IRON MOUNTAIN INC
Form 10-Q
October 25, 2018
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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, 2018

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, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth 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 o	Emerging growth company o

smaller reporting
company)

If emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.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 19, 2018: 286,219,594

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

	December 31, 2017	September 30, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$925,699	$197,676
Accounts receivable (less allowances of $46,648 and $51,271 as of December 31, 2017 and September 30, 2018, respectively)	835,742	847,452
Prepaid expenses and other	188,874	170,847
Total Current Assets	1,950,315	1,215,975
Property, Plant and Equipment:		
Property, plant and equipment	6,251,100	7,469,651
Less—Accumulated depreciation	(2,833,421)	(3,044,958)
Property, Plant and Equipment, Net	3,417,679	4,424,693
Other Assets, Net:		
Goodwill	4,070,267	4,478,757
Customer relationships, customer inducements and data center lease-based intangibles	1,400,547	1,516,851
Other	133,594	169,693
Total Other Assets, Net	5,604,408	6,165,301
Total Assets	$10,972,402	$11,805,969
LIABILITIES AND EQUITY		
Current Liabilities:		
Current portion of long-term debt	$146,300	$121,695
Accounts payable	289,137	285,810
Accrued expenses	653,146	602,273
Deferred revenue	241,590	237,574
Total Current Liabilities	1,330,173	1,247,352
Long-term Debt, net of current portion	6,896,971	8,109,179
Other Long-term Liabilities	73,039	116,757
Deferred Rent	126,231	117,330
Deferred Income Taxes	155,728	181,730
Commitments and Contingencies (see Note 8)		
Redeemable Noncontrolling Interests	91,418	94,745
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 283,110,183 shares and 286,221,058 shares as of December 31, 2017 and September 30, 2018, respectively)	2,831	2,862
Additional paid-in capital	4,164,562	4,261,187
(Distributions in excess of earnings) Earnings in excess of distributions	(1,765,966)	(2,098,403)
Accumulated other comprehensive items, net	(103,989)	(228,260)
Total Iron Mountain Incorporated Stockholders' Equity	2,297,438	1,937,386

Noncontrolling Interests	1,404	1,490
Total Equity	2,298,842	1,938,876
Total Liabilities and Equity	$10,972,402	$11,805,969

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

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

	Three Months Ended September 30,	
	2017	2018
Revenues:		
Storage rental	$601,091	$656,973
Service	364,570	404,018
Total Revenues	965,661	1,060,991
Operating Expenses:		
Cost of sales (excluding depreciation and amortization)	418,327	448,018
Selling, general and administrative	242,357	258,470
Depreciation and amortization	128,513	157,797
(Gain) Loss on disposal/write-down of property, plant and equipment (excluding real estate), net	(292)	960
Total Operating Expenses	788,905	865,245
Operating Income (Loss)	176,756	195,746
Interest Expense, Net (includes Interest Income of $2,526 and $1,382 for the three months ended September 30, 2017 and 2018, respectively)	88,989	103,841
Other Expense (Income), Net	59,479	325
Income (Loss) from Continuing Operations Before Provision (Benefit) for Income Taxes and Gain on Sale of Real Estate	28,288	91,580
Provision (Benefit) for Income Taxes	2,268	14,300
Gain on Sale of Real Estate, Net of Tax	638	(1,348)
Income (Loss) from Continuing Operations	25,382	78,628
(Loss) Income from Discontinued Operations, Net of Tax	(1,058)	(11,605)
Net Income (Loss)	24,324	67,023
Less: Net (Loss) Income Attributable to Noncontrolling Interests	(21)	(125)
Net Income (Loss) Attributable to Iron Mountain Incorporated	$24,345	$67,148
Earnings (Losses) per Share—Basic:		
Income (Loss) from Continuing Operations	$0.10	$0.28
Total (Loss) Income from Discontinued Operations, Net of Tax	$—	$(0.04)
Net Income (Loss) Attributable to Iron Mountain Incorporated	$0.09	$0.23
Earnings (Losses) per Share—Diluted:		
Income (Loss) from Continuing Operations	$0.10	$0.27
Total (Loss) Income from Discontinued Operations, Net of Tax	$—	$(0.04)
Net Income (Loss) Attributable to Iron Mountain Incorporated	$0.09	$0.23
Weighted Average Common Shares Outstanding—Basic	265,198	286,159
Weighted Average Common Shares Outstanding—Diluted	266,139	286,982
Dividends Declared per Common Share	$0.5534	$0.5876

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

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

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2018
Revenues:		
Storage rental	$1,763,609	$1,963,561
Service	1,090,734	1,200,711
Total Revenues	2,854,343	3,164,272
Operating Expenses:		
Cost of sales (excluding depreciation and amortization)	1,259,318	1,348,203
Selling, general and administrative	719,968	778,526
Depreciation and amortization	381,319	474,595
(Gain) Loss on disposal/write-down of property, plant and equipment (excluding real estate), net	(967)	(716)
Total Operating Expenses	2,359,638	2,600,608
Operating Income (Loss)	494,705	563,664
Interest Expense, Net (includes Interest Income of $5,719 and $5,048 for the nine months ended September 30, 2017 and 2018, respectively)	265,010	303,574
Other Expense (Income), Net	33,749	1,420
Income (Loss) from Continuing Operations Before Provision (Benefit) for Income Taxes and Gain on Sale of Real Estate	195,946	258,670
Provision (Benefit) for Income Taxes	29,497	41,873
Gain on Sale of Real Estate, Net of Tax	(925)	(1,348)
Income (Loss) from Continuing Operations	167,374	218,145
(Loss) Income from Discontinued Operations, Net of Tax	(3,421)	(12,427)
Net Income (Loss)	163,953	205,718
Less: Net Income (Loss) Attributable to Noncontrolling Interests	2,853	485
Net Income (Loss) Attributable to Iron Mountain Incorporated	$161,100	$205,233
Earnings (Losses) per Share—Basic:		
Income (Loss) from Continuing Operations	$0.62	$0.76
Total (Loss) Income from Discontinued Operations, Net of Tax	$(0.01)	$(0.04)
Net Income (Loss) Attributable to Iron Mountain Incorporated	$0.61	$0.72
Earnings (Losses) per Share—Diluted:		
Income (Loss) from Continuing Operations	$0.62	$0.76
Total (Loss) Income from Discontinued Operations, Net of Tax	$(0.01)	$(0.04)
Net Income (Loss) Attributable to Iron Mountain Incorporated	$0.61	$0.72
Weighted Average Common Shares Outstanding—Basic	264,423	285,801
Weighted Average Common Shares Outstanding—Diluted	265,293	286,515
Dividends Declared per Common Share	$1.6543	$1.7641

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

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

	Three Months Ended September 30,	
	2017	2018
Net Income (Loss)	$24,324	$67,023
Other Comprehensive Income (Loss):		
Foreign Currency Translation Adjustments	37,541	(24,769)
Change in Fair Value of Interest Rate Swap Agreements	—	1,980
Total Other Comprehensive Income (Loss)	37,541	(22,789)
Comprehensive Income (Loss)	61,865	44,234
Comprehensive (Loss) Income Attributable to Noncontrolling Interests	(727)	(2,104)
Comprehensive Income (Loss) Attributable to Iron Mountain Incorporated	$62,592	$46,338

	Nine Months Ended September 30,	
	2017	2018
Net Income (Loss)	$ 163,953	$ 205,718
Other Comprehensive Income (Loss):		
Foreign Currency Translation Adjustments	95,863	(132,290)
Change in Fair Value of Interest Rate Swap Agreements	—	4,183
Total Other Comprehensive Income (Loss)	95,863	(128,107)
Comprehensive Income (Loss)	259,816	77,611
Comprehensive Income (Loss) Attributable to Noncontrolling Interests	1,486	(3,351)
Comprehensive Income (Loss) Attributable to Iron Mountain Incorporated	$ 258,330	$ 80,962

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

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IRON MOUNTAIN INCORPORATED
CONDENSED 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	Redeemable Noncontrolling Interests
Balance, December 31, 2016	$1,936,671	263,682,670	$2,636	$3,489,795	$(1,343,311)	$(212,573)	$124	$54,697
Issuance of shares under employee stock purchase plan and option plans and stock-based compensation	29,929	1,005,975	10	29,919	—	—	—	—
Issuance of shares in connection with Fortrust Transaction (as defined in Note 6 to Notes to Consolidated Financial Statements included in our Annual Report)	83,014	2,193,637	22	82,992	—	—	—	—
Change in value of redeemable noncontrolling interests	(1,505)	—	—	(1,505)	—	—	—	1,505
Parent cash dividends declared	(439,327)	—	—	—	(439,327)	—	—	—
Foreign currency translation adjustment	97,123	—	—	—	—	97,230	(107)	(1,260)
Net income (loss)	163,200	—	—	—	161,100	—	2,100	753
Noncontrolling interests equity contributions	—	—	—	—	—	—	—	13,230
	(1,956)	—	—	—	—	—	(1,956)	(1,501)

Noncontrolling interests dividends								
Purchase of noncontrolling interests	1,497	—	—	—	—	—	1,497	—
Balance, September 30, 2017	$1,868,646	266,882,282	$2,668	$3,601,201	$(1,621,538)	$(115,343)	$1,658	$67,424

	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	Redeemable Noncontrolling Interests
Balance, December 31, 2017	$2,298,842	283,110,183	$2,831	$4,164,562	$(1,765,966)	$(103,989)	$1,404	$91,418
Cumulative-effect adjustment for adoption of ASU 2014-09 (see Note 2.c.)	(30,233)	—	—	—	(30,233)	—	—	—
Issuance of shares under employee stock purchase plan and option plans and stock-based compensation	20,547	662,389	7	20,540	—	—	—	—
Issuance of shares associated with the Over-Allotment Option, net of underwriting discounts and offering expenses (see Note 9)	76,192	2,175,000	22	76,170	—	—	—	—
Issuance of shares through the At the Market (ATM) Equity Program, net of underwriting discounts and offering expenses (see Note 9)	8,716	273,486	2	8,714	—	—	—	—
Change in value of redeemable noncontrolling	(8,799)	—	—	(8,799)	—	—	—	8,799

interests								
Parent cash dividends declared	(507,437)	—	—	—	(507,437)	—	—	—
Foreign currency translation adjustment	(128,303)	—	—	—	—	(128,454)	151	(3,987)
Change in fair value of interest rate swap agreements	4,183	—	—	—	—	4,183	—	
Net income (loss)	205,168	—	—	—	205,233	—	(65)	550
Noncontrolling interests dividends	—	—	—	—	—	—	—	(2,035)
Balance, September 30, 2018	$ 1,938,876	286,221,058	$ 2,862	$ 4,261,187	$ (2,098,403)	$ (228,260)	$ 1,490	$ 94,745

