IRON MOUNTAIN INC
Form 10-Q
November 01, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q
(Mark One)
ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2016

OR

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

For the Transition Period from to

Commission file number 1-13045

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

Delaware	23-2588479
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

One Federal Street, Boston, Massachusetts 02110
(Address of Principal Executive Offices, Including Zip Code)

(617) 535-4766
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

Number of shares of the registrant's Common Stock outstanding at October 28, 2016: 263,447,840

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Part I. Financial Information
Item 1. Unaudited Consolidated Financial Statements
IRON MOUNTAIN INCORPORATED
CONSOLIDATED BALANCE SHEETS
(In Thousands, except Share and Per Share Data)
(Unaudited)

	December 31, 2015	September 30, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$128,381	$458,128
Accounts receivable (less allowances of $31,447 and $41,636 as of December 31, 2015 and September 30, 2016, respectively)	564,401	700,238
Deferred income taxes	22,179	11,075
Prepaid expenses and other	142,951	169,988
Assets held for sale (see Note 10)	—	127,912
Total Current Assets	857,912	1,467,341
Property, Plant and Equipment:		
Property, plant and equipment	4,744,236	5,574,805
Less—Accumulated depreciation	(2,247,078)	(2,408,277)
Property, Plant and Equipment, Net	2,497,158	3,166,528
Other Assets, Net:		
Goodwill	2,360,978	3,861,810
Customer relationships and customer inducements	603,314	1,306,011
Other	31,225	103,226
Total Other Assets, Net	2,995,517	5,271,047
Total Assets	$6,350,587	$9,904,916
LIABILITIES AND EQUITY		
Current Liabilities:		
Current portion of long-term debt	$88,068	$121,203
Accounts payable	219,590	233,971
Accrued expenses	351,061	447,413
Deferred revenue	183,112	202,171
Liabilities held for sale (see Note 10)	—	19,269
Total Current Liabilities	841,831	1,024,027
Long-term Debt, Net of Current Portion	4,757,610	6,338,024
Other Long-term Liabilities	71,844	88,794
Deferred Rent	95,693	111,035
Deferred Income Taxes	55,002	192,782
Commitments and Contingencies (see Note 8)		
Equity:		
Iron Mountain Incorporated Stockholders' Equity:		
Preferred stock (par value $0.01; authorized 10,000,000 shares; none issued and outstanding)	—	—
Common stock (par value $0.01; authorized 400,000,000 shares; issued and outstanding 211,340,296 shares and 263,425,012 shares as of December 31, 2015 and September 30, 2016, respectively)	2,113	2,634
Additional paid-in capital	1,623,863	3,506,913
(Distributions in excess of earnings) Earnings in excess of distributions	(942,218)	(1,246,408)

Accumulated other comprehensive items, net	(174,917)	(138,446)
Total Iron Mountain Incorporated Stockholders' Equity	508,841	2,124,693
Noncontrolling Interests	19,766	25,561
Total Equity	528,607	2,150,254
Total Liabilities and Equity	$6,350,587	$9,904,916

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

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

	Three Months Ended September 30,	
	2015	2016
Revenues:		
Storage rental	$460,052	$576,465
Service	286,477	366,357
Total Revenues	746,529	942,822
Operating Expenses:		
Cost of sales (excluding depreciation and amortization)	317,663	429,808
Selling, general and administrative	215,693	252,944
Depreciation and amortization	86,492	124,670
(Gain) Loss on disposal/write-down of property, plant and equipment (excluding real estate), net	(141)	(54)
Total Operating Expenses	619,707	807,368
Operating Income (Loss)	126,822	135,454
Interest Expense, Net (includes Interest Income of $1,132 and $2,118 for the three months ended September 30, 2015 and 2016, respectively)	65,135	83,300
Other Expense (Income), Net	35,246	23,302
Income (Loss) from Continuing Operations Before Provision (Benefit) for Income Taxes and Gain on Sale of Real Estate	26,441	28,852
Provision (Benefit) for Income Taxes	3,774	23,418
Gain on Sale of Real Estate, Net of Tax	(850)	(325)
Income (Loss) from Continuing Operations	23,517	5,759
Income (Loss) from Discontinued Operations, Net of Tax	—	2,041
Net Income (Loss)	23,517	7,800
Less: Net Income (Loss) Attributable to Noncontrolling Interests	407	720
Net Income (Loss) Attributable to Iron Mountain Incorporated	$23,110	$7,080
Earnings (Losses) per Share—Basic:		
Income (Loss) from Continuing Operations	$0.11	$0.02
Total Income (Loss) from Discontinued Operations, Net of Tax	$—	$0.01
Net Income (Loss) Attributable to Iron Mountain Incorporated	$0.11	$0.03
Earnings (Losses) per Share—Diluted:		
Income (Loss) from Continuing Operations	$0.11	$0.02
Total Income (Loss) from Discontinued Operations, Net of Tax	$—	$0.01
Net Income (Loss) Attributable to Iron Mountain Incorporated	$0.11	$0.03
Weighted Average Common Shares Outstanding—Basic	210,912	263,269
Weighted Average Common Shares Outstanding—Diluted	211,917	264,502
Dividends Declared per Common Share	$0.4751	$0.4852

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

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

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2016
Revenues:		
Storage rental	$1,380,133	$1,576,358
Service	875,416	1,000,902
Total Revenues	2,255,549	2,577,260
Operating Expenses:		
Cost of sales (excluding depreciation and amortization)	965,600	1,151,562
Selling, general and administrative	627,992	737,787
Depreciation and amortization	259,992	326,896
Loss (Gain) on disposal/write-down of property, plant and equipment (excluding real estate), net	707	(1,131)
Total Operating Expenses	1,854,291	2,215,114
Operating Income (Loss)	401,258	362,146
Interest Expense, Net (includes Interest Income of $2,777 and $5,549 for the nine months ended September 30, 2015 and 2016, respectively)	196,120	225,228
Other Expense (Income), Net	59,599	37,006
Income (Loss) from Continuing Operations Before Provision (Benefit) for Income Taxes and Gain on Sale of Real Estate	145,539	99,912
Provision (Benefit) for Income Taxes	27,126	46,157
Gain on Sale of Real Estate, Net of Tax	(850)	(325)
Income (Loss) from Continuing Operations	119,263	54,080
Income (Loss) from Discontinued Operations, Net of Tax	—	3,628
Net Income (Loss)	119,263	57,708
Less: Net Income (Loss) Attributable to Noncontrolling Interests	1,727	1,822
Net Income (Loss) Attributable to Iron Mountain Incorporated	$117,536	$55,886
Earnings (Losses) per Share—Basic:		
Income (Loss) from Continuing Operations	$0.57	$0.22
Total Income (Loss) from Discontinued Operations, Net of Tax	$—	$0.02
Net Income (Loss) Attributable to Iron Mountain Incorporated	$0.56	$0.23
Earnings (Losses) per Share—Diluted:		
Income (Loss) from Continuing Operations	$0.56	$0.22
Total Income (Loss) from Discontinued Operations, Net of Tax	$—	$0.02
Net Income (Loss) Attributable to Iron Mountain Incorporated	$0.55	$0.23
Weighted Average Common Shares Outstanding—Basic	210,616	240,394
Weighted Average Common Shares Outstanding—Diluted	212,081	241,520
Dividends Declared per Common Share	$1.4250	$1.4886

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

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

	Three Months Ended September 30,	
	2015	2016
Net Income (Loss)	$23,517	$7,800
Other Comprehensive (Loss) Income:		
Foreign Currency Translation Adjustments	(34,594)	11,304
Market Value Adjustments for Securities	(134)	—
Total Other Comprehensive (Loss) Income	(34,728)	11,304
Comprehensive (Loss) Income	(11,211)	19,104
Comprehensive (Loss) Income Attributable to Noncontrolling Interests	(384)	1,181
Comprehensive (Loss) Income Attributable to Iron Mountain Incorporated	$(10,827)	$17,923

	Nine Months Ended September 30,	
	2015	2016
Net Income (Loss)	$119,263	$57,708
Other Comprehensive (Loss) Income:		
Foreign Currency Translation Adjustments	(89,769)	38,071
Market Value Adjustments for Securities	(111)	(734)
Total Other Comprehensive (Loss) Income	(89,880)	37,337
Comprehensive Income (Loss)	29,383	95,045
Comprehensive Income (Loss) Attributable to Noncontrolling Interests	503	2,688
Comprehensive Income (Loss) Attributable to Iron Mountain Incorporated	$28,880	$92,357

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

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

		Iron Mountain Incorporated Stockholders' Equity					
		Common Stock					
	Total	Shares	Amounts	Additional Paid-in Capital	(Distributions in Excess of Earnings) Earnings in Excess of Distributions	Accumulated Other Comprehensive Items, Net	Noncontrolling Interests
Balance, December 31, 2014	$869,955	209,818,812	$2,098	$1,588,841	$(659,553)	$(75,031)	$13,600
Issuance of shares under employee stock purchase plan and option plans and stock-based compensation, including tax benefit of $323	24,627	1,264,935	13	24,614	—	—	—
Parent cash dividends declared	(302,658)	—	—	—	(302,658)	—	—
Foreign currency translation adjustments	(89,769)	—	—	—	—	(88,545)	(1,224)
Market value adjustments for securities	(111)	—	—	—	—	(111)	—
Net income (loss)	119,263	—	—	—	117,536	—	1,727
Noncontrolling interests dividends	(1,530)	—	—	—	—	—	(1,530)
Balance, September 30, 2015	$619,777	211,083,747	$2,111	$1,613,455	$(844,675)	$(163,687)	$12,573

