

— PARTICIPANTS

Corporate Participants

Melissa Marsden – Senior Vice President-Investor Relations, Iron Mountain, Inc.

William Leo Meaney – President, Chief Executive Officer & Director, Iron Mountain, Inc.

Roderick Day – Chief Financial Officer & Executive Vice President, Iron Mountain, Inc.

Other Participants

Andrew Charles Steinerman – Analyst, JPMorgan Chase & Co.

George K. F. Tong – Analyst, Piper Jaffray & Co (Broker)

Kevin McVeigh – Analyst, Macquarie Capital (USA), Inc.

Shlomo Rosenbaum – Analyst, Stifel, Nicolaus & Co., Inc.

Michael Ellman – Analyst, Mayo Capital Partners LLC

— MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by, and welcome to the conference call. I will turn the call over to Melissa Marsden, Senior Vice President of Investor Relations. Please go ahead.

Melissa Marsden, Senior Vice President-Investor Relations

Thank you, Cathy. Welcome. Good morning, everyone, to our Fourth Quarter and Full Year 2015 Earnings Conference Call. This morning we'll hear first from Bill Meaney, our CEO, who will discuss highlights and progress toward our strategic initiative; followed by Rod Day, CFO, who will cover financial results and guidance.

After our prepared remarks we'll open up the phones for Q&A, and as we've done for the last few quarters, we have posted our earnings commentary and supplemental disclosure package on the Investor Relations page of our website at ironmountain.com, under Investor Relations/Financial Information.

Referring now to page two of the Supplemental, today's earnings call and slides will contain a number of forward-looking statements, most notably our outlook for 2016 financial and operating performance. All forward-looking statements are subject to risks and uncertainties. Please refer to today's Supplemental, the earnings commentary, the Safe Harbor language on this slide and our most recently filed Annual Report on Form 10-K for a discussion of the major risk factors that could cause our actual results to differ from those in our forward-looking statements.

In addition, we use several non-GAAP measures when presenting our financial results and the reconciliations to these measures, as required by Reg G, are included in this Supplemental reporting package.

With that, Bill, would you please begin?

William Leo Meaney, President, Chief Executive Officer & Director

Thank you, Melissa, and good morning, everyone. We are pleased to report strong fourth quarter and full year financial and operating results that in every respect met or exceeded our expectations in constant dollars, with reported EPS for the quarter beating expectations. Our results continued to demonstrate the durability of our core storage rental business, even in these volatile times.

Total revenue in constant dollars was in line with our guidance and constant dollar adjusted OIBDA was at the upper end of our range. We continued to achieve solid growth in storage rental revenue, as well as consistent volume growth in new records from existing customers. We also achieved service gross margins in line with our year-end exit rate goal, as well as growth in adjusted OIBDA. All of these accomplishments resulted in a very good 2015.

I believe most of you are familiar with the strategic plan we outlined at our Investor Day last fall. To assist in tracking our progress against that plan we've modified the earnings commentary at the beginning of our supplemental disclosure to highlight key performance metrics. You'll note that in addition to our solid financial performance in 2015, we've made good progress against our objectives in each of the three pillars and in the foundational elements that support our strategy.

As anticipated, the strength of the U.S. dollar continued to impact our reported revenue. However, when looking through to fundamental performance, we've achieved a significant turnaround in the business in the last two years. We've gone from negative internal growth in total revenue in both 2012 and 2013 to 1% positive internal growth, or prior to acquisitions in 2014.

And in 2015, we achieved further improvement with 1.5% positive internal growth. This is a testament to the hard work our organization has undertaken to, first, achieve net Records Management volume in all major markets, enhance customer service and retention whilst attracting new customers, stabilize service revenue declines in Records Management, penetrate new emerging markets and advancing adjacent business opportunities.

Turning to the pillars of our strategic plan in developed markets, our focus over the last two years on getting more growth from these regions has driven improved performance with positive internal storage growth, stabilizing Records Management service revenues and adding roughly three million cubic feet of net new records in 2015, prior to acquisitions.

In emerging markets, our revenue has grown from 10% of the total in 2013 to 14.6% of total revenue at the end of 2015 on a constant dollar basis. We have a sizable deal pipeline and are confident we will reach our goal of 16% of total revenue from these markets by 2016, and 20% by 2020. Importantly, we're driving internal growth in these markets of roughly 10% per year, so just two points of our 20% goal comes from acquisitions.

We resumed M&A activity in select emerging markets in the fourth quarter, closing on a transaction in India. We have adjusted our focus to account for Recall's footprint and expect to close a few transactions in the first half of 2016, including a couple in fast-growing new emerging markets with underserved demand for records management.

As we've noted in recent calls, despite the impact of the strong dollar on reported revenue, we mitigate our FX exposure at the income level because our expenses are denominated in the same local currencies as our revenues, and we are increasingly moving more of our debt outside the United States. The net of this is that we exceeded earnings expectations for the fourth quarter.

Additionally, using strong dollars to invest in high-growth markets outside the U.S. gives us a lower cost basis and sets us up to realize significant value creation as the economic growth in these markets, over the longer term, will typically outpace that of the United States.

I should note that in our Other International segment, which is emerging markets plus Australia, we did see a higher level of destructions in Q4 driven by a single large customer, which will carry over into Q1 of 2016. However, we do not see any other such unusual destructions on the horizon and expect that destructions for the remainder of the year will return to more typical levels. But we do report volume change on a trailing 12-month basis and therefore this level will remain slightly elevated over the next few quarters.

We also have a goal to generate 5% of our total worldwide revenue from adjacent businesses by the end of 2020, up from just 2% at the end of 2015. Today, our adjacent businesses consist of our data center operations and our recently acquired art storage business. We closed on Crozier Fine Arts storage in December and are pleased with how it is being integrated into our business whilst retaining the DNA and key management talent that made it the leading art storage business in the United States. We believe the billion-dollar estimated global market is poised for the same type of consolidation opportunity we saw in the records management business years ago, and we have a plan that can take it to \$100 million within three years.

