IRON MOUNTAIN INC
Form DFAN14A
March 10, 2011

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant ¨ Filed by a Party other than the Registrant x

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

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Iron Mountain Incorporated

(Name of Registrant as Specified In Its Charter)

Elliott Associates, L.P.

Elliott International, L.P.

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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1) Amount Previously Paid:

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The following presentation may be provided to stockholders of Iron Mountain Incorporated (the Company) by Elliott Associates, L.P. and Elliott International, L.P. (collectively, Elliott):

Iron Mountain Incorporated:
Great Business Model,
Significant Incremental Opportunity
March 9, 2011

2

Disclosure Statement

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expectations and assumptions that are subject to risks and uncertainties that could cause actual results to differ materially. Ac
should not rely upon forward-looking statements as a prediction of actual results.

Elliott intends to make a filing with the Securities and Exchange Commission of a proxy statement and an accompanying prox to solicit proxies in connection with the 2011 Annual Meeting of Stockholders (including any adjournments or postponements special meeting that may be called in lieu thereof) (the 2011 Annual Meeting) of Iron Mountain Incorporated (the Compar relating to the participants in such proxy solicitation is contained in materials filed by Elliott with the Securities and Exchange pursuant to Rule 14a-12 under the Securities Exchange Act of 1934, as amended. Stockholders are advised to read the proxy s other documents related to the solicitation of stockholders of the Company for use at the 2011 Annual Meeting when they beco because they will contain important information, including additional information relating to the participants in such proxy sol completed and available, Elliott s definitive proxy statement and a form of proxy will be mailed to stockholders of the Compa materials and other materials filed by Elliott in connection with the solicitation of proxies will be available at no charge at the S Exchange Commission s website at www.sec.gov. The definitive proxy statement (when available) and other relevant docum Elliott with the Securities and Exchange Commission will also be available, without charge, by directing a request by mail or t MacKenzie Partners, Inc., 105 Madison Avenue, New York, New York 10016 (call collect: 212-929-5500; call toll free: 800-3

Iron Mountain (NYSE: IRM) provides records management, information protection and recovery, and data destruction services to more than 150,000 corporate clients

Market-leading core business - North American Physical (NOAM Physical)

Sustainable, recurring revenue stream with 44% OIBDA margins

Well penetrated vended market

IRM s growth and scale have made it a mature business

New initiatives have generated minimal-to-negative returns

Worldwide
Digital
business
struggling
with
uncertain
growth,
low
margins
and significant competition from leading technology firms

International Physical business has had slow OIBDA growth and lower
margins (vs. NOAM Physical) despite continued investment
Incremental opportunities exist to create significant shareholder value

Implement business improvements to achieve operational efficiencies, increase
margins and maximize cash flow available to equity holders

Focus on return-on-invested-capital (ROIC) for all growth-related initiatives

Optimize corporate structure for tax efficiency

Align management compensation incentives with shareholder value creation
Iron Mountain: Leader in Information Storage Services
Significant Opportunity to Generate Shareholder Value
3
Source: Iron Mountain Incorporated disclosures and Third-Party Analyst Research

Incremental Opportunity for IRM
Business Improvements + REIT Conversion = Potential $52-$77 Stock Price
4
(1)
Assumes dividend equals 100% of equity free cash flow
Source:
Elliott
estimates;
See
page
33
for
additional
details

on Elliott estimated stock price calculations shown above
Implied
Dividend Yield
5.0%
(1)
Implied
Dividend Yield
6.4%
(1)
+
=
$0
$10
$20
$30
$40
$50
$60
$70
$80
Recent
$25
Mid
$52
High
$77
Business Improvements
Improvements + REIT
IRM Stock Price
Recent
$25
High
$41
REIT Conversion
Mid
$34
Recent
$25
Recent
$25
Mid
$39
High
$50

5
Market-Leading Core Business -
North American Physical

IRM has a Great Business Model
NOAM Physical is a Profitable and Sustainable Core Business
6
Source: Iron Mountain Incorporated disclosures and Elliott estimates
IRM has a market-leading position in a great business
North American
Physical document storage

