

IRON MOUNTAIN INC  
Form 424B5  
July 13, 2006

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Filed Pursuant to Rule 424(b)(5)  
Registration Nos. 333-105494 and 333-126932

**PROSPECTUS SUPPLEMENT**  
(To Prospectus dated August 5, 2005)

**\$200,000,000**  
**IRON MOUNTAIN INCORPORATED**  
**8<sup>3</sup>/<sub>4</sub>% Senior Subordinated Notes due 2018**

**Offering Price: 100%**

*We are offering these notes for a total purchase price of \$200,000,000, or 100% of the principal amount of the notes. We will receive \$197,000,000, or 98.5% of the gross proceeds from the sale of the notes, after paying the underwriters' discounts and commissions of \$3,000,000, or 1.50% of the gross proceeds from the sale of the notes, and before paying expenses estimated at \$250,000. Set forth below is a summary of the terms of the notes offered hereby. For more detail, see "Description of the Notes."*

**Interest**

The notes have a fixed annual interest rate of 8<sup>3</sup>/<sub>4</sub>%, which will be paid every six months on January 15 and July 15 commencing January 15, 2007.

**Maturity**

July 15, 2018.

**Guarantees**

If we cannot make payments on the notes when they are due, our subsidiary guarantors must make them instead. Not all of our subsidiaries will be guarantors.

**Ranking**

The notes and the guarantees are subordinated to some of our current and future debts that we are permitted to incur under the indenture governing the notes. The notes and the guarantees will rank equally with our and our subsidiary guarantors' other senior subordinated indebtedness.

If we or any guarantor goes into bankruptcy, payments on the notes and the guarantees will only be made after our senior debts or the senior debts of such guarantor have been paid in full.

**Mandatory Offer to Repurchase**

If we sell certain assets or experience specific kinds of changes in control, we must offer to repurchase the notes.

**Optional Redemption**

We may, at our option, redeem the notes at any time prior to July 15, 2011 at the make-whole price set forth in this prospectus supplement. We may, at our option, redeem the notes at any time after July 15, 2011 at the prices set forth under "Description of the Notes."

Prior to July 15, 2009 we may redeem a portion of the outstanding notes with the proceeds of certain equity offerings as long as at least \$130.0 million in aggregate principal amount of notes remains outstanding immediately afterwards.

**This investment involves risks. See "Risk Factors" beginning on page S-9 of this prospectus supplement and on page 2 of the accompanying prospectus.**

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Neither the Securities and Exchange Commission nor any regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the notes to purchasers on July 17, 2006.

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*Joint Book-Running Managers*

**Bear, Stearns & Co. Inc.**

**JPMorgan**

**Lehman Brothers Inc.**

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The date of this prospectus supplement is July 12, 2006.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights information contained elsewhere in this prospectus supplement. This summary is not complete and does not contain all of the information that you should consider before investing in the notes.*

**Iron Mountain**

We believe we are the global leader in information protection and storage services. We help organizations around the world reduce the costs and risks associated with information protection and storage. We offer comprehensive records management and data protection solutions, along with the expertise and experience to address complex information challenges such as rising storage costs, litigation, regulatory compliance and disaster recovery. We are a trusted partner to more than 90,000 corporate clients throughout North America, Europe, Latin America and the Pacific Rim. We have a diversified customer base comprised of numerous commercial, legal, banking, healthcare, accounting, insurance, entertainment and government organizations, including more than 90% of the Fortune 1000 and more than 75% of the FTSE 100.

Our vision is to protect and store information and to that end we have organized our business into a geographic model with separate management teams for each major geographic region: North America, Europe, Latin America and Asia Pacific. The one exception to this model is our Digital business, which, by its nature, is deployed in a virtual fashion, leveraging a common set of intellectual property and a global technology infrastructure. Our largest segment, the North American Physical Business, offers all of our various non-digital products and services that can broadly be categorized as records management services and physical data protection services. We expect that over time these products and services will be available on a global basis through all of our geographic segments.

Our core records management services include: records management program development and implementation based on best-practices to help customers comply with specific regulatory requirements; implementation of policy-based programs that feature secure, cost-effective storage for all major media, including paper, which is the dominant form of records storage, flexible retrieval access and retention management; secure shredding services that ensure privacy and a secure chain of record custody; and specialized services for vital records, film and sound and regulated industries such as healthcare, energy and financial services.

