18,978 in other (income) expense, net in the accompanying consolidated statement of operations.

5. Debt

Long-term debt consists of the following:

	December 31,	
	2002	2003
Revolving Credit Facility due 2005	$ 75,360	$ 142,280
Term Loan due 2008	249,750	248,750
9⅛% Senior Subordinated Notes due 2007 (the "9⅛% notes")	22,409	—
8⅛% Senior Notes due 2008 (the "Subsidiary notes")	124,666	18,768
8¾% Senior Subordinated Notes due 2009 (the "8¾% notes")	249,727	—
8¼% Senior Subordinated Notes due 2011 (the "8¼% notes")	149,625	149,670
8⅝% Senior Subordinated Notes due 2013 (the "8⅝% notes")	481,097	481,075
7¾% Senior Subordinated Notes due 2015 (the "7¾% notes")	100,000	441,331
6⅝% Senior Subordinated Notes due 2016 (the "6⅝% notes")	—	314,071
Real Estate Term Loans	202,647	202,647
Real Estate Mortgages	16,262	17,584
Seller Notes	12,864	12,607
Other	47,690	61,145
Long-term Debt	1,732,097	2,089,928
Less Current Portion	(69,732)	(115,781)
Long-term Debt, Net of Current Portion	$1,662,365	$1,974,147

a. Revolving Credit Facility and Term Loans

The Amended and Restated Credit Agreement replaced our prior credit agreement. As a result, we recorded a charge to other (income) expense, net in the accompanying consolidated statement of operations of $1,222 related to the early retirement of debt in conjunction with the refinancing of our revolving credit facility in the year ended December 31, 2002. The Amended and Restated Credit Agreement has an aggregate principal amount of $650,000 and includes a $400,000 revolving credit

5. Debt (Continued)

facility, which includes the ability to borrow in certain foreign currencies, and a $250,000 term loan facility. The revolving credit facility matures on January 31, 2005. Quarterly term loan payments of $250 began in the fourth quarter of 2002 and will continue through maturity on February 15, 2008, at which time the remaining outstanding principal balance of the term loan facility is due. The interest rate on borrowings under the Amended and Restated Credit Agreement varies depending on our choice of interest rate and currency options, plus an applicable margin. All intercompany notes and the capital stock of all of our U.S. subsidiaries are pledged to secure the Amended and Restated Credit Agreement. As of December 31, 2003, we had $142,280 of borrowings outstanding under our revolving credit facility, all of which was denominated in British pound sterling in the amount of GBP 80,000. We also had various outstanding letters of credit totaling $34,447. The remaining availability under the revolving credit facility on December 31, 2003 was $223,273 based on our current level of external debt and the leverage ratio under the Amended and Restated Credit Agreement. The interest rate in effect was 5.6% as of December 31, 2003.

In December 2000, we entered into an interest rate swap contract to hedge the risk of changes in market interest rates on our Tranche B term loan. The instrument is a variable-for-fixed swap of quarterly interest payments payable on certain amounts of the Tranche B term loan through 2006. The notional value of the swap equals $99,500 and has a fixed rate of 5.9% and a variable rate based on periodic three-month London Inter-Bank Offered Rate (LIBOR). In January 2001, we entered into a second interest rate swap contract on the Tranche B term loan. The notional value of the second swap equals $96,000 and has a fixed rate of 5.5% and a variable rate based on periodic three-month LIBOR. In conjunction with the Amended and Restated Credit Agreement on March 15, 2002, these interest rate swap contracts hedge the risk of changes in market interest rates on our term loan due 2008 rather than the previous Tranche B term loan due 2006.

The Amended and Restated Credit Agreement contains certain restrictive financial and operating covenants including covenants that restrict our ability to complete acquisitions, pay cash dividends, incur indebtedness, make investments, sell assets and take certain other corporate actions. The covenants do not contain a rating trigger. Therefore, a change in our debt rating would not trigger a default under the Amended and Restated Credit Agreement. We were in compliance with all material debt covenants as of December 31, 2003.

b. Publicly Issued Notes

As of December 31, 2003, we have four series of senior subordinated notes issued to the public, that are obligations of the parent company, Iron Mountain Incorporated (the "Parent notes"):

- $150,000 principal amount of notes maturing on July 1, 2011 and bearing interest at a rate of 8¼% per annum, payable semi-annually in arrears on January 1 and July 1;
- $480,874 principal amount of notes maturing on April 1, 2013 and bearing interest at a rate of 8⅝% per annum, payable semi-annually in arrears on April 1 and October 1;
- $431,255 principal amount of notes maturing on January 15, 2015 and bearing interest at a rate of 7¾% per annum, payable semi-annually in arrears on January 15 and July 15; and

5. Debt (Continued)

- $320,000 principal amount of notes maturing on January 1, 2016 and bearing interest at a rate of 6⅝% per annum, payable semi-annually in arrears on January 1 and July 1.

The Parent notes, along with our revolving credit facility and term loan, are fully and unconditionally guaranteed, on a senior subordinated basis, by substantially all of our direct and indirect wholly owned U.S. subsidiaries (the "Guarantors"). These guarantees are joint and several obligations of the Guarantors. The remainder of our subsidiaries do not guarantee the Parent notes or the revolving credit facility and the term loan.

In addition, Canada Company, our principal Canadian subsidiary, has publicly issued $135,000 principal amount of senior notes that mature on May 15, 2008 and bear interest at a rate of 8⅛% per annum, payable semi-annually in arrears on May 15 and November 15. The Subsidiary notes are general unsecured obligations of Canada Company, ranking *pari passu* in right of payment to all of Canada Company's existing and future senior indebtedness. The Subsidiary notes are fully and unconditionally guaranteed, on a senior subordinated basis, by Iron Mountain Incorporated and the Guarantors. In addition, several of the non-guarantors that are organized under the laws of Canadian provinces fully and unconditionally guarantee the Subsidiary notes on a senior basis. As with the Parent notes, these guarantees are joint and several. In July 2003, we redeemed $50,000 of outstanding principal amount of the Subsidiary notes, at a redemption price (expressed as a percentage of principal amount) of 104.063%, plus accrued and unpaid interest. In December 2003, we redeemed $65,015 of outstanding principal amount of the Subsidiary notes, at a redemption price (expressed as a percentage of principal amount) of 104.313%, plus accrued and unpaid interest. We recorded a charge to other (income) expense, net of $12,530 in 2003 related to the early retirement of these Subsidiary notes, which consists of redemption premiums and transaction costs, as well as original issue discount related to these Subsidiary notes. In February 2004, we redeemed the remaining $19,985 of outstanding principal amount of the Subsidiary notes, at a redemption price (expressed as a percentage of principal amount) of 104.063%, plus accrued and unpaid interest. We will record a charge to other (income) expense, net of approximately $2,000 in the first quarter of 2004 related to the early retirement of these remaining Subsidiary notes, which consists of redemption premiums and transaction costs as well as original issue discount related to these Subsidiary notes.

In January 2003, we redeemed the remaining $23,183 of outstanding principal amount of our 9⅛% notes, at a redemption price (expressed as a percentage of principal amount) of 104.563%, plus accrued and unpaid interest, with proceeds from our underwritten public offering of $100,000 in aggregate principal of our 7¾% notes. We recorded a charge to other (income) expense, net in the accompanying consolidated statement of operations of $1,804 in the first quarter of 2003 related to the early retirement of the remaining 9⅛% notes.

In March 2003, we completed two debt exchanges which resulted in the issuance of $31,255 in face value of our 7¾% notes and the retirement of $30,000 of our 8¾% notes. These non-cash debt exchanges resulted in carryover basis and, therefore, no gain (loss) on extinguishment of debt in accordance with EITF No. 96-19, "Debtor's Accounting for Modification or Exchange of Debt Instruments." These exchanges result in a lower interest rate and, therefore, lower interest expense in

5. Debt (Continued)

future periods as well as extend the maturity of our debt obligations. From time to time, we may enter into similar exchange transactions that we deem appropriate.

In April 2003, we completed an underwritten public offering of an additional $300,000 in aggregate principal amount of our 7¾% notes, which were issued at a price to investors of 104% of par, implying an effective yield to worst of 7.066%. Our net proceeds of $307,340, after paying the underwriters' discounts, commissions and transaction fees, were used to fund our offer to purchase and consent solicitation relating to our outstanding 8¾% notes, redeem the 8¾% notes not purchased in the offer, repay borrowings under our revolving credit facility, repay other indebtedness and pay for acquisitions.

In April 2003, we received and accepted tenders for $143,317 of the $220,000 aggregate principal amount outstanding of our 8¾% notes. In May 2003, we redeemed the remaining $76,683 of outstanding principal amount of our 8¾% notes, at a redemption price (expressed as a percentage of principal amount) of 104.375%, plus accrued and unpaid interest. We recorded a charge to other (income) expense, net of $13,841 in the second quarter of 2003 related to the early retirement of the 8¾% notes, which consists of redemption premiums and transaction costs, as well as original issue discount and unamortized deferred financing costs related to the 8¾% notes.

In June 2003, we completed an underwritten public offering of $150,000 in aggregate principal amount of our 6⅝% notes. The 6⅝% notes were issued at a price to investors of 100% of par. Our net proceeds of $147,500, after paying the underwriters' discounts, commissions and transaction fees, were used to redeem $50,000 in aggregate principal amount of the outstanding Subsidiary notes in the third quarter of 2003 and pay for acquisitions.

In December 2003, we completed an underwritten public offering of an additional $170,000 in aggregate principal amount of our 6⅝% notes, which were issued at a price to investors of 96.5% of par, implying an effective yield to the worst of 7.06%. Our net proceeds of $161,339, after paying the underwriters' discounts, commissions and transaction fees, were used to redeem $65,015 in aggregate principal amount of our outstanding Subsidiary notes in the fourth quarter of 2003, repay borrowings under our revolving credit facility, repay other indebtedness and pay for acquisitions.

In January 2004, we completed an offering of 150,000 British pounds sterling in aggregate principal amount of our 7¼% Senior Subordinated Notes due 2014 (the "7¼% notes"), which were issued at a price of 100% of par. Our net proceeds of 146,900 British pounds sterling, after paying the initial purchasers' discounts, commissions and transaction fees, were used to fund our acquisition of Mentmore plc's 49.9% equity interest in IME for total consideration of 82,500 British pounds sterling, to redeem $19,985 in aggregate principal amount of our outstanding Subsidiary notes in the first quarter of 2004, repay borrowings under our revolving credit facility, repay other indebtedness and pay for other acquisitions.

Each of the indentures for the notes provides that we may redeem the outstanding notes, in whole or in part, upon satisfaction of certain terms and conditions. In any redemption, we are also required to pay all accrued but unpaid interest on the outstanding notes.

(In thousands, except share and per share data)

5. Debt (Continued)

The following table presents the various redemption dates and prices of the public notes. The redemption dates reflect the date at or after which the notes may be redeemed at our option at a premium redemption price. After these dates, the notes may be redeemed at 100% of face value:

Redemption Date	8¼% notes July 15,	8⅝% notes April 1,	7¼% notes April 15,	7¾% notes January 15,	6⅝% notes July 1,
2003	—	—	—	—	—
2004	104.125%	—	—	—	—
2005	102.750%	—	—	—	—
2006	101.375%	104.313%	—	—	—
2007	—	102.875%	—	—	—
2008	—	101.438%	—	103.875%	103.313%
2009	—	—	103.625%	102.583%	102.208%
2010	—	—	102.417%	101.292%	101.104%
2011	—	—	101.208%	—	—

Prior to July 1, 2004, the 8¼% notes are redeemable at our option, in whole or in part, at a specified make-whole price.

In addition, until April 1, 2004, we may under certain conditions redeem up to 35% of the 8⅝% notes with the net proceeds of one or more public equity offerings, at a redemption price of 108.625% of the principal amount.

Prior to January 15, 2008, the 7¾% notes are redeemable at our option, in whole or in part, at a specified make-whole price. Prior to January 15, 2006, we may under certain conditions redeem up to 35% of the 7¾% notes with the net proceeds of one or more public equity offerings, at a redemption price of 107.750% of the principal amount.

Prior to July 1, 2008, the 6⅝% notes are redeemable at our option, in whole or in part, at a specified make-whole price. Prior to July 1, 2006, we may under certain conditions redeem 6⅝% notes with the net proceeds of one or more public equity offerings, at a redemption price of 106.625% of the principal amount.

Prior to April 15, 2009, the 7¼% notes are redeemable at our option, in whole or in part, at a specified make-whole price. Prior to April 15, 2007, we may under certain conditions redeem 7¼% notes with the net proceeds of one or more public equity offerings, at a redemption price of 107.25% of the principal amount.

