

IRON MOUNTAIN INC
Form 11-K
June 29, 2011
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal year ended December 31, 2010.

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

For the transition period from to .

Commission file number 1-13045

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

THE IRON MOUNTAIN COMPANIES 401(k) PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

IRON MOUNTAIN INCORPORATED

745 ATLANTIC AVENUE

BOSTON, MASSACHUSETTS 02111

Table of Contents

The Iron Mountain

Companies 401(k) Plan

Financial Statements as of December 31, 2010 and 2009, and for the Year Ended December 31, 2010, Supplemental Schedule as of December 31, 2010, and Report of Independent Registered Public Accounting Firm.

Table of Contents

THE IRON MOUNTAIN COMPANIES 401(k) PLAN

TABLE OF CONTENTS

| | Page |
|--|-------------|
| <u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u> | 1 |
| FINANCIAL STATEMENTS: | |
| <u>Statements of Net Assets Available for Benefits as of December 31, 2010 and 2009</u> | 2 |
| <u>Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2010</u> | 3 |
| <u>Notes to Financial Statements as of December 31, 2010 and 2009, and for the Year Ended December 31, 2010</u> | 4 10 |
| <u>SUPPLEMENTAL SCHEDULE</u> | 11 |
| <u>Form 5500 Schedule H, Part IV, Line 4i Schedule of Assets (Held at End of Year) as of December 31, 2010</u> | 12 |
| NOTE: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable. | |
| <u>Exhibit Index</u> | 13 |
| <u>Signatures</u> | 14 |
| Exhibit 23.1 Consent of Independent Registered Public Accounting Firm | |

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Participants of

The Iron Mountain Companies 401(k) Plan

Boston, Massachusetts

We have audited the accompanying statements of net assets available for benefits of The Iron Mountain Companies 401(k) Plan (the Plan) as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the year ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2010 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2010 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts

June 29, 2011

Table of Contents**THE IRON MOUNTAIN COMPANIES 401(k) PLAN****STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS****AS OF DECEMBER 31, 2010 AND 2009**

| | 2010 | 2009 |
|--|----------------|----------------|
| ASSETS | | |
| Investments at fair value: | | |
| Mutual funds | \$ 209,465,899 | \$ 170,621,977 |
| Pooled separate account - stable value fund | 37,543,566 | 32,718,267 |
| Iron Mountain stock fund | 2,961,385 | 2,314,654 |
| Brokerage account | 731,425 | 824,223 |
| Total investments | 250,702,275 | 206,479,121 |
| Receivables - Notes receivable from participants | 9,068,152 | 8,503,849 |
| Total assets | 259,770,427 | 214,982,970 |
| LIABILITIES - Excess contributions payable | 632,880 | 903,034 |
| NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE | 259,137,547 | 214,079,936 |
| ADJUSTMENT FROM FAIR VALUE TO CONTRACT VALUE FOR FULLY BENEFIT-RESPONSIVE STABLE VALUE FUND | 432,932 | 1,649,661 |
| NET ASSETS AVAILABLE FOR BENEFITS | \$ 259,570,479 | \$ 215,729,597 |

See notes to financial statements.

Table of Contents**THE IRON MOUNTAIN COMPANIES 401(k) PLAN****STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS****FOR THE YEAR ENDED DECEMBER 31, 2010**

| | | |
|---|----|--------------|
| ADDITIONS: | | |
| Investment activity: | | |
| Net appreciation in fair value of investments | \$ | 21,938,226 |
| Interest and dividend income | | 3,803,250 |
| Net investment activity | | 25,741,476 |
| Interest income on notes receivable from participants | | 436,725 |
| CONTRIBUTIONS: | | |
| Participant | | 26,942,926 |
| Employer | | 7,888,001 |
| Rollover | | 1,635,298 |
| Total contributions | | 36,466,225 |
| Total additions | | 62,644,426 |
| DEDUCTIONS: | | |
| Distributions to participants | | (24,505,999) |
| Administrative expenses | | (150,123) |
| Total deductions | | (24,656,122) |
| NET INCREASE IN NET ASSETS PRIOR TO TRANSFER OF ASSETS | | 37,988,304 |
| Transfer of assets from the Stratify, Inc. 401(k) Plan and Mimosa Systems, Inc. 401(k) Plan | | 5,852,578 |
| NET INCREASE IN NET ASSETS | | 43,840,882 |
| NET ASSETS AVAILABLE FOR BENEFITS: | | |
| Beginning of year | | 215,729,597 |
| End of year | \$ | 259,570,479 |