Our physical data protection services include: disaster preparedness planning support and secure, off-site vaulting of data backup media for fast and efficient data recovery in the event of a disaster, human error or virus.

In addition to our core records management and physical data protection services, we sell storage materials, including cardboard boxes and magnetic media, and provide consulting, facilities management, fulfillment and other outsourcing services.

Our digital services include: digital archiving services for secure, legally compliant and cost-effective long-term archiving of electronic records; electronic vaulting to provide managed, online data backup and recovery services for personal computers and server data; and intellectual property management services consisting of escrow services to protect and manage source code and other proprietary information with a trusted, neutral third party.

We were founded in 1951 in an underground facility near Hudson, New York. Now in our 55<sup>th</sup> year, we have experienced tremendous growth and organizational change, particularly since successfully completing the initial public offering of our common stock in February 1996. Since then, we have built ourselves from a regional business with limited product offerings and annual revenues of \$104 million in 1995 into a global enterprise providing a full range of information protection and storage services to

customers in markets around the world. For the year ended December 31, 2005, we had total revenues of \$2.1 billion.

Our growth since 1995 has been accomplished primarily through the acquisition of U.S. and international information protection and storage services companies. The goal of our current acquisition program is to supplement internal growth by continuing to establish a footprint in targeted international markets and adding fold-in acquisitions both in the U.S. and internationally. Having substantially completed our North American geographic expansion by the end of 2000, we shifted our focus from growth through acquisitions to internal revenue growth. As a result of this shift, in 2001 internal revenue growth exceeded growth through acquisitions for the first time since we began our acquisition program in 1996. This was also the case in 2002, 2003 and 2005. In 2004, revenue growth from acquisitions exceeded internal revenue growth due primarily to the acquisition of the records management operations of Hays plc, or Hays IMS, in July 2003. In the absence of unusual acquisition activity, we expect to achieve most of our revenue growth internally in 2006 and beyond. We expect to achieve our internal growth through a sophisticated sales and account management coverage model designed to drive incremental revenues by acquiring new customer relationships and increasing business with new and existing customers by selling them our products and services in new geographies and selling new products and services such as secure shredding, electronic vaulting and digital archiving. These selling efforts will be augmented and supported by an expanded marketing program, which includes product management as a core discipline.

In December 2005, we completed three important acquisitions that build on our strategy to protect and store our customers' information regardless of format or geography. We made our first move into the Asia Pacific region with the acquisition of the Australian and New Zealand operations of Pickfords Records Management, or Pickfords, for approximately \$86 million in cash. Pickfords is a leading records management company with a national footprint in both Australia and New Zealand. We also acquired LiveVault Corporation, or LiveVault, a leading provider of disk-based online server backup and recovery solutions, for approximately \$36 million. We were already an equity investor in LiveVault at the time of the acquisition. Finally, we acquired Secure Destruction Limited, or Secure Destruction, the largest shredding business in the U.K. Based in London, Secure Destruction is our first acquisition of a shredding business outside of North America.

As of December 31, 2005, we provided services to over 90,000 corporate clients in 85 markets in the U.S. and 81 markets outside of the U.S., employed over 15,800 people and operated over 900 records management facilities in the U.S., Canada, Europe, Latin America and Asia Pacific.

## Financial Characteristics of Our Business

Our financial model is based on the recurring nature of our revenues. The historical predictability of this revenue stream and the resulting OIBDA (operating income before depreciation and amortization)<sup>1</sup> allow us to operate with a high degree of financial leverage. Our primary financial goal has always been, and continues to be, to increase consolidated OIBDA in relation to capital invested, even as our focus has shifted from growth through acquisitions to internal revenue growth. Our business has the following financial characteristics:

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We use OIBDA, an integral part of our internal planning and reporting systems, to evaluate the operating performance of our consolidated business. As such, we believe OIBDA provides our current and potential investors with relevant and useful information regarding our ability to grow our revenues faster than our operating expenses. Additionally, we use multiples of current and projected OIBDA in our discounted cash flow models to determine our overall enterprise valuation and to evaluate acquisition targets. OIBDA should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with accounting principles generally accepted in the United States of America, or GAAP, such as operating or net income or cash flows from operating activities (as determined in accordance with GAAP). For a more detailed explanation of OIBDA, see "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Measures" in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, which is incorporated by reference in this prospectus supplement.