Strong execution track record

Buy/lease by the square foot, monetize by the cubic foot

Annual revenues from fixed periodic storage fees have grown for 22 consecutive years
The document storage business benefits from structural forces that create stability in the face of digitization trends

Base of existing boxes represents >90% of revenues with high switching costs

Conversion of existing boxes to digital format costs 20-30x annual physical box storage costs

Average life of a box >10 years

Multi-year contracts and built-in price escalators protect against price pressure

Regulatory requirements for document retention drive significant percent of box volumes
While existing box storage market is well penetrated, the remaining unvended segment is 3x IRM revenue

NOAM Physical
1
is Core Business
69% of Revenues, 86% of OIBDA
2
, 96% of Cash Flow
3
7
Source: Iron Mountain Incorporated disclosures
(1)
Iron Mountain s reportable operating segments are North American Physical Business, International Physical Business (Int
Business (Digital). NOAM Physical and Int l Physical segments offer physical records management services, data protectio
destruction services, in their respective geographies. The Digital segment includes online backup and recovery solutions for se
digital
archiving
services,
eDiscovery
services
and
intellectual

property
management
services
and
is
not
limited
to
any
particular
geography.
(2)
OIBDA represents operating income before depreciation, amortization, corporate expenses, goodwill impairment and (gain) lo
property, plant and equipment, net
(3)
Calculated as OIBDA (before corporate expenses)
Capex
2
2
2010
OIBDA
NOAM Physical -
86%
Int'l
Physical
2%
12%
NOAM Physical -
96%
3%
2010
OIBDA
-
Capex
1%
2010 Revenue
NOAM Physical -
69%
Int'l Physical
Digital
7%
23%

8
(1)
For NOAM Physical; Solid bars correspond with left-axis, trend lines correspond with right-axis
Source: Iron Mountain Incorporated disclosures
35%
37%
39%
41%
43%
45%
2010
2009
2008
2007
24%
28%
32%
36%

40%
2010
2009
2008
2007
0%
2%
4%
6%
8%
10%
12%
14%
16%
2010
2009
2008
2007
$1,100
$1,300
$1,500
$1,700
$1,900
$2,100
$2,300
$500
$600
$700
$800
$900
$1,000
$400
$500
$600
$700
$800
$900
NOAM Physical is a Cash Cow
Margin has Expanded & Cash Flow Nearly Doubled in Last 3 Years
Revenue ($MMs) & Growth (YoY)
OIBDA ($MMs) & Margin
OIBDA
Capex
($MMs) & Margin
1
1
1

9

(1)

NOAM Physical, pre-2004 figures reflect Elliott estimates based on Company disclosures; Internal Revenue Growth defined as weighted average y-o-y growth of revenues, excluding acquisitions, divestitures, and FX fluctuations

(1) NOAM Physical
Source: Iron Mountain Incorporated disclosures and Elliott estimates
As NOAM Physical s Revenue Growth Has Slowed,
Attractive Opportunities to Invest Have Decreased
Revenue & Internal Revenue Growth (YoY)
(1)
0%
5%
10%
15%
20%
25%
30%
Revenue Growth
Internal Revenue Growth
Incremental Invested Capital ($MMs)
(1)
$100
$150
$200
$250
$300
$350
$400
$450
$500
$550
2007
2008
2009
2010
Acquisitions
Capex

10
New Initiatives Earning Minimal-to-Negative Returns

$0.7B+ Invested in Digital, Minimal Return to Date
Uncertain Growth and Low Margins with Strong Tech Co. Competition
11
Source: Iron Mountain Incorporated disclosures and Elliott estimate of 35% for tax rate
(1) NOPAT = Net Operating Profit After Taxes
Why invest profits from a high margin business into one with uncertain growth
and low margins?
How is IRM better positioned than existing and emerging tech titans?
Digital Revenue ($MMs)
2007
2008
2009