We had a fairly aggressive goal for 2015 to finish with an adjacent business revenue run rate of \$50 million from a starting point below \$20 million. We achieved that with roughly a \$20 million revenue run rate from our data center business and \$30 million from art storage. This all supports our planned shift in mix by 2020 to have 25% of our revenue coming from both emerging markets and adjacent businesses that have internal growth rates closer to 10%, up from 15% of our revenue in these higher growth businesses today.

In terms of the foundational elements of our strategy, we have made significant progress on our Transformation initiative, effecting changes that have resulted in \$50 million of net savings in 2016. We are finalizing the next set of initiatives that will deliver an additional \$50 million of savings by year end 2016. As previously disclosed, the remainder of the total \$125 million of overhead savings will be actioned in 2017, and the full amount for the Transformation program will be reflected in our 2018 adjusted OIBDA.

Importantly, the cost to achieve these savings in each year is offset by the savings. As a reminder, we don't exclude the Transformation costs from our adjusted financial measures, but we do detail the amounts in the bridging schedules in the supplemental. Rod will have more on the timing of expected Transformation related costs to 2016 in a few minutes.

We continue to work toward closing of the Recall transaction and related integration planning. As outlined at our Investor Day, we have detailed workstreams for virtually every functional area of the combined companies, and I am pleased with what I am seeing in the way our teams are working together on integration planning to create a dynamic combined entity and facilitate a smooth transition.

Obviously, this transaction is compelling in terms of strategic fit and is supported by meaningful synergies that drive accretion. As we work through the regulatory process, we will refine our views based upon a clear understanding of the outcome. We are constructively engaged with the four principal regulators and are working hard towards closing the transaction in a timely manner.

As you know, it is necessary for us to close early in a given quarter in order to convert Recall's operations in certain countries into our REIT structure. We will provide updates with respect to the timetable when we have substantially completed the regulatory review process. But at this time, we cannot answer any questions about regulatory outcomes on today's call beyond what we have already said.

In addition, we view real estate as a foundation to our strategy. During the year, we invested roughly \$171 million in real estate. We remain keenly focused on our capital allocation opportunity

and think about real estate investment in four major buckets. Our first priority is to invest in growth racking to accommodate net new volume growth we achieve annually. This investment yields average IRRs in the high teens.

Our next priority is real estate consolidation, which may include both buildings and racking to improve real estate and operating efficiency and enhance utilization. This is characterized by mid-teens IRRs. Third, we plan to continue to invest in data center in a success-based manner driven by customer commitments. We continue to see good opportunity here with low double-digit IRRs and stabilized mid-teens return on invested capital. Fourth, we also look to complete select opportunistic lease buy-ins where we can acquire buildings at attractive valuations relative to market pricing or where it is strategically important to own. Rod will have more on how we view our real estate investment opportunities for the coming year.

Now touching on some key financial and operating achievements before turning it over to Rod. On a constant dollar basis, we grew total revenue in 2015 by 2%, reflecting continued storage rental gains of 4%. This was driven primarily by storage rental internal growth of 2.7% for the year, reflecting continued strong growth from Data Management, Other International and Western Europe. As we look out into 2016, we are seeing consistent trends and maintaining our view for internal storage rental revenue growth in the mid-2% range.

Service revenue growth for the year was negative 0.4%, and we delivered positive 0.3% internal service growth revenue for the quarter. We made good progress on our service margin initiative, exiting the year at 27.2%, right in the middle of our range. There will be ups and downs as the mix shifts to more non-recurring projects and there will be a downtick in service margin early in the year, but we expect it to ramp up again throughout the year and to result in a similar average margin for the full year.

Also as previously mentioned, in 2016 we will also focus on growing overall service gross profit as we move forward and our service mix evolves. Although some of our new offerings have lower margins than our core activity base services such as transportation and handling, they are also less capital intensive, so they have very similar returns.

Storage volume growth is another important indicator in our business. During the year, we once again grew net worldwide storage volume by 8 million cubic feet or 2.3% net growth and 1.6% prior to acquisitions, and gross volume of records from new and existing customers was roughly 42 million cubic feet over the trailing 12 months.

Our customer retention remains strong at 98%, underscoring the stability of our customer base in supporting the durability of the storage revenue stream. This level has been stable over the past six quarters and represents an appropriate level in our business.

Lastly, and most importantly, our cash generation is an important metric as it supports growth in dividends and investment. In recent presentations, we laid out our expectations for cash available to support the dividend, both on a standalone basis and including Recall. We expect to fund additional growth through debt in amounts that allow us to continue to delever the business on a debt-to-EBITDA basis.

On a standalone basis, the continued strong and durable cash of the base business, coupled with the Transformation program, will at a minimum allow us to increase the dividend per share by 15% between 2015 and 2018, whilst reducing leverage by 0.4 of a turn. Even with an increased dividend in Q4, we improved our year-end 2015 payout as a percentage of our AFFO from 82% at Investor Day to 78% at year end. Including Recall, our minimum dividend per share delivers 24% growth between 2015 and 2018. This is all without issuing equity beyond the shares issued to purchase Recall.

Looking ahead, all of these drivers support our updated constant dollar guidance for 2016. On a like-for-like basis, or comparing our 2016 constant dollar guidance with our 2015 results using 2016 FX budget rates, you can see our growth expectations are very consistent with what we showed at Investor Day. We expect 3% to 6% constant dollar growth in revenue, 6% to 8% growth in adjusted OIBDA and 6% to 13% growth in adjusted EPS. This growth is underpinned by nearly \$1.5 billion of storage net operating income, which is comparable to that generated by leaders in both the industrial and self-storage sectors. What distinguishes our business is its inherent durability and it is this durability that delivers consistent levels of operating performance in good and bad times.

With that, I'd like to turn the call over now to Rod.

Roderick Day, Chief Financial Officer & Executive Vice President

Thanks, Bill. I'll begin today with an overview of our 2015 performance, including a review of results by segment and updates on our service gross margin initiative as well as our Transformation program. Finally, I will address our outlook for 2016, including a review of our capital allocation plans.