*Recurring Revenues.* We derive a majority of our consolidated revenues from fixed periodic, usually monthly, fees charged to customers based on the volume of records stored. Our quarterly revenues from these fixed periodic storage fees have grown for 69 consecutive quarters. Once a customer places physical records in storage with us and until those records are destroyed or permanently removed, for which we typically receive a service fee, we receive recurring payments for storage fees without incurring additional labor or marketing expenses or significant capital costs. Similarly, contracts for the storage of electronic back-up media consist primarily of fixed monthly payments. In each of the last five years, storage revenues, which are stable and recurring, have accounted for over 56% of our total consolidated revenues. This stable and growing storage revenue base also provides the foundation for increases in service revenues and OIBDA.

*Historically Non-Cyclical Storage Business.* We have not experienced any significant reductions in our storage business as a result of past general economic downturns, although we can give no assurance that this would be the case in the future. We believe that companies that have outsourced records management services are less likely during economic downturns to incur the move-out costs and other expenses associated with switching vendors or moving their records management services programs in-house. However, during the most recent economic slowdown, the rate at which some customers added new cartons to their inventory was below historical levels. The net effect of these factors was the continued growth of our storage revenue base, albeit at a lower rate. For each of the three years 2003 through 2005, total net volume growth in North America has ranged between 6% and 7%.

*Inherent Growth from Existing Physical Records Customers.* Our physical records customers have on average generated additional cartons at a faster rate than stored cartons have been destroyed or permanently removed. We estimate that inherent growth from existing customers represents approximately half of total net volume growth in North America. We believe the consistent growth of our physical records storage revenues is the result of a number of factors, including: (1) the trend toward increased records retention; (2) customer satisfaction with our services; and (3) the costs and inconvenience of moving storage operations in-house or to another provider of information protection and storage services.

*Diversified and Stable Customer Base.* As of December 31, 2005, we had over 90,000 corporate clients in a variety of industries. We currently provide services to numerous commercial, legal, banking, healthcare, accounting, insurance, entertainment and government organizations,

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including more than 90% of the Fortune 1000 and 75% of the FTSE 100. No customer accounted for more than 2% of our consolidated revenues for the years ended December 31, 2003, 2004 and 2005. For each of the three years 2003 through 2005, the average volume reduction due to customers terminating their relationship with us was less than 2%.

*Capital Expenditures Related Primarily to Growth.* Our information protection and storage business requires limited annual capital expenditures made in order to maintain our current revenue stream. For each of the three years 2003, 2004 and 2005, over 85% of our aggregate capital expenditures were growth-related investments, primarily in storage systems, which include racking, building and leasehold improvements, computer systems hardware and software, and buildings. These growth-related capital expenditures are primarily discretionary and create additional capacity for increases in revenues and OIBDA. In addition, since shifting our focus from growth through acquisitions to internal revenue growth, our capital expenditures, made primarily to support our internal revenue growth, have exceeded the aggregate acquisition consideration we conveyed in both 2001 and 2002. Although this was not the case in 2003 due to the acquisition of Hays IMS and in 2004 due to the acquisition of Connected Corporation and the 49.9% equity interest held by Mentmore plc, or Mentmore, in Iron Mountain Europe Limited, or IME, it was the case in 2005 and we expect this trend to continue in the future absent unusual acquisition activity.

### **Growth Strategy**

Our objective is to maintain a leadership position in information protection and storage services around the world. In the U.S. and Canada, we seek to be one of the largest information protection and storage services providers in each of our geographic markets. Internationally, our objectives are to continue to capitalize on our expertise in the information protection and storage services industry and to make additional acquisitions and investments in selected international markets. Our primary avenues of growth are: (1) increased business with existing customers; (2) the addition of new customers; (3) the introduction of new products and services such as secure shredding, electronic vaulting and digital archiving; and (4) selective acquisitions in new and existing markets.

#### *Growth from Existing Customers*

Our existing customers storing physical records contribute to storage and storage-related service revenues growth because on average they generate additional cartons at a faster rate than old cartons are destroyed or permanently removed. In order to maximize growth opportunities from existing customers, we seek to maintain high levels of customer retention by providing premium customer service through our local account management staff.

Our sales coverage model is designed to identify and capitalize on incremental revenue opportunities by reallocating our sales resources based on a more sophisticated segmentation of our customer base and selling additional business records management and data protection services within our existing customer relationships. We also seek to leverage existing business relationships with our customers by selling complementary services and products. Services include records tracking, indexing, customized reporting, vital records management and consulting services.