2010
Digital OIBDA, ex. Corporate ($MMs)
2007
2008
2009
2010
CAGR = 12.3%
$0
$50
$100
$150
$200
$250
CAGR = 2.4%
$284MM Goodwill
Impairment in 2010
$0
$10
$20
$30
$40
$50
$60
Digital
Acquisitions
&
Capex:
$0.7BN+
2010
NOPAT
1
:
-$5MM,
Implied
ROIC:
Negative

$1.9B+ Invested in Int l Physical, Minimal Return to Date
Slow OIBDA Growth and Low Margins Despite Continued Investment
12
Int l
Acquisition
&
Capex
1
:
$1.9BN+
2010
NOPAT
2

:
~$31MM,
Implied
ROIC:
~1.6%
CAGR = 2.3%
Source: Iron Mountain Incorporated disclosures and Elliott estimate of 35% for tax rate
(2) NOPAT = Net Operating Profit After Taxes
IRM has spent $0.6BN in International Physical Capex
& Acquisitions from
2007-2010 and segment OIBDA has actually decreased
(1) Since inception
International Physical Revenue ($MMs)
2007
2008
2009
2010
International Physical OIBDA, ex. Corporate ($MMs)
$0
$25
$50
$75
$100
$125
$150
$175
2007
2008
2009
2010
$0
$100
$200
$300
$400
$500
$600
$700
$800
$900
CAGR = -0.5%

NOAM Physical vs. Int l Physical
Int l Physical Productivity & Margins are Much Weaker
13
(1) Number of employees based on IRM s 2009 Investor Day Presentation
Source: Iron Mountain Incorporated disclosures
(1)
2010 Revenue per Employee ($Ks)
$0
$50
$100
$150
$200
$250
NOAM Physical

Int'l Physical
2010 OIBDA Margin
0%
10%
20%
30%
40%
50%
NOAM Physical
Int'l Physical
Int l Physical
employee
productivity
is less than
half of
NOAM
Physical
OIBDA
Margin in
Int l Physical
is 18% vs.
44% in NOAM
Physical

14
Market Appears Skeptical of Management s Vision

IRM EV / LTM EBITDA
6x
7x
8x
9x
10x
11x
12x
13x
14x
15x
16x
Feb-02

Feb-03
Feb-04
Feb-05
Feb-06
Feb-07
Feb-08
Feb-09
Feb-10
Feb-11
Valuation Has Declined to an All-Time Low
15
EV /
Share
EBITDA
Price
16x
$62
15x
$57
14x
$52
13x
$48
15x
$57
14x
$52
13x
$48
12x
$43
11x
$38

and
Turnover
of
the
Shareholder
Base
Reflects
Uncertainty
16
IRM -
Stock Price & Volume
$15.00
$17.50

$20.00
$22.50
$25.00
$27.50
$30.00
0MM
5MM
10MM
15MM
20MM
25MM
30MM
35MM
40MM
45MM
50MM
Price (LH Axis)
Volume (RH Axis)
Growth-oriented investors have become increasingly frustrated with the evasive revenue growth reacceleration and the additional pressure on margins.

J.P. Morgan
10/6/2010
During 6 month period between Sep 10 and Feb 11, over 306MM shares traded, representing approximately 150% of shares outstanding

You ve got a rather miniscule dividend. With lack of big acquisition opportunities, no need to reduce debt, why not establish a really significant payout ratio? You re a slow growth company.

On the dividend strategy it s basically $50MM. Your business throws off $300MM of cash, just seems like a very small amount given the growth nature of the business.