		Iron Mountain Incorporated Stockholders' Equity					
		Common Stock					
	Total	Shares	Amounts	Additional Paid-in Capital	(Distributions in Excess of Earnings) Earnings in Excess of Distributions	Accumulated Other Comprehensive Items, Net	Noncontrolling Interests
Balance, December 31, 2015	$528,607	211,340,296	$2,113	$1,623,863	$(942,218)	$(174,917)	$19,766
Issuance of shares under employee stock purchase plan and option plans and stock-based compensation, including tax benefit of $91	48,545	1,851,304	19	48,526	—	—	—
Issuance of shares in connection with the acquisition of Recall	1,835,026	50,233,412	502	1,834,524	—	—	—

Holdings Limited (see Note 4)							
Parent cash dividends declared	(360,076)	—	—	—	(360,076)	—	—
Foreign currency translation adjustments	38,071	—	—	—	—	37,205	866
Market value adjustments for securities	(734)	—	—	—	—	(734)	—
Net income (loss)	57,708	—	—	—	55,886	—	1,822
Noncontrolling interests equity contributions	1,299	—	—	—	—	—	1,299
Noncontrolling interests dividends	(1,698)	—	—	—	—	—	(1,698)
Purchase of noncontrolling interests	3,506	—	—	—	—	—	3,506
Balance, September 30, 2016	$2,150,254	263,425,012	$ 2,634	$3,506,913	$(1,246,408)	$ (138,446)	$ 25,561

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

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IRON MOUNTAIN INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2015	2016
Cash Flows from Operating Activities:		
Net income (loss)	$119,263	$57,708
(Income) loss from discontinued operations	—	(3,628)
Adjustments to reconcile net income (loss) to cash flows from operating activities:		
Depreciation	226,497	267,280
Amortization (includes deferred financing costs and bond discount of $6,443 and $9,241, for the nine months ended September 30, 2015 and 2016, respectively)	39,938	68,857
Stock-based compensation expense	20,936	21,870
(Benefit) Provision for deferred income taxes	(10,317)	(22,196)
Loss on early extinguishment of debt, net	2,156	9,283
(Gain) Loss on disposal/write-down of property, plant and equipment, net (including real estate)	(352)	(1,490)
Anticipated loss on disposal of assets held for sale	—	14,000
Foreign currency transactions and other, net	39,006	24,006
Changes in Assets and Liabilities (exclusive of acquisitions):		
Accounts receivable	11,096	(6,996)
Prepaid expenses and other	2,687	(642)
Accounts payable	(23,977)	(39,073)
Accrued expenses and deferred revenue	(105,538)	39,553
Other assets and long-term liabilities	(1,300)	(9,580)
Cash Flows from Operating Activities - Continuing Operations	320,095	418,952
Cash Flows from Operating Activities - Discontinued Operations	—	3,640
Cash Flows from Operating Activities	320,095	422,592
Cash Flows from Investing Activities:		
Capital expenditures	(202,581)	(246,029)
Cash paid for acquisitions, net of cash acquired	(27,975)	(276,371)
Decrease in restricted cash	33,860	—
Acquisition of customer relationships	(20,208)	(24,756)
Customer inducements	(14,955)	(16,099)
Net proceeds from divestments (see Note 10)	—	53,950
Proceeds from sales of property and equipment and other, net (including real estate)	2,032	2,197
Cash Flows from Investing Activities - Continuing Operations	(229,827)	(507,108)
Cash Flows from Investing Activities - Discontinued Operations	—	(12)
Cash Flows from Investing Activities	(229,827)	(507,120)
Cash Flows from Financing Activities:		
Repayment of revolving credit, term loan and bridge facilities and other debt	(8,539,577)	(11,560,385)
Proceeds from revolving credit, term loan and bridge facilities and other debt	8,142,443	11,427,389
Net proceeds from sales of senior notes	985,000	925,443
Debt financing and equity contribution from noncontrolling interests	—	1,299
Debt repayment and equity distribution to noncontrolling interests	(1,260)	(1,305)
Parent cash dividends	(303,712)	(360,462)
Net proceeds (payments) associated with employee stock-based awards	13,988	26,374

Excess tax benefit (deficiency) from stock-based compensation	323	91
Payment of debt financing and stock issuance costs	(11,665)	(17,107)
Cash Flows from Financing Activities - Continuing Operations	285,540	441,337
Cash Flows from Financing Activities - Discontinued Operations	—	—
Cash Flows from Financing Activities	285,540	441,337
Effect of Exchange Rates on Cash and Cash Equivalents	(8,842)	(27,062)
Increase (Decrease) in Cash and Cash Equivalents	366,966	329,747
Cash and Cash Equivalents, Beginning of Period	125,933	128,381
Cash and Cash Equivalents, End of Period	$492,899	$458,128
Supplemental Information:		
Cash Paid for Interest	$218,863	$226,770
Cash Paid for Income Taxes, Net	$33,411	$49,776
Non-Cash Investing and Financing Activities:		
Capital Leases	$28,598	$45,997
Accrued Capital Expenditures	$29,626	$47,900
Dividends Payable	$5,123	$5,193
Fair Value of Stock Issued for Recall Transaction (see Note 4)	$—	$1,835,026

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

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IRON MOUNTAIN INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, Except Share and Per Share Data)
(Unaudited)

(1) General

The interim consolidated financial statements are presented herein and, in the opinion of management, reflect all adjustments of a normal recurring nature necessary for a fair presentation. Interim results are not necessarily indicative of results for a full year. Iron Mountain Incorporated, a Delaware corporation ("IMI"), and its subsidiaries ("we" or "us") store records, primarily physical records and data backup media, and provide information management services in various locations throughout North America, Europe, Latin America, Asia Pacific and Africa. We have a diversified customer base consisting of commercial, legal, banking, healthcare, accounting, insurance, entertainment and government organizations.

The unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been omitted pursuant to those rules and regulations, but we believe that the disclosures included herein are adequate to make the information presented not misleading. The Consolidated Financial Statements and Notes thereto, which are included herein, should be read in conjunction with the Consolidated Financial Statements and Notes thereto for the year ended December 31, 2015 included in our Annual Report on Form 10-K filed with the SEC on February 26, 2016 (our "Annual Report").

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

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

(2) Summary of Significant Accounting Policies

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

a. Foreign Currency

Local currencies are the functional currencies for our operations outside the United States, with the exception of certain foreign holding companies and our financing centers in Europe, whose functional currency is the United States dollar. In those instances where the local currency is the functional currency, assets and liabilities are translated at period-end exchange rates, and revenues and expenses are translated at average exchange rates for the applicable period. Resulting translation adjustments are reflected in the accumulated other comprehensive items, net component of Iron Mountain Incorporated Stockholders' Equity and Noncontrolling Interests in the accompanying Consolidated Balance Sheets. The gain or loss on foreign currency transactions, calculated as the difference between the historical exchange rate and the exchange rate at the applicable measurement date, including those related to (1) our previously outstanding $6^3/_4$% Euro Senior Subordinated Notes due 2018 (the "$6^3/_4$% Notes"), (2) borrowings in certain foreign currencies under our Revolving Credit Facility (as defined in Note 5) and (3) certain foreign currency denominated intercompany obligations of our foreign subsidiaries to us and between our foreign subsidiaries, which are not considered permanently invested, are included in Other Expense (Income), Net, in the accompanying Consolidated Statements of Operations.

IRON MOUNTAIN INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In Thousands, Except Share and Per Share Data)
(Unaudited)
(2) Summary of Significant Accounting Policies (Continued)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2016	2015	2016
Total loss on foreign currency transactions	$32,539	$10,685	$56,461	$15,336

b. Goodwill and Other Intangible Assets

Goodwill and indefinite-lived intangible assets

We have selected October 1 as our annual goodwill impairment review date. We performed our most recent annual goodwill impairment review as of October 1, 2015 and concluded there was no impairment of goodwill at such date. As of December 31, 2015, no factors were identified that would alter our October 1, 2015 goodwill analysis. While several of our reporting units were impacted by our acquisition of Recall, no factors were identified as of September 30, 2016 that would indicate an impairment of goodwill. In making this assessment, we considered a number of factors including operating results, business plans, anticipated future cash flows, transactions and marketplace data. There are inherent uncertainties related to these factors and our judgment in applying them to the analysis of goodwill impairment. When changes occur in the composition of one or more reporting units, the goodwill is reassigned to the reporting units affected based on their relative fair values.

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

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

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

(5) This reporting unit is included in the Other International Business segment.

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IRON MOUNTAIN INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In Thousands, Except Share and Per Share Data)
(Unaudited)
(2) Summary of Significant Accounting Policies (Continued)

In the third quarter of 2016, as a result of changes in the management of our businesses included in our Western European Business segment, we reassessed the composition of our reporting units. As a result of this reassessment, we determined that the businesses included in our former UKI reporting unit were now being managed in conjunction with the businesses included in our former Continental Western Europe reporting unit. As a result, as of September 30, 2016, we have concluded that our Western European Business segment consists of one reporting unit, which is referred to herein as the Western Europe reporting unit.