Let's turn to our worldwide financial results. For the full year, reported revenues were \$3.01 billion, compared with \$3.12 billion in 2014. Excluding the full year FX impact of 6% or \$171 million year-over-year, on a constant dollar basis, revenues grew by 2.1%. Consistent with the full-year picture, revenues for the fourth quarter also grew by 2.1% on a constant dollar basis.

As Bill noted, we did not have any meaningful acquisition activity for most of 2015, so our revenues for the year had a very limited contribution from external growth. Total revenues were driven by good constant dollar storage rental revenue growth of more than 3% for the quarter and 4% for the year. Service revenues were flat for the quarter and down 1% for the year. The decline in our constant dollar service revenue for the year was driven by the disposition of our shredding businesses in the U.K. and Australia in late 2014.

Consistent with prior quarters, we have provided bridging schedules for total revenue, adjusted OIBDA and adjusted earnings per share, which explain key variances in year-on-year performance for the quarter and the full year. These schedules are on pages 22 through 26 of the Supplemental.

Similar to last quarter, we have also provided a bridging schedule on page 27 to explain the sequential movement in our total service business gross margins. For our focused initiative we're continuing to align service costs with activity levels and revenue mix.

Looking ahead, we expect modest reductions in our service gross profits during Q1, reflecting one-off severance costs and the timing of costs related to our growing mix of special projects. However, we expect service margins will recover to current levels throughout the year.

Total adjusted OIBDA for the quarter was \$238 million, compared with \$220 million in 2014. Despite FX headwinds, we grew adjusted OIBDA by 8% and excluding FX by 14%. For the full year adjusted OIBDA grew by 4.4% on a constant dollar basis.

As Bill noted, our Transformation program continues in 2016. In the first quarter of 2016, we expect to incur roughly \$7 million of net charges related to this initiative. During Q2 and Q3, we expect the Transformation program to be \$1 million to \$2 million net negative to adjusted OIBDA, with in-quarter costs slightly offsetting benefits. In Q4, we expect net upside of up to around \$10 million, so providing a strong run rate platform for year-on-year benefits in 2017. As Bill noted, we continue to expect run rate savings of \$50 million to flow through to 2017. Our overall savings outlook for Transformation remains consistent with what we laid out on our Investor Day in October, with \$125 million of cumulative savings by 2018.

Looking at the overall phasing of contribution for 2016, we expect this to ramp up during the year for two reasons. Firstly, as I just discussed, the costs associated with our Transformation program are front loaded, with offsetting net benefits coming later in the year. Secondly, our storage volumes and revenues will grow through the year as they typically do. As such, excluding any extraordinary events, we believe that Q1 adjusted OIBDA will represent roughly 21% to 23% total adjusted OIBDA, factored in 2016. Furthermore Q2 and Q3 will make up roughly 24% to 26% each and Q4 will represent roughly 26% to 28%.

Adjusted EPS for the quarter was \$0.33, compared with \$0.25 in the fourth quarter of 2014. For the full year, adjusted EPS was \$1.21, compared with \$1.36 for 2014. The decline in adjusted EPS year-on-year is driven by an 8% increase in share count related to the special distribution we made in Q4 2014 following our REIT conversion, charges related to Transformation, and a high structural tax rate for the year. Including the increase in share count and restructuring costs in both periods as well as holding the tax rate constant, normalized adjusted EPS grew by \$0.02 for the year.

Our structural tax rate for this quarter came out as 16.8%, compared with 14.4% in the prior year and 16.5% in Q3 of 2015. The year-over-year increase in our structural tax rate was primarily driven by higher income from foreign jurisdictions. We continue to believe that our tax rate will be approximately 15% to 17% in the short-term.

Normalized funds from operations or FFO per share was \$0.57 for the quarter compared with \$0.52 in the year ago period, driven by improved performance. For the full year, FFO per share was \$2.10 per share compared with \$2.28 in 2014. The decline was driven by FX headwinds, the increase in share count as well as restructuring charges related to our Transformation program. Including share count increases, FX and restructuring charges in both periods, FFO per share grew by 3%.

Adjusted funds from operations or AFFO was \$125 million for the fourth quarter, compared with \$112 million in the year-ago period. For the full year, AFFO was \$522 million compared with \$527 million in 2014. If we adjust for FX in the items mentioned earlier that impacted FFO, except for share counts, then AFFO grew by 3% year-on-year. On page 21 of the Supplemental, we're now providing a reconciliation between AFFO and cash flow from operations as presented in our GAAP cash flow statements, so you can more readily see the cash items that are not of a typical recurring nature.

Let's turn to our financial performance by segment. In North American Records and Information Management, or RIM, internal storage rental revenue was up 0.2% for the fourth quarter and 0.1% for the full year. North American RIM internal service revenue declined this quarter due to the continued decrease in transportation, retrieve and re-file activity levels. In addition, we saw more of a precipitous decline in average price of recycled sorted office paper towards the end of the year, leading to a decline of over 19% quarter-over-quarter in average pricing. This impacted the paper revenue in our shred business and will have a follow-on impact into 2016.

Adjusted OIBDA margins in RIM remain solid at 41% for the quarter and 40% for the year, up from 39% in 2014. The year-over-year improvement in North American RIM adjusted OIBDA margins is driven by the service gross margin actions and better operational performance.

North American Data Management or DM delivered storage rental internal growth of 1.0% for the fourth quarter and 4.2% for the year. The growth in DM storage rental internal growth for the quarter was lower than recent periods due to a strong comparator from Q4 last year. Looking forward, we expect DM internal storage growth to be in line with the growth in total company storage internal growth around 2.5%.