With your stock price near an all-time
low, with interest rates near all-time
lows you could
basically buy back 25% of
the company and still be within your
[target leverage] range.
Have you
thought about that?
Market is Questioning Management s Strategy
17
Source: Iron Mountain Incorporated disclosures
Comments from 2010 Investor Day
Elliott Believes Recent Corporate
Actions Are Insufficient

Increased quarterly dividend in 4Q
2010 from $0.0625/share to only
$0.1875/share

Increased amount authorized under
share repurchase program from
$150MM to only $350MM (total ~7% of
outstanding shares)

In 2010, repurchased only
4.8MM shares for $112MM

18

Yet Management Continues To Pursue Growth For The Sake of Growth

Source: Iron Mountain Incorporated 2009 Annual Report

April 2010

Letter to Shareholders

19

Implement business improvements to achieve operational efficiencies, increase margins and maximize cash flow available to equity holders

Focus on return-on-invested-capital (ROIC) for all growth-related initiatives

Optimize corporate structure for tax efficiency

Align management compensation incentives with shareholder value creation

Opportunities Exist To Create Incremental Shareholder Value

20
Implement Business Improvements To Achieve
Operational Efficiencies

Incremental Opportunities for Operational Efficiency
Improve Expense & Capex Management
21
+
=
Implied
Dividend Yield
5.0%
(1)
Implied
Dividend Yield
6.4%

(1)
$0
$10
$20
$30
$40
$50
$60
$70
$80
Recent
$25
Mid
$52
High
$77
Business Improvements
Improvements + REIT
IRM Stock Price
Recent
$25
High
$41
REIT Conversion
Mid
$34
Recent
$25
Recent
$25
Mid
$39
High
$50
(1)
Assumes dividend equals 100% of equity free cash flow
Source: Elliott estimates; See page 33 for additional details on
Elliott estimated stock price calculations shown above

Business Improvements Can Provide Significant Upside
Reduce Capex, Improve Int l Margins, Rationalize SG&A
22
(1) International margin improvement reflects higher capacity utilization not cost reductions in SG&A
$0
$5
$10
$15
$20
$25
$30
$35
$40

$45
Recent
$25
Mid
$34
High
$41
Sales, Mktg.
& AM
G&A
Capex
IRM Stock Price
+
+
=
IRM Stock Price
Recent
$25
$2.98
$3.45
$5.47
+
Int'l Margins
(1)
$3.72
+
Source: Elliott estimates

Reduce Capex by ~20%
$5.47 Per Share Opportunity

Management has said maintenance Capex is 2%
of
revenues

Elliott scenarios reduce total Capex from 7.6%
of
revenues (Company guidance) to 6.0%
of revenues (in

Elliott Mid-case)

Primary reductions to come from:

Int l Physical investments with low ROIC

Growth Capex in NOAM Physical

Minimal new Capex in Digital

A disciplined capital allocation approach can deliver
further upside to current levels
Capital Expenditures Savings ($MMs)
Mid
High
Capital expenditures - savings as a % of sales
1.6%
2.4%
Capital expenditures - savings
53

77

Capital expenditures - valuation appreciation
751

1,095

Capital expenditures - valuation appreciation per share
3.75
$
5.47
$
See page 42 (Appendix) for more detailed analysis of Capital Expenditures
Source: Iron Mountain Incorporated disclosures and Elliott estimates
Capex
$5.47
23

Int l Physical Margin Expansion
$3.45 Per Share Opportunity
24
International Physical Margin Expansion Savings ($MMs)
Mid
High
Int'l Physical OIBDA - margin benefit as a % of sales
5.0%
10.0%
Int'l Physical OIBDA - margin benefit
37

74

Assumed tax rate
35.0%

35.0%
Int'l Physical OIBDA benefit - after-tax savings
24

48

Int'l Physical OIBDA - valuation appreciation
345

691

Int'l Physical OIBDA - valuation appreciation per share
1.73
$
3.45
$
$25
$3.45
Int'l Margins
Source: Iron Mountain Incorporated disclosures and Elliott estimates

Int l Physical OIBDA margin is 18% vs. 44% for NOAM
Physical

Management to focus on increasing capacity
utilization to drive OIBDA margins

Need to start monetizing investments after several
years of building capacity

Recent
$25
Mid
$34
High
$41
G&A
$2.98
25
Source: Iron Mountain Incorporated disclosures and Elliott estimates
General & Administrative Savings ($MMs)

Mid
High
General and administrative - savings as a % of sales
1.0%
2.0%
General and administrative - pre-tax savings
32