#### *Addition of New Customers*

Our sales forces are dedicated to three primary objectives: (1) establishing new customer account relationships, (2) generating additional revenue from existing customers and (3) expanding new and existing customer relationships by effectively selling a wide array of complementary services and products. In order to accomplish these objectives, our sales forces draw on our U.S. and international

marketing organizations and senior management. We have a sales force of over 700 professionals as of December 31, 2005.

*Introduction of New Products and Services*

We continue to expand our menu of products and services. We have established a national presence in the U.S. and Canadian secure shredding industry and offer new electronic vaulting and digital archiving services. These new products and services allow us to further penetrate our existing customer accounts and attract new customers in previously untapped markets.

*Growth through Acquisitions*

Our acquisition strategy includes expanding geographically, as necessary, and increasing our presence and scale within existing markets through "fold-in" acquisitions. We have a successful record of acquiring and integrating information protection and storage services companies. Between January 1, 1996 and December 31, 2000, the height of our acquisition activity, we completed 78 acquisitions in North America, Europe and Latin America for total consideration of approximately \$2.1 billion, including approximately \$1 billion associated with our merger with Pierce Leahy Corp., or Pierce Leahy, in February 2000. During that period, we substantially completed our geographic expansion in North America and began to expand in Europe and Latin America.

Between January 1, 2001 and December 31, 2005, we completed an additional 85 acquisitions for total consideration of approximately \$1.1 billion, primarily in the information protection and storage services industry in North America, Europe, Latin America and Asia Pacific and the secure shredding industry in North America and U.K. The major transactions during this period are as follows:

<b>Acquisition</b>	<b>Completion Year</b>	<b>Total Consideration (in millions)</b>	<b>Primary Location</b>	<b>Primary Business</b>
Hays IMS	July 2003	\$ 333.0	U.S. and U.K.	Business Records Management
IME (Minority Partner Buy-Out of Mentmore)	February 2004	\$ 154.0	Europe	Business Records Management
Connected	November 2004	\$ 109.3	U.S.	Electronic Vaulting
Pickfords	December 2005	\$ 86.3	Australia and New Zealand	Business Records Management
LiveVault	December 2005	\$ 35.8	U.S.	Electronic Vaulting

*Acquisitions in the U.S. and Canada*

We intend to continue our acquisition program in the U.S. and Canada focusing on the secure shredding industry, expanding geographically as necessary, and building scale in some of our smaller markets through "fold-in" acquisitions. However, given the small number of large acquisition prospects and our increased revenue base, future acquisitions are expected to be less significant to overall U.S. and Canadian revenue growth.

*International Growth Strategy*

We also intend to continue to make acquisitions and investments in information protection and storage services businesses outside the U.S. and Canada. We have acquired and invested in, and seek to acquire and invest in, information protection and storage services companies in countries, and, more specifically, markets within such countries, where we believe there is sufficient demand from existing multinational customers or the potential for significant growth. Since beginning our international expansion program in January 1999, we have, directly and through joint ventures, expanded our operations into 24 countries in Europe, Latin America and Asia Pacific. These transactions have taken,

and may continue to take, the form of acquisitions of the entire business or of controlling or minority investments, with a long-term goal of full ownership. In addition to the criteria we use to evaluate U.S. and Canadian acquisition candidates, we also evaluate the presence in the potential market of our existing customers as well as the risks uniquely associated with an international investment, including those risks described below.

The experience, depth and strength of local management are particularly important in our international acquisition strategy. As a result, we have formed joint ventures with, or acquired significant interests in, target businesses throughout Europe and Latin America. We began our international expansion by acquiring a 50.1% controlling interest in each of our IME, Iron Mountain South America, Ltd., or IMSA, and Sistemas de Archivo Corporativo (a Mexican limited liability company) subsidiaries. IMSA has in some cases bought controlling, yet not full, ownership in local businesses in order to enhance our local market expertise. We believe this strategy, rather than an outright acquisition, may, in certain markets, better position us to expand the existing business. The local partner benefits from our expertise in the information protection and storage services industry, our access to capital and our technology, and we benefit from our local partner's knowledge of the market, relationships with customers and their presence in the community.