Internal service revenue in DM declined by 8% in the fourth quarter and 5.1% for the year, as we continued to see declines in the frequency of tape rotation and related transportation activity in the

business. During the fourth quarter, DM adjusted OIBDA margins remained strong at 53.7%, compared to 51.6% in Q3. For the full year, DM adjusted OIBDA margins are 52.2%. We expect DM adjusted OIBDA margins will remain in the low to mid-50% range as we continue to invest in new service offerings. Margins on new services, although high at 35% to 40%, are lower than core storage margins of approximately 75%.

The Western Europe segment generated solid results with 2.4% internal storage rental growth for the quarter and 2.7% for the year. Looking at internal service revenue, declines in activity were partially offset by increases in nonrecurring imaging and other projects. Adjusted OIBDA margins remain solid in Western Europe at 33.1% for the quarter and 34.4% for the year.

The Other International segment, which is made up primarily of emerging markets and Australia, showed strong growth in both storage and service revenues. Storage rental internal growth was 9.6% for the quarter and 10.8% for the year. Service internal growth was 8.4% for the quarter and 9.0% for the year.

Other International adjusted OIBDA margins were 23% for the quarter and 21% for the year. We expect to see adjusted OIBDA from this segment to deliver profitability on a portfolio basis in a low 20s% range in the short-term as we continue to expand our exposure in these fast-growing markets.

Let's touch on the Recall acquisition briefly. To prepare for integration, in 2015, we incurred approximately \$25 million of deal close costs and \$22 million to prepare for integration, which brings total Recall related costs in 2015 to \$47 million.

For the first quarter of 2016, we expect \$5 million to \$8 million of deal close costs and \$8 million to \$12 million of integration related costs, bringing the total costs in Q1 to roughly \$15 million to \$20 million. Please note these expenses are excluded from our adjusted OIBDA calculation as they are one time in nature. Importantly, these costs were outlined in our guidance related to the Recall acquisition when we announced the deal.

Let's turn to our outlook for 2016 on page 13 of the Supplemental. Business trends and fundamentals remain consistent and operationally we remain on track to achieve our long-term financial objectives given the durability and strong fundamentals of our business. Please note I'm referring to the corrected version of the Supplemental that was posted just prior to the call.

Our guidance for 2016 growth on a constant dollar basis remains fairly consistent with the preliminary guidance we provided during our Q3 earnings call. We made two changes. Firstly, we updated our outlook to reflect the new constant dollar budget foreign exchange rates which was set in January 2016. Note that at this point, that our 2016 constant dollar budget rate is now equivalent to a reported dollar rate since it was just set last month. Secondly, we have reduced revenue and adjusted OIBDA by approximately \$10 million at the midpoint as a result of the decline in the shred recycled paper prices that I noted earlier. Revenue from paper recycling is almost all margin, and so the vast majority flows through to adjusted OIBDA.

To provide further clarity, I'd now like to share with you additional detail of how FX has impacted 2016 guidance and walk you through the components of our expected 2016 adjusted OIBDA growth on a constant dollar basis. The FX headwind was primarily driven by significant declines against U.S. dollar in the following five currencies: Australian dollar, Brazilian real, British pound sterling, Canadian dollar and the euro. These represent about 28% of our total revenue. As a reminder, approximately 40% of our total revenues are denominated in non-U.S. dollars.

Assuming our 2016 FX rates remain constant throughout the year, our guidance reflects a 5% decline in revenues from FX. In our Investor Day, we had anticipated a decline of 3.5% based on rates at that time. Given continuing strengthening of the U.S. dollar, our outlook represents an

additional decline by the end of the year of 1.5%. This total decline translates into roughly \$165 million for the year on the top line.

As we move down the P&L, FX headwinds continue to impact our guidance, albeit at a lower dollar amount. The FX headwinds impacting the top line translates into approximately \$50 million on adjusted OIBDA for 2016. As you can see on page 12 of the Supplemental, we reported constant dollar 2015 adjusted OIBDA of \$940 million at 2015 constant dollar budget rates set in January 2015. When our 2015 numbers are translated into 2016 budget rates, adjusted OIBDA would've been \$900 million. However, we're also expecting an additional impact related to FX of roughly \$10 million as a result of a change in our contribution mix.

As we noted earlier, we are also expecting a \$10 million constant dollar impact from paper price declines. On a more positive note, we can add a \$50 million benefit from Transformation. Adding all that up, we get to adjusted OIBDA for 2016 based on January 2016 rates of roughly \$930 million. Adding onto that our expectation of roughly 2% to 4% constant dollar growth will get you the \$950 million to \$970 million, which is our 2016 guidance range.

Lastly, moving to our expected cash available for distributions and investments for 2016, we expect it to be roughly \$495 million at the midpoint for 2016. This continues to provide ample dividend coverage and funds for our core gross racking investment.

Let's turn to our capital deployment plans. We expect our capital expenditures, which include maintenance and non real estate investment to be in line with the ranges we provided at our Investor Day. Real estate investment spend is expected to be about \$265 million, driven by growth racking spend of about \$60 million, and data center investment of \$35 million. We also plan on investing \$170 million in real estate consolidation and lease conversions. For M&A our plan is roughly \$100 million in emerging markets and \$50 million in the developed markets.

Our dividend expectation also remains consistent with the guidance we laid out on our Investor Day. As you saw last week, we announced our first quarter dividend of \$0.485 per share, which is consistent with the \$1.94 per share run rate from Q4 last year when we increased the quarterly rate by \$0.01 per share. In addition, the \$1.94 per share is the minimum projected dividend for 2016 in a combined basis with Recall. Importantly, we ended the year with a dividend payout ratio as a percent of AFFO of 78%, which underscores the strength of our dividend coverage.

Shifting briefly to the balance sheet, at the year-end we had liquidity of approximately \$1.7 billion and a lease adjusted debt ratio of 5.6 times, as expected.

Before concluding, I'd like to point out that we are updating our shelf registration statement with the SEC. You will likely see this filing next week. Please note that this update is part of our regular cycle. As we've said in the past, at this time we don't plan on issuing equity to fund investments outside the potential Recall acquisition.