64

Assumed tax rate
35.0%
35.0%
General and administrative - after-tax savings
21

42

General and administrative - valuation appreciation
298

596

General and administrative - valuation appreciation per share
1.49
$
2.98
$
See page 43 (Appendix) for more detailed analysis of G&A costs
Marginal
G&A
Reduction
Can
Provide
Meaningful
Benefit
$2.98
Per
Share
Opportunity

Reduction
in
corporate
overhead
is
in
line
with
a

maturing
business

G&A
as
a
%
of
total
sales
increased
to
15.3%
in
2010,
from
a
low
of
13.6%
in
2002

Recent
$25
Mid
$34
High
$41
Sales, Mktg.
& AM
$3.72
Reduce Sales & Marketing Costs
$3.72 Per Share Opportunity
26

Sales, Marketing & Account Management Savings ($MMs)
Mid
High
Sales, marketing and account management - savings as a % of sales
1.5%
2.5%
Sales, marketing and account management - pre-tax savings ($MMs)
48

80

Assumed tax rate
35.0%
35.0%
Sales, marketing and account management - after-tax savings ($MMs)
31

52

Sales, marketing and account management - valuation appreciation
447

745

Sales, marketing and account management - valuation appreciation per share
2.23
$
3.72
$
See page 44 (Appendix) for more detailed analysis of Sales and Marketing costs
Source: Iron Mountain Incorporated disclosures and Elliott estimates

Sales & Marketing costs have increased to 9% of sales
recently from 6% earlier in the decade

A 150-250bps reduction by scaling back sales and
marketing effort is in line with declining growth
outlook

27
Optimize Corporate Structure For Tax Efficiency

Incremental Opportunity Through REIT Conversion
Potential Tax Savings & Cap Rate Improvement
28
+
=
Implied
Dividend Yield
5.0%
(1)
Implied
Dividend Yield
6.4%

(1)
$0
$10
$20
$30
$40
$50
$60
$70
$80
Recent
$25
Mid
$52
High
$77
Business Improvements
Improvements + REIT
IRM Stock Price
Recent
$25
High
$41
REIT Conversion
Mid
$34
Recent
$25
Recent
$25
Mid
$39
High
$50
(1)
Assumes dividend equals 100% of equity free cash flow
Source: Elliott estimates; See page 33 for additional details on
Elliott estimated stock price calculations shown above

29
REIT Structure Can Result in Significant Value Creation
$0
$10
$20
$30
$40
$50
$60
Recent
$25
Mid

$39
High
$50
Tax Savings
Cap Rate Improvement
IRM Stock Price
+
+
=
IRM Stock Price
Recent
$25
$10.58
$13.97
Source: Elliott estimates

Potential REIT Structure
Services
IRM
(REIT)
IRM
Customers
ServiceCo
(TRS)
Lease Payments
Payments for
Services
30

Services business contributed to ServiceCo, which elects to be treated as a taxable REIT subsidiary (TRS)

Customer contracts remain with IRM

IRM adopts REIT status and makes arm's length payments to ServiceCo (TRS) for the services provided by ServiceCo to IRM customers

If necessary for REIT compliance, IRM could IPO a percentage of its ownership stake in ServiceCo (while maintaining voting control)
Storage

Significant Benefits of a REIT Structure Deserve Careful
Analysis
31
Elliott
has
devoted
considerable
resources
to
exploring
the
benefits
and
challenges
of
a REIT structure

Worked
exhaustively
with
lawyers,
industry
consultants
and
other
advisors using
publicly available information to establish estimates for value creation, cash flow
and other metrics

Detailed analysis of potential commercial, operational, governance and tax
implications
Elliott
believes
IRM's
physical
storage
business
is
a
compelling REIT candidate

Stable, annuity-like rental income streams (low organic growth in core business)

By converting from a C
Corp to a REIT, IRM can retain more of the income from
over 1,000 owned and leased facilities

Elliott
estimates
tax
savings
equivalent
to
approximately
60%
of 2011 Net Income
guidance provided by Company