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

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

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IRON MOUNTAIN INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(In Thousands, Except Share and Per Share Data)

(Unaudited)

(2) Summary of Significant Accounting Policies (Continued)

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

	Carrying Value as of September 30, 2016
North American Records and Information Management	$2,058,150
North American Secure Shredding	148,905
North American Data Management	499,644
Adjacent Businesses - Data Centers	—
Adjacent Businesses - Consumer Storage	4,636
Adjacent Businesses - Fine Arts	22,911
Western Europe	454,531
Northern and Eastern Europe(1)	142,285
Latin America	180,664
Australia and New Zealand	152,387
Southeast Asia	177,512
Africa and India(2)	20,185
Total	$3,861,810

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

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

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IRON MOUNTAIN INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In Thousands, Except Share and Per Share Data)
(Unaudited)
(2) Summary of Significant Accounting Policies (Continued)

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

	North American Records and Information Management Business	North American Data Management Business	Western European Business	Other International Business	Corporate and Other Business	Total Consolidated
Gross Balance as of December 31, 2015	$1,620,425	$ 423,606	$381,149	$ 225,626	$ 26,186	$2,676,992
Deductible goodwill acquired during the year	—	—	—	—	—	—
Non-deductible goodwill acquired during the year	790,250	128,669	161,005	474,576	215	1,554,715
Goodwill reclassified as assets held for sale (see Note 10)	(3,332)	—	—	(40,089)	—	(43,421)
Fair value and other adjustments(1)	(157)	—	—	(486)	1,146	503
Currency effects	4,921	1,161	(30,939)	13,462	—	(11,395)
Gross Balance as of September 30, 2016	$2,412,107	$ 553,436	$511,215	$ 673,089	$ 27,547	$4,177,394
Accumulated Amortization Balance as of December 31, 2015	$204,681	$ 53,699	$57,505	$ 129	$—	$316,014
Currency effects	371	93	(821)	(73)	—	(430)
Accumulated Amortization Balance as of September 30, 2016	$205,052	$ 53,792	$56,684	$ 56	$—	$315,584
Net Balance as of December 31, 2015	$1,415,744	$ 369,907	$323,644	$ 225,497	$ 26,186	$2,360,978
Net Balance as of September 30, 2016	$2,207,055	$ 499,644	$454,531	$ 673,033	$ 27,547	$3,861,810
Accumulated Goodwill Impairment Balance as of December 31, 2015	$85,909	$ —	$46,500	$ —	$—	$132,409
Accumulated Goodwill Impairment Balance as of September 30, 2016	$85,909	$ —	$46,500	$ —	$—	$132,409

(1) Total fair value and other adjustments primarily include net adjustments of $685 related to property, plant and equipment and customer relationship intangible assets, partially offset by $182 of cash received related to certain acquisitions completed in 2015.

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Finite-lived intangible assets
Customer relationship intangible assets, which are acquired through either business combinations or acquisitions of customer relationships, are amortized over periods ranging from 10 to 30 years. The value of customer relationship intangible assets is calculated based upon estimates of their fair value utilizing an income approach based on the present value of expected future cash flows.
Costs related to the acquisition of large volume accounts are capitalized. Free intake costs to transport boxes to one of our facilities, which include labor and transportation charges ("Move Costs"), are amortized over periods ranging from one to 30 years, and are included in depreciation and amortization in the accompanying Consolidated Statements of Operations. Payments that are made to a customer's current records management vendor in order to terminate the customer's existing contract with that vendor, or direct payments to a customer ("Permanent Withdrawal Fees"), are amortized over periods ranging from one to 15 years and are included in storage and service revenue in the accompanying Consolidated Statements of Operations. Move Costs and Permanent Withdrawal Fees are collectively referred to as "Customer Inducements". If the customer terminates its relationship with us, the unamortized carrying value of the Customer Inducement intangible asset is charged to expense or revenue. However, in the event of such termination, we generally collect, and record as income, permanent removal fees that generally equal or exceed the amount of the unamortized Customer Inducement intangible asset.
Other intangible assets, including noncompetition agreements and trademarks, are capitalized and amortized over periods ranging from five to 10 years.

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

	December 31, 2015			September 30, 2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationship intangible assets and Customer Inducements	$937,174	$(333,860)	$603,314	$1,684,891	$(378,880)	$1,306,011
Core Technology(1)	3,370	(3,370)	—	1,625	(1,625)	—
Trademarks and Non-Compete Agreements(1)	7,741	(4,955)	2,786	24,448	(6,985)	17,463
Total	$948,285	$(342,185)	$606,100	$1,710,964	$(387,490)	$1,323,474

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2016	2015	2016
Amortization expense associated with finite-lived intangible assets and deferred financing costs	$13,094	$29,899	$39,939	$68,857

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c. Stock-Based Compensation

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

Stock-based compensation expense for Employee Stock-Based Awards included in the accompanying Consolidated Statements of Operations for the three and nine months ended September 30, 2015 was $6,159 ($4,502 after tax or $0.02 per basic and diluted share) and $20,936 ($14,915 after tax or $0.07 per basic and diluted share), respectively. Stock-based compensation expense for Employee Stock-Based Awards for the three and nine months ended September 30, 2016 was $5,957 ($4,245 after tax or $0.02 per basic and diluted share) and $21,870 ($16,170 after tax or $0.07 per basic and diluted share), respectively.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2016	2015	2016
Cost of sales (excluding depreciation and amortization)	$65	$28	$156	$80
Selling, general and administrative expenses	6,094	5,929	20,780	21,790
Total stock-based compensation	$6,159	$5,957	$20,936	$21,870

The benefits associated with the tax deductions in excess of recognized compensation cost are required to be reported as financing activities in the accompanying Consolidated Statements of Cash Flows. This requirement impacts reported operating cash flows and reported financing cash flows. As a result, net financing cash flows included $323 and $91 for the nine months ended September 30, 2015 and 2016, respectively, from the benefit of tax deductions compared to recognized compensation cost. The tax benefit of any resulting excess tax deduction increases the Additional Paid-in Capital ("APIC") pool. Any resulting tax deficiency is deducted from the APIC pool.

Stock Options

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

	September 30, 2016		
	Stock Options Outstanding	% of Stock Options Outstanding	
Three-year vesting period (10 year contractual life)	2,826,698	76.3	%
Five-year vesting period (10 year contractual life)	622,057	16.8	%
Ten-year vesting period (12 year contractual life)	255,255	6.9	%
	3,704,010		

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The weighted average fair value of stock options granted for the nine months ended September 30, 2015 and 2016 was $4.88 and $2.55 per share, respectively. These values were estimated on the date of grant using the Black-Scholes stock option pricing model. The weighted average assumptions used for grants in the respective period are as follows:

Weighted Average Assumptions	Nine Months Ended September 30, 2015	2016
Expected volatility	28.4 %	27.2 %
Risk-free interest rate	1.70 %	1.32 %
Expected dividend yield	5 %	7 %
Expected life	5.5 years	5.6 years

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

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

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Average Intrinsic Value
Outstanding at December 31, 2015	3,688,814	$ 27.79		
Granted	1,435,879	34.02		
Exercised	(1,373,290)	24.12		
Forfeited	(35,927)	32.43		
Expired	(11,466)	30.50		
Outstanding at September 30, 2016	3,704,010	$ 31.51	7.08	$26,628
Options exercisable at September 30, 2016	1,553,980	$ 26.08	4.54	$19,208
Options expected to vest	2,025,402	$ 35.44	8.91	$7,020

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

	Three Months Ended September 30, 2015	2016	Nine Months Ended September 30, 2015	2016
Aggregate intrinsic value of stock options exercised	$1,985	$5,433	$7,868	$16,792

Restricted Stock Units

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2016	2015	2016
Cash dividends accrued on RSUs	$616	$620	$1,917	$1,867
Cash dividends paid on RSUs	270	129	2,570	1,960

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2016	2015	2016
Fair value of RSUs vested	$2,377	$1,486	$21,561	$19,271

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

	RSUs	Weighted-Average Grant-Date Fair Value
Non-vested at December 31, 2015	1,217,597	$ 33.68
Granted	671,385	32.36
Vested	(575,875)	33.47
Forfeited	(59,627)	33.74
Non-vested at September 30, 2016	1,253,480	$ 33.07

Performance Units

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

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2016	2015	2016
Cash dividends accrued on PUs	$222	$264	$647	$789
Cash dividends paid on PUs	—	—	1,015	645

During the nine months ended September 30, 2016, we issued 230,052 PUs. The majority of our PUs are earned based on our performance against revenue and ROIC targets during their applicable performance period; therefore, we forecast the likelihood of achieving the predefined revenue and ROIC targets in order to calculate the expected PUs to be earned. We record a compensation charge based on either the forecasted PUs to be earned (during the performance period) or the actual PUs earned (at the three-year anniversary of the grant date) over the vesting period for each of the awards. For PUs earned based on a market condition, we utilize a Monte Carlo simulation to fair value these awards at the date of grant, and such fair value is expensed over the three-year performance period. As of September 30, 2016, we expected 0%, 50% and 100% achievement of the predefined revenue and ROIC targets associated with the awards of PUs made in 2014, 2015 and 2016, respectively.
The fair value of earned PUs that vested during the three and nine months ended September 30, 2015 and 2016 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2016	2015	2016
Fair value of earned PUs that vested	$ —	$ 17	$2,107	$5,272

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

	Original PU Awards	PU Adjustment(1)	Total PU Awards	Weighted-Average Grant-Date Fair Value
Non-vested at December 31, 2015	520,764	(86,959)	433,805	$ 34.11
Granted	230,052	—	230,052	35.84
Vested	(148,855)	—	(148,855)	35.42
Forfeited/Performance or Market Conditions Not Achieved	(7,690)	(34,079)	(41,769)	42.87
Non-vested at September 30, 2016	594,271	(121,038)	473,233	$ 33.77

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

Employee Stock Purchase Plan

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

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As of September 30, 2016, unrecognized compensation cost related to the unvested portion of our Employee Stock-Based Awards was $43,137 and is expected to be recognized over a weighted-average period of 2.0 years. We generally issue shares of our common stock for the exercises of stock options, RSUs, PUs and shares of our common stock under our ESPP from unissued reserved shares.