Overall, we've delivered good results for the year, supported by continued execution on our strategic plan, progress we've made in our Transformation initiative as well as the stabilization of our service gross margins.

Looking ahead, we're well positioned to deliver on our short and long-term goals. We remain focused on creating shareholder value by extending the durability of our storage rental business, which drives growth and cash available to fund dividends in core growth investments.

And with that, I'll hand back to Bill to sum up.

Iron Mountain, Inc.*Company▲*

IRM

Ticker▲

Q4 2015 Earnings Call

Event Type▲

Feb. 25, 2016

*Date▲***William Leo Meaney, President, Chief Executive Officer & Director**

Okay. Thank you, Rod. Before going over to questions, just to sum up, by utilizing the levers available to us in this highly durable and cash generative business, we've been able to deliver a good year, which is distinguished by first demonstrating growth in the business, both with and without acquisitions; additionally by generating cash, which allows us to grow dividend whilst at the same time establishing a debt-to-EBITDA glide path which delevers over time; and finally by investing in our core business whilst building adjacencies which support the business well into the future.

With that, I'd like to open it up to questions.

QUESTION AND ANSWER SECTION

Operator: Your first question comes from Andrew Steinerman with JPMorgan.

<Q – Andrew Steinerman – JPMorgan Chase & Co.>: Just to say it very clearly, the only change in the 2016 guidance relative to the last time we spoke was FX and paper prices, right?

<A – Rod Day – Iron Mountain, Inc.>: Yep. That's right.

<Q – Andrew Steinerman – JPMorgan Chase & Co.>: Okay. I wanted to dive a little bit into tape services decline. I know this is not a new thing in terms of frequency of rotation. But the decline, this is North American tape, was larger this time. What's your anticipation in sort of getting to that bottom of that cycle in terms of frequency? And how do you think the service side of tape will do this year?

<A – Bill Meaney – Iron Mountain, Inc.>: Thanks, Andrew, and good morning. No, I think it's pretty much the same as we said I think on the last call. I think it's bouncing between kind of the high-single-digit to low-double-digit declines in terms of what I would say our core service revenue associated with the transport of the tapes. And I think as we called out the last few quarters is that where we were on the paper record side of the business maybe two or three years ago, we're still watching that till it starts flattening out or we see the inflection point. And we don't see that inflection point right now, but at the same time we don't see it getting worse than what it is.

I think what you'll see is, you'll see some bouncing around in terms of the net service revenue on the data management. I mean, quite frankly, I think we've done a pretty good job on building up some of these new service lines that in the tape management which includes the secured IT asset destruction business, for instance, and also the restoration assurance business, just to call out two.

So on the transportation side, again, which is our highest margin in that type of business, we don't see a slowdown in that decline, but we don't see acceleration either. But I think what we're -we're making some good progress in some of these new services which generally have lower margins than transport, but at the same time they have much less invested capital associated with it, so we're getting similar returns. So when those – I wouldn't expect this year that these new services are going to overtake the decline that we're seeing in the transportation, but we're making good progress.

<Q – Andrew Steinerman – JPMorgan Chase & Co.>: Right. And then if you don't mind, I'm just going to ask about Western Europe. Service has really popped up in the quarter. Is there something there that really is unusual for the quarter? And how do you feel like we're entering the year on service side of Western Europe?

<A – Bill Meaney – Iron Mountain, Inc.>: Yeah. I think it's a good call-out, Andrew. I think one of the things you probably caught in my remarks and a little bit in Rod's is that as we're shifting from the core transportation services that are associated with the ins and outs in our storage business to some of the new service areas, a lot of these new service areas are project based, which is also the reason why we said we expect kind of a downtick in Q1 in some of our service revenue as those projects have a lead time in terms of the sell and onboarding those cycles. And then they come through it in the next quarter or quarters and that's what you've seen actually in Western Europe.

What you will have seen is there was an investment earlier in the year, and then that project revenue kind of flows through. So that's part of the new services. It's less smooth than say the transportation side of the business, so you have these ups and downs. So what we tend to do is we look at it over the course of the year and it just so happened that in Western Europe, you saw that spike as part of that normal cyclicity of these projects.

<Q – Andrew Steinerman – JPMorgan Chase & Co.>: All right. And if you'll let me sneak just one last in, so when you think about service side total for 2016, do you feel like it's going to solidify it more like we saw in the fourth quarter? Would that be the right word, solidifying services revenue?

<A – Bill Meaney – Iron Mountain, Inc.>: Well, I think what we said is that we expect looking at the pipeline that we will have a similar margin by the end of the year as we achieved in 2015. So that's correct. And what you'll see, in Q4, we had positive service revenue growth overall in the year, slightly negative. So what we expect is service revenue to be basically flat and the margin to be in line, maybe slightly ahead, but it's going to be basically in line with what we achieved at the end of 2015.

<A – Rod Day – Iron Mountain, Inc.>: I think that's right. It might move around a little bit by a quarter, but I think that's actually right, Bill, for the full year. It's a good summary.

<Q – Andrew Steinerman – JPMorgan Chase & Co.>: Okay. Thank you. Appreciate it.

<A – Bill Meaney – Iron Mountain, Inc.>: Thanks, Andrew.

Operator: Your next question comes from George Tong with Piper Jaffray.

<Q – George Tong – Piper Jaffray & Co (Broker)>: Morning. I'd like to go a little bit into the services business as well. Can you elaborate on the timing of internal initiatives that you think can drive upside or improvement in services' internal growth in 2016 versus 2015?

<A – Bill Meaney – Iron Mountain, Inc.>: Okay, so good morning, George. So I think there's kind of a couple aspects. There's some that – there's a number of things that you're touching upon or referring to that Patrick Keddy went through on Investor Day, things that we're doing just to get more margin out of some of our existing core service areas which have seen a drop in activity, so that's really around the transportation side. And I think we feel pretty good where that's coming out.