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

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

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2018
Cash Flows from Operating Activities:		
Net income (loss)	$163,953	$205,718
Loss (Income) from discontinued operations	3,421	12,427
Adjustments to reconcile net income (loss) to cash flows from operating activities:		
Depreciation	302,480	337,923
Amortization (includes amortization of deferred financing costs and discounts of $11,904 and $11,537 for the nine months ended September 30, 2017 and 2018, respectively)	90,743	148,209
Revenue reduction associated with amortization of permanent withdrawal fees and above- and below-market leases (see Note 2.b.)	8,627	12,430
Stock-based compensation expense	22,853	23,352
(Benefit) provision for deferred income taxes	(28,219)	(783)
Loss on early extinguishment of debt	48,298	—
(Gain) loss on disposal/write-down of property, plant and equipment, net (including real estate)	(2,532)	(2,064)
Gain on Russia and Ukraine Divestment (see Note 10)	(38,869)	—
Foreign currency transactions and other, net	35,621	(1,271)
(Increase) decrease in assets	(52,725)	(24,247)
(Decrease) increase in liabilities	(31,361)	(86,156)
Cash Flows from Operating Activities - Continuing Operations	522,290	625,538
Cash Flows from Operating Activities - Discontinued Operations	(3,421)	(995)
Cash Flows from Operating Activities	518,869	624,543
Cash Flows from Investing Activities:		
Capital expenditures (see Liquidity and Capital Resources section of Management's Discussion & Analysis of Financial Condition and Results of Operations)	(243,746)	(329,953)
Cash paid for acquisitions, net of cash acquired	(194,128)	(1,711,011)
Acquisition of customer relationships	(43,556)	(38,829)
Customer inducements (see Note 2.b.)	(13,331)	(6,212)
Contract fulfillment costs (see Note 2.c.)	—	(18,520)
Net proceeds from divestments	2,423	1,019
Proceeds from sales of property and equipment and other, net (including real estate)	8,937	713
Cash Flows from Investing Activities - Continuing Operations	(483,401)	(2,102,793)
Cash Flows from Investing Activities - Discontinued Operations	—	—
Cash Flows from Investing Activities	(483,401)	(2,102,793)
Cash Flows from Financing Activities:		
Repayment of revolving credit facilities, term loan facilities and other debt	(9,662,160)	(11,226,171)
Proceeds from revolving credit facilities, term loan facilities and other debt	9,866,760	12,437,017
Early retirement of senior notes	(1,193,882)	—
Net proceeds from sales of senior notes	1,320,183	—
Debt financing and equity contribution from noncontrolling interests	13,230	—
Debt repayment and equity distribution to noncontrolling interests	(3,601)	(2,035)
Parent cash dividends	(292,980)	(505,403)
Net proceeds associated with the Over-Allotment Option (see Note 9)	—	76,192

Net proceeds associated with the At the Market (ATM) Program	—	8,716
Net proceeds (payments) associated with employee stock-based awards	6,615	(2,800)
Payment of debt financing and stock issuance costs	(12,685)	(15,957)
Cash Flows from Financing Activities - Continuing Operations	41,480	769,559
Cash Flows from Financing Activities - Discontinued Operations	—	—
Cash Flows from Financing Activities	41,480	769,559
Effect of Exchange Rates on Cash and Cash Equivalents	24,454	(19,332)
Increase (Decrease) in Cash and Cash Equivalents	101,402	(728,023)
Cash and Cash Equivalents, including Restricted Cash, Beginning of Period	236,484	925,699
Cash and Cash Equivalents, including Restricted Cash, End of Period	$337,886	$197,676
Supplemental Information:		
Cash Paid for Interest	$309,357	$322,986
Cash Paid for Income Taxes, Net	$67,716	$49,061
Non-Cash Investing and Financing Activities:		
Capital Leases	$123,116	$56,493
Accrued Capital Expenditures	$50,085	$60,062
Accrued Purchase Price and Other Holdbacks	$—	$27,919
Fair Value of Initial OSG Investment (see Note 10)	$18,000	$—
(Decrease) increase in Fair Value of OSG Investment (see Note 10)	$(27)	$(25)
Fair Value of Stock Issued for Fortrust Transaction (as defined in Note 6 to Notes to Consolidated Financial Statements included in our Annual Report)	$83,014	$—
Dividends Payable	$151,972	$174,136

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

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

(1) General

The interim condensed 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, provide colocation and wholesale data center spaces and provide information management and data center solutions that help organizations in various locations throughout North America, Europe, Latin America, Asia and Africa protect their information, lower storage rental costs, comply with regulations, facilitate corporate disaster recovery, and better use their information and information technology ("IT") infrastructure for business advantages, regardless of its format, location or life cycle stage. We currently serve customers across an array of market verticals - commercial, legal, financial, healthcare, insurance, life sciences, energy, business services, entertainment and government organizations.

The unaudited condensed 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 Condensed 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, 2017 included in our Annual Report on Form 10-K filed with the SEC on February 16, 2018 (our "Annual Report").

We have been organized and have operated as a real estate investment trust for United States federal income tax purposes ("REIT") beginning with our taxable year ended December 31, 2014.

On January 1, 2018, we adopted Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). See Note 2.c.

On January 10, 2018, we completed the acquisition of IO Data Centers, LLC ("IODC"). See Note 4.

(2) Summary of Significant Accounting Policies

This Note 2 to Notes to Condensed 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. Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash on hand and cash invested in highly liquid short-term securities, which have remaining maturities at the date of purchase of less than 90 days. Cash and cash equivalents are carried at cost, which approximates fair value.

At December 31, 2017 and September 30, 2018, we had approximately $22,167 and $17,941, respectively, of restricted cash held by certain financial institutions related to bank guarantees.

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b. Goodwill and Other Intangible Assets and Liabilities

Goodwill

Since December 31, 2017, there have been no changes to our accounting polices related to the accounting for goodwill. As of December 31, 2017 and September 30, 2018, no factors were identified that would alter our October 1, 2017 goodwill impairment analysis. 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.

Our reporting units as of December 31, 2017 are described in detail in Note 2.h. to Notes to Consolidated Financial Statements included in our Annual Report. The goodwill associated with acquisitions completed during the first nine months of 2018 (which are described in Note 4) has been incorporated into our reporting units as they existed as of December 31, 2017.

During the first quarter of 2018, as a result of changes in the management of our businesses included in our Other International Business segment, we reassessed the composition of our reporting units. As a result of this reassessment, we determined that our business in South Africa, which was previously being managed in conjunction with our businesses in Northern and Eastern Europe and Middle East and India as a part of our former Northern and Eastern Europe and Middle East, Africa and India (“NEE and MEAI”) reporting unit, was now being managed in conjunction with our businesses included in our Australia and New Zealand reporting unit. This newly formed reporting unit, which consists of (i) the businesses included in our former Australia and New Zealand reporting unit and (ii) our business in South Africa is referred to as the Australia, New Zealand and South Africa (“ANZ-SA”) reporting unit. The former NEE and MEAI reporting unit is now referred to as the Northern and Eastern Europe and Middle East and India ("NEE and MEI") reporting unit.

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IRON MOUNTAIN INCORPORATED
NOTES TO CONDENSED 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, 2018 are as follows:

	North American Records and Information Management Business	North American Data Management Business	Western European Business	Other International Business	Global Data Center Business	Corporate and Other Business	Total Consolidated
Gross Balance as of December 31, 2017	$2,474,829	$551,726	$453,537	$846,721	$—	$60,048	$4,386,861
Deductible goodwill acquired during the year	—	—	—	—	—	7,345	7,345
Non-deductible goodwill acquired during the year	—	—	—	19,340	455,434	—	474,774
Goodwill allocated to IMFS Divestment (see Note 10)	(1,202)	—	—	—	—	—	(1,202)
Fair value and other adjustments(1)	(373)	—	—	4,180	—	3,324	7,131
Currency effects	(5,611)	(1,545)	(13,175)	(57,979)	(1,105)	(740)	(80,155)
Gross Balance as of September 30, 2018	$2,467,643	$550,181	$440,362	$812,262	$454,329	$69,977	$4,794,754
Accumulated Amortization Balance as of December 31, 2017	$205,383	$53,875	$57,048	$288	$—	$—	$316,594
Currency effects	(200)	(50)	(354)	7	—	—	(597)
Accumulated Amortization Balance as of September 30, 2018	$205,183	$53,825	$56,694	$295	$—	$—	$315,997
Net Balance as of December 31, 2017	$2,269,446	$497,851	$396,489	$846,433	$—	$60,048	$4,070,267
Net Balance as of September 30, 2018	$2,262,460	$496,356	$383,668	$811,967	$454,329	$69,977	$4,478,757
Accumulated Goodwill Impairment Balance as of December 31, 2017	$85,909	$—	$46,500	$—	$—	$3,011	$135,420
Accumulated Goodwill Impairment Balance as of September 30, 2018	$85,909	$—	$46,500	$—	$—	$3,011	$135,420

(1) Total fair value and other adjustments include $7,131 in net adjustments primarily related to property, plant and equipment, customer relationship intangible assets and deferred income taxes and other liabilities.

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

Finite-lived intangible assets and liabilities

i. Customer Relationship 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 and are included in depreciation and amortization in the accompanying Condensed Consolidated Statements of Operations. The value of customer relationship intangible assets is calculated based upon estimates of their fair value.

ii. Customer Inducements

Prior to the adoption of ASU 2014-09, free intake costs to transport boxes to one of our facilities, which include labor and transportation costs ("Free Move Costs"), were capitalized and amortized over periods ranging from 10 to 30 years. The amortization of Free Move Costs is included in depreciation and amortization in the accompanying Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2017. Subsequent to the adoption of ASU 2014-09, Free Move Costs are considered a Contract Fulfillment Cost (as defined in Note 2.c.) and, therefore, are now deferred and amortized and included in amortization expense over three years, consistent with the transfer of the performance obligation to the customer to which the asset relates. See Note 2.c. for information regarding the accounting for Free Move Costs, which are now a component of Intake Costs (as defined in Note 2.c.), following the adoption of ASU 2014-09.

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 5 to 15 years and are included in storage and service revenue in the accompanying Condensed Consolidated Statements of Operations. Our accounting for Permanent Withdrawal Fees did not change as a result of the adoption of ASU 2014-09.

Free Move Costs (prior to the adoption of ASU 2014-09) 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.

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iii. Data Center Intangible Assets and Liabilities

Finite-lived intangible assets associated with our data center business consist of the following:

Data Center In-Place Lease Intangible Assets and Data Center Tenant Relationship Intangible Assets

Data Center In-Place Lease Intangible Assets (“Data Center In-Place Leases”) and Data Center Tenant Relationship Intangible Assets (“Data Center Tenant Relationships") are acquired through either business combinations or asset acquisitions in our data center business. These intangible assets reflect the value associated with acquiring a data center operation with active tenants as of the date of acquisition. The value of Data Center In-Place Leases is determined based upon an estimate of the economic costs (such as lost revenues and unreimbursed operating expenses during the lease-up period, tenant improvement costs, commissions, legal expenses and other costs to acquire new data center leases) avoided by acquiring a data center operation with active tenants that would have otherwise been incurred if the data center operation was purchased vacant. Data Center In-Place Leases are amortized over the weighted average remaining term of the acquired data center leases and are included in depreciation and amortization in the accompanying Condensed Consolidated Statements of Operations. The value of Data Center Tenant Relationships is determined based upon an estimate of the economic costs avoided upon lease renewal of the acquired tenants, based upon expectations of lease renewal. Data Center Tenant Relationships are amortized over the weighted average remaining anticipated life of the relationship with the acquired tenant and are included in depreciation and amortization in the accompanying Condensed Consolidated Statements of Operations. Data Center In-Place Leases and Data Center Tenant Relationships are included in Customer relationships, customer inducements and data center lease-based intangibles in the accompanying Condensed Consolidated Balance Sheets.