Recent IRS guidance offers the ability to adapt standard IRM customer
arrangements
to
the
requirements
of
a
REIT
without
assignment
or
renegotiation
of customer contracts
Elliott's analysis demonstrates sufficient potential for enhancing shareholder value to
justify further careful review by the Board

Only a full analysis by a reinvigorated Board can properly measure the potential
benefits of a REIT conversion against the potential challenges

Mid
$39
High
$50
Cap Rate Improvement
$13.97
32
Source: Elliott estimates
Benefit from Cap Rate Compression -- Incremental to Tax Savings of
$10.58
EBITDA Multiple (for TRS business)
$13.97
5.0x
6.0x
7.0x
8.0x

9.0x
5.0%
$40.06
$41.07
$42.08
$43.09
$44.09
5.5%
$32.39
$33.40
$34.41
$35.42
$36.43
6.0%
$26.00
$27.01
$28.02
$29.03
$30.04
6.5%
$20.60
$21.61
$22.62
$23.62
$24.63
7.0%
$15.97
$16.97
$17.98
$18.99
$20.00
7.5%
$11.95
$12.96
$13.97
$14.98
$15.98
8.0%
$8.44
$9.44
$10.45
$11.46
$12.47
8.5%
$5.33
$6.34
$7.35
$8.36
$9.37
9.0%

$2.58
$3.59
$4.60
$5.61
$6.61
9.5%
$0.11
$1.12
$2.13
$3.14
$4.15
10.0%
-$2.11
-$1.10
-$0.09
$0.92
$1.93
REIT
Cap Rate
Tax Savings -
$10.58 Per Share Opportunity
Cap Rate Improvement -
$13.97 Per Share Opportunity

Elliott estimates $148mm of tax savings
from REIT conversion

Implies a FCF benefit of $0.74 per share
Tax Savings
$10.58

1
Incremental Opportunity: Detailed Cash Flows
33
Source: Elliott estimates
2011E
Mid
High
Business
REIT
Business
REIT
Status Quo

Improvements
Conversion
Combination
Improvements
Conversion
Combination
NOAM Physical OIBDA
972

1,013

972

1,013

1,040

972

1,040

Int'l Physical OIBDA
135

178

135

178

219

135

219

Digital OIBDA
28

29

28

29

30

28

30

Total OIBDA, ex. Corporate
1,135

1,220

1,135

1,220

1,289

1,135

1,289

Corporate Expense
(179)

(147)

(179)

(147)

(115)

(179)

(115)

Interest
(200)

(200)

(200)

(200)

(200)

(200)

(200)

Taxes
(161)

(202)

(12)

(21)

(237)

(12)

(32)

Operating Cash Flow
595

672

743

852

737

743

942

NOAM Physical Capex
(106)

(87)

(106)

(87)

(78)

(106)

(78)

Int'l Physical Capex
(93)

(75)

(93)

(75)

(65)

(93)

(65)

Digital Capex
(16)

(5)

(16)

(5)

(5)

(16)

(5)

Corporate Capex
(31)

(25)

(31)

(25)

(20)

(31)

(20)

Total Capex
(245)

(192)

(245)

(192)

(168)

(245)

(168)

Distributable Cash Flow
350

479

498

660

569

498

774

Distributable Cash Flow per Share
$1.75
$2.39
$2.49
$3.30
$2.84
$2.49
$3.87
Incremental Equity FCF
-

129

148

310

219

148

424

Equity FCF Yield
7.00%
7.00%
6.36%
6.36%
7.00%
5.02%
5.02%
New Market Cap
5,005

6,846

7,840

10,383

8,131

9,918

15,399

New Share Price
$25.00
$34.20
$39.16
$51.87
$40.62
$49.54
$76.92
Detailed Cash Flows
($MMs)
(1) Includes taxes payable at both TRS and Int l Physical businesses
1
1
1