I think you'll continue to see some improvement during the course of the year, but a lot of that is in flight. I think the bigger part of it is how we bring on some of the new service areas which are less smooth, but on a year basis these are project-driven. So you can think of it as like a defense contractor: there's a certain amount of prospecting and then there's a certain amount of reaping or harvesting. So you'll see on a quarter-by-quarter basis, you'll see some movement around that, but we have good visibility over the course of the year to be able to predict where the year will end up.

So I think what you can expect as we go through the course of the year is we think that we will have similar slight uptick in terms of where we came in for the year in 2015, so slight improvement, but kind of in the same postal code for 2016 in service. But you will see as we shift away from the volume coming from almost exclusively the transportation side of the business to some of these new services that are more project based, you will see more ups and downs on a quarter-by-quarter basis just like Andrew called out for the uptick in Western Europe in Q4. And we're saying that Q1 you'll see a downtick in some of those services, but we have very good visibility over the course of the year where we'll come out.

<Q – George Tong – Piper Jaffray & Co (Broker)>: Got it. Thanks. And looking at C\$ revenue growth for the quarter and year, it came in a little bit below target because of lower M&A activity given your focus on Recall. You talked a little bit about your expected M&A activity in the first quarter. But with Recall still in progress, can you update us on how you're approaching your tuck-in M&A strategy for the full year?

<A – Bill Meaney – Iron Mountain, Inc.>: Yeah. So there's kind of two dimensions to that, right, George. So one is now that we've gone through quite a bit of the integration process, not on the

commercial side, but we kind of know the people and the overall volumes that we're getting in different geographies, we have a pretty high confidence level of where it makes sense for us to continue to bolster our presence internationally. So that's kind of one dimension. So you saw for instance our acquisition the last quarter of last year in India. And there's a couple more in flight that are in, as we called out, in the emerging markets, right.

The other aspect of that, of course, is you won't see us doing any M&A activity in the four regulatory jurisdictions that we're working with right now to close the Recall transaction because we don't want any delay in those discussions with the regulators, right. Because if you start doing acquisitions at the same time you're having discussions, it's just going to delay it. So we have pretty good visibility now where it makes sense. And that's why we've restarted the engine.

<A – Rod Day – Iron Mountain, Inc.>: I think that's right, Bill. I think, George that was in the nature of deals, particularly internationally, it can be a bit lumpy in terms of when they land. It was relatively quiet last year as you rightly pointed out. But I can see a reasonable amount of activity in Q1 actually with some, well I think, pretty exciting deals.

<Q – George Tong – Piper Jaffray & Co (Broker)>: Great. Thank you.

Operator: Your next question comes from Kevin McVeigh with Macquarie.

<A – Bill Meaney – Iron Mountain, Inc.>: Did we lose you, Kevin?

Operator: Kevin, your line is open.

<Q – Kevin McVeigh – Macquarie Capital (USA), Inc.>: Can you hear me now? Can you hear me now?

<A – Bill Meaney – Iron Mountain, Inc.>: Yeah, we got you, Kevin. Yep.

<Q – Kevin McVeigh – Macquarie Capital (USA), Inc.>: I apologize. Sorry about that, I was on mute. Apologize. Hey, so in terms of any updated timing on Recall? Do you still see it as Q2 type event? Or does that get pushed out a little bit based on – just any updates on that if you can to the extent you can provide further clarity on discussions with the regulators before? Just any thoughts around that?

<A – Bill Meaney – Iron Mountain, Inc.>: Kevin, I think you were covering us during the PLR, no?

<Q – Kevin McVeigh – Macquarie Capital (USA), Inc.>: Yes.

<A – Bill Meaney – Iron Mountain, Inc.>: So I think you probably know how I'm going to answer this one. As I said in my notes, it's not much that I can say beyond – or anything I can say beyond in my remarks. So I think you could probably appreciate that...

<Q – Kevin McVeigh – Macquarie Capital (USA), Inc.>: Sure.

<A – Bill Meaney – Iron Mountain, Inc.>: But we remain excited about the deal. As I said on my prepared remarks is that we're engaged constructively with the four key regulators, and we're working hard to drive this to a close. But I can't – I think you could probably appreciate I can't say much more.

<Q – Kevin McVeigh – Macquarie Capital (USA), Inc.>: I figured I'd try, Bill.

<A – Bill Meaney – Iron Mountain, Inc.>: Yeah, I knew someone was going to try; I just didn't know who it was.

<Q – Kevin McVeigh – Macquarie Capital (USA), Inc.: Would you give updates based on country? Or would it be when it's all done?

<A – Bill Meaney – Iron Mountain, Inc.: Look, right now I think all four are – we're engaged in all four, so I think our expectation is it'll probably be coming together pretty much at the same time. I mean, I wouldn't rule out a country-by-country update, but I think right now my expectation is it's going to be fairly closely aligned.

<Q – Kevin McVeigh – Macquarie Capital (USA), Inc.: That's helpful. And then just – it looks like you tightened up the range a little bit on the on the internal growth for 2016. You took the low end up 50 bps, the high end down 50 bps, am I reading that right in terms of the notes? And then if that is right, what drove king of the tightening of that range?

<A – Bill Meaney – Iron Mountain, Inc.: Yeah. Rod, do you want to...

<A – Rod Day – Iron Mountain, Inc.: I don't think we've mentioned change in internal growth. This may be in total growth. And so the internal – it's only if we start with internal storage growth, we've always been sort of in the 2.5% to 3% range and, obviously, that's the key metric for us. On the total revenue outlook, you're right. I think we've sort of pulled it in slightly as a result of just having a better understanding of how things might pan out.

<Q – Kevin McVeigh – Macquarie Capital (USA), Inc.: Okay. Awesome. And then are you at the point now where the sorted office – is the pricing still decremental? Or is it a point where it's stabilized, the sorted office paper?

<A – Rod Day – Iron Mountain, Inc.: It looks like it could've stabilized, but we've seen that before. So effectively what we've done in terms of our projection, we've taken the paper price out of that January. It could continue to move up or down, and we'll obviously keep updating on that, but where we did see the drop was really in the last couple of months of last year.