Our long-term goal is to acquire full ownership of each such business. To that end, in February 2004 we acquired the 49.9% equity interest held by Mentmore in IME and in January 2005 we acquired the 49.9% equity interest in IMSA held by Compass Capital Fund L.P. In addition, we have bought out partnership interests, in whole or in part, in Chile, Mexico, Eastern Europe and the Netherlands. As a result of these transactions, we own more than 98% of our international operations as a percentage of consolidated revenues.

Our international investments are subject to risks and uncertainties relating to the indigenous political, social, regulatory, tax and economic structures of other countries, as well as fluctuations in currency valuation, exchange controls, expropriation and governmental policies limiting returns to foreign investors.

The amount of our revenues derived from international operations and other relevant financial data for fiscal years 2003, 2004 and 2005 are set forth in Note 10 to our consolidated financial statements included in our Current Report on Form 8-K dated May 22, 2006. For the years ended December 31, 2003, 2004 and 2005, we derived approximately 19%, 27% and 28%, respectively, of our total revenues from outside of the U.S. As of December 31, 2003, 2004 and 2005, approximately 27%, 31% and 31%, respectively, of our long-lived assets are from outside of the U.S.

#### **Address and Telephone Number**

We were incorporated in 1990, but our operations date from 1951. We are a Delaware corporation. Our principal place of business is located at 745 Atlantic Avenue, Boston, Massachusetts 02111, and our telephone number is (617) 535-4766.



**The Offering**

<b>Notes Offered</b>	We are offering a total of \$200,000,000 in principal amount of our 8 <sup>3</sup> / <sub>4</sub> % Senior Subordinated Notes due 2018.
<b>Maturity Date</b>	July 15, 2018.
<b>Issue Price</b>	We are offering the notes at a price of 100% of par.
<b>Interest</b>	We will pay interest on the notes at a fixed annual interest rate of 8 <sup>3</sup> / <sub>4</sub> %. We will pay the interest due on the notes every six months on January 15 and July 15. We will make our first interest payment on January 15, 2007.
<b>Subsidiary Guarantors</b>	Each guarantor is one of our domestic wholly owned subsidiaries. However, not all of our subsidiaries are guarantors. If we cannot make payments on the notes when they are due, the subsidiary guarantors must make them instead.
<b>Ranking</b>	<p>The notes and the subsidiary guarantees are unsecured senior subordinated debts. They rank behind all of our and our subsidiary guarantors' current and future indebtedness other than trade payables, except indebtedness that expressly provides that it is not senior to these notes and the guarantees. Assuming we had completed this offering on March 31, 2006 and applied the net proceeds from this offering as described under "Capitalization," these notes and the subsidiary guarantees:</p> <p style="padding-left: 40px;">would have been subordinated to \$570.6 million of our and our subsidiary guarantors' senior debt and</p> <p style="padding-left: 40px;">would have ranked equally with \$1,584.7 million (includes \$3.4 million of net premiums) of our and our subsidiary guarantors' other senior subordinated debt and trade payables.</p>
<b>Mandatory Offer to Repurchase</b>	If we sell certain assets or experience specific kinds of changes of control, we must offer to repurchase the notes at the prices listed in this prospectus supplement in the section captioned "Description of the Notes" under the subheading "Repurchase at the Option of Holders."
<b>Optional Redemption</b>	<p>We may, at our option, redeem some or all of the notes at any time prior to July 15, 2011 at the make-whole price set forth in this prospectus supplement. At our option, we may also redeem some or all of the notes at any time after July 15, 2011 at the redemption prices listed in this prospectus supplement in the section captioned "Description of the Notes" under the subheading "Optional Redemption."</p> <p>Before July 15, 2009 we may, at our option, redeem a portion of the outstanding notes with the proceeds of certain equity offerings as long as at least \$130.0 million in aggregate principal amount of notes (including any additional notes subsequently issued as part of the same class) remains outstanding immediately afterwards.</p>

**Certain Covenants**

We will issue the notes under an indenture with The Bank of New York Trust Company, N.A., as trustee. The indenture will, among other things, restrict our ability and the ability of our restricted subsidiaries to:

borrow money;

pay dividends on stock or purchase stock;

make investments;

use assets as security in other transactions;

enter into transactions with affiliates; and

sell certain assets or merge with or into other companies.

For more details, see the section captioned "Description of the Notes" under the subheading "Certain Covenants."

**Use of Proceeds**

We will use the net proceeds of the notes to fund our offer to purchase and consent solicitation relating to our outstanding 8<sup>1</sup>/<sub>4</sub>% Senior Subordinated Notes due 2011, the possible repayment, repurchase or retirement of other indebtedness, including outstanding indebtedness under our revolving credit facility, and for general corporate purposes, including possible future acquisitions and investments.