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2016	2015	2016
Income (loss) from continuing operations	$23,517	$ 5,759	$119,263	$ 54,080
Less: Net income (loss) attributable to noncontrolling interests	407	720	1,727	1,822
Income (loss) from continuing operations (utilized in numerator of Earnings Per Share calculation)	$23,110	$ 5,039	$117,536	$ 52,258
Income (loss) from discontinued operations, net of tax	$—	$ 2,041	$—	$ 3,628
Net income (loss) attributable to Iron Mountain Incorporated	$23,110	$ 7,080	$117,536	$ 55,886
Weighted-average shares—basic	210,912,000	263,269,000	210,616,000	240,394,000
Effect of dilutive potential stock options	621,615	640,202	934,553	628,263
Effect of dilutive potential RSUs and PUs	382,995	592,773	530,252	497,658
Weighted-average shares—diluted	211,916,610	264,501,975	212,080,805	241,519,921
Earnings (losses) per share—basic:				
Income (loss) from continuing operations	$0.11	$ 0.02	$0.57	$ 0.22
Income (loss) from discontinued operations, net of tax	—	0.01	—	0.02
Net income (loss) attributable to Iron Mountain Incorporated(1)	$0.11	$ 0.03	$0.56	$ 0.23
Earnings (losses) per share—diluted:				
Income (loss) from continuing operations	$0.11	$ 0.02	$0.56	$ 0.22
Income (loss) from discontinued operations, net of tax	—	0.01	—	0.02
Net income (loss) attributable to Iron Mountain Incorporated(1)	$0.11	$ 0.03	$0.55	$ 0.23
Antidilutive stock options, RSUs and PUs, excluded from the calculation	2,262,827	759,478	1,318,811	1,725,249

(1) Columns may not foot due to rounding.

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e. Income Taxes

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

Our effective tax rates for the three and nine months ended September 30, 2015 were 14.3% and 18.6%, respectively. Our effective tax rates for the three and nine months ended September 30, 2016 were 81.2% and 46.2%, respectively. The primary reconciling items between the federal statutory tax rate of 35.0% and our overall effective tax rates in the three and nine months ended September 30, 2015 were the benefit derived from the dividends paid deduction, differences in the rates of tax at which our foreign earnings are subject, including foreign exchange gains and losses in different jurisdictions with different tax rates, and state income taxes (net of federal tax benefit). In the third quarter of 2015, we recorded a tax benefit of $4,100 related to the expiration of certain statutes of limitations and an out-of-period tax adjustment ($9,000 tax benefit) to correct the valuation of certain deferred tax assets associated with the REIT conversion that occurred in 2014. The primary reconciling items between the federal statutory tax rate of 35.0% and our overall effective tax rates in the three and nine months ended September 30, 2016 were the benefit derived from the dividends paid deduction, differences in the rates of tax at which our foreign earnings are subject, including foreign exchange gains and losses in different jurisdictions with different tax rates, and the impact of the $14,000 charge (described in Note 2.i.) recorded during the third quarter of 2016 related to the anticipated loss on disposal of the Australia Divestment Business (as defined in Note 4), which had no associated tax benefit.

f. Concentrations of Credit Risk

Financial instruments that potentially subject us to credit risk consist principally of cash and cash equivalents (including money market funds and time deposits) and accounts receivable. The only significant concentrations of liquid investments as of December 31, 2015 and September 30, 2016 relate to cash and cash equivalents. At December 31, 2015, we had time deposits with four global banks. At September 30, 2016, we had time deposits with six global banks. We consider the global banks to be large, highly-rated investment-grade institutions. As of December 31, 2015 and September 30, 2016, our cash and cash equivalents were $128,381 and $458,128, respectively, including time deposits amounting to $18,645 and $18,687, respectively.

g. Fair Value Measurements

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

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

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

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

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

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

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

		Fair Value Measurements at September 30, 2016 Using		
Description	Total Carrying Value at September 30, 2016	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Time Deposits(1)	$ 18,687	$—	$ 18,687	$ —
Trading Securities	10,708	10,225 (2)	483 (1)	—

(1) Time deposits and certain trading securities are measured based on quoted prices for similar assets and/or subsequent transactions and are included in Prepaid expenses and other in our Consolidated Balance Sheets.

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

Disclosures are required in the financial statements for items measured at fair value on a non-recurring basis. We did not have any material items that are measured at fair value on a non-recurring basis at December 31, 2015 and September 30, 2016, with the exception of: (i) goodwill (as disclosed in Note 2.b.); (ii) the assets and liabilities acquired through acquisitions (as disclosed in Note 4); (iii) the Access Contingent Consideration (as defined and disclosed in Note 4); and (iv) assets and liabilities held for sale (as disclosed in Note 10), all of which are based on Level 3 inputs.

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

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h. Accumulated Other Comprehensive Items, Net

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

	Foreign Currency Translation Adjustments	Market Value Adjustments for Securities	Total
Balance as of June 30, 2015	$(130,752)	$ 1,002	$(129,750)
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(33,803)	—	(33,803)
Market value adjustments for securities	—	(134)	(134)
Total other comprehensive (loss) income	(33,803)	(134)	(33,937)
Balance as of September 30, 2015	$(164,555)	$ 868	$(163,687)

	Foreign Currency Translation Adjustments	Market Value Adjustments for Securities	Total
Balance as of June 30, 2016	$(149,289)	$ —	$(149,289)
Other comprehensive income (loss):			
Foreign currency translation adjustments	10,843	—	10,843
Total other comprehensive income (loss)	10,843	—	10,843
Balance as of September 30, 2016	$(138,446)	$ —	$(138,446)

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

	Foreign Currency Translation Adjustments	Market Value Adjustments for Securities	Total
Balance as of December 31, 2014	$(76,010)	$ 979	$(75,031)
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(88,545)	—	(88,545)
Market value adjustments for securities	—	(111)	(111)
Total other comprehensive (loss) income	(88,545)	(111)	(88,656)
Balance as of September 30, 2015	$(164,555)	$ 868	$(163,687)

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	Foreign Currency Translation Adjustments	Market Value Adjustments for Securities	Total
Balance as of December 31, 2015	$(175,651)	$ 734	$(174,917)
Other comprehensive income (loss):			
Foreign currency translation adjustments	37,205	—	37,205
Market value adjustments for securities	—	(734)	(734)
Total other comprehensive income (loss)	37,205	(734)	36,471
Balance as of September 30, 2016	$(138,446)	$ —	$(138,446)

i. Other Expense (Income), Net

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2016	2015	2016
Foreign currency transaction losses (gains), net	$32,539	$10,685	$56,461	$15,336
Debt extinguishment expense	2,156	—	2,156	9,283
Other, net	551	12,617	982	12,387
	$35,246	$23,302	$59,599	$37,006

Other, net for the three and nine months ended September 30, 2016 includes a charge of $14,000 associated with the anticipated loss on disposal of the Australia Divestment Business. As disclosed in Note 10, we have determined that the Australia Divestment Business met the criteria to be reported as held for sale beginning in the second quarter of 2016. Accordingly, the Australia Divestment Business is reflected in our Consolidated Balance Sheet at the lower of its carrying value or its fair value (less costs to sell). This charge represents the excess of the carrying value of the Australia Divestment Business compared to its fair value (less costs to sell) as of September 30, 2016, based upon the sale price of the business described more fully in Note 13.

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

During the three and nine months ended September 30, 2015, we capitalized $6,844 and $19,279 of costs, respectively, associated with the development of internal use computer software projects. During the three and nine months ended September 30, 2016, we capitalized $3,601 and $12,139 of costs, respectively, associated with the development of internal use computer software projects.

Consolidated (gain) loss on disposal/write-down of property, plant and equipment (excluding real estate), net for the three and nine months ended September 30, 2015 was $(141) and $707, respectively. Losses in the nine months ended September 30, 2015 consisted primarily of the write-off of certain property associated with our North American Records and Information Management Business segment. Consolidated gains on disposal/write-down of property, plant and equipment (excluding real estate), net for the three and nine months ended September 30, 2016 was $54 and $1,131, respectively, which were primarily associated with the retirement of leased vehicles accounted for as capital lease assets within our North American Records and Information Management Business segment.

Consolidated gain on sale of real estate was $850, net of tax of $209, for the three and nine months ended September 30, 2015, which was associated with the sale of a building in the United Kingdom. Consolidated gain on sale of real estate for the three and nine months ended September 30, 2016 was $325, net of tax of $34, associated with the sale of land in North America.