<Q – Kevin McVeigh – Macquarie Capital (USA), Inc.: Awesome. Thank you.

Operator: [Operator Instructions] Your next question comes from Shlomo Rosenbaum with Stifel.

<Q – Shlomo Rosenbaum – Stifel, Nicolaus & Co., Inc.: Thank you for taking my questions. Could you just give us a little bit of color as to some of the service projects, the nature of those projects that are causing things to kind of go up and down, become a little bit more lumpy? Just a practical on the ground, what exactly are you guys doing? And then afterwards, can you just give us an update on the EMC partnership announcement last April and how that's moving?

<A – Bill Meaney – Iron Mountain, Inc.: Okay. Morning, Shlomo. I'll just give you kind of a couple examples that give you an idea. Some of them are large scanning projects, so there's some that are in flight with government contracts for instance, and they have a certain – that's why I kind of alluded to kind of like defense contracts, those things have a kind of a tilling, fertilizing, seeding process and then a harvesting side. And those are typically very large scanning projects that are associated with storage. So we're not going in to compete with an ACS or a Xerox per se.

I mean, they may be competing, but we're going after contracts where we think we really have a strong skill set that's associated with just not the scanning, but also the classification of the records and in many if not most cases the actual storing of those records. But those are long lead time projects that come through at different times and hence you see the kind of spike that we saw in Western Europe when those things come through.

Others are, again, what I would call kind of BPM-type projects that are associated with storage. So right now we have in sight a large project which is associated with mortgage servicing or helping mortgage originator to process and manage a lot of their documentation and processes associated with mortgages. Again, there's a big upfront piece and we have the relationship with that customer because we do, if not all, most of their storage. So those are kind of two different projects. One which I would typically call BPM, and the other one I would call scanning, but we come at it, and we've been asked to come in and provide these services because of our expertise around records management and record storage.

<Q – Shlomo Rosenbaum – Stifel, Nicolaus & Co., Inc.>: Okay. And the EMC...

<A – Bill Meaney – Iron Mountain, Inc.>: Oh, I'm sorry. Yeah. On the EMC, so the EMC we're still very excited. We're making good steady progress, and the great thing about it is there's still a high level of engagement, even though you can probably imagine that EMC is going through their own changes right now with the Dell acquisition. But even with all that and through that process both pre and post announcement, we've had a high level of engagement and both teams are working well.

I mean, it's starting on a small base, but we're very excited about that combination because to us this is kind of like the Reese's Peanut Butter Cup, right. It's putting – I don't know if you could say who has the peanut butter and who has the chocolate, but putting those two things together and combining it with our raised floor platform using the data center is just a – it's a really unique platform that we could offer to our customers, which it's very difficult for any competitors to do because we're allowing customers to remove both the OpEx and CapEx associated with their tape drives in their premises and using EMC's market-leading technology or data domain technology.

We can replicate their data center on our raised floor using our data center technology, and then deliver tapes off the back of that and store it in our vault, which is a perfect cyber-security play because I think what people have learned is that you're not secure around cyber-security unless you unplug it completely from any network, so that's where tape comes in. But at the same time, people can get rid of a lot of the OpEx and CapEx costs associated with cutting the tapes themselves, and you reduce the need to transport these things over the road, and many cases these tapes aren't encrypted. So that adds a much more secure environment.

And then the other service of course we apply to that is we tell the customer, independent of any change in generational tape drives, we give them guaranteed assurance that we will restore that data whenever they need it in whatever format they need. So if you kind of look at some of the things that are in the core DNA of Iron Mountain, together with our growing data center business, and the core DNA of EMC, it is the Reese's Peanut Butter Cup.

<Q – Shlomo Rosenbaum – Stifel, Nicolaus & Co., Inc.>: Are there any marquee clients yet that you guys are willing to name or you're allowed to name or that you obtained, but you can't name?

<A – Bill Meaney – Iron Mountain, Inc.>: No, at this point you could imagine because this really goes to the IT security of most of our customers, none of them – I mean, we keep working on that, and when we can we'll highlight them. I think I should highlight, it's still a relatively small portion of our revenue. But we're really excited about these types of programs because it really resonates with our customers. But I think you can imagine most of our customers are pretty secretive about the way that they manage their IT assets or IT information.

<Q – Shlomo Rosenbaum – Stifel, Nicolaus & Co., Inc.>: Got it. For Rod, given the movements in currency and everything, are you able to maybe just give us a little guidance on the certain base rate percentage move in each of the currency that you highlighted, what that impact would be to both revenue and OIBDA up and down? So strengthening a certain – 1% against the dollar impacts revenue by X and impacts OIBDA by X, just so that from a technical modeling perspective we can get that rate?

<A – Rod Day – Iron Mountain, Inc.>: Yeah, and probably the easiest thing to do, if you take it as 40% of our revenue as outside of the U.S. and so therefore if you kind of take a 1% delta on the dollar against the basket of currencies, that would impact our revenue by 0.4%. And then you can flow that down to OIBDA. I think the way to think about that is if the FX movement is against markets where our businesses are more mature, so I could say for example, Canada and the UK, there obviously we earn higher margins. And so it has a sort of disproportionate effect on OIBDA. If the FX movement is against some of our businesses in emerging markets, it tends to be more dampened at the OIBDA level because obviously they're at earlier stages, and so the contribution margin percent is lower. Don't know if that helps.

<Q – Shlomo Rosenbaum – Stifel, Nicolaus & Co., Inc.>: Yeah. I mean, percentage of revenue helps more than that, but as much as you can give us, we'll take.

<A – Rod Day – Iron Mountain, Inc.>: I think that's probably what I can give you.

<Q – Shlomo Rosenbaum – Stifel, Nicolaus & Co., Inc.>: All right. Thank you very much.

Operator: Your next question comes from the line of Michael Ellman, with Mayo Capital Partners.