34
Source: Elliott estimates
Free Cash Flow to Equity Yield
7.00%
6.50%
6.36%
5.50%
5.02%
800
$57.11
$61.48
$62.87
$72.66
$79.53
774
$55.24
$59.46
$60.81
$70.28
$76.92
750
$53.54
$57.64
$58.94
$68.12
$74.56
700
$49.97
$53.79
$55.01
$63.57
$69.59
660
$47.11
$50.72
$51.87
$59.94
$65.61
600
$42.83
$46.11
$47.15
$54.49
$59.65
569
$40.62
$43.73

$44.71
$51.68
$56.56
550
$39.26
$42.27
$43.22
$49.95
$54.67
498
$35.58
$38.30
$39.16
$45.26
$49.54
479
$34.20
$36.82
$37.65
$43.51
$47.62
450
$32.12
$34.58
$35.36
$40.87
$44.73
400
$28.55
$30.74
$31.43
$36.33
$39.76
350
$25.00
$26.91
$27.52
$31.81
$34.81
Current Share Price
$25.00
Mid
High
Business Improvements
$34.20
$40.62
REIT Conversion
$39.16
$49.54
Improvements + REIT Conversion

$51.87
$76.92
Implied Share
Price - Based
on Equity FCF
Yield
Incremental Opportunity: Implied Share Price
Based on Equity FCF Yield

35
Align Management Compensation Incentives With
Shareholder Value Creation

36

Align Compensation Incentives with Shareholder Value

Emphasize ROIC and FCF Rather Than Growth

Performance-based incentives are heavily weighted towards financial targets that favor growth ahead of efficient capital allocation and shareholder value

In 2010, the CEO and Chairman s financial targets were based two-thirds on gross revenues and contribution (OIBDA) and one-third on achievement of corporate goals, including, but not limited to, ROIC

Focusing on revenues and OIBDA risks promoting the acquisition of revenues and earnings at the expense of ROIC and shareholder value

Executive compensation plans should be designed to align interests of management and shareholders

Operationally

Focus on returning cash flow to shareholders and ROIC

Compensation Structure

Optimize mix of long-term equity incentive compensation and cash

Source: Iron Mountain Incorporated disclosures

37
Elliott s Slate of Independent Director Nominees

Our slate consists of four highly qualified and motivated individuals who are fully prepared to explore all options to maximize shareholder value

All nominees are independent of Elliott

These individuals have exceptional experience in the critical areas affecting IRM: capital allocation and operational efficiency

The Company will benefit from fresh, independent perspectives and additional insights to the Board s review process
Harvey Schulweis

Brings a career-long focus on optimizing corporate investment decisions and return on capital

Co-Founder and Managing Director of Niantic Partners, a real estate investment company

President and sole shareholder of Schulweis Realty, Inc.

Former Chairman and CEO of The Town and Country Trust, a publicly traded REIT

Led the conversion of Town and Country into a REIT

Former GP at Lazard Frères & Co.
Ted R. Antenucci

Deep warehouse/industrial property experience, both domestic and international

Current President and Chief Investment Officer, ProLogis Trust

Former President of Catellus Commercial Development Corp., responsible for development, construction and acquisition activity

Helped lead the conversion of Catellus into a REIT
Allan Z. Loren

45-year veteran of building successful organizations

Has extensive strategic, technology and operational experience

Former Chairman and CEO of D&B; led successful turnaround

Has held senior executive and technology positions at American Express, CIGNA, Galileo International and Apple Computer U.S.A.
Robert J. Levenson

Has extensive experience as an executive in the data processing industry

Managing Member of Lenox
Capital Group, a private
venture capital investment
company, since 2000

Has held numerous senior
executive positions in leading
firms in the business services
space, including Automatic
Data Processing, Inc. and First
Data Corp.
38
Elliott s Slate of Independent Director Nominees

Contacts
39
Elliott IRM Team
Tel: 212-974-6000
Investors
Source: Iron Mountain Incorporated disclosures
Press
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Tel: 212-478-2620
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40
Appendix