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(Unaudited)
(2) Summary of Significant Accounting Policies (Continued)

k. New Accounting Pronouncements
In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). ASU 2014-09 provides guidance for management to reassess revenue recognition as it relates to: (1) transfer of control, (2) variable consideration, (3) allocation of transaction price based on relative standalone selling price, (4) licenses, (5) time value of money, and (6) contract costs. Further disclosures will be required to provide a better understanding of revenue that has been recognized and revenue that is expected to be recognized in the future from existing contracts. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date ("ASU 2015-14"). ASU 2015-14 deferred the effective date of ASU 2014-09 for one year, making it effective for us on January 1, 2018, with early adoption permitted as of January 1, 2017. We will adopt ASU 2014-09 as of January 1, 2018. We are currently evaluating the impact ASU 2014-09 will have on our consolidated financial statements.
In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements Going Concern (Subtopic 205-40) (“ASU 2014-15”). ASU 2014-15 requires management to assess an entity’s ability to continue as a going concern by incorporating and expanding upon certain principles of current United States auditing standards. Specifically, the amendments (1) provide a definition of the term “substantial doubt”, (2) require an evaluation every reporting period, including interim periods, (3) provide principles for considering the mitigating effect of management’s plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management’s plans, (5) require an express statement and other disclosures when substantial doubt is still present, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). ASU 2014-15 is effective for us on January 1, 2017, with early adoption permitted. We will adopt ASU 2014-15 as of January 1, 2017. We do not believe that the adoption of ASU 2014-15 will have an impact on our consolidated financial statements.
In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis (“ASU 2015 02”). ASU 2015-02 affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. We adopted ASU 2015-02 on January 1, 2016. The adoption of ASU 2015-02 did not impact our consolidated financial statements.

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

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

(2) Summary of Significant Accounting Policies (Continued)

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

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

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments (“ASU 2016-15”). ASU 2016-15 addresses eight specific cash flow changes with the objective of reducing the existing diversity in the practice of how certain cash receipts and cash payments are presented and classified in the statement of cash flows. We adopted ASU 2016-15 during the third quarter of 2016. ASU 2016-15 did not have an impact on our consolidated financial statements.

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(3) Derivative Instruments and Hedging Activities

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2016	2015	2016
Net cash (receipts) payments	$(7,024)	$ —	$22,164	$ —

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

		Amount of (Gain) Loss Recognized in Income on Derivatives			
		Three Months Ended September 30,		Nine Months Ended September 30,	
Derivatives Not Designated as Hedging Instruments	Location of (Gain) Loss Recognized in Income on Derivative	2015	2016	2015	2016
Foreign exchange contracts	Other expense (income), net	$(301)	$ —	$20,113	$ —

We have designated a portion of our previously outstanding $6^{3}/_{4}$% Notes and Euro denominated borrowings by IMI under our Revolving Credit Facility (discussed more fully in Note 5) as a hedge of net investment of certain of our Euro denominated subsidiaries. For the nine months ended September 30, 2015 and 2016, we designated, on average, 35,151 and 29,858 Euros, respectively, of the previously outstanding $6^{3}/_{4}$% Notes and Euro denominated borrowings by IMI under our Revolving Credit Facility as a hedge of net investment of certain of our Euro denominated subsidiaries. As a result, we recorded the following foreign exchange (losses) gains, net of tax, related to the change in fair value of such debt due to currency translation adjustments, which is a component of accumulated other comprehensive items, net:

	Three Months Ended September	Nine Months Ended September 30,

	30,			
	2015	2016	2015	2016
Foreign exchange (losses) gains	$(85)	$(313)	$3,381	$(901)
Less: Tax (benefit) expense on foreign exchange (losses) gains	—	—	—	—
Foreign exchange (losses) gains, net of tax	$(85)	$(313)	$3,381	$(901)

As of September 30, 2016, cumulative net gains of $16,195, net of tax, are recorded in accumulated other comprehensive items, net associated with this net investment hedge.

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(4) Acquisitions

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

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

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

Divestments and Management Pending Sales

i. United States

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

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

On May 4, 2016, we completed the sale of the Initial United States Divestments to Access CIG, LLC, a privately held provider of information management services throughout the United States ("Access CIG"), for total consideration of approximately $80,000, subject to adjustments (the "Access Sale"). Of the total consideration, we received $55,000 in cash proceeds upon closing of the Access Sale, and we are entitled to receive up to $25,000 of additional cash proceeds on the 27-month anniversary of the closing of the Access Sale (the "Access Contingent Consideration"). Our estimate of the fair value of the Access Contingent Consideration is approximately $21,400 (which reflects a fair value adjustment of approximately $2,200 and a present value adjustment of approximately $1,400), and accordingly, we have recognized a non-trade receivable included in Other, a component of Other Assets, Net in our Consolidated Balance Sheet as of September 30, 2016 for this amount.

The assets subject to the Access Sale were acquired in the Recall Transaction and, therefore, the estimated fair value of the Access Contingent Consideration has been reflected in the allocation of the purchase price for Recall as a component of "Fair Value of Divestments". Our policy related to the recognition of contingent consideration (from a seller's perspective) is to recognize contingent consideration at its estimated fair value upon closing of the transaction. Our policy related to the subsequent measurement of contingent consideration (from a seller's perspective) is (i) to recognize contingent consideration in excess of our original estimate of fair value upon cash receipt of such consideration and (ii) to recognize any impairment of the contingent consideration compared to our original estimate in the period in which we determine such an impairment exists.

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

In October 2016, we entered into an agreement with a potential buyer that provides for the sale of the Seattle/Atlanta Divestments and the Canadian Divestments (as described and defined below) to such potential buyer. This agreement remains subject to approval by the DOJ and the CCB as well as customary closing conditions and, therefore, we can provide no assurances that the DOJ and the CCB will approve the agreement, or that even with such approval that we will complete the sale on the terms agreed, or at all.

ii. Australia

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

Pursuant to the ACCC Undertaking, any prospective purchaser of the Australia Divestment Business is subject to ACCC approval. On October 24, 2016, we received the requisite clearance from the ACCC to sell the Australia Divestment Business and, on October 31, 2016, we completed the sale of the Australia Divestment Business. See Note 13.

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(4) Acquisitions (Continued)

iii. Canada

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

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

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

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

In October 2016, we entered into an agreement with a potential buyer that provides for the sale of the Seattle/Atlanta Divestments and the Canadian Divestments to such potential buyer. This agreement remains subject to approval by the DOJ and the CCB as well as customary closing conditions and, therefore, we can provide no assurances that the DOJ and the CCB will approve the agreement, or that even with such approval that we will complete the sale, on the terms agreed or at all.

iv. United Kingdom

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

(In Thousands, Except Share and Per Share Data)

(4) Acquisitions (Continued)

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

The unaudited consolidated pro forma financial information (the "Pro Forma Financial Information") below summarizes the combined results of us and Recall on a pro forma basis as if the Recall Transaction had occurred on January 1, 2015. The Pro Forma Financial Information is presented for informational purposes and is not necessarily indicative of the results of operations that would have been achieved if the acquisition had taken place on January 1, 2015. The Pro Forma Financial Information, for all periods presented, includes adjustments to convert Recall's historical results from International Financial Reporting Standards to GAAP, our current estimates of purchase accounting adjustments (including amortization expenses from acquired intangible assets, depreciation of acquired property, plant and equipment and amortization of favorable and unfavorable leases), stock-based compensation and related tax effects. Through September 30, 2016, we and Recall have collectively incurred $137,652 of operating expenditures to complete the Recall Transaction (including advisory and professional fees and costs to complete the Divestments required in connection with receipt of regulatory approval and to provide transitional services required to support the divested businesses during a transition period). These operating expenditures have been reflected within the results of operations in the Pro Forma Financial Information as if they were incurred on January 1, 2015. The costs we have incurred to integrate Recall with our existing operations, including moving, severance, facility upgrade, REIT conversion and system upgrade costs are reflected in the Pro Forma Financial Information in the period in which they were incurred.
The Pro Forma Financial Information, for all periods presented, exclude from income (loss) from continuing operations the results of operations of the Initial United States Divestments, the Seattle/Atlanta Divestments, the Recall Canadian Divestments and the UK Divestments, as these businesses are presented as discontinued operations. The results of the Australia Divestment Business and the Iron Mountain Canadian Divestments are included within the results from continuing operations in the Pro Forma Financial Information for all periods presented, as these businesses do not qualify for discontinued operations. The Australia Divestment Business and the Iron Mountain Canadian Divestments, collectively, represent $23,317 and $50,759 of total revenues and $3,595 and $5,146 of total income from continuing operations for the three and nine months ended September 30, 2015, respectively, and $15,803 and $42,954 of total revenues and $1,986 and $2,741 of total income from continuing operations for the three and nine months ended September 30, 2016, respectively.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2016	2015	2016
Total Revenues	$927,622	$942,822	$2,811,211	$2,828,033
Income (Loss) from Continuing Operations	$14,530	$8,935	$(15,654)	$89,036
Per Share Income (Loss) from Continuing Operations - Basic	$0.05	$0.03	$(0.07)	$0.33
Per Share Income (Loss) from Continuing Operations - Diluted	$0.05	$0.03	$(0.07)	$0.33

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

(In Thousands, Except Share and Per Share Data)

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

b. Other 2016 Acquisitions

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

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

In August 2016, we reached an agreement in principle under a non-binding memorandum of understanding to acquire the information management operations of Santa Fe Group A/S (“Santa Fe”) in ten regions within Europe and Asia (the “Santa Fe Transaction”) for approximately 27,000 Euro, or approximately $30,300, based upon the exchange rate between the United States dollar and the Euro as of September 30, 2016. Santa Fe operates its information management business in Spain, India, Hong Kong, Macau, Indonesia, the Philippines, Singapore, Malaysia, South Korea and Taiwan. The memorandum of understanding between us and Santa Fe is non-binding and any binding agreement we enter into with Santa Fe will be subject to closing conditions; accordingly, we can provide no assurance that we will complete this acquisition, that the acquisition will not be delayed or that the terms of the acquisition will not change.