See notes to financial statements.

Table of Contents

THE IRON MOUNTAIN COMPANIES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2010 AND 2009, AND FOR THE YEAR ENDED DECEMBER 31, 2010

1. DESCRIPTION OF THE PLAN

The following description of The Iron Mountain Companies 401(k) Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General The Plan is a defined contribution plan covering substantially all United States employees of Iron Mountain Incorporated and its affiliated participating companies (collectively, Iron Mountain or the Company), as defined in the Plan document. New York Life Trust Company is the Plan's trustee and custodian (the Trustee). The Plan is administered by the retirement plan committee of the Company, which is appointed by the board of directors of the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Contributions Each year, participants may contribute up to 25% of their pretax annual compensation, as defined in the Plan, subject to certain Internal Revenue Code (IRC) limitations. During 2010, the Company made biweekly discretionary matching contributions based on the amount of participant contributions as follows: the Company matched 50% of nonhighly compensated employee participant's contributions up to the first 5% of his or her compensation and 50% of highly compensated employee participant's contributions up to the first 4% of his or her compensation. At its discretion, the Company may change the amount of the matching contribution it will make. The Plan allows eligible participants to make catch-up contributions in accordance with and subject to the limitations of IRC Section 414(v). Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

Participant Accounts Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution, the Company's matching contribution, and an allocation of Plan earnings, and charged with withdrawals and an allocation of Plan losses and administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Investments Participants direct the investment of their contributions and Company contributions into various investment options offered by the Plan. The Plan currently offers several mutual funds, a pooled separate account, common stock of the Company, and a self-directed brokerage account as investment options for participants. Participants can only invest up to 50% of their account balance in the self-directed brokerage account option and only 25% of new contributions into Iron Mountain common stock.

Edgar Filing: IRON MOUNTAIN INC - Form 11-K

Vesting Participants are vested immediately in their contributions, plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts (the Iron Mountain Contribution Account) is based on years of continuous service. A participant becomes fully vested in the event of normal retirement, total and permanent disability, or death while still employed.

Table of Contents

Vesting in the Iron Mountain Contribution Account is based on the following schedule:

| Years of Vesting Service | Percentage |
|-------------------------------|------------|
| Less than 1 year | 0% |
| 1 year but less than 2 years | 20 |
| 2 years but less than 3 years | 40 |
| 3 years but less than 4 years | 60 |
| 4 years but less than 5 years | 80 |
| 5 years or more | 100 |

Assets merged, with respect to employer contributions, under the Stratify, Inc. 401(k) Plan vest based on the following schedule:

| Years of Vesting Service | Percentage |
|-------------------------------|------------|
| Less than 1 year | 0% |
| 1 year but less than 2 years | 25 |
| 2 years but less than 3 years | 50 |
| 3 years but less than 4 years | 75 |
| 4 years or more | 100 |

Notes Receivable from Participants Participants may borrow the lesser of \$50,000 (reduced by the highest outstanding loan balance in the previous 12 months) or 50% of his or her vested account balance, with a minimum loan amount of \$500. Loans are repayable through payroll deductions over periods ranging up to five years, or up to 20 years if the purpose of the loan is to purchase a principal residence. The loans are secured by the balance in the participant's account and bear interest at rates commensurate with local prevailing rates at the time funds are borrowed and are fixed over the life of the note. Principal and interest is paid ratably through payroll deductions. The interest rate on loans outstanding at December 31, 2010 ranged from 4.25% to 11.00%.