**Risk Factors**

You should carefully consider all of the information in this prospectus supplement and the accompanying prospectus, including the information incorporated by reference. In particular, you should evaluate the specific risks set forth under the sections captioned "Risk Factors" beginning on page S-9 of this prospectus supplement and page 2 of the accompanying prospectus for a discussion of certain risks in making an investment in the notes.

**RISK FACTORS**

*You should carefully consider the following factors, the risk factors included in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2005 and other information in this prospectus supplement and the accompanying prospectus before deciding to invest in our notes.*

**Our substantial indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under the notes.**

We have now, and after the offering will continue to have, a significant amount of indebtedness. The following table shows important credit statistics and assumes that this offering was completed on March 31, 2006 and the net proceeds of this offering were applied as described under "Use of Proceeds" and "Capitalization:"

	<b>As Adjusted At March 31, 2006</b>
	<b>(Dollars in millions)</b>
Total long-term debt	\$2,570
Shareholders' equity	\$1,400
Debt to equity ratio	1.8x

Our substantial indebtedness could have important consequences to you. Our indebtedness may increase as we continue to borrow under existing and future credit arrangements in order to finance future acquisitions and for general corporate purposes, which would increase the associated risks. These risks include:

inability to satisfy our obligations with respect to the notes;

inability to adjust to adverse economic conditions;

inability to fund future working capital, capital expenditures, acquisitions and other general corporate requirements, including possible required repurchases of the notes;

limits on our flexibility in planning for, or reacting to, changes in our business and the information protection and storage services industry;

limits on future borrowings under our existing or future credit arrangements, which could affect our ability to pay our indebtedness, including the notes, or to fund our other liquidity needs;

inability to generate sufficient funds to cover required interest payments, including on the notes; and

restrictions on our ability to refinance our indebtedness on commercially reasonable terms.

**Despite current indebtedness levels, we and our subsidiaries may still be able to incur substantially more debt.**

The terms of the indenture generally do not prohibit us or our subsidiaries from borrowing additional funds under our revolving credit facility and possible future credit arrangements. Our revolving credit facility would permit additional borrowings of up to \$179.0 million as of March 31, 2006, subject to customary borrowing conditions, assuming we had completed this offering on March 31, 2006 and applied the net proceeds from this offering as described under "Capitalization," and all of those borrowings would be senior to the notes and the subsidiary guarantees.



**Our ability to generate sufficient cash to service our indebtedness depends on many factors beyond our control.**

Our ability to make payments on and to refinance our indebtedness, including the notes, and to fund capital expenditures and future acquisitions will depend on our ability to generate cash in the future. This, to some extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We believe our cash flow from operations and available borrowings under our existing and future credit arrangements will be adequate to meet our foreseeable future liquidity needs.

We cannot assure you, however, that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our existing and future credit arrangements in an amount sufficient to enable us to pay our indebtedness, including the notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the notes, on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness, including our revolving credit facility and the notes, on commercially reasonable terms or at all.

**The notes and the subsidiary guarantees are junior to all of our and the subsidiary guarantors' existing senior indebtedness and possibly to all of our and their future borrowings, and in some situations, this may reduce our ability to fulfill our full obligations under the notes.**

The notes and the subsidiary guarantees rank behind all of our and the subsidiary guarantors' existing senior indebtedness and all of our and their future borrowings, other than trade payables, except any future indebtedness that expressly provides that it ranks equal with, or is subordinated in right of payment to, the notes and the guarantees. As a result, upon any distribution to our creditors or the creditors of the guarantors in a bankruptcy, liquidation or reorganization or similar proceeding relating to us or the guarantors or our or their property, the holders of our and the guarantors' senior debt will be entitled to be paid in full in cash before any payment may be made with respect to the notes or the guarantees.

In addition, all payments on the notes and the guarantees will be blocked in the event of a payment default on our senior debt and may be blocked for up to 179 of 360 consecutive days in the event of certain non-payment defaults on our senior debt.