Each of the indentures for the notes provides that we or, in the case of the Subsidiary notes, Canada Company must repurchase, at the option of the holders, the notes at 101% of their principal amount, plus accrued and unpaid interest, upon the occurrence of a "Change of Control," which is defined in each respective indenture. Except for required repurchases upon the occurrence of a Change of Control or in the event of certain asset sales, each as described in the respective indenture, we are not required to make sinking fund or redemption payments with respect to any of the notes.

5. Debt (Continued)

Our indentures and other agreements governing our indebtedness contain certain restrictive financial and operating covenants including covenants that restrict our ability to complete acquisitions, pay cash dividends, incur indebtedness, make investments, sell assets and take certain other corporate actions. The covenants do not contain a rating trigger. Therefore, a change in our debt rating would not trigger a default under our indentures and other agreements governing our indebtedness. As of December 31, 2003, we were in compliance with all material debt covenants and agreements.

c. Real Estate Term Loans

Our Variable Interest Entities were financed with real estate term loans. See Note 3. As of December 31, 2003, these real estate term loans amounted to $202,647. No further financing is currently available to our Variable Interest Entities to fund further property acquisitions. The details of each real estate term loan is a follows:

- A $47,500 real estate term loan made in October, 1998 bearing interest at various variable interest rates based on LIBOR plus an applicable margin. This real estate term note has a principal payment due on March 31, 2004 of $28,800 with the remaining $18,700 maturing on March 31, 2005. Effective February 1, 2001, we entered into an interest rate swap to fix this floating rate debt for its full term at a fixed interest of 7.42%. This real estate term loan is expected to be repaid in March 2004.
- A $56,432 real estate term loan made in July, 1999 bearing interest at various variable interest rates based on LIBOR plus an applicable margin. As of December 31, 2003, the weighted average interest rate on this note was 3.33%. This real estate term note matures on December 31, 2005. This real estate term loan is expected to be repaid in March 2004.
- A $98,715 real estate term loan made in May, 2001 bearing interest at various variable interest rates based on LIBOR plus an applicable margin. This real estate term note matures on November 22, 2007. Effective May 21, 2001, we entered into an interest rate swap to fix $97,000 of this floating rate debt for its full term at a fixed interest of 8.41%.

The real estate term loans held by our Variable Interest Entities have always been and continue to be treated as indebtedness for purposes of our financial covenants under our Amended and Restated Credit Agreement. As of the date they were consolidated into our financial statements, they were also considered indebtedness under our Indentures for our Senior Subordinated Notes and our Subsidiary notes. We were in compliance with all material debt covenants under these real estate term loans as of December 31, 2003.

d. Real Estate Mortgages

In connection with the purchase of real estate and acquisitions, we assumed several mortgages on real property. The mortgages bear interest at rates ranging from 5% to 8.5% and are payable in various installments through 2025.

(In thousands, except share and per share data)

5. Debt (Continued)

e. Seller Notes

In connection with the merger with Pierce Leahy in 2000, we assumed debt related to certain existing notes as a result of acquisitions which Pierce Leahy completed in 1999. The notes bear interest at a rate of 4.75% per year. The outstanding balance of $12,607 on these notes at December 31, 2003 is due on demand through 2009 and is classified as a current portion of long-term debt. The notes are supported by a letter of credit under our revolving credit facility.

f. Other

Other long-term debt includes various notes and obligations assumed by us as a result of certain acquisitions. Additionally, IME has term loans and revolving credit facilities with its local banks that provide for approximately $87,791 of credit, of which $35,801 was available as of December 31, 2003. As of December 31, 2002, the amounts outstanding under IME's bank overdraft (due on demand), term loan and working capital/revolving credit facilities amounted to $11,175, $11,050 and $12,811, respectively. As of December 31, 2003, the amounts outstanding under IME's term loan and revolving credit facilities amounted to $32,503 and $19,487, respectively. Principal on the term loan and revolving credit facility are due on April 30, 2004 and interest is charged on borrowings at 1.25% over LIBOR. The average effective interest rate of IME's debt was 6.05%, 5.80% and 4.22% for the years ending 2001, 2002 and 2003, respectively. IME's various debt and credit facilities are secured by the assets of IME and each of its subsidiaries and includes various financial and non-financial covenants and restrictions based on net worth, net indebtedness and net finance charges. During 2003, IME breached its interest covenant following the acquisition of the European operations of Hays IMS. However, IME obtained from the bank a waiver of the breach.

Maturities of long-term debt, excluding (premiums) discounts, net, are as follows:

Year	Amount
2004	$ 116,998
2005	224,504
2006	3,968
2007	101,120
2008	246,089
Thereafter	1,394,448
	$2,087,127

(In thousands, except share and per share data)

5. Debt (Continued)

We have estimated the following fair values for our long-term debt as of December 31:

	2002		2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Revolving Credit Facility (1)	$75,360	$75,360	$142,280	$142,280
Term Loan (1)	249,750	249,750	248,750	248,750
9⅛% notes (2)(3)	22,409	24,241	—	—
8¾% notes (2)(3)	249,727	257,825	—	—
8¼% notes (2)(3)	149,625	154,500	149,670	156,375
8⅝% notes (2)(3)	481,097	502,513	481,075	521,748
7¾% notes (2)(3)	100,000	100,000	441,331	456,052
6⅝% notes (2)(3)	—	—	314,071	311,200
Subsidiary notes (3)	124,666	138,038	18,768	20,684
Real Estate Term Loans (1)	202,647	202,647	202,647	202,647
Real Estate Mortgages (1)	16,262	16,262	17,584	17,584
Seller Notes (1)	12,864	12,864	12,607	12,607
Other (1)	47,690	47,690	61,145	61,145

(1) The fair value of this long-term debt either approximates the carrying value (as borrowings under these debt instruments are based on current variable market interest rates as of December 31, 2002 and 2003) or it is impracticable to estimate the fair value due to the nature of such long-term debt.

(2) These debt instruments are collectively referred to as the "Parent notes."

(3) The fair values of the Parent notes and the Subsidiary notes are based on quoted market prices for these notes on December 31, 2002 and 2003.

(In thousands, except share and per share data)

6. Selected Consolidated Financial Statements of Parent, Guarantors and Non-Guarantors

The following financial data summarizes the consolidating Company on the equity method of accounting as of December 31, 2003 and 2002 and for the years ended December 31, 2003, 2002 and 2001. The Guarantor column includes all subsidiaries that guarantee the Parent notes and the Subsidiary notes. The Canada Company column includes Canada Company and our other Canadian subsidiaries that guarantee the Subsidiary notes, but do not guarantee the Parent notes. The Parent and the Guarantors also guarantee the Subsidiary notes. The subsidiaries that do not guarantee either the Parent notes or the Subsidiary notes are referred to in the table as the "non-guarantors."

	December 31, 2003					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Assets						
Current Assets:						
Cash and Cash Equivalents	$ —	$ 54,793	$ 2,659	$ 17,231	$ —	$ 74,683
Accounts Receivable	—	202,271	16,593	60,936	—	279,800
Intercompany Receivable	870,924	—	—	13,935	(884,859)	—
Other Current Assets	3,591	84,733	1,398	27,788	(410)	117,100
Total Current Assets	874,515	341,797	20,650	119,890	(885,269)	471,583
Property, Plant and Equipment, Net	—	973,619	108,259	410,389	—	1,492,267
Other Assets, Net:						
Long-term Notes Receivable from Affiliates and Intercompany Receivable	1,625,796	1,000	—	98,715	(1,725,511)	—
Investment in Subsidiaries	402,045	91,336	—	—	(493,381)	—
Goodwill, Net	—	1,323,340	138,720	304,478	9,741	1,776,279
Other, Net	23,661	69,221	6,895	54,888	(2,695)	151,970
Total Other Assets, Net	2,051,502	1,484,897	145,615	458,081	(2,211,846)	1,928,249
Total Assets	$2,926,017	$2,800,313	$274,524	$988,360	$(3,097,115)	$3,892,099
Liabilities and Shareholders' Equity						
Intercompany Payable	$ —	$ 237,392	$233,597	$413,870	$ (884,859)	$ —
Total Current Liabilities	74,650	257,663	41,075	211,767	(410)	584,745
Long-term Debt, Net of Current Portion	1,777,480	2,924	3,594	190,149	—	1,974,147
Long-term Notes Payable to Affiliates and Intercompany Payable	1,000	1,724,511	—	—	(1,725,511)	—
Other Long-term Liabilities	6,773	169,695	5,152	12,383	(2,695)	191,308
Commitments and Contingencies						
Minority Interests	—	—	—	6,105	69,680	75,785
Shareholders' Equity (Deficit)	1,066,114	408,128	(8,894)	154,086	(553,320)	1,066,114
Total Liabilities and Shareholders' Equity	$2,926,017	$2,800,313	$274,524	$988,360	$(3,097,115)	$3,892,099

(In thousands, except share and per share data)

6. Selected Consolidated Financial Statements of Parent, Guarantors and Non-Guarantors (Continued)

	December 31, 2002					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Assets						
Current Assets:						
Cash and Cash Equivalents	$ —	$ 52,025	$ 1,759	$ 2,508	$ —	$ 56,292
Accounts Receivable	—	183,610	13,898	27,908	—	225,416
Intercompany Receivable	782,547	—	—	13,785	(796,332)	—
Other Current Assets	3,400	72,140	2,299	7,665	(172)	85,332
Total Current Assets	785,947	307,775	17,956	51,866	(796,504)	367,040
Property, Plant and Equipment, Net	—	926,147	77,003	236,038	—	1,239,188
Other Assets, Net:						
Long-term Notes Receivable from Affiliates and Intercompany Receivable	1,150,627	—	—	98,715	(1,249,342)	—
Investment in Subsidiaries	367,355	76,011	—	—	(443,366)	—
Goodwill, Net	—	1,273,774	114,131	147,328	9,741	1,544,974
Other, Net	21,191	52,292	9,327	4,785	(8,142)	79,453
Total Other Assets, Net	1,539,173	1,402,077	123,458	250,828	(1,691,109)	1,624,427
Total Assets	$2,325,120	$2,635,999	$218,417	$538,732	$(2,487,613)	$3,230,655
Liabilities and Shareholders' Equity						
Intercompany Payable	$ —	$ 637,941	$ 92,259	$ 66,132	$ (796,332)	$ —
Total Current Liabilities	62,025	255,016	15,249	95,844	(172)	427,962
Long-term Debt, Net of Current Portion	1,306,027	1,232	126,408	228,698	—	1,662,365
Long-term Notes Payable to Affiliates and Intercompany Payable	—	1,249,342	—	—	(1,249,342)	—
Other Long-term Liabilities	12,207	111,415	997	16,858	(8,142)	133,335
Commitments and Contingencies						
Minority Interests	—	—	—	4,182	57,950	62,132
Shareholders' Equity (Deficit)	944,861	381,053	(16,496)	127,018	(491,575)	944,861
Total Liabilities and Shareholders' Equity	$2,325,120	$2,635,999	$218,417	$538,732	$(2,487,613)	$3,230,655

(In thousands, except share and per share data)

6. Selected Consolidated Financial Statements of Parent, Guarantors and Non-Guarantors (Continued)

	Year Ended December 31, 2003					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Storage	$ —	$ 712,862	$ 45,841	$116,332	$ —	$ 875,035
Service and Storage Material Sales	—	499,992	41,751	84,551	—	626,294
Total Revenues	—	1,212,854	87,592	200,883	—	1,501,329
Operating Expenses:						
Cost of Sales (Excluding Depreciation)	—	545,202	43,580	91,965	—	680,747
Selling, General and Administrative	427	314,424	15,028	53,762	—	383,641
Depreciation and Amortization	20	106,024	6,209	18,665	—	130,918
Loss (Gain) on disposal/writedown of property, plant and equipment, net	—	1,771	238	(879)	—	1,130
Total Operating Expenses	447	967,421	65,055	163,513	—	1,196,436
Operating (Loss) Income	(447)	245,433	22,537	37,370	—	304,893
Interest Expense, Net	23,809	91,881	13,481	21,297	—	150,468
Equity in the Earnings of Subsidiaries	(159,933)	(4,334)	—	—	164,267	—
Other Expense (Income), Net	51,040	(45,492)	(8,612)	500	—	(2,564)
Income from Continuing Operations Before Provision for Income Taxes and Minority Interest	84,637	203,378	17,668	15,573	(164,267)	156,989
Provision for Income Taxes	—	53,449	7,734	5,547	—	66,730
Minority Interest in Earnings of Subsidiaries	—	—	—	5,622	—	5,622
Net Income	$ 84,637	$ 149,929	$ 9,934	$ 4,404	$ (164,267)	$ 84,637