Payment of Benefits Upon termination of participation due to death, disability, retirement, or termination of employment, a participant may elect to receive an amount equal to the value of his or her vested account as a lump-sum amount. If termination results for any reason other than death and the value of a participant's account exceeds \$5,000, the participant may elect to postpone payment of the account until age 70-1/2 years. Participants may withdraw, upon substantial financial hardship as defined in the Plan documents, any portion of the balance in their account, which is attributable to the combined credit balance of their participant contribution account, rollover account, and their vested portion of their Iron Mountain Contributions Account. All distributions are subject to the applicable provisions of the Plan agreement.

Forfeited Accounts Participants who terminate their employment with the Company or incur five consecutive breaks in service, as defined, forfeit the nonvested portion of their Iron Mountain Contribution Account. At December 31, 2010 and 2009, forfeited nonvested accounts totaled \$365,057 and \$265,297, respectively, which will be used to offset future Company contributions. During the year ended December 31, 2010, Company contributions were reduced by \$564,711 from nonvested forfeited amounts.

Administrative Expenses All expenses incurred in operating the Plan may be paid by the Company. Fees not paid by the Company shall be paid by the Plan in accordance with the Plan document.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties The Plan utilizes various investment instruments, including common stock, mutual funds, a brokerage account, and a stable value fund. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Table of Contents

Investment Valuation and Income Recognition The Plan's investments are stated at fair value. For the years ended December 31, 2010 and 2009, the Plan's investments consisted of mutual funds, a pooled separate investment account, Iron Mountain common stock, and a self-directed brokerage account. Shares of mutual funds are valued at quoted market prices, which represent the fair value of shares held by the Plan at year-end. Iron Mountain common stock is recorded at quoted market price. The self-directed brokerage account is recorded at the quoted market prices of the individual investments held in the brokerage account. The pooled separate account is a stable value fund and stated at fair value and then adjusted to contract value as described below. Fair value of the pooled separate account is the net asset value of its underlying investments, and contract value is principal plus accrued interest.

In accordance with GAAP, the pooled separate account is included at fair value in participant-directed investments in the statements of net assets available for benefits, and an additional line item is presented representing the adjustment from fair value to contract value. The statement of changes in net assets available for benefits is presented on a contract value basis.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Management fees and operating expenses charged to the Plan for investments in the mutual funds, the pooled separate account, and the self-directed brokerage account are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

Notes Receivable from Participants Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are recorded as distributions based on the terms of the Plan document.

Payment of Benefits Benefit payments to participants are recorded upon distribution. At December 31, 2010 and 2009, there are no amounts allocated to accounts of persons who have elected to withdraw from the Plan that have not yet been paid.

Transfers The Company approved the mergers of two defined contribution plans sponsored by acquired entities of the Company. During October 2010, transfers into the Plan of \$3,503,963 and \$2,348,615 were made related to the net assets of the Stratify, Inc. 401(k) Plan and Mimosa Systems, Inc. 401(k) Plan, respectively.

Excess Contributions Payable The Plan is required to return contributions received during the Plan year in excess of the IRC limits. Amounts contributed to the Plan from highly compensated employees in excess of the Internal Revenue Service (IRS) approved limit were \$632,880 and \$903,034 in 2010 and 2009, respectively. These amounts are reflected as excess contributions payable in the accompanying statements of net assets available for benefits. All such amounts were refunded to the participants within the time allowed by the IRS.

New Accounting Standards

Edgar Filing: IRON MOUNTAIN INC - Form 11-K

ASU No. 2010-06, Fair Value Measurements and Disclosures In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06, *Fair Value Measurements and Disclosures*, which amends Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, adding new disclosure requirements for Levels 1 and 2, separate disclosures of purchases, sales, issuances, and settlements relating to Level 3 measurements and clarification of existing fair value disclosures. ASU No. 2010-06 is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The Plan prospectively adopted the new guidance in 2010, except for the Level 3 reconciliation disclosures, which are required in 2011. The adoption in 2010 did not materially affect, and the future adoption is not expected to materially affect, the Plan s financial statements.