If we or the guarantors are subject to a bankruptcy, liquidation or reorganization or similar proceeding, holders of the notes will participate with trade creditors and all other holders of our and the guarantors' subordinated indebtedness in the assets remaining after we and the guarantors have paid all of the senior debt. However, because the indenture requires that amounts otherwise payable to holders of the notes in a bankruptcy or similar proceeding be paid to holders of senior debt instead, holders of the notes may receive less, ratably, than holders of trade payables in any such proceeding. In any of these cases, we and the guarantors may not have sufficient funds to pay all of our creditors and holders of the notes may receive less, ratably, than the holders of senior debt.

Assuming we had completed this offering on March 31, 2006 and applied the net proceeds from this offering as described under "Capitalization," these notes and the subsidiary guarantees would have been subordinated to \$570.6 million of our and our subsidiary guarantors' senior debt and would have ranked equally with \$1,584.7 million (includes \$3.4 million of net premiums) of our and our subsidiary guarantors' other senior subordinated debt and trade payables. We will be permitted to incur substantial additional indebtedness, including senior debt, in the future under the terms of the indenture.

**Your right to receive payments on these notes could be adversely affected if any of our non-guarantor subsidiaries declare bankruptcy, liquidate or reorganize.**

Substantially all of our direct and indirect wholly owned domestic subsidiaries will guarantee the notes. Iron Mountain Canada Corporation, or Canada Company, IME their respective subsidiaries and our other existing international subsidiaries do not, and we anticipate that our future international subsidiaries will not, guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of any of the non-guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us. Assuming we had completed this offering on March 31, 2006 and applied the net proceeds from this offering as described under "Capitalization," these notes were effectively junior to \$494.1 million of indebtedness and other liabilities (including trade payables) of our non-guarantor subsidiaries. Our non-guarantor subsidiaries generated 27.6% of our consolidated revenues in the year ended December 31, 2005 and 28.7% of our consolidated revenues in the three-month period ended March 31, 2006 and held 32.3% of our consolidated total assets as of March 31, 2006, in the latter case without reduction for the minority interests in certain of our international subsidiaries.

Our condensed consolidating financial information included in the notes to our consolidated financial statements, which we have incorporated by reference from our Current Report on Form 8-K dated May 22, 2006, and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, includes information for Iron Mountain Incorporated, the subsidiary guarantors on a combined basis and our non-guarantor subsidiaries on a combined basis.

**We may not have the ability to raise the funds necessary to finance the repurchase of outstanding senior subordinated indebtedness, including the notes, upon a change of control event as required by the indenture.**

Upon the occurrence of a Change of Control, we will be required to offer to repurchase all outstanding notes and our other existing senior subordinated indebtedness. However, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of the notes or that restrictions in our revolving credit facility will not allow such repurchases. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a "Change of Control" under the indenture. See "Description of the Notes Repurchase at the Option of Holders Change of Control."

**Federal and state statutes could allow courts, under specific circumstances, to void guarantees and require holders of the notes to return payments received from guarantors.**

Under federal bankruptcy laws and comparable provisions of state fraudulent transfer laws, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor, if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee; and

was insolvent or rendered insolvent by reason of such incurrence; or

was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital;  
or

intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

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In addition, any payment by that guarantor pursuant to its guarantee could be voided and required to be returned to the guarantor, or to a fund for the benefit of the creditors of the guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

the sum of its debts, including contingent liabilities, were greater than the fair saleable value of all of its assets;

if the present fair saleable value of its assets were less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

it could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, we believe that each guarantor, after giving effect to its guarantee of the notes, will not be insolvent, will not have unreasonably small capital for the business or any transaction in which it is engaged and will not have incurred debts beyond its ability to pay such debts as they mature. There can be no assurance, however, as to what standard a court would apply in making such determinations or that a court would agree with our conclusions in this regard.

A guarantor may be released from its guarantee at any time upon a sale, exchange or transfer, in compliance with the provisions of the indenture, by Iron Mountain of the capital stock of such guarantor or substantially all of the assets of such guarantor. In addition, in some other circumstances, a guarantor may be released from its subsidiary guarantee in connection with our designation of such guarantor as an unrestricted subsidiary or excluded restricted subsidiary. See "Description of the Notes Certain Covenants Additional Subsidiary Guarantees."

**Since Iron Mountain is a holding company, our ability to make payments on the notes depends in part on the operations of our subsidiaries.**

Iron Mountain is a holding company, and substantially all of our assets consist of the stock of our subsidiaries and substantially all of our operations are conducted by our direct and indirect wholly owned subsidiaries. As a result, our ability to make payments on the notes will be dependent upon the receipt of sufficient funds from our subsidiaries. However, the notes will be guaranteed, on a joint and several basis, by most, but not all, of our direct and indirect wholly owned domestic subsidiaries.