(In thousands, except share and per share data)

6. Selected Consolidated Financial Statements of Parent, Guarantors and Non-Guarantors (Continued)

	Year Ended December 31, 2002					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Storage	$ —	$ 658,613	$ 36,169	$ 64,754	$ —	$ 759,536
Service and Storage Material Sales	—	473,077	38,947	46,937	—	558,961
Total Revenues	—	1,131,690	75,116	111,691	—	1,318,497
Operating Expenses:						
Cost of Sales (Excluding Depreciation)	—	527,215	37,464	57,620	—	622,299
Selling, General and Administrative	57	295,435	13,756	23,802	—	333,050
Depreciation and Amortization	—	95,622	5,714	7,656	—	108,992
Merger-related Expenses	—	796	—	—	—	796
Loss (Gain) on disposal/writedown of property, plant and equipment, net	—	2,706	(8)	(1,924)	—	774
Total Operating Expenses	57	921,774	56,926	87,154	—	1,065,911
Operating (Loss) Income	(57)	209,916	18,190	24,537	—	252,586
Interest Expense, Net	7,077	101,660	14,708	13,187	—	136,632
Equity in the (Earnings) Losses of Subsidiaries	(72,104)	3,320	—	—	68,784	—
Other Expense (Income), Net	6,678	(4,189)	(1,490)	436	—	1,435
Income from Continuing Operations Before Provision for Income Taxes and Minority Interest	58,292	109,125	4,972	10,914	(68,784)	114,519
Provision for Income Taxes	—	41,132	2,064	4,122	—	47,318
Minority Interest in Earnings of Subsidiaries	—	—	—	3,629	—	3,629
Income from Continuing Operations before Discontinued Operations and Cumulative Effect of Change in Accounting Principle	58,292	67,993	2,908	3,163	(68,784)	63,572
Income from Discontinued Operations (Net of Tax of $768)	—	1,116	—	—	—	1,116
Cumulative Effect of Change in Accounting Principle (net of Minority Interest)	—	—	—	(6,396)	—	(6,396)
Net Income (Loss)	$ 58,292	$ 69,109	$ 2,908	$ (3,233)	$ (68,784)	$ 58,292

(In thousands, except share and per share data)

6. Selected Consolidated Financial Statements of Parent, Guarantors and Non-Guarantors (Continued)

	Year Ended December 31, 2001					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Storage	$ —	$ 604,546	$ 33,475	$ 56,453	$ —	$ 694,474
Service and Storage Material Sales	—	421,735	34,549	34,960	—	491,244
Total Revenues	—	1,026,281	68,024	91,413	—	1,185,718
Operating Expenses:						
Cost of Sales (Excluding Depreciation)	—	493,048	35,093	48,397	—	576,538
Selling, General and Administrative	83	270,201	12,733	24,783	—	307,800
Depreciation and Amortization	—	131,003	10,144	12,124	—	153,271
Merger-Related Expenses	—	3,644	—	29	—	3,673
Loss (Gain) on disposal/writedown of property, plant and equipment, net	—	339	(8)	(11)	—	320
Total Operating Expenses	83	898,235	57,962	85,322	—	1,041,602
Operating (Loss) Income	(83)	128,046	10,062	6,091	—	144,116
Interest Expense, Net	17,755	92,823	16,244	7,920	—	134,742
Equity in the Losses of Subsidiaries	(672)	2,117	—	—	(1,445)	—
Other Expense, Net	26,891	2,887	7,338	369	—	37,485
(Loss) Income from Continuing Operations Before Provision for Income Taxes and Minority Interest	(44,057)	30,219	(13,520)	(2,198)	1,445	(28,111)
Provision (Benefit) for Income Taxes	—	16,077	(111)	1,909	—	17,875
Minority Interest in Losses of Subsidiaries	—	—	—	(1,929)	—	(1,929)
Net Loss	$ (44,057)	$ 14,142	$ (13,409)	$ (2,178)	$ 1,445	$ (44,057)

(In thousands, except share and per share data)

6. Selected Consolidated Financial Statements of Parent, Guarantors and Non-Guarantors (Continued)

	Year Ended December 31, 2003					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Cash Flows from Operating Activities:						
Cash Flows (Used in) Provided by Operating Activities	$ (3,823)	$ 252,175	$ 23,486	$ 16,855	$ —	$ 288,693
Cash Flows from Investing Activities:						
Capital expenditures	—	(142,744)	(17,829)	(43,904)	—	(204,477)
Cash paid for acquisitions, net of cash acquired	—	(66,707)	—	(313,183)	—	(379,890)
Intercompany loans to subsidiaries	(407,292)	(324,980)	—	—	732,272	—
Investment in subsidiaries	(1,705)	(1,705)	—	—	3,410	—
Additions to customer relationship and acquisition costs	—	(9,549)	(797)	(2,231)	—	(12,577)
Investment in convertible preferred stock	—	(1,357)	—	—	—	(1,357)
Proceeds from sales of property and equipment	—	9,423	47	2,197	—	11,667
Cash Flows Used in Investing Activities	(408,997)	(537,619)	(18,579)	(357,121)	735,682	(586,634)
Cash Flows from Financing Activities:						
Repayment of debt and term loans	(600,445)	(683)	(53,955)	(43,734)	—	(698,817)
Proceeds from borrowings and term loans	643,784	—	49,569	50,663	—	744,016
Early retirement of senior subordinated notes	(254,407)	—	(119,851)	—	—	(374,258)
Net proceeds from sales of senior subordinated notes	617,179	—	—	—	—	617,179
Debt financing and equity contribution from minority shareholders, net	—	—	—	20,225	—	20,225
Intercompany loans from parent	—	287,190	119,829	325,253	(732,272)	—
Equity contribution from parent	—	1,705	—	1,705	(3,410)	—
Other, net	6,709	—	—	—	—	6,709
Cash Flows Provided by (Used in) Financing Activities	412,820	288,212	(4,408)	354,112	(735,682)	315,054
Effect of exchange rates on cash and cash equivalents	—	—	401	877	—	1,278
Increase in cash and cash equivalents	—	2,768	900	14,723	—	18,391
Cash and cash equivalents, beginning of year	—	52,025	1,759	2,508	—	56,292
Cash and cash equivalents, end of year	$ —	$ 54,793	$ 2,659	$ 17,231	$ —	$ 74,683

(In thousands, except share and per share data)

6. Selected Consolidated Financial Statements of Parent, Guarantors and Non-Guarantors (Continued)

	Year Ended December 31, 2002					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Cash Flows from Operating Activities:						
Cash Flows Provided by Operating Activities	$ 2,259	$ 223,446	$ 11,174	$ 18,069	$ —	$ 254,948
Cash Flows from Investing Activities:						
Capital expenditures	—	(152,501)	(8,125)	(36,371)	—	(196,997)
Cash paid for acquisitions, net of cash acquired	—	(28,041)	(21)	(21,299)	—	(49,361)
Intercompany loans to subsidiaries	(19,365)	(17,928)	—	—	37,293	—
Investment in subsidiaries	(1,940)	(1,940)	—	—	3,880	—
Additions to customer relationship and acquisition costs	—	(7,137)	(613)	(669)	—	(8,419)
Proceeds from sales of property and equipment	—	1,460	8	5,552	—	7,020
Cash Flows Used in Investing Activities	(21,305)	(206,087)	(8,751)	(52,787)	41,173	(247,757)
Cash Flows from Financing Activities:						
Repayment of debt and term loans	(458,929)	(606)	(535)	(2,173)	—	(462,243)
Proceeds from borrowings and term loans	426,235	—	—	12,607	—	438,842
Early retirement of senior subordinated notes	(54,380)	—	—	—	—	(54,380)
Net proceeds from sales of senior subordinated notes	99,000	—	—	—	—	99,000
Debt repayment and equity distribution to minority shareholders, net	—	—	—	(1,241)	—	(1,241)
Intercompany loans from parent	—	21,937	(2,469)	17,825	(37,293)	—
Equity contribution from parent	—	1,940	—	1,940	(3,880)	—
Other, net	7,120	—	—	—	—	7,120
Cash Flows Provided by (Used in) Financing Activities	19,046	23,271	(3,004)	28,958	(41,173)	27,098
Effect of exchange rates on cash and cash equivalents	—	—	644	—	—	644
Increase (Decrease) in cash and cash equivalents	—	40,630	63	(5,760)	—	34,933
Cash and cash equivalents, beginning of year	—	11,395	1,696	8,268	—	21,359
Cash and cash equivalents, end of year	$ —	$ 52,025	$ 1,759	$ 2,508	$ —	$ 56,292

(In thousands, except share and per share data)

6. Selected Consolidated Financial Statements of Parent, Guarantors and Non-Guarantors (Continued)

	Year Ended December 31, 2001					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Cash Flows from Operating Activities:						
Cash Flows Provided by Operating Activities	$ 2,557	$ 141,177	$ 8,867	$ 8,308	$ —	$ 160,909
Cash Flows from Investing Activities:						
Capital expenditures	—	(164,335)	(10,330)	(22,374)	—	(197,039)
Cash paid for acquisitions, net of cash acquired	—	(50,467)	(177)	(20,753)	—	(71,397)
Intercompany loans to subsidiaries	(114,792)	(15,836)	—	—	130,628	—
Investment in subsidiaries	(6,866)	(6,866)	—	—	13,732	—
Additions to customer relationship and acquisition costs	—	(7,292)	(319)	(809)	—	(8,420)
Investment in convertible preferred stock	—	(2,000)	—	—	—	(2,000)
Proceeds from sales of property and equipment	—	87	21	612	—	720
Cash Flows Used in Investing Activities	(121,658)	(246,709)	(10,805)	(43,324)	144,360	(278,136)
Cash Flows from Financing Activities:						
Repayment of debt and term loans	(110,869)	(1,066)	(2,590)	(3,753)	—	(118,278)
Proceeds from borrowings	103,411	73	—	2,111	—	105,595
Early retirement of senior subordinated notes	(312,701)	—	—	—	—	(312,701)
Net Proceeds from sales of senior subordinated notes	427,924	—	—	—	—	427,924
Debt financing and equity contribution from minority shareholders, net	—	—	—	21,216	—	21,216
Intercompany loans from parent	—	107,718	7,016	15,894	(130,628)	—
Equity contribution from parent	—	6,866	—	6,866	(13,732)	—
Other, net	11,145	—	—	—	—	11,145
Cash Flows Provided by Financing Activities	118,910	113,591	4,426	42,334	(144,360)	134,901
Effect of exchange rates on cash and cash equivalents	—	—	(1,094)	(1,421)	—	(2,515)
(Decrease) Increase in cash and cash equivalents	(191)	8,059	1,394	5,897	—	15,159
Cash and cash equivalents, beginning of year	191	3,336	302	2,371	—	6,200
Cash and cash equivalents, end of year	$ —	$ 11,395	$ 1,696	$ 8,268	$ —	$ 21,359

(In thousands, except share and per share data)

7. Acquisitions

In July 2003, we and IME completed the acquisition of Hays IMS in two simultaneous transactions. IME acquired the European operations of Hays IMS for aggregate cash consideration (including transaction costs) of approximately 190,000 British pounds sterling ($309,000), while we acquired the U.S. operations of Hays IMS for aggregate cash consideration (including transaction costs) of approximately 14,500 British pounds sterling ($24,000). Both transactions were on a cash and debt free basis.

We purchased substantially all of the assets and assumed certain liabilities of 16, 10 and 8 records management businesses during 2001, 2002 and 2003, respectively. Each of these acquisitions was accounted for using the purchase method of accounting, and accordingly, the results of operations for each acquisition have been included in our consolidated results from their respective acquisition dates. Consideration for the various acquisitions included: (1) cash, which was provided through our credit facilities and (2) the issuance of certain of our senior subordinated notes.

A summary of the consideration paid and the allocation of the purchase price of the acquisitions is as follows:

	2001	2002	2003
Cash Paid (gross of cash acquired)	$ 72,222(1)	$41,356(2)	$387,803(3)
Fair Value of Debt Assumed/Issued	10,352	—	—
Total Consideration	82,574	41,356	387,803
Fair Value of Identifiable Assets Acquired	19,504	10,440	244,950
Liabilities Assumed	(10,019)	(4,868)	(46,217)
Fair Value of Identifiable Net Assets Acquired	9,485	5,572	198,733
Recorded Goodwill	$ 73,089	$35,784	$189,070

(1) Included in cash paid for acquisitions in the consolidated statement of cash flows for the year ended December 31, 2001 is a $5,524 contingent payment that was paid during 2001 related to acquisitions made before 2001.