Table of Contents

ASU No. 2010-25, Reporting Loans to Participants by Defined Contribution Pension Plans In September 2010, the FASB issued ASU No. 2010-25, *Reporting Loans to Participants by Defined Contribution Pension Plans*. The ASU requires that participant loans be classified as notes receivable rather than a plan investment and requires such notes receivable be measured at unpaid principal balance plus accrued but unpaid interest rather than fair value.

This amendment was adopted for the year ended December 31, 2010, and retrospectively applied to December 31, 2009. Prior year amounts and disclosures have been revised to reflect the retrospective application of adopting this new amendment. The adoption resulted in a reclassification of participant loans totaling \$9,068,152 and \$8,503,849 from investments to notes receivable from participants as of December 31, 2010 and 2009, respectively. There was no impact to the net assets as of December 31, 2010 or 2009, as a result of the adoption.

3. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, as follows: Level 1, which refers to securities valued using unadjusted quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Plan's policy is to recognize significant transfers between levels at the actual date of the event or change in circumstances that caused the transfer or the beginning of the reporting period or the end of the reporting period.

The following tables set forth by level within the fair value hierarchy a summary of the Plan's investments measured at fair value on a recurring basis at December 31, 2010 and 2009.

| | Active Markets for Identical Assets (Level 1) | Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | 2010 Total |
|----------------------------|---|---|---|---------------|
| <i>Common stock:</i> | | | | |
| <i>Services</i> | \$ 2,873,714 | \$ | \$ | \$ 2,873,714 |
| <i>Other</i> | 317,419 | | | 317,419 |
| <i>Total common stock</i> | 3,191,133 | | | 3,191,133 |
| <i>Mutual funds:</i> | | | | |
| <i>Equity funds</i> | 98,785,307 | | | 98,785,307 |
| <i>Index funds</i> | 34,779,274 | | | 34,779,274 |
| <i>Income funds</i> | 45,012,184 | | | 45,012,184 |
| <i>International funds</i> | 18,266,002 | | | 18,266,002 |
| <i>Balanced funds</i> | 12,688,719 | | | 12,688,719 |
| <i>Total mutual funds</i> | 209,531,486 | | | 209,531,486 |
| <i>Money market funds</i> | | 427,865 | | 427,865 |
| <i>Corporate bonds</i> | | 8,225 | | 8,225 |

Edgar Filing: IRON MOUNTAIN INC - Form 11-K

| | | | | | | |
|--------------------------------|----|-------------|------------|------------|----|-------------|
| <i>Pooled separate account</i> | | | 37,543,566 | | | 37,543,566 |
| Total | \$ | 212,722,619 | \$ | 37,979,656 | \$ | 250,702,275 |

| | | Active Markets for Identical Assets (Level 1) | | Other Observable Inputs (Level 2) | | Significant Unobservable Inputs (Level 3) | | 2009 Total |
|----------------------------|----|---|----|---|----|---|----|---------------|
| <i>Common stock:</i> | | | | | | | | |
| <i>Services</i> | \$ | 2,214,820 | \$ | | \$ | | \$ | 2,214,820 |
| <i>Financial</i> | | 220,577 | | | | | | 220,577 |
| <i>Other</i> | | 205,509 | | | | | | 205,509 |
| <i>Total common stock</i> | | 2,640,906 | | | | | | 2,640,906 |
| <i>Mutual funds:</i> | | | | | | | | |
| <i>Equity funds</i> | | 81,748,899 | | | | | | 81,748,899 |
| <i>Index funds</i> | | 27,214,712 | | | | | | 27,214,712 |
| <i>Income funds</i> | | 36,912,899 | | | | | | 36,912,899 |
| <i>International funds</i> | | 15,347,929 | | | | | | 15,347,929 |
| <i>Balanced funds</i> | | 9,580,846 | | | | | | |