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

	Recall	Other Fiscal 2016 Year Acquisitions (excluding Recall)	Total
Cash Paid (gross of cash acquired)(1)	$331,834	$ 21,817	$353,651
Fair Value of Common Stock Issued	1,835,026	—	1,835,026
Fair Value of Noncontrolling Interests	—	3,506	3,506
Total Consideration	2,166,860	25,323	2,192,183
Fair Value of Identifiable Assets Acquired:			
Cash	76,531	567	77,098
Accounts Receivable and Prepaid Expenses	204,610	2,582	207,192
Fair Value of Divestments(2)	122,978	—	122,978
Other Assets	47,574	541	48,115
Property, Plant and Equipment(3)	677,509	8,409	685,918

Customer Relationship Intangible Assets(4)	729,514	10,614	740,128
Debt Assumed	(789,264)	—	(789,264)
Accounts Payable, Accrued Expenses and Other Liabilities	(258,937)	(8,450)	(267,387)
Deferred Income Taxes	(184,590)	(2,720)	(187,310)
Total Fair Value of Identifiable Net Assets Acquired	625,925	11,543	637,468
Goodwill Initially Recorded(5)	$1,540,935	$ 13,780	$1,554,715

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(1) Included in cash paid for acquisitions in the Consolidated Statement of Cash Flows for the nine months ended September 30, 2016 is net cash acquired of $77,098 and cash received of $182 related to acquisitions made in previous years.

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

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

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

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

Allocations of the purchase price for acquisitions made in 2016 were based on estimates of the fair value of the net assets acquired and are subject to adjustment upon the finalization of the purchase price allocations. The accounting for business combinations requires estimates and judgments as to expectations for future cash flows of the acquired business, and the allocations of those cash flows to identifiable tangible and intangible assets, in determining the assets acquired and liabilities assumed. The fair values assigned to tangible and intangible assets acquired and liabilities assumed, including contingent consideration, are based on management's best estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. The estimates and assumptions underlying the initial valuations are subject to the collection of information necessary to complete the valuations within the measurement periods, which are up to one year from the respective acquisition dates. Assets and liabilities that were acquired and classified as held for sale immediately following the Recall Transaction were valued based on the estimated fair value of the divestment, less costs to sell. The preliminary purchase price allocations that are not finalized as of September 30, 2016 primarily relate to the final assessment of the fair values of intangible assets (primarily customer relationship intangible assets and trademarks), property, plant and equipment (primarily building and racking structures), operating leases, contingencies and income taxes (primarily deferred income taxes) associated with the Recall Transaction.

As the valuation of certain assets and liabilities for purposes of purchase price allocations are preliminary in nature, they are subject to adjustment as additional information is obtained about the facts and circumstances regarding these assets and liabilities that existed at the acquisition date. Any adjustments to our estimates of purchase price allocation will be made in the periods in which the adjustments are determined and the cumulative effect of such adjustments will be calculated as if the adjustments had been completed as of the acquisition dates. Adjustments recorded during the three months ended September 30, 2016 were not material to our results from operations.

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(5) Debt

Long-term debt is as follows:

	December 31, 2015			
	Debt	Unamortized Deferred Financing Costs	Carrying Amount	Fair Value
Revolving Credit Facility(1)	$784,438	$ (9,410)	$775,028	$784,438
Term Loan(1)	243,750	—	243,750	243,750
6% Senior Notes due 2020 (the "6% Notes due 2020")(2)(3)(4)	1,000,000	(16,124)	983,876	1,052,500
$6^1/_8$% CAD Senior Notes due 2021 (the "CAD Notes due 2021")(2)(5)	144,190	(1,924)	142,266	147,074
$6^1/_8$% GBP Senior Notes due 2022 (the "GBP Notes")(2)(4)(6)	592,140	(8,757)	583,383	606,944
6% Senior Notes due 2023 (the "6% Notes due 2023")(2)(3)	600,000	(8,420)	591,580	618,000
$5^3/_4$% Senior Subordinated Notes due 2024 (the "$5^3/_4$% Notes")(2)(3)	1,000,000	(11,902)	988,098	961,200
Real Estate Mortgages, Capital Leases and Other(7)	333,559	(1,070)	332,489	333,559
Accounts Receivable Securitization Program(8)	205,900	(692)	205,208	205,900
Total Long-term Debt	4,903,977	(58,299)	4,845,678	
Less Current Portion	(88,068)	—	(88,068)	
Long-term Debt, Net of Current Portion	$4,815,909	$ (58,299)	$4,757,610	

	September 30, 2016			
	Debt (inclusive of discount)	Unamortized Deferred Financing Costs	Carrying Amount	Fair Value
Revolving Credit Facility(1)	$1,240,761	$ (8,166)	$1,232,595	$1,240,761
Term Loan(1)	234,375	—	234,375	234,375
Australian Dollar Term Loan (the "AUD Term Loan")(9)	188,967	(3,713)	185,254	190,876
6% Notes due 2020(2)(3)(4)	1,000,000	(13,578)	986,422	1,055,000
CAD Notes due 2021(2)(5)	152,179	(1,762)	150,417	158,837
$4^3/_8$% Senior Notes due 2021 (the "$4^3/_8$% Notes")(2)(3)(4)	500,000	(8,051)	491,949	515,000
GBP Notes(2)(4)(6)	518,808	(6,816)	511,992	544,748
6% Notes due 2023(2)(3)	600,000	(7,597)	592,403	642,000
$5^3/_8$% CAD Senior Notes due 2023 (the "CAD Notes due 2023")(2)(4)(5)	190,223	(3,370)	186,853	191,412
$5^3/_4$% Notes(2)(3)	1,000,000	(10,872)	989,128	1,032,500
$5^3/_8$% Senior Notes due 2026 (the "$5^3/_8$% Notes")(2)(4)(10)	250,000	(4,159)	245,841	249,375
Real Estate Mortgages, Capital Leases and Other(7)	444,772	(1,113)	443,659	444,772
Accounts Receivable Securitization Program(8)	208,800	(461)	208,339	208,800
Total Long-term Debt	6,528,885	(69,658)	6,459,227	
Less Current Portion	(121,203)	—	(121,203)	
Long-term Debt, Net of Current Portion	$6,407,682	$ (69,658)	$6,338,024	

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(Unaudited)
(5) Debt (Continued)

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

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

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

(4) The 6% Notes due 2020, the $4^3/_8$% Notes, the GBP Notes, the CAD Notes due 2023 and the $5^3/_8$% Notes (collectively, the "Unregistered Notes") have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or under the securities laws of any other jurisdiction. Unless they are registered, the Unregistered Notes may be offered only in transactions that are exempt from registration under the Securities Act or the securities laws of any other jurisdiction.

(5) Canada Company is the direct obligor on the CAD Notes due 2021 and the CAD Notes due 2023 (collectively, the "CAD Notes"), which are fully and unconditionally guaranteed, on a senior basis, by IMI and the Guarantors. These guarantees are joint and several obligations of IMI and the Guarantors. See Note 6.

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

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

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

(9) The fair value (Level 3 of fair value hierarchy described at Note 2.g.) of this debt instrument approximates the carrying value as borrowings under this debt instrument are based on a current variable market interest rate. The amount of debt for the AUD Term Loan reflects an unamortized original issue discount of $1,909 as of September 30, 2016.

(10) Iron Mountain US Holdings, Inc. ("IM US Holdings"), a 100% owned subsidiary of IMI and one of the Guarantors, is the direct obligor on the $5^{3}/_{8}$% Notes, which are fully and unconditionally guaranteed, on a senior basis, by IMI and the other Guarantors. These guarantees are joint and several obligations of IMI and such Guarantors. See Note 6.

a. Credit Agreement

On July 2, 2015, we entered into a new credit agreement (the "Credit Agreement") to refinance our then existing credit agreement which consisted of a revolving credit facility (the "Former Revolving Credit Facility") and a term loan and was scheduled to terminate on June 27, 2016. The Credit Agreement consists of a revolving credit facility (the "Revolving Credit Facility") and a term loan (the "Term Loan"). We recorded a charge of $2,156 to other expense (income), net in the third quarter of 2015 related to the refinancing of the Credit Agreement, representing a write-off of unamortized deferred financing costs.