(2) Included in cash paid for acquisitions in the consolidated statement of cash flows for the year ended December 31, 2002 is a $7,165 contingent payment that was paid during 2002 related to an acquisition made in 2000.

(3) Included in cash paid for acquisitions in the consolidated statement of cash flows for the year ended December 31, 2003 is a $1,077 contingent payment that was paid in 2003 related to an acquisition made in 2001.

Allocation of the purchase price for the 2003 acquisitions was based on estimates of the fair value of net assets acquired, and is subject to adjustment. The purchase price allocations of certain 2003 transactions are subject to finalization of the assessment of the fair value of property, plant and equipment, intangible assets, operating leases and deferred income taxes. We are not aware of any information that would indicate that the final purchase price allocations will differ meaningfully from preliminary estimates.

(In thousands, except share and per share data)

7. Acquisitions (Continued)

In connection with each of our acquisitions, we have undertaken certain restructurings of the acquired businesses. The restructuring activities include certain reductions in staffing levels, elimination of duplicate facilities and other costs associated with exiting certain activities of the acquired businesses. The estimated cost of these restructuring activities were recorded as costs of the acquisitions and were provided in accordance with EITF No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination." We finalize restructuring plans for each business no later than one year from the date of acquisition. Unresolved matters at December 31, 2003 primarily include completion of planned abandonments of facilities and severances for certain acquisitions.

The following is a summary of reserves related to such restructuring activities:

	2002	2003
Reserves, beginning of the year	$16,225	$ 9,906
Reserves established	4,963	12,526
Expenditures	(6,745)	(5,436)
Adjustments to goodwill, including currency effect(1)	(4,537)	(674)
Reserves, end of the year	$ 9,906	$16,322

(1) Includes adjustments to goodwill as a result of management finalizing its restructuring plans.

At December 31, 2002, the restructuring reserves related to acquisitions consisted of lease losses on abandoned facilities ($5,146), severance costs for approximately two people ($578) and move and other exit costs ($4,182).

At December 31, 2003, the restructuring reserves related to acquisitions consisted of lease losses on abandoned facilities ($6,849), severance costs for approximately 158 people ($3,593) and move and other exit costs ($5,880). These accruals are expected to be used prior to December 31, 2004 except for lease losses of $4,927 and severance contracts of $314, both of which are based on contracts that extend beyond one year.

In connection with some of our acquisitions, we have potential earn-out obligations that would be payable in the event businesses we acquired meet certain operational objectives. These payments are based on the future results of these operations and our estimate of the maximum contingent earn-out payments we would be required to make under all such agreements as of December 31, 2003 is approximately $4,800.

(In thousands, except share and per share data)

8. Capital Stock and Stock Options

a. Capital Stock

The following table summarizes the number of shares authorized, issued and outstanding for each issue of our capital stock as of December 31:

		Number of Shares			
		Authorized		Issued and Outstanding	
Equity Type	Par Value	2002	2003	2002	2003
Preferred stock	$.01	10,000,000	10,000,000	—	—
Common stock	.01	150,000,000	150,000,000	85,049,624	85,575,254

b. Stock Options

A total of 8,703,771 shares of common stock have been reserved for grants of options and other rights under our various stock incentive plans.

The following is a summary of stock option transactions, including those issued to employees of acquired companies, during the applicable periods, excluding transactions under the employee stock purchase plan:

	Options	Weighted Average Exercise Price
Options outstanding, December 31, 2000	5,048,543	$12.55
Granted	497,757	26.38
Exercised	(1,188,316)	6.94
Canceled	(73,592)	19.28
Options outstanding, December 31, 2001	4,284,392	15.63
Granted	432,560	29.96
Exercised	(594,049)	9.26
Canceled	(226,087)	17.01
Options outstanding, December 31, 2002	3,896,816	18.08
Granted	458,567	37.20
Exercised	(440,868)	13.27
Canceled	(52,346)	26.40
Options outstanding, December 31, 2003	3,862,169	20.59

Except for the options granted in connection with acquisitions, these options were granted with exercise prices equal to the market price of the stock at the date of grant. The majority of these options become exercisable ratably over a period of five years unless the holder terminates employment and generally have a contractual life of 10 years. The number of shares available for grant at December 31, 2003 was 969,331.

(In thousands, except share and per share data)

8. Capital Stock and Stock Options (Continued)

The following table summarizes additional information regarding options outstanding and exercisable at December 31, 2003:

	Outstanding			Exercisable	
Range of Exercise Prices	Number	Weighted Average Remaining Contractual Life (in Years)	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
$0.50 to $0.58	5,239	3.2	$ 0.57	5,239	$ 0.57
$2.88 to $3.84	245,968	2.2	3.04	245,968	3.04
$4.42 to $6.07	84,312	4.6	5.53	84,312	5.53
$6.83 to $7.29	456,098	2.5	6.93	456,098	6.93
$11.44 to $16.22	554,808	3.9	14.40	535,998	14.36
$18.11 to $26.30	1,541,204	6.4	22.51	929,659	22.17
$27.41 to $38.40	974,540	8.6	33.31	159,793	29.21
	3,862,169	5.8	20.59	2,417,067	15.45

9. Discontinued Operations

In June 1999, in order to focus on our records and information management services business, we decided to sell our information technology staffing business, Arcus Staffing Resources, Inc., which was acquired in January 1998 as part of the acquisition of Arcus Group, Inc. Effective November 1, 1999, we completed the sale of substantially all of the assets of Arcus Staffing. The terms of the sale included contingent payments for a period of 18 months. In accordance with the provisions of APB No. 30, the sale of Arcus Staffing was accounted for as a discontinued operation. Accordingly, the Arcus Staffing operations were segregated from our continuing operations and reported as a separate line item on our consolidated statement of operations.

In 1999, we recorded an estimated loss on the sale of Arcus Staffing of $13,400, comprised of a write-off of goodwill, a deferred tax benefit and estimated expenses directly related to the transaction partially offset by the estimated income from operations of Arcus Staffing through the date of disposition. In 2002, we recorded income from discontinued operations of $1,116 (net of tax of $768) related to the reversal of remaining liabilities associated with certain contingencies which have been resolved.

(In thousands, except share and per share data)

10. Income Taxes

The components of income (loss) from continuing operations before provision for income taxes and minority interest are:

	2001	2002	2003
U.S. and Canada	$(25,156)	$103,561	$140,638
Foreign	(2,955)	10,958	16,351
	$(28,111)	$114,519	$156,989

We have estimated federal net operating loss carryforwards which begin to expire in 2018 through 2021 of $123,200 at December 31, 2003 to reduce future federal taxable income, if any. These net operating loss carryforwards do not include approximately $103,000 of potential preacquisition net operating loss carryforwards of Arcus Group, Inc. and certain foreign acquisitions. Any tax benefit realized related to preacquisition net operating loss carryforwards will be recorded as a reduction of goodwill when, and if, realized. The Arcus Group carryforwards begin to expire in two years. We also have estimated state net operating loss carryforwards of $73,776. The state net operating loss carryforwards are subject to a valuation allowance of approximately 54%. Additionally, we have alternative minimum tax credit carryforwards of $1,187, which have no expiration date and are available to reduce future income taxes, if any.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

	December 31,	
	2002	2003
Deferred Tax Assets:		
Accrued liabilities	$ 11,809	$ 12,854
Deferred rent	7,941	8,399
Net operating loss carryforwards	63,445	46,611
AMT credit	587	1,187
Valuation Allowance	(5,804)	(4,829)
Unrealized loss on hedging contracts	12,858	9,332
Other	31,567	16,589
	122,403	90,143
Deferred Tax Liabilities:		
Other assets, principally due to differences in amortization	(47,274)	(68,956)
Plant and equipment, principally due to differences in depreciation	(103,606)	(115,061)
Customer acquisition costs	(15,795)	(19,314)
	(166,675)	(203,331)
Net deferred tax liability	$(44,272)	$(113,188)

(In thousands, except share and per share data)

10. Income Taxes (Continued)

We receive a tax deduction upon exercise of non-qualified stock options by employees for the difference between the exercise price and the market price of the underlying common stock on the date of exercise, which is included in the net operating loss carryforwards above. During 2002 and 2003, we recognized $4,476 and $3,950 of tax benefit related to the exercise of non-qualified stock options, which was credited to equity.

We file a consolidated federal income tax return with our U.S. subsidiaries. The provision for income taxes consists of the following components:

	Year Ended December 31,		
	2001	2002	2003
Federal—deferred	$ 8,332	$33,629	$43,856
State—current	(726)	1,447	2,758
State—deferred	8,359	8,121	14,871
Foreign—current and deferred	1,910	4,121	5,245
	$17,875	$47,318	$66,730

A reconciliation of total income tax expense and the amount computed by applying the federal income tax rate of 35% to income (loss) from continuing operations before provision for income taxes and minority interests for the years ended December 31, 2001, 2002 and 2003, respectively, is as follows:

	Year Ended December 31,		
	2001	2002	2003
Computed "expected" tax (benefit) provision	$(9,838)	$40,082	$54,946
Changes in income taxes resulting from:			
State taxes (net of federal tax benefit)	2,432	6,220	10,650
Impact of retroactive state law change (net of federal tax benefit)	—	—	809
Nondeductible expenses	18,066	—	—
Increase in valuation allowance	4,832	210	—
Foreign tax rate and tax law differential	598	(209)	(540)
Other, net	1,785	1,015	865
	$17,875	$47,318	$66,730

(In thousands, except share and per share data)

11. Quarterly Results of Operations (Unaudited)

Quarter Ended	March 31	June 30	Sept. 30	Dec. 31
2002				
Total revenues	$317,198	$327,720	$333,113	$340,466
Gross profit	164,752	172,313	179,255	179,878
Income from continuing operations before discontinued operations and cumulative effect of change in accounting principle	12,518	19,989	15,697	15,368
Net income	6,122	19,989	15,697	16,484
Income from continuing operations per share before discontinued operations and cumulative effect of change in accounting principle—basic	0.15	0.24	0.19	0.18
Income from continuing operations per share before discontinued operations and cumulative effect of change in accounting principle—diluted	0.15	0.23	0.18	0.18
Net income per share—basic	0.07	0.24	0.19	0.19
Net income per share—diluted	0.07	0.23	0.18	0.19
2003				
Total revenues	$351,811	$359,270	$381,758	$408,490
Gross profit	191,660	197,238	210,403	221,281
Net income	21,284	20,133	14,794	28,426
Net income per share—basic	0.25	0.24	0.17	0.33
Net income per share—diluted	0.25	0.23	0.17	0.33

12. Segment Information

We operate in seven operating segments, based on their economic environment, geographic area, the nature of their services and the nature of their processes:

- Business Records Management—throughout the United States and Canada, the storage of paper documents, as well as all other non-electronic media such as microfilm and microfiche, master audio and videotapes, film, X-rays and blueprints, including healthcare information services, vital records services and service, courier operations, and the collection, handling and disposal of sensitive documents for corporate customers
- Off-Site Data Protection—the storage and rotation of backup computer media as part of corporate disaster and business recovery plans, including service and courier operations
- Fulfillment—the storage of customer marketing literature and delivery to sales offices, trade shows and prospective customers' sites based on current and prospective customer orders; the assembly of custom marketing packages and orders; the management and detailed reporting on customer marketing literature inventories
- Digital Archiving Services—storage and related services for electronic records conveyed via telecommunication lines and the Internet

(In thousands, except share and per share data)

12. Segment Information (Continued)

- Europe—records and information management services and off-site data protection services throughout Europe
- South America—records and information management services throughout South America
- Mexico—records and information management services throughout Mexico

The South America and Mexico operating segments do not individually meet the quantitative thresholds for a reporting segment, but have been aggregated and reported with Europe as one reporting segment, "International," given their similar economic characteristics, products, customers and processes. The Fulfillment and Digital Archiving Services operating segments do not meet the quantitative thresholds for a reportable segment and thus are included in the "Corporate and Other" category. Corporate items include non-operating overhead, corporate general and administrative expenses, non-allocated operating expenses and inter-segment eliminations. Corporate assets are principally cash and cash equivalents, prepaid items, certain non-operating fixed assets, deferred income taxes, certain non-trade receivables, certain inter-segment receivables, and deferred financing costs.