Data Center Above-Market and Below-Market In-Place Lease Intangible Assets

Data Center Above-Market In-Place Lease Intangible Assets (“Data Center Above-Market Leases”) and Data Center Below-Market In-Place Lease Intangible Assets (“Data Center Below-Market Leases”) are acquired through either business combinations or asset acquisitions in our data center business. We record Data Center Above-Market Leases and Data Center Below-Market Leases at the net present value of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management’s estimate of the fair market lease rates for each corresponding in-place lease. Data Center Above-Market Leases and Data Center Below-Market Leases are amortized over the remaining non-cancellable term of the acquired in-place lease to storage revenue in the accompanying Condensed Consolidated Statements of Operations. Data Center Above-Market Leases are included in Customer relationships, customer inducements and data center lease-based intangibles in the accompanying Condensed Consolidated Balance Sheets. Data Center Below-Market Leases are included in Other long-term liabilities in the accompanying Condensed Consolidated Balance Sheets.

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The components of our finite-lived intangible assets related to customer relationship value, customer inducements and data center lease-based intangible assets and liabilities as of December 31, 2017 and September 30, 2018 are as follows:

	December 31, 2017			September 30, 2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Assets:						
Customer relationship intangible assets	$1,704,105	$(395,278)	$1,308,827	$1,693,426	$(439,048)	$1,254,378
Customer inducements(1)	140,030	(66,981)	73,049	56,288	(34,374)	21,914
Data center lease-based intangible assets(2)	19,314	(643)	18,671	276,565	(36,006)	240,559
	$1,863,449	$(462,902)	$1,400,547	$2,026,279	$(509,428)	$1,516,851
Liabilities:						
Data center below-market leases	$—	$—	$—	$12,355	$(1,231)	$11,124

(1) The gross carrying amount, accumulated amortization and net carrying amount of customer inducements as of December 31, 2017 includes Free Move Costs, which were capitalized as Customer Inducements prior to the adoption of ASU 2014-09. Subsequent to the adoption of ASU 2014-09, Free Move Costs are considered Contract Fulfillment Costs and Customer Inducements consist exclusively of Permanent Withdrawal Fees. Contract Fulfillment Costs are included in Other, a component of Other Assets, Net, in the accompanying Condensed Consolidated Balance Sheet as of September 30, 2018. See Note 2.c. for information regarding Contract Fulfillment Costs included in our Condensed Consolidated Balance Sheet as of September 30, 2018.

(2) Includes Data Center In-Place Leases, Data Center Tenant Relationships and Data Center Above-Market Leases.

Other finite-lived intangible assets, including trade names, noncompetition agreements and trademarks, are capitalized and amortized and are included in depreciation and amortization in the accompanying Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2017 and 2018. The other finite-lived intangible assets as of December 31, 2017 and September 30, 2018 are as follows:

	December 31, 2017			September 30, 2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Other finite-lived intangible assets (included in other assets, net)	$20,929	$ (10,728)	$ 10,201	$20,284	$ (13,680)	$ 6,604

(In Thousands, Except Share and Per Share Data)

Amortization expense associated with finite-lived intangible assets, revenue reduction associated with the amortization of Permanent Withdrawal Fees and net revenue reduction associated with the amortization of Data Center Above-Market Leases and Data Center Below-Market Leases for the three and nine months ended September 30, 2017 and 2018 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2018	2017	2018
Amortization expense included in depreciation and amortization associated with:				
Customer relationship and customer inducement intangible assets	$26,889	$26,782	$74,299	$84,401
Data center in-place leases and tenant relationships	—	12,036	—	30,437
Other finite-lived intangible assets	1,051	642	4,540	3,486
Revenue reduction associated with amortization of:				
Permanent withdrawal fees	$2,721	$3,229	$8,627	$8,782
Data center above-market leases and data center below-market leases	—	1,276	—	3,648

c. Revenues

In May 2014, the Financial Accounting Standards Board ("FASB") issued 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. We adopted ASU 2014-09 as of January 1, 2018 using the modified retrospective method for all of our customer contracts, whereby the cumulative effect of applying ASU 2014-09 is recognized at the date of initial application. At January 1, 2018, we recognized the cumulative effect of initially applying ASU 2014-09 as an adjustment to the opening balance of (distributions in excess of earnings) earnings in excess of distributions, resulting in a decrease of $30,233 to stockholders' equity. The reduction of (distribution in excess of earnings) earnings in excess of distributions represents the net effect of (i) the write-off of Free Move Costs, net (which were capitalized and amortized prior to the adoption of ASU 2014-09) based upon the net book value of the Free Move Costs as of December 31, 2017, (ii) the recognition of certain Contract Fulfillment Costs, specifically Intake Costs (each as defined below) and commission assets, (iii) the recognition of deferred revenue associated with Intake Costs billed to our customers (as discussed below), and (iv) the deferred income tax impact of the aforementioned items. As we adopted ASU 2014-09 on a modified retrospective basis, the comparative Condensed Consolidated Balance Sheet as of December 31, 2017, the Condensed Consolidated Statements of Operations and the Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2017 and the Condensed Consolidated Statement of Equity and the Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2017 have not been restated to reflect the adoption of ASU 2014-09 and reflect our revenue policies in place at that time, as disclosed in Note 2.l. to Notes to Consolidated Financial Statements included in our Annual Report.

Storage rental and service revenues are recognized in the month the respective storage rental or service is provided, and customers are generally billed on a monthly basis on contractually agreed-upon terms. The performance obligation is a series of distinct services (as determined for purposes of ASU 2014-09, a “series”) that have the same pattern of transfer to the customer that is satisfied over time. For those contracts that qualify as a series, we have a right to consideration from the customer in an amount that corresponds directly with the value of the underlying performance obligation transferred to the customer to date. This concept is known as "right to invoice" and we are applying the "right to invoice" practical expedient to all revenues, with the exception of storage revenues in our data center business.

(In Thousands, Except Share and Per Share Data)

For all of our businesses, with the exception of the storage component of our data center business, each purchasing decision is fully in the control of the customer and, therefore, consideration beyond the current reporting period is variable and allocated to the specific period, which is consistent with the practical expedient above. Our data center business features storage rental provided to the customer at contractually specified rates over a fixed contractual period. The storage rental revenue related to the storage component of our data center business is recognized on a straight-line basis over the contract term. The revenue related to the service component of our data center business is recognized in the period the data center access or related services are provided. Total data center revenues represent approximately 5% of our total consolidated revenues for the nine months ended September 30, 2018.

The costs associated with the initial movement of customer records into physical storage and certain commissions are considered costs to obtain or fulfill customer contracts ("Contract Fulfillment Costs"). The following describes each of these Contract Fulfillment Costs recognized under ASU 2014-09:

Intake Costs (and associated deferred revenue)

Prior to the adoption of ASU 2014-09, intake costs incurred but not charged to a customer to transport records to our facilities (or Free Move Costs, as described in Note 2.b.), which include labor and transportation costs, were capitalized and amortized as a component of depreciation and amortization in our Consolidated Statements of Operations. The initial movement of customer records into physical storage must take place prior to initiation of the storage of records and is not considered a separate performance obligation and, therefore, the costs of the initial intake of customer records into physical storage ("Intake Costs") represent a contract fulfillment cost for the storage of records as the earnings process does not commence until a customer's records or other assets are in our possession. Accordingly, upon the adoption of ASU 2014-09, all Intake Costs, regardless of whether or not the services associated with such initial moves are billed to the customer or are provided to the customer at no charge, will be deferred and amortized as a component of depreciation and amortization in our Consolidated Statements of Operations over three years, consistent with the transfer of the performance obligation to the customer to which the asset relates. Similarly, in instances where such Intake Costs are billed to the customer, the associated revenue will be deferred and recognized over the same three year period.

Commissions

Prior to the adoption of ASU 2014-09, commissions we paid related to our long-term storage contracts were expensed as incurred. Upon the adoption of ASU 2014-09, certain commission payments that are directly associated with the fulfillment of long-term storage contracts are capitalized and amortized as a component of depreciation and amortization in our Consolidated Statements of Operations over three years, consistent with the transfer of the performance obligation to the customer to which the asset relates. Certain direct commission payments associated with contracts with a duration of one year or less are expensed as incurred under the practical expedient which allows an entity to expense as incurred an incremental cost of obtaining a contract if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

The Contract Fulfillment Costs recorded as a result of the adoption of ASU 2014-09 as of January 1, 2018 and September 30, 2018 are as follows:

		January 1, 2018 (Date of Adoption of ASU 2014-09)			September 30, 2018		
Description	Location in Balance Sheet	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intake Costs asset		$31,604	$ (14,954)	$ 16,650	$37,605	$ (22,185)	$ 15,420

	Other (within Other Assets, Net)						
Commissions asset	Other (within Other Assets, Net)	42,072	(21,173)	20,899	53,877	(31,386)	22,491

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Amortization expense associated with the Intake Costs asset and commissions asset for the three and nine months ended September 30, 2018 are as follows:

	Three Month Ended September 30, 2018	Nine Months Ended September 30, 2018
Intake Costs asset	$ 2,294	$ 7,915
Commissions asset	3,053	10,433

Deferred revenue liabilities associated with billed Intake Costs recorded as a result of the adoption of ASU 2014-09 as of January 1, 2018 and September 30, 2018 are as follows:

Description	Location in Balance Sheet	January 1, 2018 (Date of Adoption of ASU 2014-09)	September 30, 2018
Deferred revenue - Current	Deferred revenue	$ 9,671	$ 9,510
Deferred revenue - Long-term	Other Long-term Liabilities	9,877	7,590

The following table presents certain components of our Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2018 as reported and as if we had not adopted ASU 2014-09 on January 1, 2018:

	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2018	
	As Reported	If ASU 2014-09 was not adopted	As Reported	If ASU 2014-09 was not adopted
Revenues	$1,060,991	$1,059,319	$3,164,272	$3,158,191
Operating Income	$195,746	$193,578	$563,664	$560,561
Income from Continuing Operations	$78,628	$76,462	$218,145	$215,044
Per Share Income from Continuing Operations - Basic	$0.28	$0.27	$0.76	$0.75
Per Share Income from Continuing Operations - Diluted	$0.27	$0.27	$0.76	$0.75

d. 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"). There have been no significant changes to our accounting policies, assumptions and valuation methodologies related to the accounting for our Employee Stock-Based Awards as disclosed in Note 2.n. to Notes to Consolidated Financial Statements included in our Annual Report.