<Q – Michael Ellman – Mayo Capital Partners LLC>: Thanks for taking the question. I was hoping you could just offer me a bit of clarification about the guidance summary on page 13 of the document. I'm not sure that I understood all of Rod's remarks. Do I understand that your guidance for adjusted OIBDA for 2016 is the \$950 million to \$970 million range that I see in the second column from the right?

<A – Rod Day – Iron Mountain, Inc.>: Yes. Yeah, that's exactly right. So page 13, it's the second last column on the right is our 2016 guidance based at January 2016 FX rates.

<Q – Michael Ellman – Mayo Capital Partners LLC>: January 2016 FX rates?

<A – Rod Day – Iron Mountain, Inc.>: Yeah, exactly. So that's...

<Q – Michael Ellman – Mayo Capital Partners LLC>: Okay.

<A – Rod Day – Iron Mountain, Inc.>: ...our best view of guidance as we sit here...

<Q – Michael Ellman – Mayo Capital Partners LLC>: All right. So just sort of taking the midpoint of that range, that would be \$960 million, and then you present your estimated capital allocation at \$555 million to \$595 million?

<A – Rod Day – Iron Mountain, Inc.>: Yep.

<Q – Michael Ellman – Mayo Capital Partners LLC>: Okay. And your dividend obligation is currently about \$412 million at the \$1.94 rate?

<A – Rod Day – Iron Mountain, Inc.>: Right.

<Q – Michael Ellman – Mayo Capital Partners LLC>: Okay. So the dividend obligation, plus the midpoint of the capital allocation guidance would be \$987 million?

<A – Rod Day – Iron Mountain, Inc.>: Right.

<Q – Michael Ellman – Mayo Capital Partners LLC>: Okay. And so in your guidance for adjusted OIBDA you've obviously excluded the anticipated going forward expenses for the Recall consolidation which you've estimated at \$15 million to \$20 million?

<A – Rod Day – Iron Mountain, Inc.>: Yep.

<Q – Michael Ellman – Mayo Capital Partners LLC>: And so are there any other foreseeable expenses that, being one-time in nature, you're also excluding from your estimate of adjusted OIBDA?

<A – Rod Day – Iron Mountain, Inc.>: No. No. So we have restructuring costs, but they're actually included within adjusted OIBDA, but they have a phasing impact as I referred to earlier.

<Q – Michael Ellman – Mayo Capital Partners LLC>: Okay. All right, I guess that would be it. Could you possibly clarify in your capital allocation estimate of business and customer acquisitions of \$140 million to \$180 million, how much is acquisitions of business and how much is the money that you invest when you establish a new contract with customers?

<A – Rod Day – Iron Mountain, Inc.>: That's really our M&A spend, so that's – we refer to business customer acquisitions, but it's really the M&A spend.

<A – Bill Meaney – Iron Mountain, Inc.>: Yeah. I think the way you should think about it is that – I think I understand where you're kind of going with it, is that if you're trying to bring it down to cash available for distribution and investment

<Q – Michael Ellman – Mayo Capital Partners LLC>: That would be fair.

<A – Bill Meaney – Iron Mountain, Inc.>: Yeah. Okay. So that's what I figured you were trying to get to. So if you look at 2016 and you take the midpoint of the guidance, you should get to \$495 million, and then you had \$412 million for the dividend, I mean, it's \$411 million, \$412 million. So you subtract that out and then there's about \$65 million for growth racking, but that is actually for growth. So actually if you think about it, it's the \$495 million less the \$411 million and then that gives you a number that's available for growth basically, for investment and growth. And so the first call in that cash available is \$65 million, which is for the organic growth that we get from our customers every year.

So even if you take out, and that's for 2017 revenue if you know what I mean, right, because you're putting the racking investment in 2016, so that when the growth hits you in 2017 you can actually put those boxes on the shelf.

So then even after you take the growth racking which gives you the mid-2% range that we highlighted in terms of internal growth, in terms of our storage business that leaves you about \$19 million for cash available for discretionary investment. Now, that's versus 2015 actuals of about \$3 million left over after you paid for racking. So we've actually – even with the further FX headwinds coming into the 2016 based on January rates, you see the improvement from \$3 million to \$19 million, but again, that's also already including \$65 million for growth, so that 2.5% organic storage volume growth that's coming in.

Now when you come down and you're trying to – to your point about M&A is – so you say: well, how are we able to delever and still be able to do M&A? Because of course when we're doing the M&A we're buying EBITDA as well associated with that. So we're – so that's how the whole thing works. So we are issuing debt to do the M&A because obviously \$19 million doesn't fuel our whole M&A program. But between the \$19 million that we have for beyond internal growth of storage, we also borrow, but on a net-net basis in terms of what it does is debt-to-EBITDA you see a deleveraging as well.

<Q – Michael Ellman – Mayo Capital Partners LLC>: Is there a debt-to-EBITDA target that you have, say, for the end of 2016? I think you said you were at 5.6 times currently?

<A – Rod Day – Iron Mountain, Inc.>: 5.6 I think, and we aim to hold it around that level, it would be 5.5 times to 5.6 times by the end of the year. And over the next three years it will come down to 5.2, excluding the Recall deal. If we did the Recall deal, actually allows us to delever faster than that.

<Q – Michael Ellman – Mayo Capital Partners LLC>: Okay. Very good. Thank you very much.

<A – Bill Meaney – Iron Mountain, Inc.>: And the only thing I would do is just one last thing, Michael, is if you go to our Investor Day deck it lays it out quite well because it shows you what happens to – we do it both on a standalone and with Recall, but it shows you how we grow dividends during that period of time, how we grow the M&A and how we delever during the period of time. And you'll see the cash available or the CAD in the appendix of that deck.

<Q – Michael Ellman – Mayo Capital Partners LLC>: Okay, thank you.

<A – Bill Meaney – Iron Mountain, Inc.>: All right.

Operator: At this time, there are no further questions. Do we have any closing remarks?

William Leo Meaney, President, Chief Executive Officer & Director

No, I think that's it, operator. Thank you very much.

Operator: This concludes today's conference. You may now disconnect.

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