An analysis of our business segment information to the respective information in the consolidated financial statements is as follows:

	Business Records Management	Off-Site Data Protection	International	Corporate & Other(1)	Total Consolidated
2001					
Total Revenues	$ 861,302	$209,429	$ 89,475	$ 25,512	$1,185,718
Contribution	227,164	50,254	16,250	7,712	301,380
Total Assets	2,277,836	348,181	265,968	(32,079)	2,859,906
2002					
Total Revenues	944,845	239,081	109,381	25,190	1,318,497
Contribution	262,541	61,729	21,988	16,890	363,148
Total Assets	2,358,459	359,339	317,073	195,784	3,230,655
2003					
Total Revenues	1,022,335	251,141	198,068	29,785	1,501,329
Contribution	286,208	71,240	46,825	32,668	436,941
Total Assets	2,536,415	375,845	765,814	214,025	3,892,099

(1) Total assets include the inter-segment elimination amounts of $1,564,730, $1,277,393 and $1,813,276 as of December 31, 2001, 2002 and 2003, respectively.

The accounting policies of the reportable segments are the same as those described in Note 2 except that certain costs are allocated from Corporate to the other segments in 2001, 2002 and 2003, primarily to our Business Records Management and Off-Site Data Protection segments. These allocations, which include rent, worker's compensation, property, general liability, auto and other insurance, pension/medical costs, sick and vacation costs, incentive compensation, real estate property taxes and provision for bad debts, are based on rates set at the beginning of each year. Contribution for each segment is defined as total revenues less cost of sales (excluding depreciation) and selling,

(In thousands, except share and per share data)

12. Segment Information (Continued)

general and administrative expenses including the costs allocated to each segment as described above. Internally, we use Contribution as the basis for evaluating the performance of and allocating resources to our operating segments.

A reconciliation of Contribution to net (loss) income on a consolidated basis is as follows:

	Years Ended December 31,		
	2001	2002	2003
Contribution	$301,380	$363,148	$436,941
Less: Depreciation and Amortization	153,271	108,992	130,918
Merger-related Expenses	3,673	796	—
Loss on Disposal/Writedown of Property, Plant and Equipment, Net	320	774	1,130
Interest Expense, Net	134,742	136,632	150,468
Other Expense (Income), Net	37,485	1,435	(2,564)
Provision for Income Taxes	17,875	47,318	66,730
Minority Interest in (Losses) Earnings of Subsidiaries	(1,929)	3,629	5,622
Income from Discontinued Operations, Net of Tax	—	(1,116)	—
Cumulative Effect of Change in Accounting Principle, Net of Minority Interest	—	6,396	—
Net (Loss) Income	$(44,057)	$ 58,292	$ 84,637

Our consulting business, previously analyzed as part of Business Records Management, is now analyzed within the Corporate & Other category. Our secure shredding business, previously analyzed as part of Corporate & Other, is now analyzed within the Business Records Management segment. Our film and sound business, previously analyzed as part of Business Records Management, is now analyzed within the Off-Site Data Protection segment. Our electronic vaulting business, previously analyzed as part of Corporate & Other, is now analyzed within the Off-Site Data Protection segment. Our Canadian business, previously analyzed as part of our International segment, is now analyzed within the Business Records Management segment. In addition, certain allocations from Corporate & Other to Business Records Management and Off-Site Data Protection have been changed. To the extent practicable, the prior period numbers shown above have been adjusted to reflect all of these changes.

(In thousands, except share and per share data)

12. Segment Information (Continued)

Information as to our operations in different geographical areas is as follows:

	2001	2002	2003
Revenues:			
United States	$1,028,219	$1,134,000	$1,215,669
United Kingdom	59,226	79,228	145,735
Canada	68,024	75,116	87,592
Other International	30,249	30,153	52,333
Total Revenues	$1,185,718	$1,318,497	$1,501,329
Long-lived Assets:			
United States	$2,118,828	$2,395,018	$2,514,031
United Kingdom	165,443	216,040	551,924
Canada	200,425	200,461	253,874
Other International	65,893	52,096	100,687
Total Long-lived Assets	$2,550,589	$2,863,615	$3,420,516

13. Commitments and Contingencies

a. Leases

We lease most of our facilities under various operating leases. A majority of these leases have renewal options of five to ten years and have either fixed or Consumer Price Index escalation clauses. We also lease equipment under operating leases, primarily computers which have an average lease life of three years. Trucks and office equipment are also leased and have remaining lease lives ranging from one to seven years. Rent expense was $126,871, $125,866 and $134,371 for the years ended December 31, 2001, 2002 and 2003, respectively. There was $6,733, $5,915 and $0 related to synthetic lease facilities included in rent expense for the years ended December 31, 2001, 2002 and 2003, respectively. See Note 3.

Minimum future lease payments, net of sublease income of $2,238, $1,650, $767, $414, $267 and $560 for 2004, 2005, 2006, 2007, 2008 and thereafter, respectively, are as follows:

Year	Operating
2004	$135,512
2005	119,441
2006	102,797
2007	88,365
2008	70,357
Thereafter	386,412
Total minimum lease payments	$902,884

We have guaranteed the residual value of certain vehicle operating leases to which we are a party. The maximum net residual value guarantee obligation for these vehicles as of December 31, 2003 was

13. Commitments and Contingencies (Continued)

$679. We believe that it is not reasonably likely that we will be required to perform under these guarantee agreements or that any performance requirement would have a material impact on our consolidated financial statements.

b. South Brunswick Fires Litigation

In March 1997, we experienced three fires, all of which authorities have determined were caused by arson. The fires resulted in damage to one and destruction of another records and information services facility in South Brunswick Township, New Jersey.

Certain of our customers or their insurance carriers have asserted claims as a consequence of the destruction of, or damage to, their records as a result of the fires, including claims with specific requests for compensation and allegations of negligence or other culpability on the part of Iron Mountain. We and our insurers have denied any liability on the part of Iron Mountain as to all of these claims.

We are presently aware of five pending lawsuits that have been filed against Iron Mountain by certain of our customers and/or their insurers, and one pending lawsuit filed by the insurers of an abutter of one of the South Brunswick facilities. Five of these six lawsuits have been consolidated for pre-trial purposes in the Middlesex County, New Jersey, Superior Court. The sixth lawsuit, brought by a single customer, is pending in the Supreme Court for New York County, New York. A seventh lawsuit, also brought by a single customer, was tried before a federal judge in New Jersey in February 2000, with a defendant's verdict entered in favor of Iron Mountain. An eighth lawsuit filed by an injured firefighter is currently being settled by our insurer for a nominal amount. Several other claims that were originally filed in relation to these lawsuits have been voluntarily dismissed without prejudice by the customers, abutting business owners, and/or their insurance carriers.

We have denied liability and asserted affirmative defenses in all of the remaining cases arising out of the fires and, in certain of the cases, have asserted counterclaims for indemnification against the plaintiffs. Discovery is ongoing. We deny any liability as a result of the destruction of, or damage to, customer records or property of abutters as a result of the fires, which were beyond our control. We intend to vigorously defend ourselves against these and any other lawsuits that may arise.

Our professional liability insurer, together with our general liability and property insurance carriers, have entered into a binding agreement with us regarding reimbursement of defense costs and have agreed to ongoing discussions regarding any remaining coverage issues, further defense and/or settlement of these claims.

c. Sequedex, H-W Associates, Pioneer and Pierce Proceedings

On March 28, 2002, Iron Mountain and Iron Mountain Information Management, Inc. ("IMIM"), one of our wholly owned subsidiaries, commenced an action in the Middlesex County, New Jersey, Superior Court, Chancery Division, captioned Iron Mountain Incorporated and Iron Mountain Information Management, Inc. v. J. Peter Pierce, Sr., Douglas B. Huntley, J. Michael Gold, Fred A. Mathewson, Jr., Michael DiIanni, J. Anthony Hayden, Pioneer Capital, LLC, and Sequedex, LLC. In the complaint, we alleged that defendant J. Peter Pierce, Sr., a former member of our Board of

13. Commitments and Contingencies (Continued)

Directors and the former President of IMIM until his termination without cause effective June 30, 2000, violated his fiduciary obligations, as well as various noncompetition and other provisions of an employment agreement with Iron Mountain, dated February 1, 2000, by providing direct and/or indirect financial, management and other support to defendant Sequedex. Sequedex was established in October 2000, and competed directly with us in the records management information services industry. The complaint also alleged that Mr. Pierce and certain of the other defendants, who were employed by or affiliated with Pierce Leahy Corp. prior to the merger of Pierce Leahy with Iron Mountain in February 2000, misappropriated and used our trade secrets and other confidential information. Finally, the complaint asserted claims against Sequedex and others for tortious interference with contractual relations, against all of the defendants for civil conspiracy in respect of the matters described above, and against defendant Michael DiIanni for breach of his employment agreement with IMIM, dated September 6, 2000. The litigation seeks injunctions in respect of certain matters and recovery of damages against the defendants.

On April 12, 2002, Iron Mountain also initiated a related arbitration proceeding against Mr. Pierce before the Philadelphia, Pennsylvania, Office of the American Arbitration Association (the "AAA") pursuant to an arbitration clause in the employment agreement between Iron Mountain and Mr. Pierce. In the arbitration, Mr. Pierce counterclaimed for indemnification of his expenses, including attorneys' fees. We disputed Mr. Pierce's claim. On July 19, 2002, the litigation was stayed pending the outcome of the arbitration proceeding. On February 25, 2003, in response to Iron Mountain's request, the AAA removed the arbitrator. The arbitration proceeding was transferred by agreement of the parties to ADR Options, Inc. On February 4, 2004, the arbitrator rendered a decision. The arbitrator did not find the evidence provided by us in our action against Mr. Pierce sufficient to rule in our favor on the particular claims at issue. In addition, the arbitrator ruled that, pursuant to an indemnification provision in Mr. Pierce's employment agreement, we must pay Mr. Pierce's attorneys fees and costs that are attributable to this single arbitration. The arbitrator has established a procedure to ascertain the amount of these fees and expenses, which, in any case are not expected to be material to our financial position or results of operations. We have recently filed a motion to vacate the arbitrator's decision and award in Middlesex County, New Jersey, where the pending action against Mr. Pierce and others is currently stayed.

On December 16, 2002, Hartford Windsor Associates, L.P. ("H-W Associates"), Hartford General, LLC, J. Anthony Hayden, Mr. Pierce, Frank Seidman and John H. Greenwald, Jr. commenced an action in the Court of Common Pleas, Montgomery County, Pennsylvania, against Iron Mountain Incorporated. In the complaint, the plaintiffs allege that H-W Associates purchased a warehouse property in Connecticut to serve as a records storage facility, and entered into a lease for the facility with Sequedex, then a competitor of ours, and that the remaining plaintiffs were limited or general partners of H-W Associates. The plaintiffs also allege that we tortiously interfered with Sequedex's contractual relations with an actual or prospective customer of Sequedex and, as a result, caused Sequedex to default on its lease to H-W Associates. The complaint seeks damages in excess of $100,000. We have denied the material allegations in the complaint filed against us by H-W Associates and the other plaintiffs and have since filed counterclaims against the plaintiffs alleging tortious interference with our business relationship with one of our longstanding customers. Discovery is proceeding.

13. Commitments and Contingencies (Continued)

Also on December 16, 2002, Pioneer Capital L.P. ("Pioneer"), Pioneer Capital Genpar, Inc. ("PCG"), the general partner of Pioneer, and Mr. Pierce, the President of PCG, commenced an action in the Court of Common Pleas, Montgomery County, Pennsylvania, against Iron Mountain Incorporated, C. Richard Reese, John F. Kenny, Jr., Garry Watzke, Schooner Capital LLC ("Schooner") and Vincent J. Ryan. The named individuals are Directors and/or officers of Iron Mountain and Schooner is a shareholder of Iron Mountain. In the complaint, the plaintiffs allege that the defendants had numerous conversations and arrangements with Mr. Carr, one of Mr. Pierce's and Pioneer's business partners in a company named Logisteq LLC. The plaintiffs further allege that, as a result of such conversations and arrangements, defendants conspired to, and did intentionally, interfere with Pioneer's relationship with its partner and Logisteq. The plaintiffs also allege that defendants damaged Mr. Pierce's reputation in the community by telling Iron Mountain employees and other third parties that Mr. Pierce breached his employment agreement with Iron Mountain, misappropriated and used Iron Mountain's confidential information, breached his fiduciary duties to Iron Mountain's shareholders and assisted Sequedex, then a competitor of Iron Mountain, in unfairly competing with Iron Mountain. Finally, the complaint alleges that the business partner in Logisteq taped conversations with Mr. Pierce and others which allegedly violated privacy laws, that the defendants knew, or should have known, that the tapes were being made without the consent of the individuals and, as a result, Mr. Pierce was harmed. The complaint seeks damages in excess of $5,000,000. Iron Mountain and the other defendants have challenged the legal sufficiency of the plaintiffs' pleadings in each of these cases.