Stock-based compensation expense for Employee Stock-Based Awards for the three and nine months ended September 30, 2017 was $7,761 ($6,851 after tax or $0.03 per basic and diluted share) and $22,853 ($20,174 after tax or $0.08 per basic and diluted share), respectively. Stock-based compensation expense for Employee Stock-Based Awards for the three and nine months ended September 30, 2018 was $7,279 ($6,734 after tax or $0.02 per basic and diluted share) and $23,352 ($21,599 after tax or $0.08 per basic and diluted share), respectively. As of September 30, 2018, unrecognized compensation cost related to the unvested portion of our Employee Stock-Based Awards was $50,089 and is expected to be recognized over a weighted-average period of 2.0 years.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2018	2017	2018
Cost of sales (excluding depreciation and amortization)	$25	$29	$80	$87
Selling, general and administrative expenses	7,736	7,250	22,773	23,265
Total stock-based compensation	$7,761	$7,279	$22,853	$23,352

Stock Options
A summary of stock option activity for the nine months ended September 30, 2018 is as follows:

	Stock Options
Outstanding at December 31, 2017	3,671,740
Granted	846,517
Exercised	(163,418)
Forfeited	(38,533)
Expired	(16,062)
Outstanding at September 30, 2018	4,300,244
Options exercisable at September 30, 2018	2,388,037
Options expected to vest	1,817,579

Restricted Stock Units
The fair value of RSUs vested during the three and nine months ended September 30, 2017 and 2018 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2018	2017	2018
Fair value of RSUs vested	$1,933	$3,189	$18,006	$19,195

A summary of RSU activity for the nine months ended September 30, 2018 is as follows:

	RSUs
Non-vested at December 31, 2017	1,071,469
Granted	746,704
Vested	(546,299)
Forfeited	(79,140)
Non-vested at September 30, 2018	1,192,734

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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") and, beginning with PUs granted in 2018, Adjusted EBITDA (as defined in Note 7). 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 either (i) a subset of the Standard & Poor's 500 Index (for certain PUs granted prior to 2017), or (ii) the MSCI United States REIT Index (for certain PUs granted in 2017 and thereafter), rather than the revenue, ROIC and Adjusted EBITDA targets noted above. The number of PUs earned based on the applicable market condition may range from 0% to 200% of the initial award.

We forecast the likelihood of achieving the predefined revenue, ROIC and Adjusted EBITDA targets for our PUs 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. The fair value of PUs based on our performance against revenue, ROIC and Adjusted EBITDA targets is the excess of the market price of our common stock at the date of grant over the purchase price (which is typically zero). 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, 2018, we expected 65%, 110% and 100% achievement of the predefined revenue, ROIC and Adjusted EBITDA targets associated with the awards of PUs made in 2016, 2017 and 2018, respectively.

The fair value of earned PUs that vested during the three and nine months ended September 30, 2017 and 2018 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2018	2017	2018
Fair value of earned PUs that vested	$ 52	$ 84	$ 957	$ 3,117

A summary of PU activity for the nine months ended September 30, 2018 is as follows:

	Original PU Awards	PU Adjustment(1)	Total PU Awards
Non-vested at December 31, 2017	717,878	(250,067)	467,811
Granted	353,507	—	353,507
Vested	(81,305)	—	(81,305)
Forfeited/Performance or Market Conditions Not Achieved	(16,513)	(49,881)	(66,394)
Non-vested at September 30, 2018	973,567	(299,948)	673,619

(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.

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e. 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, RSUs or PUs) 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, 2017 and 2018 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2018	2017	2018
Income (loss) from continuing operations	$25,382	$78,628	$167,374	$218,145
Less: Net income (loss) attributable to noncontrolling interests	(21)	(125)	2,853	485
Income (loss) from continuing operations (utilized in numerator of Earnings Per Share calculation)	$25,403	$78,753	$164,521	$217,660
(Loss) income from discontinued operations, net of tax	$(1,058)	$(11,605)	$(3,421)	$(12,427)
Net income (loss) attributable to Iron Mountain Incorporated	$24,345	$67,148	$161,100	$205,233
Weighted-average shares—basic	265,198,000	286,159,000	264,423,000	285,801,000
Effect of dilutive potential stock options	414,258	264,451	423,688	250,574
Effect of dilutive potential RSUs and PUs	526,725	558,891	446,002	463,583
Weighted-average shares—diluted	266,138,983	286,982,342	265,292,690	286,515,157
Earnings (losses) per share—basic:				
Income (loss) from continuing operations	$0.10	$0.28	$0.62	$0.76
(Loss) income from discontinued operations, net of tax	—	(0.04)	(0.01)	(0.04)
Net income (loss) attributable to Iron Mountain Incorporated(1)	$0.09	$0.23	$0.61	$0.72
Earnings (losses) per share—diluted:				
Income (loss) from continuing operations	$0.10	$0.27	$0.62	$0.76
(Loss) income from discontinued operations, net of tax	—	(0.04)	(0.01)	(0.04)
Net income (loss) attributable to Iron Mountain Incorporated(1)	$0.09	$0.23	$0.61	$0.72
Antidilutive stock options, RSUs and PUs, excluded from the calculation	2,620,225	3,253,975	2,605,203	3,256,206

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(1) Columns may not foot due to rounding.

f. Income Taxes

We provide for income taxes during interim periods based on our estimate of the effective tax rate for the year. Our estimate of the effective tax rate for the year ending December 31, 2018 reflects the impact of the Tax Reform Legislation (as defined below). 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 ("QRSs") 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, 2017 were 8.0% and 15.1%, respectively. The primary reconciling items between the then current federal statutory tax rate of 35.0% and our overall effective tax rate for the three months ended September 30, 2017 were the benefit derived from the dividends paid deduction, differences in the rates of tax at which our foreign earnings are subject and a release of valuation allowances on certain of our foreign net operating losses of $18,457 as a result of the merger of certain of our foreign subsidiaries. The primary reconciling items between the then current federal statutory tax rate of 35.0% and our overall effective tax rate for the nine months ended September 30, 2017 were the benefit derived from the dividends paid deduction, differences in the rates of tax at which our foreign earnings are subject and a release of valuation allowances on certain of our foreign net operating losses of $25,968 as a result of the merger of certain of our foreign subsidiaries.

Our effective tax rates for the three and nine months ended September 30, 2018 were 15.6% and 16.2%, respectively. The primary reconciling items between the current federal statutory tax rate of 21.0% and our overall effective tax rate for the three months ended September 30, 2018 were the benefit derived from the dividends paid deduction and the impact of differences in the tax rates at which our foreign earnings are subject, including foreign exchange gains and losses in different jurisdictions with different tax rates. The primary reconciling items between the current federal statutory tax rate of 21.0% and our overall effective tax rate for the nine months ended September 30, 2018 were the benefit derived from the dividends paid deduction, a discrete tax benefit of approximately $14,000 associated with the resolution of a tax matter (as disclosed in Note 7 to Notes to Consolidated Financial Statements included in our Annual Report), and the impact of differences in the tax rates at which our foreign earnings are subject, including foreign exchange gains and losses in different jurisdictions with different tax rates.

On December 22, 2017, legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Reform Legislation”) was enacted into law in the United States. The Tax Reform Legislation amended the Internal Revenue Code of 1986, as amended (the “Code”), to reduce tax rates and modify policies, credits and deductions for businesses and individuals. The components of the Tax Reform Legislation are described in detail in Note 7 to Notes to Consolidated Financial Statements included in our Annual Report. One of the primary components of the Tax Reform Legislation was a reduction in the United States corporate federal income tax rate from 35.0% to 21.0% for taxable years beginning after December 31, 2017.

The Tax Reform Legislation also imposes a transition tax (the “Deemed Repatriation Transition Tax”) on a mandatory deemed repatriation of post-1986 undistributed foreign earnings and profits not previously subject to United States tax as of November 2, 2017 or December 31, 2017, whichever is greater (the “Undistributed E&P”), as of the last taxable year beginning before January 1, 2018. The Deemed Repatriation Transition Tax varies depending on whether the Undistributed E&P is held in liquid (as defined in the Tax Reform Legislation) or non-liquid assets. A participation deduction against the deemed repatriation will result in a Deemed Repatriation Transition Tax on Undistributed E&P of 15.5% if held in cash and liquid assets and 8.0% if held in non-liquid assets. The Deemed Repatriation Transition Tax applies regardless of whether or not an entity has cash in its foreign subsidiaries and regardless of whether the entity actually repatriates the Undistributed E&P back to the United States.

We have completed our analysis and determined that the amount of Undistributed E&P deemed repatriated under the Tax Reform Legislation in our taxable year ending December 31, 2017 was $160,000 (the “Undistributed E&P”). We opted to include the full amount of Undistributed E&P in our 2017 taxable income, rather than spread it over eight years (as permitted by the Tax Reform Legislation). Accordingly, included in our REIT taxable income for 2017 was approximately $70,900 related to the deemed repatriation of Undistributed E&P. This final determination will not affect our shareholder dividend reporting for 2017.

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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.

The assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2017 and September 30, 2018, respectively, are as follows:

		Fair Value Measurements at December 31, 2017 Using		
Description	Total Carrying Value at December 31, 2017	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Money Market Funds(1)	$ 585,000	$—	$ 585,000	$ —
Time Deposits(1)	24,482	—	24,482	—
Trading Securities	11,784	11,279(2)	505(3)	—
Derivative Assets(4)	1,579	—	1,579	—
Derivative Liabilities(4)	2,329	—	2,329	—

		Fair Value Measurements at September 30, 2018 Using		
Description	Total Carrying Value at September 30, 2018	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Time Deposits(1)	$ 5,661	$—	$ 5,661	$ —
Trading Securities	11,268	10,583(2)	685(3)	—
Derivative Liabilities(4)	365	—	365	—
Interest Rate Swap Agreements Assets(5)	4,183	—	4,183	—

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(1) Money market funds and time deposits are measured based on quoted prices for similar assets and/or subsequent transactions. At December 31, 2017, we had money market funds with 12 "Triple A" rated money market funds

and time deposits with seven global banks. At September 30, 2018, we had no money market funds and time deposits with seven global banks.

(2) Certain trading securities are measured at fair value using quoted market prices.

(3) Certain trading securities are measured based on inputs other than quoted market prices that are observable.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(In Thousands, Except Share and Per Share Data)

(Unaudited)

(2) Summary of Significant Accounting Policies (Continued)

(4) Derivative assets and liabilities relate to short-term (six months or less) foreign currency contracts that we have entered into to hedge certain of our foreign exchange intercompany exposures, as more fully disclosed in Note 3. We calculate the value of such forward contracts by adjusting the spot rate utilized at the balance sheet date for translation purposes by an estimate of the forward points observed in active markets.

(5) We have entered into interest rate swap agreements to hedge certain of our interest rate exposures, as more fully disclosed in Note 3. The interest rate swap agreements are designated as cash flow hedges and are measured based on inputs other than quoted market prices that are observable.

Disclosures are required in the financial statements for items measured at fair value on a non-recurring basis. There were no material items that are measured at fair value on a non-recurring basis at December 31, 2017 and September 30, 2018, other than those disclosed in Note 2.s. to Notes to Consolidated Financial Statements included in our Annual Report and the acquisitions that occurred during the nine months ended September 30, 2018.

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 Condensed Consolidated Balance Sheets as of December 31, 2017 and September 30, 2018.

h. Accumulated Other Comprehensive Items, Net

The changes in accumulated other comprehensive items, net for the three and nine months ended September 30, 2017, respectively, are as follows:

	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2017	
	Foreign Currency Translation Adjustments	Total	Foreign Currency Translation Adjustments	Total
Beginning of Period	$(153,590)	$(153,590)	$(212,573)	$(212,573)
Other comprehensive income (loss):				
Foreign currency translation adjustments(1)	38,247	38,247	97,230	97,230
Total other comprehensive income (loss)	38,247	38,247	97,230	97,230
Balance as of September 30, 2017	$(115,343)	$(115,343)	$(115,343)	$(115,343)

(1) During the nine months ended September 30, 2017, approximately $29,100 of cumulative translation adjustments associated with our businesses in Russia and Ukraine was reclassified from accumulated other comprehensive items, net and was included in the gain on sale associated with the Russia and Ukraine Divestment (as defined and discussed more fully in Note 10).