41
Business Improvements -
Detail

Capital Expenditure Savings
42
-
Management has said
maintenance Capex is
2% of revenues
-
Elliott scenarios reduce
total Capex from 7.6%
(Company guidance) to
6.0% of revenues (in
Elliott Mid-case)
-
Primary improvement/

reduction from low ROIC
Int l Physical Capex and
Growth Capex in NOAM
Physical
-
Cut new investments in
Digital
Management s 5-yr
projection for Capex
in 2009 Annual
Investor Day
presentation
Source: Iron Mountain Incorporated disclosures

43

G&A costs have increased to over 15% of sales recently, from 13.6% earlier in 2002

Elliott believes a 100-200bps cut by consolidation of facilities and reduction in

corporate
overhead should
be achievable as
growth is
deemphasized
General and Administrative Costs (as % of Revenue)
Source: Iron Mountain Inc. disclosures
13.6%
13.7%
14.3%
13.7%
14.1%
14.0%
14.7%
15.3%
15.3%
13.0%
13.5%
14.0%
14.5%
15.0%
15.5%
16.0%
2002
2003
2004
2005
2006
2007
2008
2009
2010
G&A Costs Have Risen And Leave Room For Significant
Improvement

Sales and Marketing Cost Savings Consistent with the
Lower Growth of Attractive But Mature Business
44
Sales, Marketing and Account Management Costs (as % of Revenue)
Source: Iron Mountain Inc. disclosures
6.0%
6.5%
7.4%
8.3%
8.7%
9.1%
9.2%
9.1%
8.7%

9.0%
5.0%
5.5%
6.0%
6.5%
7.0%
7.5%
8.0%
8.5%
9.0%
9.5%
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010

Sales & Marketing costs have increased from **~6%** of sales earlier in the decade, to ~9% recently

Elliott believes a 150-250bps cut by reducing sales and marketing effort is in line with slowing growth outlook

45
REIT Conversion -
Detail

Physical Storage Business is a Compelling REIT
Candidate
46
-
Stable,
annuity-like
rental
income
streams
(Low organic growth in core business)
-
High
margin
physical
storage

business
generates
~80%
of
total
IRM
OIBDA
2
-
Business elements not consistent with REIT requirements can be placed into a taxable
REIT
subsidiary
(TRS),
which
can
continue
to
be
a
C
Corp
2011 Revenue Split
1
2011 OIBDA Split
1, 2
2011 Company Guidance
Source: 4Q 2010 Earnings Presentation
Revenue ($mm)
3,175 -
3,240
OIBDA ($mm)
941 -
971
1. Source: Elliott estimates; Split between Storage vs. Services revenue based on Company guidance; OIBDA margin for NOA
Physical ~25% (based on Elliott estimates)
2. Net of corporate expense
REIT, $754mm
TRS, $202mm
TRS, $1,589mm
REIT, $1,619mm

Public Market REITs Trade at Significantly Lower AFFO
Yield vs. S&P500 Companies
47
Investors
appreciate
certainty of
cash flow
Source: Green Street Advisors, Inc.

48
Source: Industrial, Data Center, Self Storage and GSA Average are sourced from Green Street Advisors, Inc., for whom Adjus
FFO
less
normalized
reserve
for:
capitalized
leasing
and
maintenance
costs;
adjusted
for
straight
line

rents;
less
gains
on
land sales;
IRM

High and
IRM

Mid
are
based
on
Elliott
estimates
and
reflect
2011E
AFFO
Yield
for
IRM
in
both
the
REIT
and
Combination
valuations.
For
IRM

High
and
IRM

Mid, Elliott defines
Adjusted Funds from Operations (AFFO) as OIBDA less Corporate Expenses less Cash Interest less Cash Taxes less Capex
2011E AFFO Yield
3.0%
3.5%
4.0%
4.5%
5.0%
5.5%
6.0%
6.5%
Industrial
Data Center

Self Storage
GSA Average
IRM - High
IRM - Mid
Market Value =
AFFO
AFFO Yield
Elliott Valuations Imply a Meaningful Discount to Where
Comparable REITs Trade