On September 10, 2003, IMIM filed a complaint in the Court of Common Pleas, Montgomery County, Pennsylvania in a matter related to the litigation between the Company and Sequedex, Mr. Pierce and others disclosed above. The new matter names Sequedex, J. Michael Gold and Peter Hamilton as defendants, and alleges that in 2000 defendants Gold and Hamilton, both former IMIM employees, used confidential and proprietary business information that they had obtained while employed by IMIM to form their own records management company, Sequedex. The complaint also alleges unlawful interference with IMIM's contractual relationship with a certain customer and other matters. The defendants filed preliminary objections to our complaint and Iron Mountain has answered those preliminary objections.

Prior to the litigation directly pertaining to Mr. Pierce having been filed, in approximately October 2000, three former management employees of IMIM became employed by or otherwise associated with Sequedex. IMIM commenced actions against these three former employees to enforce its rights under their confidentiality and non-competition agreements. IMIM has also asserted claims against Sequedex for tortious interference with these agreements, and against both Sequedex and the former employees for misappropriation and use of IMIM's trade secrets and confidential information.

The defendants in all three cases have denied the material allegations in IMIM's complaints and asserted various affirmative defenses. In addition, Sequedex and the individual defendants filed counterclaims against IMIM and third party complaints against Iron Mountain. The counterclaims and third party complaints assert claims for tortious interference with certain contracts and prospective business relations between Sequedex and its current and potential customers as well as a claim for trade disparagement and defamation. The defendant in one of these actions sought a declaratory judgment regarding the enforceability of the confidentiality and non-competition agreements at issue in

13. Commitments and Contingencies (Continued)

that case and filed a motion for summary judgment seeking to have the non-competition agreement declared void, or to limit its scope. IMIM and Iron Mountain filed motions in all three cases to dismiss the various counterclaims and third-party complaints. All of these motions, i.e., the defendants' motion for summary judgment and IMIM's and Iron Mountain's motions to dismiss, were denied by the court following a hearing on May 7, 2002. As previously disclosed in our quarterly report on Form 10-Q for the quarter ended September 30, 2003, Sequedex furnished a preliminary statement of damages with an estimate of compensatory damages of approximately $172 million and an indication that Sequedex intended to seek punitive damages of approximately $1.5 billion. Sequedex is no longer seeking damages in this amount and in connection with its proposed amended counterclaim, Sequedex has recently furnished a litigation expert's report of damages claiming approximately $59 million plus approximately $6.6 million of pre-judgment interest. Sequedex has indicated that it also intends to seek punitive damages in an undisclosed amount. Extensive discovery has been conducted in the three cases and is ongoing; on the basis of that discovery, it is our belief that Sequedex has not produced any material evidence that we or IMIM acted wrongfully in any respect. Further, limited discovery has been conducted in respect of Sequedex's damages claim; on the basis of that discovery, we do not believe that Sequedex has any foundation, and we believe that it cannot provide any foundation, for its damages calculations. We believe that the damages calculations submitted by Sequedex are not supported by credible evidence and are subject to serious legal, methodological and factual deficiencies. A trial of the three actions in which the Sequedex counterclaims and third party complaints have been asserted is scheduled to commence in April of 2004. IMIM, Sequedex and one of the individual defendants recently filed dispositive motions, including motions for summary judgment as to certain of the claims. All of these motions were denied by the court following a hearing on February 24, 2004.

Discovery is proceeding in each of these cases, other than the arbitration. We intend to prosecute these actions vigorously, as well as to defend ourselves vigorously against the counterclaims and the third party complaints.

d. Other Litigation

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

The outcome of the South Brunswick fires, Sequedex, H-W Associates, Pioneer and Pierce proceedings cannot be predicted with certainty. Based on our present assessment of the situation, after consultation with legal counsel, management does not believe that the outcome of these proceedings will have a material adverse effect on our financial condition or results of operations, although there can be no assurance in this regard.

14. Related Party Transactions

We lease space to an affiliated company, Schooner, for its corporate headquarters located in Boston, Massachusetts. For the years ended December 31, 2001, 2002 and 2003, Schooner paid rent to us totaling $101, $128 and $144, respectively. We lease facilities from an officer and three separate

14. Related Party Transactions (Continued)

limited partnerships, whose general partner was a related party. Our aggregate rental payment for such facilities during 2001, 2002 and 2003 was $1,381, $1,372 and $1,309, respectively. In the opinion of management, all of these leases were entered into at market prices and terms.

We have an agreement with Leo W. Pierce, Sr., our former Chairman Emeritus and the father of J. Peter Pierce, our former director, that requires pension payments of $8 per month until his death. The total benefit is recorded in accrued expenses in the accompanying consolidated balance sheets in the amount of $922 as of December 31, 2003.

At December 31, 2003, we have outstanding loans to an officer with an aggregate principal amount of $331. These notes bear interest at a variable rate. This liability was assumed in connection with our merger with Pierce Leahy.

15. Employee Benefit Plans

a. Iron Mountain Companies 401(k) Plan

We have a defined contribution plan, which generally covers all non-union U.S. employees meeting certain service requirements. Eligible employees may elect to defer from 1% to 25% of compensation per pay period up to the amount allowed by the Internal Revenue Code. In addition, IME operates a defined contribution plan, which is similar to the U.S.'s 401(k) Plan. We make matching contributions based on the amount of an employee's contribution in accordance with the plan document. We have expensed $2,466, $3,043 and $4,164 for the years ended December 31, 2001, 2002 and 2003, respectively.

b. Employee Stock Purchase Plan

On March 23, 1998, we introduced an employee stock purchase plan (the "Plan"), participation in which is available to substantially all employees who meet certain service eligibility requirements. The Plan was approved by our shareholders on May 28, 1998 and commenced operations on October 1, 1998. The Plan provided a way for our eligible employees to become shareholders on favorable terms. The Plan provided for the purchase of up to 562,500 shares of our common stock by eligible employees through successive offering periods. At the start of each offering period, participating employees were granted options to acquire our common stock. As there were no shares remaining in the Plan on December 31, 2002, a new employee stock purchase plan (the "2003 Plan"), which provides for the purchase of up to 750,000 shares of our common stock was approved by our shareholders in May 2003 and commenced operations on July 1, 2003. During each offering period, participating employees accumulate after-tax payroll contributions, up to a maximum of 15% of their compensation, to pay the exercise price of their options. At the end of the offering period, outstanding options are exercised, and each employee's accumulated contributions are used to purchase our common stock. The price for shares purchased under the Plan was, and under the 2003 Plan is, 85% of their market price at either the beginning or the end of the offering period, whichever was or is lower. There were 186,152, 160,119 and 88,715 shares purchased under the Plan and the 2003 Plan for the years ended December 31, 2001, 2002 and 2003, respectively. The number of shares available for grant at December 31, 2003 was 661,285.

16. Subsequent Events

In February 2004, we completed the acquisition of Mentmore plc's 49.9% equity interest in IME for total consideration of 82,500 British pounds sterling ($154,000) in cash from proceeds of our 7¼% notes issued in January 2004. Included in this amount is the repayment of all trade and working capital funding owed to Mentmore by IME. Completion of the transaction gives us 100% ownership of IME, affording us full access to all future cash flows and greater strategic and financial flexibility. This transaction should have no impact on revenue or operating income since we already fully consolidate IME's financial results. Since we will be using the purchase method of accounting for this acquisition, 49.9% of the net assets of IME will be adjusted to reflect their fair market value if different from their current carrying value.

In March 2004, IME and certain of its subsidiaries entered into a credit agreement (the "IME Credit Agreement") with a syndicate of European lenders. The IME Credit Agreement provides for maximum borrowing availability in the principal amount of 210,000 British pounds sterling, including a 100,000 British pounds sterling revolving credit facility (which includes the ability to borrow in certain other foreign currencies), a 100,000 British pounds sterling term loan, and a 10,000 British pounds sterling overdraft protection line. The revolving credit facility matures on March 2, 2009. The term loan facility is payable in three installments; two installments of 20,000 British pounds sterling on March 2, 2007 and 2008, respectively, and the final payment of the remaining balance on March 2, 2009. The interest rate on borrowings under the IME Credit Agreement is based on LIBOR and varies depending on IME's choice of interest rate period, plus an applicable margin. The IME Credit Agreement includes various financial covenants applicable to the results of IME, which may restrict IME's ability to incur indebtedness under the IME Credit Agreement and with third parties. Each of IME's subsidiaries will either guarantee the obligations or pledge shares to secure the IME Credit Agreement. We have not guaranteed or otherwise provided security for the IME Credit Agreement nor have any of our U.S., Canadian, Mexican and South American subsidiaries.

In March 2004, IME borrowed approximately 147,000 British pounds sterling under the IME Credit Agreement, including the full amount of the term loan. IME used those proceeds to repay us 135,000 British pounds sterling related to our initial financing of the acquisition of the European operations of Hays IMS. We expect to use those proceeds to: (1) pay down approximately $104,000 of real estate term loans, (2) settle all obligations associated with terminating our two cross currency swaps used to hedge the foreign currency impact of our intercompany financing with IME, and (3) to pay down amounts outstanding under our Amended and Restated Credit Agreement. After the initial balance, IME's availability under the IME Credit Agreement, based on its current level of external debt and the leverage ratio under the IME Credit Agreement, was approximately 9,000 British pounds sterling.

REPORT OF THE INDEPENDENT AUDITORS

To the Board of Directors of
Iron Mountain Europe Limited:

We have audited the accompanying consolidated balance sheets of Iron Mountain Europe Limited as of October 31, 2002 and 2003, and the related consolidated statements of operations, stockholders' equity and comprehensive (loss)/income and cash flows for the three years ended October 31, 2003. These consolidated financial statements are the responsibility of the management of Iron Mountain Europe Limited. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Iron Mountain Europe Limited at October 31, 2002 and 2003 and the consolidated results of their operations and their consolidated cash flows for the three years ended October 31, 2003, in conformity with generally accepted accounting principles in the United States of America.

RSM ROBSON RHODES LLP

Chartered Accountants
Birmingham, England

March 8, 2004

This is a copy of the audit report previously issued by Arthur Andersen LLP in connection with Iron Mountain Incorporated's filing of an Annual Report on Form 10-K for the year ended December 31, 2001. This audit report has not been reissued by Arthur Andersen LLP in connection with this Annual Report on Form 10-K for the year ended December 31, 2003. See Exhibit 23.3 to the December 31, 2002 Annual Report on Form 10-K filed with the SEC for further discussion.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
Iron Mountain Incorporated:

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of Iron Mountain Incorporated (a Pennsylvania corporation) for each of the three years in the period ended December 31, 2001 and have issued our report thereon dated February 22, 2002 (except with respect to Note 17, as to which the date is March 15, 2002). Our audits were made for the purpose of forming an opinion on those basic financial statements taken as a whole. The supplemental schedule listed in the accompanying index is the responsibility of Iron Mountain Incorporated's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and regulations under the Securities Exchange Act of 1934 and is not a required part of the basic financial statements. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

Boston, Massachusetts
February 22, 2002
(Except with respect to Note 17,
as to which the date is March 15, 2002)

Schedule II

IRON MOUNTAIN INCORPORATED
Valuation and Qualifying Accounts
(In thousands)

Year Ended December 31,	Balance at Beginning of the Year	Charged to Expense	Other Additions(1)	Deductions	Balance at End of the Year
Allowance for doubtful accounts:					
2001	$15,989	$8,499	$ 846	$(8,248)	$17,086

(1) Includes allowance of businesses acquired during the year as described in Note 7 to Notes to Consolidated Financial Statements and the impact associated with currency translation adjustments.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

IRON MOUNTAIN INCORPORATED

By: /s/ C. RICHARD REESE

C. Richard Reese
Chairman of the Board, Chief Executive Officer and President

Dated: March 11, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ C. RICHARD REESE C. Richard Reese	Chairman of the Board of Directors, Chief Executive Officer and President	March 11, 2004
/s/ JOHN F. KENNY, JR. John F. Kenny, Jr.	Executive Vice President, Chief Financial Officer and Director	March 11, 2004
/s/ JEAN A. BUA Jean A. Bua	Vice President and Corporate Controller (Chief Accounting Officer)	March 11, 2004
/s/ CLARKE H. BAILEY Clarke H. Bailey	Director	March 11, 2004
/s/ CONSTANTIN R. BODEN Constantin R. Boden	Director	March 11, 2004
/s/ KENT P. DAUTEN Kent P. Dauten	Director	March 11, 2004
/s/ EUGENE B. DOGGETT Eugene B. Doggett	Director	March 11, 2004
/s/ B. THOMAS GOLISANO B. Thomas Golisano	Director	March 11, 2004
/s/ ARTHUR D. LITTLE Arthur D. Little	Director	March 11, 2004
/s/ VINCENT J. RYAN Vincent J. Ryan	Director	March 11, 2004

INDEX TO EXHIBITS

Certain exhibits indicated below are incorporated by reference to documents we have filed with the Commission. Exhibit numbers in parentheses refer to the exhibit numbers in the applicable filing (which are identified in the footnotes appearing at the end of this index). Each exhibit marked by a pound sign (#) is a management contract or compensatory plan.