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(2) Summary of Significant Accounting Policies (Continued)

The changes in accumulated other comprehensive items, net for the three and nine months ended September 30, 2018, respectively, are as follows:

	Three Months Ended September 30, 2018			Nine Months Ended September 30, 2018		
	Foreign Currency Translation Adjustments	Fair Value Adjustments for Interest Rate Swap Agreements	Total	Foreign Currency Translation Adjustments	Fair Value Adjustments for Interest Rate Swap Agreements	Total
Beginning of Period	$(209,653)	$ 2,203	$(207,450)	$(103,989)	$ —	$(103,989)
Other comprehensive (loss) income:						
Foreign currency translation adjustments	(22,790)	—	(22,790)	(128,454)	—	(128,454)
Fair value adjustments for interest rate swap agreements	—	1,980	1,980	—	4,183	4,183
Total other comprehensive (loss) income	(22,790)	1,980	(20,810)	(128,454)	4,183	(124,271)
Balance as of September 30, 2018	$(232,443)	$ 4,183	$(228,260)	$(232,443)	$ 4,183	$(228,260)

i. Other Expense (Income), Net (including Foreign Currency)

Other expense (income), net for the three and nine months ended September 30, 2017 and 2018 consists of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2018	2017	2018
Foreign currency transaction losses (gains), net	$11,865	$664	$27,900	$3,825
Debt extinguishment expense	48,298	—	48,298	—
Other, net	(684)	(339)	(42,449)	(2,405)
	$59,479	$325	$33,749	$1,420

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 include gains or losses related to (i) borrowings in certain foreign currencies under our Former Revolving Credit Facility (as defined and discussed in Note 4 to Notes to Consolidated Financial Statements included in our Annual Report) and the Revolving Credit Facility (as defined and discussed more fully in Note 5), (ii) our Euro Notes (as defined and discussed more fully in Note 5), (iii) certain foreign currency denominated intercompany obligations of our foreign subsidiaries to us and between our foreign subsidiaries, which are not considered permanently invested, and (iv) amounts that are paid or received on the net settlement amount from forward contracts (as more fully discussed in Note 3).

We recorded a debt extinguishment charge of $48,298 in the three and nine months ended September 30, 2017, primarily related to the early extinguishment of (i) the 6% Senior Notes due 2020 and (ii) the $6^{1}/_{8}$% CAD Senior Notes due 2021 ("CAD Notes due 2021"), consisting of the write-off of unamortized deferred financing costs and call premiums.

Other, net for the nine months ended September 30, 2017 includes a gain of $38,869 associated with the Russia and Ukraine Divestment (see Note 10).

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(2) Summary of Significant Accounting Policies (Continued)

j. New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09. We adopted ASU 2014-09 on January 1, 2018 using the modified retrospective method. See Note 2.c. for information regarding the impact of the adoption of ASU 2014-09 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, while eliminating the available-for-sale classification for equity securities with readily determinable fair values and the cost method for equity investments without readily determinable fair values. ASU 2016-01 also impacts financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. We adopted ASU 2016-01 on January 1, 2018. ASU 2016-01 did not have an impact on our consolidated financial statements.

In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities ("ASU 2017-12"). ASU 2017-12 amends the hedge accounting recognition and presentation requirements as outlined in Accounting Standards Codification Topic 815 with the objective of improving the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements and enhance the transparency and understandability of hedge transactions. In addition, ASU 2017-12 simplifies the application of the hedge accounting guidance. We adopted ASU 2017-12 on January 1, 2018. ASU 2017-12 did not have a material impact on our consolidated financial statements.

Other As Yet Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 will require 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. We have established a cross functional project team responsible for the assessment and implementation of ASU 2016-02. We have also entered into an agreement for the use of a lease accounting software solution that will support us in meeting the accounting and reporting requirements specific to ASU 2016-02, and are in the process of implementing this solution. In July 2018, the FASB issued ASU No. 2018-10, Codification Improvements to Topic 842, Leases ("ASU 2018-10") and ASU No. 2018-11, Leases (Topic 842) Targeted Improvements ("ASU 2018-11"). ASU 2018-10 amends certain aspects of the guidance issued in ASU 2016-02. ASU 2018-11 provides entities with relief from the costs of implementing certain aspects of the new leasing standard, ASU 2016-02; specifically, (1) entities may elect not to recast the comparative periods presented when transitioning to ASU 2016-02, and (2) lessors may elect not to separate lease and nonlease components when certain conditions are met. We are currently evaluating the impact ASU 2016-02, including ASU 2018-10 and ASU 2018-11, will have on our consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement

That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force) ("ASU 2018-15"). ASU 2018-15 aligns the accounting for costs incurred to implement a cloud computing arrangement that is a service arrangement with the guidance on capitalizing costs associated with developing or obtaining internal-use software. ASU 2018-15 is effective for us on January 1, 2020, with early adoption permitted. We do not expect ASU 2018-15 will have a material impact on our consolidated financial statements.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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(3) Derivative Instruments and Hedging Activities

Historically, we have entered into forward contracts to hedge our exposures associated with certain foreign currencies. As of December 31, 2017, we had outstanding forward contracts to (i) purchase 138,823 United States dollars and sell 176,000 Canadian dollars, (ii) purchase 135,000 Euros and sell 160,757 United States dollars and (iii) purchase 114,390 United States dollars and sell 96,150 Euros to hedge our foreign exchange exposures. As of September 30, 2018, we had outstanding forward contracts to purchase 30,000 Euros and sell 35,436 United States dollars. We have not designated any of the forward contracts we have entered into as hedges.

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, 2017 and 2018 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2018	2017	2018
Net cash receipts (payments)	$7,643	$(3,347)	$8,536	$(4,558)

Our policy is to record the fair value of each derivative instrument on a gross basis. The following table provides the fair value of our derivative instruments not designated as hedging instruments as of December 31, 2017 and September 30, 2018:

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	December 31, 2017	September 30, 2018
Derivative assets	Prepaid expenses and other	$ 1,579	$ —
Derivative liabilities	Accrued expenses	2,329	365

(Gains) losses for our derivative instruments not recognized as hedging instruments for the three and nine months ended September 30, 2017 and 2018 are as follows:

Derivatives Not Designated as Hedging Instruments	Location of Loss (Gain) Recognized in Income on Derivative	Three Months Ended September 30, 2017	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2018
Foreign exchange contracts	Other (income) expense, net	$(5,748)	$616	$(9,316)	$4,172

We have designated a portion of our (i) Euro denominated borrowings by IMI under our Former Revolving Credit Facility and (ii) Euro Notes as a hedge of net investment of certain of our Euro denominated subsidiaries. For the nine months ended September 30, 2017, we designated, on average, 84,443 Euros of our Euro denominated borrowings by IMI under our Former Revolving Credit Facility as a hedge of net investment of certain of our Euro denominated subsidiaries. For the nine months ended September 30, 2018, we designated, on average, 209,276 Euros of our Euro Notes as a hedge of net investment of certain of our Euro denominated subsidiaries. As a result, we recorded the following foreign exchange (losses) gains 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 30,		Nine Months Ended September 30,	
	2017	2018	2017	2018
Foreign exchange (losses) gains	$(4,211)	$2,139	$(12,359)	$6,761

As of September 30, 2018, cumulative net gains of $9,949, net of tax, are recorded in accumulated other comprehensive items, net associated with this net investment hedge.

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In March 2018, we entered into interest rate swap agreements to limit our exposure to changes in interest rates on a portion of our floating rate indebtedness. As of September 30, 2018, we have $350,000 in notional value of interest rate swap agreements outstanding, which expire in March 2022. Under the interest rate swap agreements, we receive variable rate interest payments associated with the notional amount of each interest rate swap, based upon one-month LIBOR, in exchange for the payment of fixed interest rate payments (at the fixed rate interest specified in the interest rate swap agreements). We have designated these interest rate swaps as cash flow hedges. Unrealized gains are recognized as assets while unrealized losses are recognized as liabilities. The fair value of the interest rate swaps are estimated using industry standard valuation models using market-based observable inputs, including interest rate curves (Level 2, as described in Note 2.g.). At September 30, 2018, we had a derivative asset of $4,183, which was recorded as a component of Other within Other assets, net in our Condensed Consolidated Balance Sheet, which represents the fair value of our interest rate swap agreements.

We have recorded the change in fair value of the interest rate swap agreements to accumulated other comprehensive income. We have recorded unrealized gains of $1,980 and $4,183 for the three and nine months ended September 30, 2018, respectively, associated with our interest rate swap agreements. At September 30, 2018, we have recorded cumulative unrealized gains of $4,183 within accumulated other comprehensive items, net associated with these agreements.

(In Thousands, Except Share and Per Share Data)

(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.

a. Acquisition of IO Data Centers

On January 10, 2018, we completed the acquisition of the United States operations of IODC, a leading data center colocation space and solutions provider based in Phoenix, Arizona, including the land and buildings associated with four data centers in Phoenix and Scottsdale, Arizona; Edison, New Jersey; and Columbus, Ohio (the “IODC Transaction”). At the closing of the IODC Transaction, we paid approximately $1,347,000. In addition to the amount paid at the closing of the IODC Transaction, there is the potential of $35,000 in additional payments associated with the execution of future customer contracts. We have accounted for the IODC Transaction as an acquisition of a business in accordance with the guidance in ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business.

The unaudited consolidated pro forma financial information (the "Pro Forma Financial Information") below summarizes the combined results of us and IODC on a pro forma basis as if the IODC Transaction had occurred on January 1, 2017. 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, 2017. The Pro Forma Financial Information, for all periods presented, includes our current estimates of purchase accounting adjustments (including amortization expenses from acquired intangible assets and depreciation of acquired property, plant and equipment). We and IODC have collectively incurred $28,064 of operating expenditures to complete the IODC Transaction (including advisory and professional fees). 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, 2017.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2018	2017	2018
Total Revenues	$1,000,059	$1,060,995	$2,957,539	$3,167,747
Income from Continuing Operations	$16,081	$78,659	$109,597	$228,082
Per Share Income from Continuing Operations - Basic	$0.06	$0.28	$0.38	$0.80
Per Share Income from Continuing Operations - Diluted	$0.06	$0.27	$0.38	$0.79

In addition to our acquisition of IODC, we completed certain other acquisitions during 2017 and 2018. The Pro Forma Financial Information does not reflect these acquisitions due to the insignificant impact of these acquisitions on our consolidated results of operations.

b. Other Noteworthy Acquisitions

On March 8, 2018, in order to expand our data center operations into Europe and Asia, we acquired the operations of two data centers in London and Singapore from Credit Suisse International and Credit Suisse AG (together, "Credit Suisse") for a total of (i) 34,600 British pounds sterling and (ii) 81,000 Singapore dollars (or collectively, approximately $111,400, based upon the exchange rates between the United States dollar and the British pound sterling and Singapore dollar on the closing date of the Credit Suisse transaction) (the “Credit Suisse Transaction”). As part of the Credit Suisse Transaction, Credit Suisse entered into a long-term lease with us to maintain existing data center operations.

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(4) Acquisitions (Continued)

On May 25, 2018, in order to further expand our data center operations in Europe, we acquired EvoSwitch Netherlands B.V. and EvoSwitch Global Services B.V. (collectively, "EvoSwitch"), a data center colocation space and solutions provider with a data center in Amsterdam (the "EvoSwitch Transaction"), for (i) cash consideration of 189,000 Euros (or approximately $222,000, based upon the exchange rate between the Euro and the United States dollar on the closing date of the EvoSwitch Transaction) and (ii) $25,000 of additional consideration in the form of future services we will provide to the seller, which is included in purchase price holdbacks and other in the allocation of the purchase price paid table below.