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

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

IMI and the Guarantors guarantee all obligations under the Credit Agreement. The interest rate on borrowings under the Credit Agreement varies depending on our choice of interest rate and currency options, plus an applicable margin, which varies based on our consolidated leverage ratio. Additionally, the Credit Agreement requires the payment of a commitment fee on the unused portion of the Revolving Credit Facility, which fee ranges from between 0.25% to 0.4% based on our consolidated leverage ratio and fees associated with outstanding letters of credit. As of September 30, 2016, we had $1,240,761 and $234,375 of outstanding borrowings under the Revolving Credit Facility and the Term Loan, respectively. Of the $1,240,761 of outstanding borrowings under the Revolving Credit Facility, $718,800 was denominated in United States dollars, 6,000 was denominated in Canadian dollars, 255,150 was denominated in Euros and 303,000 was denominated in Australian dollars. In addition, we also had various outstanding letters of credit totaling $55,392. The remaining amount available for borrowing under the Revolving Credit Facility as of September 30, 2016, based on IMI's leverage ratio, the last 12 months' earnings before interest, taxes, depreciation and amortization and rent expense ("EBITDAR"), other adjustments as defined in the Credit Agreement and current external debt, was $453,847 (which amount represents the maximum availability as of such date). The average interest rate in effect under the Credit Agreement was 2.9% as of September 30, 2016. The average interest rate in effect under the Revolving Credit Facility was 2.9% and ranged from 2.3% to 4.8% as of September 30, 2016 and the interest rate in effect under the Term Loan as of September 30, 2016 was 2.8%.

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

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(5) Debt (Continued)

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

	December 31, 2015	September 30, 2016	Maximum/Minimum Allowable
Net total lease adjusted leverage ratio	5.6	5.7	Maximum allowable of 6.5
Net secured debt lease adjusted leverage ratio	2.6	2.6	Maximum allowable of 4.0
Bond leverage ratio (not lease adjusted)	5.5	5.4	Maximum allowable of 6.5
Fixed charge coverage ratio	2.4	2.5	Minimum allowable of 1.5

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2016	2015	2016
Commitment fees and letters of credit fees	$883	$428	$2,741	$1,457

b. Bridge Facility

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

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

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c. Issuance of $4^3/_8$% Notes, $5^3/_8$% Notes and CAD Notes due 2023

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

On September 15, 2016, Canada Company completed a private offering of 250,000 Canadian dollars in aggregate principal amount of the CAD Notes due 2023. The CAD Notes due 2023 were issued at par. The aggregate net proceeds from the CAD Notes due 2023 of 246,250 Canadian dollars (or $186,693, based upon the exchange rate between the Canadian dollar and the United States dollar on September 15, 2016 (the settlement date for the CAD Notes due 2023)), after paying the initial purchasers’ commissions, were used to repay outstanding borrowings under the Revolving Credit Facility.

d. Australian Dollar Term Loan

On September 28, 2016, Iron Mountain Australia Group Pty, Ltd., a wholly owned subsidiary of IMI, entered into a 250,000 Australian dollar Syndicated Term Loan B Facility (the “AUD Term Loan”) which matures in September 2022. The AUD Term Loan was issued at 99% of par. The net proceeds of approximately 243,750 Australian dollars (or approximately $185,800, based upon the exchange rate between the Australian dollar and the United States dollar on September 28, 2016 (the settlement date for the AUD Term Loan)), after paying commissions to the joint lead arrangers and net of the original discount, were used to repay outstanding borrowings on the Revolving Credit Facility in October 2016 and for general corporate purposes.

Principal payments on the AUD Term Loan are to be paid in quarterly installments in an amount equivalent to 6,250 Australian dollars per year, with the remaining balance due on September 28, 2022. The AUD Term Loan is secured by substantially all assets of Iron Mountain Australia Group Pty. Ltd. IMI and the Guarantors guarantee all obligations under the AUD Term Loan. The interest rate on borrowings under the AUD Term Loan is based upon BBSY (an Australian benchmark variable interest rate) plus 4.3%. As of September 30, 2016, we had 250,000 Australian dollars outstanding on the AUD Term Loan and the interest rate in effect under the AUD Term Loan was 6.1%.

e. Accounts Receivable Securitization Program

In March 2015, we entered into a $250,000 accounts receivable securitization program (the "Accounts Receivable Securitization Program") involving several of our wholly owned subsidiaries and certain financial institutions. Under the Accounts Receivable Securitization Program, certain of our subsidiaries sell substantially all of their United States accounts receivable balances to our wholly owned special purpose entities, Iron Mountain Receivables QRS, LLC and Iron Mountain Receivables TRS, LLC (the "Special Purpose Subsidiaries"). The Special Purpose Subsidiaries use the accounts receivable balances to collateralize loans obtained from certain financial institutions. The Special Purpose Subsidiaries are consolidated subsidiaries of IMI. The Accounts Receivable Securitization Program is accounted for as a collateralized financing activity, rather than a sale of assets, and therefore: (i) accounts receivable balances pledged as collateral are presented as assets and borrowings are presented as liabilities on our Consolidated Balance Sheets, (ii) our Consolidated Statements of Operations reflect the associated charges for bad debt expense related to pledged accounts receivable (a component of selling, general and administrative expenses) and reductions to revenue due to billing and service related credit memos issued to customers and related reserves, as well as interest expense associated with the collateralized borrowings, and (iii) receipts from customers related to the underlying accounts receivable are reflected as operating cash flows and borrowings and repayments under the collateralized loans are reflected as financing cash flows within our Consolidated Statements of Cash Flows. IMIM retains the responsibility of servicing the accounts receivable balances pledged as collateral in this transaction and IMI provides a performance guaranty. The Accounts Receivable Securitization Program terminates on March 6, 2018, at which point all obligations become due. The maximum availability allowed is limited by eligible accounts receivable, as defined under the terms of the Accounts Receivable Securitization Program. As of September 30, 2016, the maximum availability allowed and amount outstanding under the Accounts Receivable Securitization Program was $208,800. The interest rate in effect under the Accounts Receivable Securitization Program was 1.4% as of September 30, 2016. Commitment fees at a rate of 40 basis points are charged on amounts made available but not borrowed under the Accounts Receivable Securitization Program.

f. Cash Pooling

Subsequent to the closing of the Recall Transaction, certain of our international subsidiaries began participating in a cash pooling arrangement (the “Cash Pool”) with Bank Mendes Gans (“BMG”) in order to help manage global liquidity requirements. The Cash Pool allows participating subsidiaries to borrow funds from BMG against amounts held on deposit with BMG by other participating subsidiaries. The Cash Pool has a legal right of offset and, therefore, amounts are presented in our Consolidated Balance Sheet on a net basis. Each subsidiary receives interest on the cash balances held on deposit or pays interest on the amounts owed based on an applicable rate as defined in the Cash Pool agreement. At September 30, 2016, we had a net cash position of approximately $18,900 (consisting of a gross cash position of approximately $50,700 less outstanding borrowings of approximately $31,800 by participating subsidiaries), which is reflected as cash and cash equivalents in the Consolidated Balance Sheet.

(6) Selected Consolidated Financial Statements of Parent, Guarantors, Canada Company and Non-Guarantors

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

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

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

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

In July 2016, certain Non-Guarantor subsidiaries which were originally established at the time of our acquisition of Crozier Fine Arts (“Crozier”) in December 2015 (the “Crozier Entities”), were merged into IMIM, a Guarantor and a substantive operating entity (the “Crozier Merger”). As a result of the Crozier Merger, (i) the assets, liabilities and equity of the Crozier Entities are now reported in the Guarantor column of the accompanying Consolidated Balance Sheet as of September 30, 2016; (ii) the revenues and expenses of the Crozier Entities are now reported in the Guarantor column in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and nine months ended September 30, 2016; and (iii) the cash flows of the Crozier Entities are now reported in the Guarantor column in the accompanying Consolidated Statement of Cash Flows for the nine months ended September 30, 2016. We have recast the accompanying Consolidated Balance Sheet as of December 31, 2015 to conform to the current period presentation of the Crozier Entities. We acquired Crozier in December 2015; therefore, the Crozier Merger had no impact on the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and nine months ended September 30, 2015 and the accompanying Consolidated Statement of Cash Flows for the nine months ended September 30, 2015.

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CONSOLIDATED BALANCE SHEETS

	December 31, 2015					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Assets						
Current Assets:						
Cash and cash equivalents	$151	$7,803	$13,182	$107,245	$—	$128,381
Accounts receivable	—	18,917	30,428	515,056	—	564,401
Intercompany receivable	—	1,038,141	—	—	(1,038,141)	—
Other current assets	898	107,235	2,305	54,721	(29)	165,130
Total Current Assets	1,049	1,172,096	45,915	677,022	(1,038,170)	857,912
Property, Plant and Equipment, Net	661	1,633,885	137,100	725,512	—	2,497,158
Other Assets, Net:						
Long-term notes receivable from affiliates and intercompany receivable	3,325,005	1,869	—	—	(3,326,874)	—
Investment in subsidiaries	727,710	459,429	27,731	2,862	(1,217,732)	—
Goodwill	—	1,640,130	152,975	567,873	—	2,360,978
Other	623	414,407	22,637	196,872	—	634,539
Total Other Assets, Net	4,053,338	2,515,835	203,343	767,607	(4,544,606)	2,995,517
Total Assets	$4,055,048	$5,321,816	$386,358	$2,170,141	$(5,582,776)	$6,350,587
Liabilities and Equity						
Intercompany Payable	$879,649	$—	$5,892	$152,600	$(1,038,141)	$—
Current Portion of Long-Term Debt	—	41,159	—	46,938	(29)	88,068
Total Other Current Liabilities	56,740	463,556	26,804	206,663	—	753,763
Long-Term Debt, Net of Current Portion	2,608,818	674,798	284,798	1,189,196	—	4,757,610
Long-Term Notes Payable to Affiliates and Intercompany Payable	1,000	3,325,005	869	—	(3,326,874)	—
Other Long-term Liabilities	—	119,454	37,402	65,683	—	222,539
Commitments and Contingencies (See Note 8)						
Total Iron Mountain Incorporated Stockholders' Equity	508,841	697,844	30,593	489,295	(1,217,732)	508,841
Noncontrolling Interests	—	—	—	19,766	—	19,766
Total Equity	508,841	697,844	30,593	509,061	(1,217,732)	528,607
Total Liabilities and Equity	$4,055,048	$5,321,816	$386,358	$2,170,141	$(5,582,776)	$6,350,587