Exhibit	Item	Exhibit
2.1	Purchase Agreement, dated November 13, 2000, by and among Iron Mountain Canada Corporation, Iron Mountain Records Management, Inc. ("IMRM"), FACS Records Storage Income Fund, FACS Records Centre Inc. and 3796281 Canada Inc.	(2.1)[19]
2.2	Asset Purchase and Sale Agreement, dated February 18, 2000, by and among IMRM, Data Storage Center, Inc., DSC of Florida, Inc., DSC of Massachusetts, Inc., and Suddath Van Lines, Inc.	(2.1)[16]
2.3	Amendment No. 1 to Asset Purchase and Sale Agreement, dated May 1, 2000, by and among IMRM, Data Storage Center, Inc., DSC of Florida, Inc., DSC of Massachusetts, Inc., Suddath Van Lines, Inc. and Suddath Family Trust U/A 11/8/79.	(2.1)[17]
2.4	Agreement and Plan of Merger, dated as of October 20, 1999, by and between the Company and Pierce Leahy.	(2)[10]
2.5	Agreement, dated July 12, 2003, between Hays plc and Iron Mountain Europe Limited (portions of which have been omitted pursuant to a request for confidential treatment).	(2.1)[27]
3.1	Amended and Restated Articles of Incorporation of the Company.	(Annex D)[14]
3.2	Amended and Restated Bylaws of the Company.	(Annex E)[14]
3.3	Declaration of Trust of IM Capital Trust I, dated as of December 10, 2001 among the Company, The Bank of New York, The Bank of New York (Delaware) and John P. Lawrence, as trustees.	(4.15)[22]
3.4	Certificate of Trust of IM Capital Trust I.	(4.17)[22]
4.1	Indenture for 8¼% Senior Subordinated Notes due 2011, dated April 26, 1999, by and among the Company, certain of its subsidiaries and The Bank of New York, as trustee.	(10.1)[7]
4.2	Indenture for 8¾% Senior Subordinated Notes due 2009, dated October 24, 1997, by and among the Company, certain of its subsidiaries and The Bank of New York, as trustee.	(4.1)[2]
4.3	Indenture for 8⅛% Senior Notes due 2008, dated as of April 7, 1998, by and among Iron Mountain Canada Corporation, as issuer, the Company and The Bank of New York, as trustee.	(4.1(c))[13]
4.4	Indenture for 8⅝% Senior Subordinated Notes due 2008, dated as of April 3, 2001, among the Company, the Guarantors named therein and The Bank of New York, as trustee.	(4.1)[20]
4.5	First Supplemental Indenture, dated as of April 3, 2001, among the Company, the Guarantors named therein and The Bank of New York, as trustee.	(4.2)[20]
4.6	Second Supplemental Indenture, dated as of September 14, 2001, among the Company, the Guarantors named therein and The Bank of New York, as trustee.	(4.7)[23]
4.7	Senior Subordinated Indenture for 7¾ Senior Subordinated Notes due 2015, dated as of December 30, 2002, among the Company, the Guarantors named therein and The Bank of New York, as trustee.	(4.7)[26]

Exhibit	Item	Exhibit
4.8	First Supplemental Indenture, dated as of December 30, 2002, among the Company, the Guarantors named therein and the Trustee.	(4.8)[26]
4.9	Second Supplemental Indenture, dated as of June 20, 2003, among the Company, the Guarantors named therein and the Trustee.	Filed herewith as Exhibit 4.9
4.10	Form of stock certificate representing shares of Common Stock, $.01 par value per share, of the Company.	(4.1)[15]
9	Amended and Restated Voting Trust Agreement, dated as of February 28, 1998, by and among the Company, certain shareholders of the Company and Leo W. Pierce, Sr. and J. Peter Pierce, as trustees. (#)	(9.0)[12]
10.1	Employment Agreement, dated as of February 1, 2000, by and between the Company and J. Peter Pierce. (#)	(10.5)[16]
10.2	Letter Agreement, dated as of June 27, 2000, by and between the Company and J. Peter Pierce. (#)	(10.6)[19]
10.3	Iron Mountain Incorporated Executive Deferred Compensation Plan, as amended. (#)	(10.7)[19]
10.4	Nonqualified Stock Option Plan of Pierce Leahy Corp. (#)	(10.3)[11]
10.5	Iron Mountain Incorporated 1997 Stock Option Plan, as amended. (#)	(10.9)[19]
10.6	Iron Mountain/ATSI 1995 Stock Option Plan. (#)	(10.2)[3]
10.7	Iron Mountain Incorporated 1995 Stock Incentive Plan, as amended. (#)	(10.3)[6]
10.8	Iron Mountain Incorporated 2002 Stock Incentive Plan. (#)	(10.8)[26]
10.9	Fifth Amended and Restated Credit Agreement dated as of March 15, 2002 among the Company, certain lenders party thereto and JPMorgan Chase Bank, as Administrative Agent.	(10.10)[23]
10.10	Amended and Restated Registration Rights Agreement, dated as of June 12, 1997, by and among the Company and certain shareholders of the Company. (#)	(10.1)[1]
10.11	Strategic Alliance Agreement, dated as of January 4, 1999, by and among the Company, Iron Mountain (U.K.) Limited, Britannia Data Management Limited and Mentmore Abbey plc.	(10.2)[5]
10.12	Lease Agreement, dated as of October 1, 1998, between Iron Mountain Statutory Trust—1998 and IMRM.	(10.20)[4]
10.13	Amendment No. 1 and Consent to Lease Agreement, dated March 15, 2002, between Iron Mountain Statutory Trust—1998 and IMIM	(10.1)[24]
10.14	Unconditional Guaranty, dated as of October 1, 1998, from the Company to Iron Mountain Statutory Trust—1998.	(10.21)[4]
10.15	Amendment and Consent to Unconditional Guaranty, dated as of July 1, 1999, between the Company and Iron Mountain Statutory Trust—1998 and consented to by the lenders listed therein and the Bank of Nova Scotia, as Agent Bank for such lenders.	(10.1)[8]
10.16	Amendment No. 2 and Consent to Unconditional Guaranty, dated as of October 22, 1999, between the Company and Iron Mountain Statutory Trust—1998, and consented to by the lenders listed therein and the Bank of Nova Scotia, as Agent Bank for such lenders.	(10.17)[23]
10.17	Amendment No. 3 and Consent to Unconditional Guaranty, dated as of January 31, 2000, between the Company and Iron Mountain Statutory Trust—1998, and consented to by the lenders listed therein and the Bank of Nova Scotia, as Agent Bank for such lenders.	(10.18)[23]

Exhibit	Item	Exhibit
10.18	Amendment No. 4 and Consent to Unconditional Guaranty, dated as of August 15, 2000, between the Company and Iron Mountain Statutory Trust—1998, and consented to by the lenders listed therein and the Bank of Nova Scotia, as Agent Bank for such lenders.	(10.3)[18]
10.19	Amendment No. 5 and Consent to Unconditional Guaranty, dated as of March 15, 2002 between the Company and Iron Mountain Statutory Trust—1998, and consented to by the lenders listed therein and the Bank of Nova Scotia, as Agent Bank for such lenders.	(10.2)[24]
10.20	Guaranty Letter, dated December 31, 2002, to Scotiabanc, Inc. from Iron Mountain Information Services, Inc., as Lessee and the Company as Guarantor.	(10.20)[26]
10.21	Amended and Restated Agency Agreement, dated October 1, 1998, by and between Iron Mountain Statutory Trust—1998 and IMRM.	(10.22)[4]
10.22	Lease Agreement, dated as of July 1, 1999, by and between Iron Mountain Statutory Trust—1999 and IMRM.	(10.2)[9]
10.23	Amendment No. 1 and Consent to Lease Agreement, dated March 15, 2002, between Iron Mountain Statutory Trust—1999 and IMIM.	(10.3)[24]
10.24	Agency Agreement, dated as of July 1, 1999, by and between Iron Mountain Statutory Trust—1999 and IMRM.	(10.1)[9]
10.25	Unconditional Guaranty, dated as of July 1, 1999, from the Company to Iron Mountain Statutory Trust—1999.	(10.3)[9]
10.26	Amendment No. 1 and Consent to Unconditional Guaranty, dated as of October 22, 1999, between the Company and Iron Mountain Statutory Trust—1999, and consented to by the lenders listed therein and Wachovia Capital Investments, Inc., as Agent Bank for such lenders.	(10.24)[23]
10.27	Amendment No. 2 and Consent to Unconditional Guaranty, dated as of January 31, 2000, between the Company and Iron Mountain Statutory Trust—1999,and consented to by the lenders listed therein and Wachovia Capital Investments, Inc., as Agent Bank for such lenders.	(10.25)[23]
10.28	Amendment No. 3 and Consent to Unconditional Guaranty, dated as of August 16, 2000, between the Company and Iron Mountain Statutory Trust—1999, and consented to by the lenders listed therein and Wachovia Capital Investments, Inc., as Agent Bank for such lenders.	(10.2)[18]
10.29	Amendment No. 4 to Unconditional Guaranty, dated as of March 20, 2001 between the Company and Iron Mountain Statutory Trust—1999, and consented to by the lenders listed therein and Wachovia Capital Investments, Inc., as Agent Bank for such lenders.	(10.4)[24]
10.30	Amendment No. 5 and Unconditional Consent to Guaranty, dated as of March 15, 2002 between the Company and Iron Mountain Statutory Trust—1999, and consented to by the lenders listed therein and Wachovia Capital Investments, Inc., as Agent Bank for such lenders.	(10.5)[24]
10.31	Guaranty Letter, dated December 31, 2002, to BTM Capital and JH Equity Realty Investors, Inc., from Iron Mountain Information Services, Inc., as Lessee and the Company as Guarantor.	(10.31)[26]
10.32	Master Lease and Security Agreement, dated as of May 22, 2001, between Iron Mountain Statutory Trust—2001, as Lessor, and IMRM, as Lessee.	(10.1)[21]
10.33	Amendment No. 1 to Master Lease and Security Agreement, dated as of November 1, 2001 between Iron Mountain Statutory Trust—2001, as Lessor, and IMRM, as Lessee.	(10.28)[23]

Exhibit	Item	Exhibit
10.34	Amendment to Master Lease and Security Agreement and Unconditional Guaranty, dated March 15, 2002, between Iron Mountain Statutory Trust—2001, IMIM and the Company.	(10.6)[(24)]
10.35	Unconditional Guaranty, dated as of May 22, 2001, from the Company, as Guarantor, to Iron Mountain Statutory Trust—2001, as Lessor.	(10.2)[(21)]
10.36	Subsidiary Guaranty, dated as of May 22, 2001, from certain subsidiaries of the Company as guarantors, for the benefit of Iron Mountain Statutory Trust—2001 and consented to by Bank of Nova Scotia.	(10.36)[(26)]
10.37	Guaranty Letter, dated December 31, 2002, to Scotiabanc, Inc. from Iron Mountain Information Services, Inc., as Lessee and the Company as Guarantor.	(10.37)[(26)]
10.38	Master Construction Agency Agreement, dated as of May 22, 2001, between Iron Mountain Statutory Trust—2001, as Lessor, and IMRM, as Construction Agent.	(10.3)[(21)]
10.39	First Amendment, dated as of July 9, 2003, to the Fifth Amended and Restated Credit Agreement, dated as of March 15, 2002, among the Company, certain lenders party thereto and J.P. Morgan Chase Bank, as Administrative Agent.	(10.1)[(27)]
10.40	Multi-Currency Term, Revolving Credit Facilities Agreement, dated as of March 2004, among Iron Mountain Europe Limited, certain lenders party thereto, Barclays Capital and The Governor and Company of the Bank of Scotland, as arrangers, and The Bank of Scotland as the facility agent, security trustee and letter of credit issuing bank.	Filed herewith as Exhibit 10.40
12	Statement re: Computation of Ratios.	Filed herewith as Exhibit 12
16	Letter from Arthur Andersen LLP to the Securities and Exchange Commission, dated June 19, 2002, regarding the change in the Company's certifying accountant.	(16.1)[(25)]
21	Subsidiaries of the Company.	Filed herewith as Exhibit 21
23.1	Consent of Deloitte & Touche LLP (Iron Mountain Incorporated, Pennsylvania).	Filed herewith as Exhibit 23.1
23.2	Consent of RSM Robson Rhodes LLP (Iron Mountain Europe Limited).	Filed herewith as Exhibit 23.2
23.3	Notice Regarding Consent of Arthur Andersen LLP.	(23.3)[(26)]
31.1	Certification required by Rule 13a-14(a)/15(d)-14(a) of the Securities Exchange Act of 1934, as amended.	Filed herewith as Exhibit 31.1
31.2	Certification required by Rule 13a-14(a)/15(d)-14(a) of the Securities Exchange Act of 1934, as amended.	Filed herewith as Exhibit 31.2
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith as Exhibit 32.1
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith as Exhibit 32.2

(1) Filed as an Exhibit to Iron Mountain/DE's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, filed with the Commission, File No. 0-27584.