In August 2018, in order to expand our presence in China, we acquired the Chinese-Mainland operations of GRM Document Management, a storage and records management company, for approximately $34,100.

A summary of the cumulative consideration paid and the preliminary allocation of the purchase price paid for all of our 2018 acquisitions through September 30, 2018 is as follows:

	IODC Transaction	Other Fiscal Year 2018 Acquisitions (excluding IODC)	Total
Cash Paid (gross of cash acquired)(1)	$1,347,046	$ 399,369	$1,746,415
Purchase Price Holdbacks and Other	—	27,919	27,919
Total Consideration	1,347,046	427,288	1,774,334
Fair Value of Identifiable Assets Acquired:			
Cash	34,227	8,354	42,581
Accounts Receivable and Prepaid Expenses	7,070	6,275	13,345
Property, Plant and Equipment(2)	863,027	202,273	1,065,300
Customer Relationship Intangible Assets	—	27,927	27,927
Data Center In-Place Leases	104,340	32,091	136,431
Data Center Tenant Relationships	77,362	18,410	95,772
Data Center Above-Market Leases	16,439	2,381	18,820
Other Assets	—	282	282
Debt Assumed	—	(19,941)	(19,941)
Accounts Payable, Accrued Expenses and Other Liabilities	(36,230)	(6,132)	(42,362)
Deferred Income Taxes	—	(32,649)	(32,649)
Data Center Below-Market Leases	(11,421)	(694)	(12,115)
Other Liabilities	—	(1,176)	(1,176)
Total Fair Value of Identifiable Net Assets Acquired	1,054,814	237,401	1,292,215
Goodwill Initially Recorded(3)	$292,232	$ 189,887	$482,119

(4) Acquisitions (Continued)

(1) Included in cash paid for acquisitions in the Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2018 is net cash acquired of $42,581 and contingent and other payments, net of $7,177 related to acquisitions made in previous years. The cash paid for the Accrued Purchase Price for the Santa Fe China Transaction (both as defined in Note 6 to Notes to Consolidated Financial Statements included in our Annual Report) is included in cash flows from financing activities (as a component of repayment of revolving credit, term loan and bridge facilities and other debt) in the Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2018.

(2) Consists primarily of building, building improvements, leasehold improvements, data center infrastructure, racking structures and warehouse equipment. These assets are depreciated using the straight-line method with the useful lives as noted in Note 2.g. to Notes to Consolidated Financial Statements included in our Annual Report.

(3) The goodwill associated with acquisitions 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 the acquired businesses.

See Note 6 to Notes to Consolidated Financial Statements included in our Annual Report for additional information regarding our allocations of the purchase price for acquisitions. The preliminary purchase price allocations that are not finalized as of September 30, 2018 primarily relate to the final assessment of the fair values of intangible assets (primarily customer relationship intangible assets and data center lease-based intangible assets), property, plant and equipment (primarily building, building improvements, data center infrastructure and racking structures), operating leases, contingencies and income taxes (primarily deferred income taxes), primarily associated with the 2017 Santa Fe Transaction (as defined in Note 6 to Notes to Consolidated Financial Statements included in our Annual Report), the IODC Transaction, the Credit Suisse Transaction and the EvoSwitch Transaction, as well as other acquisitions we closed in 2018.

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 nine months ended September 30, 2018 were not material to our results from operations.

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(5) Debt

Long-term debt is as follows:

	December 31, 2017				September 30, 2018			
	Debt (inclusive of discount)	Unamortized Deferred Financing Costs	Carrying Amount	Fair Value	Debt (inclusive of discount)	Unamortized Deferred Financing Costs	Carrying Amount	Fair Value
Revolving Credit Facility(1)	$466,593	$(14,407)	$452,186	$466,593	$821,470	$(14,902)	$806,568	$821,470
Term Loan A(1)	243,750	—	243,750	243,750	243,750	—	243,750	243,750
Term Loan B(2)	—	—	—	—	694,863	(9,055)	685,808	690,406
Australian Dollar Term Loan (the "AUD Term Loan")(3)	187,504	(3,382)	184,122	189,049	240,970	(3,201)	237,769	242,815
UK Bilateral Revolving Credit Facility ("UK Bilateral Facility")(4)	—	—	—	—	182,411	(2,476)	179,935	182,411
$4^3/_8$% Senior Notes due 2021 (the "$4^3/_8$% Notes")(5)(6)	500,000	(5,874)	494,126	507,500	500,000	(4,585)	495,415	500,000
6% Senior Notes due 2023 (the "6% Notes due 2023")(5)	600,000	(6,224)	593,776	625,500	600,000	(5,400)	594,600	615,000
$5^3/_8$% CAD Senior Notes due 2023 (the "CAD Notes due 2023")(6)	199,171	(3,295)	195,876	208,631	193,766	(2,787)	190,979	193,766
$5^3/_4$% Senior Subordinated Notes due 2024 (the "$5^3/_4$% Notes")(5)	1,000,000	(9,156)	990,844	1,012,500	1,000,000	(8,126)	991,874	990,000
3% Euro Senior Notes due 2025 (the "Euro Notes")(5)(6)	359,386	(4,691)	354,695	364,776	348,140	(4,257)	343,883	342,483
$3^7/_8$% GBP Senior Notes due	539,702	(7,718)	531,984	527,559	521,173	(6,742)	514,431	495,380

2025 (the "GBP Notes due 2025")(6)								
$5^{3}/_{8}\%$ Senior Notes due 2026 (the "$5^{3}/_{8}\%$ Notes")(6)	250,000	(3,615)	246,385	256,875	250,000	(3,293)	246,707	235,938
$4^{7}/_{8}\%$ Senior Notes due 2027 (the "$4^{7}/_{8}\%$ Notes")(5)(6)	1,000,000	(13,866)	986,134	1,000,000	1,000,000	(12,797)	987,203	917,500
$5^{1}/_{4}\%$ Senior Notes due 2028 (the "$5^{1}/_{4}\%$ Notes")(5)(6)	825,000	(11,817)	813,183	826,031	825,000	(11,216)	813,784	765,188
Real Estate Mortgages, Capital Leases and Other	649,432	(566)	648,866	649,432	611,549	(237)	611,312	611,549
Accounts Receivable Securitization Program(7)	258,973	(356)	258,617	258,973	238,273	(253)	238,020	238,273
Mortgage Securitization Program(8)	50,000	(1,273)	48,727	50,000	50,000	(1,164)	48,836	50,000
Total Long-term Debt	7,129,511	(86,240)	7,043,271		8,321,365	(90,491)	8,230,874	
Less Current Portion	(146,300)	—	(146,300)		(121,695)	—	(121,695)	
Long-term Debt, Net of Current Portion	$6,983,211	$(86,240)	$6,896,971		$8,199,670	$(90,491)	$8,109,179	

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(5) Debt (Continued)

(1) Collectively, as amended as described below, the "Credit Agreement". Of the $821,470 of outstanding borrowings under the Revolving Credit Facility, 621,700 was denominated in United States dollars, 120,000 was denominated in Canadian dollars and 92,000 was denominated in Euros. In addition, we also had various outstanding letters of credit totaling $43,359. The remaining amount available for borrowing under the Revolving Credit Facility as of September 30, 2018 was $885,171 (which amount represents the maximum availability as of such date). The average interest rate in effect under the Credit Agreement was 3.6% as of September 30, 2018. The average interest rate in effect under the Revolving Credit Facility as of September 30, 2018 was 3.6% and ranged from 1.8% to 4.0% and the interest rate in effect under the term loan ("Term Loan A") as of September 30, 2018 was 3.9%.
(2) Interest rate in effect as of September 30, 2018 was 4.0%. The amount of debt for the Term Loan B (as defined below) reflects an unamortized original issue discount of $1,637 as of September 30, 2018.
(3) Interest rate in effect as of September 30, 2018 was 5.9%. We had 336,250 Australian dollars outstanding on the AUD Term Loan as of September 30, 2018. The amount of debt for the AUD Term Loan reflects an unamortized original issue discount of $1,545 and $1,845 as of December 31, 2017 and September 30, 2018, respectively.
(4) Interest rate in effect as of September 30, 2018 was 3.0%.
(5) Collectively, the "Parent Notes".
(6) Collectively, the "Unregistered Notes".
(7) Interest rate in effect as of September 30, 2018 was 3.0%.
(8) Interest rate in effect as of September 30, 2018 was 3.5%.

See Note 4 to Notes to Consolidated Financial Statements included in our Annual Report for additional information regarding our Credit Agreement and our other long-term debt, including the direct obligors of each of our debt instruments as well as information regarding the fair value of our debt instruments (including the levels of the fair value hierarchy used to determine the fair value of our debt instruments). The levels of the fair value hierarchy used to determine the fair value of our debt as of September 30, 2018 are consistent with the levels of the fair value hierarchy used to determine the fair value of our debt as of December 31, 2017 (which are disclosed in our Annual Report). Additionally, see Note 5 to Notes to Consolidated Financial Statements included in our Annual Report for information regarding which of our consolidated subsidiaries guarantee certain of our debt instruments.

There have been no material changes to our long-term debt since December 31, 2017 other than those changes described below.

(5) Debt (Continued)

a. Credit Agreement Amendments

On March 22, 2018, we entered into an amendment (the “2018 First Amendment”) to the Credit Agreement which provided us with the option to request additional commitments of up to approximately $1,260,000 under the Credit Agreement in the form of term loans or through increased commitments under the Revolving Credit Facility, subject to the conditions specified in the Credit Agreement. On June 4, 2018, we entered into another amendment (the "2018 Second Amendment") to the Credit Agreement which (i) reduced interest rate margins applicable to existing and future borrowings under the Revolving Credit Facility and Term Loan A by 0.25% and (ii) extended the maturity date of the Credit Agreement to June 4, 2023.

In connection with the 2018 First Amendment, Iron Mountain Information Management, LLC ("IMIM") entered into an incremental term loan activation notice, or the Activation Notice, with certain lenders pursuant to which the lenders party to the Activation Notice agreed to provide commitments to fund an incremental term loan B in the amount of $700,000 (the “Term Loan B”). On March 26, 2018, IMIM borrowed the full amount of the Term Loan B, which matures on January 2, 2026. The Term Loan B was issued at 99.75% of par. The aggregate net proceeds of approximately $689,850, after paying commissions to the joint lead arrangers and net of the original discount, were used to repay outstanding borrowings under the Revolving Credit Facility. The Term Loan B holders benefit from the same security and guarantees as other borrowings under the Credit Agreement. The Term Loan B holders also benefit from the same affirmative and negative covenants as other borrowings under the Credit Agreement; however, the Term Loan B holders are not generally entitled to the benefits of the financial covenants under the Credit Agreement. Principal payments on the Term Loan B are to be paid in quarterly installments of $1,750 per quarter during the period June 30, 2018 through December 31, 2025, with the balance due on January 2, 2026. The Term Loan B may be prepaid without penalty at any time after September 22, 2018. The Term Loan B bears interest at a rate of LIBOR plus 1.75%.

b. Australian Dollar Term Loan Amendment

On March 27, 2018, Iron Mountain Australia Group Pty Ltd, a wholly owned subsidiary of IMI, amended its AUD Term Loan (the "AUD Term Loan Amendment") to (i) increase the borrowings under the AUD Term Loan from 250,000 Australian dollars to 350,000 Australian dollars; (ii) increase the quarterly principal payments from 6,250 Australian dollars per year to 8,750 Australian dollars per year and (iii) decrease the interest rate on the AUD Term Loan from BBSY (an Australian benchmark variable interest rate) plus 4.3% to BBSY plus 3.875%. The AUD Term Loan matures in September 2022. All indebtedness associated with the AUD Term Loan was issued at 99% of par. The net proceeds associated with the AUD Term Loan Amendment of approximately 99,000 Australian dollars (or approximately $75,621, based upon the exchange rate between the Australian dollar and the United States dollar on March 29, 2018 (the closing date of the AUD Term Loan Amendment)), net of the original discount, were used to repay outstanding borrowings under the Revolving Credit Facility.