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CONSOLIDATED BALANCE SHEETS (Continued)

	September 30, 2016					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Assets						
Current Assets:						
Cash and cash equivalents	$1,710	$26,044	$14,792	$415,582	$—	$458,128
Accounts receivable	—	94,358	38,707	567,173	—	700,238
Intercompany receivable	562,568	546,766	—	—	(1,109,334)	—
Other current assets	—	66,893	685	113,514	(29)	181,063
Assets held for sale (see Note 10)	—	22,429	25,533	79,950	—	127,912
Total Current Assets	564,278	756,490	79,717	1,176,219	(1,109,363)	1,467,341
Property, Plant and Equipment, Net	527	1,852,010	158,011	1,155,980	—	3,166,528
Other Assets, Net:						
Long-term notes receivable from affiliates and intercompany receivable	3,948,530	1,000	—	—	(3,949,530)	—
Investment in subsidiaries	761,272	537,305	34,620	81,194	(1,414,391)	—
Goodwill	—	2,511,380	232,052	1,118,378	—	3,861,810
Other	—	829,635	54,148	525,454	—	1,409,237
Total Other Assets, Net	4,709,802	3,879,320	320,820	1,725,026	(5,363,921)	5,271,047
Total Assets	$5,274,607	$6,487,820	$558,548	$4,057,225	$(6,473,284)	$9,904,916
Liabilities and Equity						
Intercompany Payable	$—	$—	$8,451	$1,100,883	$(1,109,334)	$—
Current Portion of Long-Term Debt	—	46,749	—	74,483	(29)	121,203
Total Other Current Liabilities	55,378	495,255	32,535	300,387	—	883,555
Liabilities held for sale (see Note 10)	—	—	—	19,269	—	19,269
Long-Term Debt, Net of Current Portion	3,093,536	1,063,324	347,719	1,833,445	—	6,338,024
Long-Term Notes Payable to Affiliates and Intercompany Payable	1,000	3,948,530	—	—	(3,949,530)	—
Other Long-term Liabilities	—	159,109	54,029	179,473	—	392,611
Commitments and Contingencies (See Note 8)						
Total Iron Mountain Incorporated Stockholders' Equity	2,124,693	774,853	115,814	523,724	(1,414,391)	2,124,693
Noncontrolling Interests	—	—	—	25,561	—	25,561
Total Equity	2,124,693	774,853	115,814	549,285	(1,414,391)	2,150,254
Total Liabilities and Equity	$5,274,607	$6,487,820	$558,548	$4,057,225	$(6,473,284)	$9,904,916

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

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Three Months Ended September 30, 2015					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Storage rental	$—	$308,336	$29,164	$122,552	$—	$460,052
Service	—	181,230	14,558	90,689	—	286,477
Intercompany service	—	1,042	—	16,243	(17,285)	—
Total Revenues	—	490,608	43,722	229,484	(17,285)	746,529
Operating Expenses:						
Cost of sales (excluding depreciation and amortization)	—	196,060	6,008	115,595	—	317,663
Selling, general and administrative	19	154,202	3,565	57,907	—	215,693
Intercompany service charges	—	3,257	12,986	1,042	(17,285)	—
Depreciation and amortization	45	56,145	3,089	27,213	—	86,492
(Gain) Loss on disposal/write-down of property, plant and equipment (excluding real estate), net	—	(197)	34	22	—	(141)
Total Operating Expenses	64	409,467	25,682	201,779	(17,285)	619,707
Operating (Loss) Income	(64)	81,141	18,040	27,705	—	126,822
Interest Expense (Income), Net	39,302	(7,281)	7,784	25,330	—	65,135
Other Expense (Income), Net	686	1,577	(98)	33,081	—	35,246
(Loss) Income from Continuing Operations Before (Benefit) Provision for Income Taxes and Gain on Real Estate	(40,052)	86,845	10,354	(30,706)	—	26,441
(Benefit) Provision for Income Taxes	—	(5,210)	3,041	5,943	—	3,774
Gain on Sale of Real Estate, Net of Tax	—	—	—	(850)	—	(850)
Equity in the (Earnings) Losses of Subsidiaries, Net of Tax	(63,162)	28,343	(605)	(7,313)	42,737	—
Net Income (Loss)	23,110	63,712	7,918	(28,486)	(42,737)	23,517
Less: Net Income (Loss) Attributable to Noncontrolling Interests	—	—	—	407	—	407
Net Income (Loss) Attributable to Iron Mountain Incorporated	$23,110	$63,712	$7,918	$(28,893)	$(42,737)	$23,110
Net Income (Loss)	$23,110	$63,712	$7,918	$(28,486)	$(42,737)	$23,517
Other Comprehensive Income (Loss):						
Foreign Currency Translation Adjustments	(85)	—	(7,709)	(26,800)	—	(34,594)
Market Value Adjustments for Securities	—	(134)	—	—	—	(134)
Equity in Other Comprehensive (Loss) Income of Subsidiaries	(33,852)	(33,637)	(1,805)	(7,709)	77,003	—
Total Other Comprehensive (Loss) Income	(33,937)	(33,771)	(9,514)	(34,509)	77,003	(34,728)
Comprehensive (Loss) Income	(10,827)	29,941	(1,596)	(62,995)	34,266	(11,211)
	—	—	—	(384)	—	(384)

Comprehensive Income (Loss) Attributable to Noncontrolling Interests						
Comprehensive (Loss) Income Attributable to Iron Mountain Incorporated	$(10,827)	$29,941	$(1,596)	$(62,611)	$34,266	$(10,827)

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

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

	Three Months Ended September 30, 2016					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Storage rental	$—	$347,174	$33,102	$196,189	$—	$576,465
Service	—	212,640	16,344	137,373	—	366,357
Intercompany service	—	981	—	20,561	(21,542)	—
Total Revenues	—	560,795	49,446	354,123	(21,542)	942,822
Operating Expenses:						
Cost of sales (excluding depreciation and amortization)	—	234,791	7,942	187,075	—	429,808
Selling, general and administrative	28	163,997	5,084	83,835	—	252,944
Intercompany service charges	—	4,104	16,457	981	(21,542)	—
Depreciation and amortization	45	73,284	4,266	47,075	—	124,670
(Gain) Loss on disposal/write-down of property, plant and equipment (excluding real estate), net	—	101	—	(155)	—	(54)
Total Operating Expenses	73	476,277	33,749	318,811	(21,542)	807,368
Operating (Loss) Income	(73)	84,518	15,697	35,312	—	135,454
Interest Expense (Income), Net	21,689	(4,074)	11,929	53,756	—	83,300
Other Expense (Income), Net	(6,962)	2,815	8,872	18,577	—	23,302
(Loss) Income from Continuing Operations Before Provision (Benefit) for Income Taxes and Gain on Sale of Real Estate	(14,800)	85,777	(5,104)	(37,021)	—	28,852
Provision (Benefit) for Income Taxes	—	22,326	786	306	—	23,418
Gain on Sale of Real Estate, Net of Tax	—	(266)	(59)	—	—	(325)
Equity in the (Earnings) Losses of Subsidiaries, Net of Tax	(21,880)	10,144	(675)	5,182	7,229	—
(Loss) Income from Continuing Operations	7,080	53,573	(5,156)	(42,509)	(7,229)	5,759
Income (Loss) from Discontinued Operations, Net of Tax	—	1,464	649	(72)	—	2,041
Net (Loss) Income	7,080	55,037	(4,507)	(42,581)	(7,229)	7,800
Less: Net Income (Loss) Attributable to Noncontrolling Interests	—	—	—	720	—	720
Net (Loss) Income Attributable to Iron Mountain Incorporated	$7,080	$55,037	$(4,507)	$(43,301)	$(7,229)	$7,080
Net (Loss) Income	$7,080	$55,037	$(4,507)	$(42,581)	$(7,229)	$7,800
Other Comprehensive Income (Loss):						
Foreign Currency Translation Adjustments	(313)	—	(2,803)	14,420	—	11,304
Equity in Other Comprehensive Income (Loss) of Subsidiaries	11,156	12,378	(152)	(2,803)	(20,579)	—
Total Other Comprehensive Income (Loss)	10,843	12,378	(2,955)	11,617	(20,579)	11,304

Comprehensive (Loss) Income	17,923	67,415	(7,462)	(30,964)	(27,808)	19,104
Comprehensive Income (Loss) Attributable to Noncontrolling Interests	—	—	—	1,181	—	1,181
Comprehensive (Loss) Income Attributable to Iron Mountain Incorporated	$ 17,923	$ 67,415	$ (7,462)	$ (32,145)	$ (27,808)	$ 17,923

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IRON MOUNTAIN INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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(6) Selected Consolidated Financial Statements of Parent, Guarantors, Canada Company and Non-Guarantors (Continued)

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

	Nine Months Ended September 30, 2015					
	Parent	Guarantors	Canada Company	Non-Guarantors	Eliminations	Consolidated
Revenues:						