(2) Filed as an Exhibit to Iron Mountain/DE's Current Report on Form 8-K dated October 30, 1997, filed with the Commission, File No. 0-27584.

(3) Filed as an Exhibit to Iron Mountain/DE's Current Report on Form 8-K dated March 9, 1998, filed with the Commission, File No. 0-27584.

(4) Filed as an Exhibit to Iron Mountain/DE's Registration Statement No. 333-67765, filed with Commission on November 23, 1998.

(5) Filed as an Exhibit to Iron Mountain/DE's Current Report on Form 8-K dated January 19, 1999, filed with the Commission, File No. 0-27584.

(6) Filed as an Exhibit to Iron Mountain/DE's Current Report on Form 8-K dated April 16, 1999, filed with the Commission, File No. 0-27584.

(7) Filed as an Exhibit to Iron Mountain/DE's Current Report of Form 8-K dated May 11, 1999, filed with the Commission, File No. 0-27584.

(8) Filed as an Exhibit to Iron Mountain/DE's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, filed with the Commission, File No. 0-27584.

(9) Filed as an Exhibit to Iron Mountain/DE's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999, filed with the Commission, File No. 1-14937.

(10) Filed as an Exhibit to Pierce Leahy's Current Report on Form 8-K, dated October 20, 1999, filed with the Commission, File No.1-13045.

(11) Filed as an Exhibit Amendment No. 1 to Pierce Leahy's Registration Statement No. 333-9963, filed with the Commission on October 4, 1996.

(12) Filed as an Exhibit to Pierce Leahy's Annual Report on Form 10-K for the year ended December 31, 1997, filed with the Commission, File No. 333-09963.

(13) Filed as an Exhibit to Pierce Leahy's Registration Statement No. 333-58569, filed with the Commission on July 6, 1998.

(14) Filed as an Annex or Exhibit to Amendment No. 1 to Pierce Leahy's Registration Statement No. 333-91577, filed with the Commission on December 13, 1999.

(15) Filed as an Exhibit to the Company's Current Report on Form 8-K dated February 1, 2000, filed with the Commission, File No. 1-13045.

(16) Filed as an Exhibit to the Company's Annual Report on Form 10-K405 for the year ended December 31, 1999, filed with the Commission, File No. 1-13045.

(17) Filed as an Exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000, filed with the Commission, File No. 1-13045.

(18) Filed as an Exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000, filed with the Commission, File No. 1-13045.

(19) Filed as an Exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2000, filed with the Commission, File No. 1-13045.

(20) Filed as an Exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001, filed with the Commission, File No. 1-13045.

(21) Filed as an Exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001, filed with the Commission, File No. 1-13045.

(22) Filed as an Exhibit to the Company's Registration Statement No. 333-75068, filed with the Commission on December 13, 2001.

(23) Filed as an Exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2001, filed with the Commission, File No. 1-13045.

(24) Filed as an Exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002, filed with the Commission, File No. 1-13045.

(25) Filed as an Exhibit to the Company's Current Report on Form 8-K dated June 19, 2002, filed with the Commission, File No. 1-13045.

(26) Filed as an Exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2002, filed with the Commission, File No. 1-13045.

(27) Filed as an Exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, filed with the Commission, File No. 1-13045.

CORPORATE INFORMATION

SHAREHOLDER INFORMATION

Transfer Agent and Registrar
For address changes, account consolidation, registration, lost stock certificates and other services, contact:
EquiServe Trust Company, N.A.
150 Royall Street
Canton, MA 02021
781/575-3120
www.equiserve.com

Investor Relations
Stephen P. Golden
Director, Investor Relations
Iron Mountain Incorporated
745 Atlantic Avenue
Boston, MA 02111
617/535-4799
www.ironmountain.com

Common Stock Data
Traded: NYSE
Symbol: IRM
Beneficial Shareholders:
more than 15,000

Annual Meeting Date
Iron Mountain Incorporated will conduct its annual meeting of shareholders on Thursday, May 27, 2004, 10:00 A.M. at the offices of
Sullivan & Worcester LLP
One Post Office Square
Boston, MA 02109

Dividends
The Company has not paid dividends on our common stock during the last two years. Any determinations by our Board to pay cash dividends on our common stock in the future will be based primarily upon our financial condition, results of operations and business requirements. Our revolving credit facility contains provisions that limit the amount of cash dividends we may pay and stock repurchases that we may make.

Independent Public Accountants
Deloitte & Touche LLP
200 Berkely Street
Boston, MA 02116

Counsel
Sullivan & Worcester LLP
One Post Office Square
Boston, MA 02109

Corporate Headquarters
Iron Mountain Incorporated
745 Atlantic Avenue
Boston, MA 02111
800/935-6966
www.ironmountain.com

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements in this report that constitute "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 and in other federal securities laws. These forward-looking statements concern our operations, economic performance, financial condition, goals, beliefs, strategies, objectives, plans and current expectations. The forward-looking statements are subject to various known and unknown risks, uncertainties and other factors. When we use words such as "believes," "expects," "anticipates," "estimates" or similar expressions, we are making forward-looking statements.

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

- changes in customer preferences and demand for our services;
- changes in the price for our services relative to the cost of providing such services;
- the cost and availability of financing for contemplated growth;
- our ability or inability to complete acquisitions on satisfactory terms and to integrate acquired companies efficiently;
- in the various digital businesses in which we are engaged, capital and technical requirements will be beyond our means, markets for our services will be less robust than anticipated, or competition will be more intense than anticipated;
- changes in the political and economic environments in the countries in which our international subsidiaries operate, including foreign currency fluctuations;
- the possibility that business partners upon whom we depend for technical assistance or management and acquisition expertise outside the US will not perform as anticipated; and
- other trends in competitive or economic conditions affecting our financial condition or results of operations not presently contemplated.

You should not rely upon forward-looking statements except as statements of our present intentions and of our present expectations, which may or may not occur. You should read these cautionary statements as being applicable to all forward-looking statements wherever they appear. We undertake no obligation to release publicly the result of any revision to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

CORPORATE DIRECTORS AND OFFICERS

DIRECTORS

C. Richard Reese [1]
Chairman of the Board of Directors,
President, Chief Executive Officer
Iron Mountain Incorporated
Boston, MA

Clarke H. Bailey [1,3]
Chairman, Chief Executive Officer
Glenayre Technologies, Inc.
Lancaster, NY

Constantin R. Boden [2,3,4]
Partner
Boden Partners LLC
New York, NY

Kent P. Dauten [2]
President
Keystone Capital, Inc.
Chicago, IL

Eugene B. Doggett
Director
Iron Mountain Incorporated
Boston, MA

John F. Kenny, Jr.
Executive Vice President,
Chief Financial Officer
Iron Mountain Incorporated
Boston, MA

B. Thomas Golisano[4]
Chairman, President,
Chief Executive Officer
Paychex, Inc.
Rochester, NY

Arthur D. Little [2,3,4]
Principal
A & J Acquisition Company, Inc.
Effingham, NH

Vincent J. Ryan [1]
Chairman, Chief Executive Officer
Schooner Capital LLC
Boston, MA

SENIOR OFFICERS

C. Richard Reese
Chairman, President,
Chief Executive Officer

Robert G. Miller
President
Iron Mountain Records Management

Harold E. Ebbighausen
President
Iron Mountain Off-Site Data
Protection

Kenneth F. Radtke, Jr.
President
Iron Mountain Europe

Peter E. Delle Donne
President
Iron Mountain Enterprise Solutions
and Services

Ross Engelman
President
COMAC and Iron Mountain
South America

Kevin B. Roden
Executive Vice President,
Chief Information Officer

John F. Kenny, Jr.
Executive Vice President,
Chief Financial Officer

Patricia M. Bowler
Executive Vice President
Human Resources

Kenneth A. Rubin
Executive Vice President
Marketing

CERTAIN CORPORATE OFFICERS

Jean A. Bua
Vice President
Corporate Controller

David Guay
Vice President
Operational Services

John P. Lawrence
Vice President
Treasurer

Donald P. Richards
Vice President
Mergers and Acquisitions

T. Anthony Ryan
Vice President
Real Estate

Garry B. Watzke
Vice President
General Counsel

CERTAIN FIELD OPERATIONS AND SALES OFFICERS

David Barlow

Richard Boland

Tom Campbell

Michael Delaney

Michael Holland

Randy Johnson

Michael H. Karp

Pierre Matteau

Christopher Neefus

Steven Nottingham

Barry J. Payne

John Prowse

Andres Schwarzenberg

Robert P. Swift

John T. Tomovcsik

James Walker

Richard Wilder

[1] Member of the Executive Committee (Mr. Ryan is Chairman)
[2] Member of the Audit Committee (Mr. Boden is Chairman)
[3] Member of the Compensation Committee (Mr. Bailey is Chairman)
[4] Member of the Nominating/Governance Committee (Mr. Little is Chairman)

MARKETS SERVED

(As of 4/1/04)

UNITED STATES

Albany
Albuquerque
Ann Arbor
Asheville
Atlanta
Austin
Baltimore
Baton Rouge
Birmingham
Boston
Buffalo
Charlotte
Chicago
Cincinnati
Cleveland
Colorado Springs
Columbia
Columbus
Dallas
Dayton
Denver
Detroit
El Paso
Fort Lauderdale
Fort Wayne
Fort Worth
Grand Rapids
Greenville/Spartanburg
Harrisburg
Hartford
Houston
Indianapolis
Jacksonville
Kansas City
Las Vegas
Long Island
Los Angeles
Louisville
Melbourne
Miami
Milwaukee
Minneapolis/St. Paul
Nashville
New Jersey
New Orleans
New York City
Norfolk
Oakland/East Bay
Oklahoma City
Omaha
Orange County
Orlando
Philadelphia
Phoenix
Pittsburgh
Portland, ME
Portland, OR
Portsmouth
Providence
Raleigh/Durham
Reno
Richmond
Rochester
Sacramento
Salt Lake City
San Antonio
San Diego
San Francisco
San Jose
San Juan
Seattle
Spokane
St. Louis
Stamford
Syracuse
Tampa
Toledo
Tucson
Tulsa
Washington, DC
West Palm Beach
Wilmington

INTERNATIONAL

Argentina
Buenos Aires

Austria
Vienna

Belgium
Antwerp
Brussels

Brazil
Curitiba
Rio de Janeiro
Sao Paulo

Canada
Calgary
Edmonton
Halifax
Montreal
Ottawa
Quebec City
Toronto
Vancouver
Winnepeg

Chile
Santiago

Czech Republic
Prague

England
Birmingham
Bristol
East Anglia
Gloucester
Leeds
London
Manchester
Reading

France
Marseilles
Nice
Paris

Germany
Berlin
Dresden
Erfurt
Frankfurt
Hamburg
Hanover
Leipzig
Munich
Stuttgart

Hungary
Budapest

Ireland
Cork
Dublin
Limerick

Italy
Milan

Mexico
Guadalajara
Mexico City
Monterrey
Puebla

Netherlands
Amsterdam
Arnum
Rotterdam

Norway
Oslo
Stavanger

Peru
Lima

Romania
Bucharest

Scotland
Aberdeen
Edinburgh
Glasgow

Slovak Republic
Bratislava

Spain
Bilbao
Madrid
Oviedo
Seville
Zaragoza

IRON MOUNTAIN®