Principal payments on the AUD Term Loan are to be paid in quarterly installments in an amount equivalent to an aggregate of 8,750 Australian dollars per year, with the remaining balance due September 22, 2022. The AUD Term Loan is secured by substantially all assets of Iron Mountain Australia Group Pty. Ltd. IMI and its direct and indirect 100% owned United States subsidiaries that represent the substantial majority of its United States operations (the “Guarantors”) guarantee all obligations under the AUD Term Loan.

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(Unaudited)
(5) Debt (Continued)

c. UK Bilateral Revolving Credit Facility
On September 24, 2018, Iron Mountain (UK) PLC and Iron Mountain (UK) Data Centre Limited entered into a 140,000 British pounds sterling Revolving Credit Facility (the "UK Bilateral Facility") with Barclays Bank PLC. The maximum amount permitted to be borrowed under the UK Bilateral Facility is 140,000 British pounds sterling, and we have the option to request additional commitments of up to 125,000 British pounds sterling, subject to the conditions specified in the UK Bilateral Facility. The UK Bilateral Facility was fully utilized on September 24, 2018 (the closing date of the UK Bilateral Facility). The UK Bilateral Facility is scheduled to mature on September 23, 2022, at which point all obligations become due. The UK Bilateral Facility contains an option to extend the maturity date for an additional year, subject to the conditions specified in the UK Bilateral Facility, including the lender's consent. The UK Bilateral Facility bears interest at a rate of LIBOR plus 2.25%. The initial net proceeds received under the UK Bilateral Facility of 138,250 British pounds sterling (or approximately $180,300, based upon the exchange rate between the British pound sterling and the United States dollar on September 24, 2018 (the closing date of the UK Bilateral Facility)), net of upfront fees, were used to repay borrowings under the Revolving Credit Facility. The UK Bilateral Facility is secured by certain properties in the United Kingdom. IMI and the Guarantors guarantee all obligations under the UK Bilateral Facility.
d. Cash Pooling
As described in greater detail in Note 4 to Notes to Consolidated Financial Statements included in our Annual Report, certain of our subsidiaries participate in cash pooling arrangements (the “Cash Pools”) with Bank Mendes Gans (“BMG”), an independently operated fully-owned subsidiary of ING Group, in order to help manage global liquidity requirements. We currently utilize two separate cash pools with BMG, one of which we utilize to manage global liquidity requirements for our QRSs (the "QRS Cash Pool") and the other for our TRSs (the "TRS Cash Pool").

As of December 31, 2017, we had a net cash position of approximately $5,700 in the QRS Cash Pool (which consisted of a gross cash position of approximately $383,700 less outstanding debit balances of approximately $378,000 by participating subsidiaries) and we had a zero balance in the TRS Cash Pool (which consisted of a gross cash position of approximately $229,600 less outstanding debit balances of approximately $229,600 by participating subsidiaries). As of September 30, 2018, we had a net cash position of approximately $2,800 in the QRS Cash Pool (which consisted of a gross cash position of approximately $313,800 less outstanding debit balances of approximately $311,000 by participating subsidiaries) and we had a net cash position of approximately $1,700 in the TRS Cash Pool (which consisted of a gross cash position of approximately $208,500 less outstanding debit balances of approximately $206,800 by participating subsidiaries). The net cash position balances as of December 31, 2017 and September 30, 2018 are reflected as cash and cash equivalents in the Condensed Consolidated Balance Sheets.
e. Debt Covenants
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, 2017 and September 30, 2018, as well as our leverage ratio under our indentures as of December 31, 2017 and September 30, 2018 are as follows:

	December 31, 2017	September 30, 2018	Maximum/Minimum Allowable
Net total lease adjusted leverage ratio	5.0	5.6	Maximum allowable of 6.5
Net secured debt lease adjusted leverage ratio	1.6	2.6	Maximum allowable of 4.0
Bond leverage ratio (not lease adjusted)	5.8	5.8	Maximum allowable of 6.5-7.0(1)(2)
Fixed charge coverage ratio	2.1	2.3	Minimum allowable of 1.5

(1) The maximum allowable leverage ratio under our indentures for the $4^{7}/_{8}$% Notes, the GBP Notes due 2025 and the $5^{1}/_{4}$% Notes is 7.0, while the maximum allowable leverage ratio under the indentures pertaining to our remaining senior and senior subordinated notes is 6.5. In certain instances as provided in our indentures, we have the ability to incur additional indebtedness that would result in our bond leverage ratio exceeding the maximum allowable ratio under our indentures and still remain in compliance with the covenant.

(2) At December 31, 2017, a portion of the net proceeds from the $5^{1}/_{4}$% Notes, together with a portion of the net proceeds of the Equity Offering (as defined in Note 9), were used to temporarily repay approximately $807,000 of outstanding indebtedness under our Revolving Credit Facility until the closing of the IODC Transaction, which occurred on January 10, 2018. The bond leverage ratio at December 31, 2017 is calculated based on our outstanding indebtedness at this date, which reflects the temporary payment of the Revolving Credit Facility.

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

IRON MOUNTAIN INCORPORATED
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(Unaudited)
(6) Selected Consolidated Financial Statements of Parent, Guarantors and Non-Guarantors

The following data summarizes the consolidating results of IMI on the equity method of accounting as of December 31, 2017 and September 30, 2018 and for the three and nine months ended September 30, 2017 and 2018 and are prepared on the same basis as the consolidated financial statements.
The Parent Notes, the CAD Notes due 2023, the GBP Notes due 2025, 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 due 2023, which were issued by Iron Mountain Canada Operations ULC ("Canada Company"), the GBP Notes due 2025, which were issued by Iron Mountain (UK) PLC ("IM UK"), and the $5^3/_8$% Notes, which were issued by Iron Mountain US Holdings, Inc ("IM US Holdings"), which is one of the Guarantors. Canada Company and IM UK do not guarantee the Parent Notes. The subsidiaries that do not guarantee the Parent Notes, the CAD Notes due 2023, the GBP Notes due 2025, and the $5^3/_8$% Notes, including IM UK, Iron Mountain Receivables QRS, LLC, Iron Mountain Receivables TRS, LLC and Iron Mountain Mortgage Finance I, LLC, are referred to below as the Non-Guarantors.
In August 2017, we redeemed the CAD Notes due 2021 and, therefore, as of that date, Canada Company had no outstanding debt registered under the Securities Act of 1933, as amended, that would require the presentation of Canada Company on a standalone basis in the accompanying consolidating financial statements. Accordingly, (i) the assets, liabilities and equity of Canada Company are presented as a component of the Non-Guarantor subsidiaries in the accompanying Condensed Consolidated Balance Sheets as of December 31, 2017 and September 30, 2018, (ii) the revenues, expenses and other comprehensive income (loss) of Canada Company are presented as a component of the Non-Guarantor subsidiaries in the Condensed Consolidated Statement of Operations and Comprehensive Income (Loss) for the three and nine months ended September 30, 2017 and 2018, and (iii) the operating, investing and financing cash flows for Canada Company are presented as a component of the Non-Guarantor subsidiaries in the Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2017 and 2018.
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 or a Non-Guarantor. If such a change occurs, the amount of investment in subsidiaries in the below Condensed Consolidated Balance Sheets and equity in the earnings (losses) of subsidiaries, net of tax in the below Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) with respect to the relevant Parent, Guarantors, Non-Guarantors and Eliminations columns also would change.

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

CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2017				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets					
Current Assets:					
Cash and cash equivalents(1)	$2,433	$634,317	$383,675	$(94,726)	$925,699
Accounts receivable	—	32,972	802,770	—	835,742
Intercompany receivable	332,293	149,731	—	(482,024)	—
Prepaid expenses and other	1,579	103,643	83,681	(29)	188,874
Total Current Assets	336,305	920,663	1,270,126	(576,779)	1,950,315
Property, Plant and Equipment, Net	316	2,030,875	1,386,488	—	3,417,679
Other Assets, Net:					
Long-term notes receivable from affiliates and intercompany receivable	4,578,995	—	—	(4,578,995)	—
Investment in subsidiaries	1,858,045	885,999	—	(2,744,044)	—
Goodwill	—	2,577,310	1,492,957	—	4,070,267
Other	—	796,913	737,228	—	1,534,141
Total Other Assets, Net	6,437,040	4,260,222	2,230,185	(7,323,039)	5,604,408
Total Assets	$6,773,661	$7,211,760	$4,886,799	$(7,899,818)	$10,972,402
Liabilities and Equity					
Intercompany Payable	$—	$—	$482,024	$(482,024)	$—
Debit Balances Under Cash Pools	—	56,233	38,493	(94,726)	—
Current Portion of Long-Term Debt	—	54,247	92,082	(29)	146,300
Total Other Current Liabilities	235,062	527,549	421,262	—	1,183,873
Long-Term Debt, Net of Current Portion	4,232,759	758,166	1,906,046	—	6,896,971
Long-Term Notes Payable to Affiliates and Intercompany Payable	—	4,578,995	—	(4,578,995)	—
Other Long-term Liabilities	—	113,024	241,974	—	354,998
Commitments and Contingencies (See Note 8)					
Redeemable Noncontrolling Interests	8,402	—	83,016	—	91,418
Total Iron Mountain Incorporated Stockholders' Equity	2,297,438	1,123,546	1,620,498	(2,744,044)	2,297,438
Noncontrolling Interests	—	—	1,404	—	1,404
Total Equity	2,297,438	1,123,546	1,621,902	(2,744,044)	2,298,842
Total Liabilities and Equity	$6,773,661	$7,211,760	$4,886,799	$(7,899,818)	$10,972,402

(1) Included within Cash and Cash Equivalents at December 31, 2017 is approximately $38,400 and $62,000 of cash on deposit associated with our Cash Pools for the Guarantors and Non-Guarantors, respectively.

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

CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)

	September 30, 2018				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets					
Current Assets:					
Cash and cash equivalents(1)	$260	$48,069	$242,852	$(93,505)	$197,676
Accounts receivable	—	76,060	771,392	—	847,452
Intercompany receivable	—	749,032	—	(749,032)	—
Prepaid expenses and other	—	85,000	85,876	(29)	170,847
Total Current Assets	260	958,161	1,100,120	(842,566)	1,215,975
Property, Plant and Equipment, Net	219	2,959,776	1,464,698	—	4,424,693
Other Assets, Net:					
Long-term notes receivable from affiliates and intercompany receivable	4,853,817	—	—	(4,853,817)	—
Investment in subsidiaries	1,895,286	954,931	—	(2,850,217)	—
Goodwill	—	2,878,792	1,599,965	—	4,478,757
Other	4,183	940,845	741,516	—	1,686,544
Total Other Assets, Net	6,753,286	4,774,568	2,341,481	(7,704,034)	6,165,301
Total Assets	$6,753,765	$8,692,505	$4,906,299	$(8,546,600)	$11,805,969
Liabilities and Equity					
Intercompany Payable	$371,305	$—	$377,727	$(749,032)	$—
Debit Balances Under Cash Pools	—	55,401	38,104	(93,505)	—
Current Portion of Long-Term Debt	—	59,937	61,787	(29)	121,695
Total Other Current Liabilities	200,605	557,786	367,266	—	1,125,657
Long-Term Debt, Net of Current Portion	4,226,759	1,858,545	2,023,875	—	8,109,179
Long-Term Notes Payable to Affiliates and Intercompany Payable	—	4,853,817	—	(4,853,817)	—
Other Long-term Liabilities	—	114,540	301,277	—	415,817
Commitments and Contingencies (See Note 8)					
Redeemable Noncontrolling Interests	17,710	—	77,035	—	94,745
Total Iron Mountain Incorporated Stockholders' Equity	1,937,386	1,192,479	1,657,738	(2,850,217)	1,937,386
Noncontrolling Interests	—	—	1,490	—	1,490
Total Equity	1,937,386	1,192,479	1,659,228	(2,850,217)	1,938,876
Total Liabilities and Equity	$6,753,765	$8,692,505	$4,906,299	$(8,546,600)	$11,805,969

(1) Included within Cash and Cash Equivalents at September 30, 2018 is approximately $39,800 and $58,200 of cash on deposit associated with our Cash Pools for the Guarantors and Non-Guarantors, respectively.

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

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Three Months Ended September 30, 2017				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:					
Storage rental and service (excluding intercompany)	$—	$573,126	$392,535	$—	$965,661
Intercompany	—	1,148	5,021	(6,169)	—
Total Revenues	—	574,274	397,556	(6,169)	965,661
Operating Expenses					
Cost of sales (excluding depreciation and amortization) and Selling, general and administrative	(203)	391,847	269,040	—	660,684
Intercompany	—	5,021	1,148	(6,169)	—
Depreciation and amortization	45	74,470	53,998	—	128,513
(Gain) Loss on disposal/write-down of property, plant and equipment (excluding real estate), net	—	(385)	93	—	(292)
Total Operating Expenses	(158)	470,953	324,279	(6,169)	788,905
Operating Income (Loss)	158	103,321	73,277	—	176,756
Interest Expense (Income), Net	41,369	(1,705)	49,325	—	88,989
Other Expense (Income), Net	43,258	5,547	10,674	—	59,479
(Loss) Income from Continuing Operations Before Provision (Benefit) for Income Taxes and Loss (Gain) on Sale of Real Estate	(84,469)	99,479	13,278	—	28,288
Provision (Benefit) for Income Taxes	—	6,138	(3,870)	—	2,268
Gain on Sale of Real Estate, Net of Tax	—	—	638	—	638
Equity in the (Earnings) Losses of Subsidiaries, Net of Tax	(108,814)	(16,019)	—	124,833	—
Income (Loss) from Continuing Operations	24,345	109,360	16,510	(124,833)	25,382
(Loss) Income from Discontinued Operations	—	(678)	(380)	—	(1,058)
Net Income (Loss)	24,345	108,682	16,130	(124,833)	24,324
Less: Net Income (Loss) Attributable to Noncontrolling Interests	—	—	(21)	—	(21)
Net Income (Loss) Attributable to Iron Mountain Incorporated	$24,345	$108,682	$16,151	$(124,833)	$24,345
Net Income (Loss)	$24,345	$108,682	$16,130	$(124,833)	$24,324
Other Comprehensive Income (Loss):					
Foreign Currency Translation Adjustments	(4,211)	—	41,752	—	37,541
Equity in Other Comprehensive Income (Loss) of Subsidiaries	42,458	30,804	—	(73,262)	—
Total Other Comprehensive Income (Loss)	38,247	30,804	41,752	(73,262)	37,541
Comprehensive Income (Loss)	62,592	139,486	57,882	(198,095)	61,865
Comprehensive (Loss) Income Attributable to Noncontrolling Interests	—	—	(727)	—	(727)
Comprehensive Income (Loss) Attributable to Iron Mountain Incorporated	$62,592	$139,486	$58,609	$(198,095)	$62,592

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

	Three Months Ended September 30, 2018				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:					
Storage rental and service (excluding intercompany)	$—	$652,422	$408,569	$—	$1,060,991
Intercompany	—	1,192	4,330	(5,522)	—
Total Revenues	—	653,614	412,899	(5,522)	1,060,991
Operating Expenses:					
Cost of sales (excluding depreciation and amortization) and Selling, general and administrative	(427)	430,179	276,736	—	706,488
Intercompany	—	4,330	1,192	(5,522)	—
Depreciation and amortization	31	99,949	57,817	—	157,797
(Gain) Loss on disposal/write-down of property, plant and equipment (excluding real estate), net	—	(321)	1,281	—	960
Total Operating Expenses	(396)	534,137	337,026	(5,522)	865,245
Operating (Loss) Income	396	119,477	75,873	—	195,746
Interest Expense (Income), Net	49,964	3,041	50,836	—	103,841
Other Expense (Income), Net	439	3,792	(3,906)	—	325
(Loss) Income from Continuing Operations Before Provision (Benefit) for Income Taxes and (Gain) Loss on Sale of Real Estate	(50,007)	112,644	28,943	—	91,580
Provision (Benefit) for Income Taxes	—	8,287	6,013	—	14,300
Gain on Sale of Real Estate, Net of Tax	—	(1,348)	—	—	(1,348)
Equity in the (Earnings) Losses of Subsidiaries, Net of Tax	(117,155)	(26,693)	—	143,848	—
Income (Loss) from Continuing Operations	67,148	132,398	22,930	(143,848)	78,628
(Loss) Income from Discontinued Operations, Net of Tax	—	(11,588)	(17)	—	(11,605)
Net Income (Loss)	67,148	120,810	22,913	(143,848)	67,023
Less: Net (Loss) Income Attributable to Noncontrolling Interests	—	—	(125)	—	(125)
Net Income (Loss) Attributable to Iron Mountain Incorporated	$67,148	$120,810	$23,038	$(143,848)	$67,148
Net Income (Loss)	$67,148	$120,810	$22,913	$(143,848)	$67,023
Other Comprehensive Income (Loss):					
Foreign Currency Translation Adjustments	2,139	—	(26,908)	—	(24,769)
Change in fair value of interest rate swap agreements	1,980	—	—	—	1,980
Equity in Other Comprehensive (Loss) Income of Subsidiaries	(24,929)	(14,443)	—	39,372	—
Total Other Comprehensive (Loss) Income	(20,810)	(14,443)	(26,908)	39,372	(22,789)
Comprehensive Income (Loss)	46,338	106,367	(3,995)	(104,476)	44,234
	—	—	(2,104)	—	(2,104)

Comprehensive (Loss) Income Attributable to Noncontrolling Interests					
Comprehensive Income (Loss) Attributable to Iron Mountain Incorporated	$46,338	$106,367	$(1,891)	$(104,476)	$46,338

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

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

	Nine Months Ended September 30, 2017				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:					
Storage rental and service (excluding intercompany)	$—	$1,714,897	$1,139,446	$—	$2,854,343
Intercompany	—	3,386	18,217	(21,603)	—
Total Revenues	—	1,718,283	1,157,663	(21,603)	2,854,343
Operating Expenses:					
Cost of sales (excluding depreciation and amortization) and Selling, general and administrative	149	1,183,560	795,577	—	1,979,286
Intercompany	—	18,217	3,386	(21,603)	—
Depreciation and amortization	134	225,760	155,425	—	381,319
(Gain) Loss on disposal/write-down of property, plant and equipment (excluding real estate), net	—	(1,179)	212	—	(967)
Total Operating Expenses	283	1,426,358	954,600	(21,603)	2,359,638
Operating (Loss) Income	(283)	291,925	203,063	—	494,705
Interest Expense (Income), Net	124,530	10,653	129,827	—	265,010
Other Expense (Income), Net	43,678	8,609	(18,538)	—	33,749
(Loss) Income from Continuing Operations Before Provision (Benefit) for Income Taxes and (Gain) Loss on Sale of Real Estate	(168,491)	272,663	91,774	—	195,946
Provision (Benefit) for Income Taxes	—	19,318	10,179	—	29,497
Gain on Sale of Real Estate, Net of Tax	—	—	(925)	—	(925)
Equity in the (Earnings) Losses of Subsidiaries, Net of Tax	(329,591)	(69,394)	—	398,985	—
Income (Loss) from Continuing Operations	161,100	322,739	82,520	(398,985)	167,374
(Loss) Income from Discontinued Operations	—	(1,635)	(1,786)	—	(3,421)
Net Income (Loss)	161,100	321,104	80,734	(398,985)	163,953
Less: Net Income (Loss) Attributable to Noncontrolling Interests	—	—	2,853	—	2,853
Net Income (Loss) Attributable to Iron Mountain Incorporated	$161,100	$321,104	$77,881	$(398,985)	$161,100
Net Income (Loss)	$161,100	$321,104	$80,734	$(398,985)	$163,953
Other Comprehensive Income (Loss):					
Foreign Currency Translation Adjustments	(12,359)	—	108,222	—	95,863
Equity in Other Comprehensive Income (Loss) of Subsidiaries	109,589	70,557	—	(180,146)	—
Total Other Comprehensive Income (Loss)	97,230	70,557	108,222	(180,146)	95,863
Comprehensive Income (Loss)	258,330	391,661	188,956	(579,131)	259,816
Comprehensive Income (Loss) Attributable to Noncontrolling Interests	—	—	1,486	—	1,486

Comprehensive Income (Loss) Attributable to Iron Mountain Incorporated	$258,330	$391,661	$187,470	$(579,131)	$258,330

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

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

	Nine Months Ended September 30, 2018				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:					
Storage rental and service (excluding intercompany)	$ —	$ 1,920,980	$ 1,243,292	$ —	$ 3,164,272
Intercompany	—	3,613	13,126	(16,739)	—
Total Revenues	—	1,924,593	1,256,418	(16,739)	3,164,272
Operating Expenses:					
Cost of sales (excluding depreciation and amortization) and Selling, general and administrative	(348)	1,280,789	846,288	—	2,126,729
Intercompany	—	13,126	3,613	(16,739)	—
Depreciation and amortization	96	298,565	175,934	—	474,595
(Gain) Loss on disposal/write-down of property, plant and equipment (excluding real estate), net	—	(1,139)	423	—	(716)
Total Operating Expenses	(252)	1,591,341	1,026,258	(16,739)	2,600,608
Operating (Loss) Income	252	333,252	230,160	—	563,664
Interest Expense (Income), Net	150,238	4,518	148,818	—	303,574
Other Expense (Income), Net	2,049	11,927	(12,556)	—	1,420
(Loss) Income from Continuing Operations Before Provision (Benefit) for Income Taxes and (Gain) Loss on Sale of Real Estate	(152,015)	316,787	93,898	—	258,670
Provision (Benefit) for Income Taxes	—				