**We cannot guarantee that there will be a trading market for the notes.**

The notes are a new issue of securities for which no trading market currently exists. We do not intend to list the notes on any national or regional securities exchange or to seek approval for quotation through any automated quotation system. We cannot give any assurance that a trading market will exist in the future for the notes. Even if a market does develop, the liquidity of the trading market in the notes, and the market price quoted for the notes, may be adversely affected by changes in the overall market for high yield securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally.

**Governmental focus on data security could increase our costs of operations. In addition, our failure to protect our customers' confidential information against security breaches could damage our reputation, harm our business and adversely impact our results of operations.**

In reaction to publicized incidents in which electronically stored information has been lost, illegally accessed or stolen, many states have adopted breach of data security statutes and regulations that

require notification to consumers if the security of their personal information, such as social security numbers, is breached. In addition, Congress is considering several bills that are intended to address data security, including by requiring notification to affected persons of breaches of data security. We presently are cooperating with a federal agency in a non-public inquiry regarding our information security practices, and we may be subject to additional inquiries in the future. As previously reported, we have in the past experienced incidents in which customers' backup tapes or other records have been lost, and we have been informed by customers in some incidents that the lost media or records contained personal information. The increased focus on data security may lead to governmental action and/or changes in customer demand as a result of which we may modify our operations with the goal of further improving data security or accept increased liabilities or obligations if breaches of data security occur with respect to data in our custody. However, we may be unable to increase our rates sufficiently to counter our increased expenses due to such modifications in operations or such liabilities and obligations, and that would adversely impact our results of operations. In addition, any compromise of security, accidental loss or theft of customer data in our possession could damage our reputation and expose us to risk of loss in the United States or other countries, which could harm our business and adversely impact our results of operations.

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**USE OF PROCEEDS**

The net proceeds to us from the offering of the notes are estimated to be \$196.8 million, after deducting discounts to the underwriters and estimated offering expenses. We expect to use the net proceeds of the notes to fund our offer to purchase and consent solicitation relating to our outstanding 8<sup>1</sup>/<sub>4</sub>% Senior Subordinated Notes due 2011, which our subsidiary guarantors have guaranteed on a senior subordinated basis, the possible repayment, repurchase or retirement of other indebtedness, including outstanding indebtedness under our revolving credit facility, and for general corporate purposes, including possible future acquisitions and investments. Pending this utilization, we intend to temporarily repay amounts outstanding under our revolving credit facility and to invest the net proceeds from the sale of the notes in short-term, dividend-paying or interest-bearing investment grade securities. We used borrowings under our revolving credit facility during the most recent twelve months to finance acquisitions and for working capital. Our revolving credit facility has a maturity date of April 2, 2009. The weighted average interest rate as of June 26, 2006 on indebtedness outstanding under our revolving credit facility was 6.5%. Affiliates of certain of the underwriters are agents or lenders under our revolving credit facility. See "Underwriting."

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**CAPITALIZATION**  
(In thousands)

The following table sets forth at March 31, 2006 our: (a) actual cash and cash equivalents and capitalization and (b) cash and cash equivalents and capitalization as adjusted to give effect to this offering and the application of the net proceeds from this offering as described in "Use of Proceeds."

This table should be read in conjunction with the section captioned "Use of Proceeds" in this prospectus supplement and our consolidated financial statements in our Current Report on Form 8-K dated May 22, 2006, and the footnotes thereto incorporated herein by reference.

	As of March 31, 2006	
	Actual	As Adjusted
Cash and Cash Equivalents	\$ 42,552	\$ 42,552
Long-term Debt (Including Current Maturities):		
Iron Mountain Revolving Credit Facility	\$ 241,693	\$ 197,184
Iron Mountain Term Loan Facility	344,625	344,625
IME Revolving Credit Facility(1)	84,431	84,431
IME Term Loan Facility(1)	176,750	176,750
8 <sup>1</sup> / <sub>4</sub> % Senior Subordinated Notes due 2011	149,771	
8 <sup>5</sup> / <sub>8</sub> % Senior Subordinated Notes due 2013	481,027	481,027
7 <sup>3</sup> / <sub>4</sub> % Senior Subordinated Notes due 2015	439,278	439,278
7 <sup>1</sup> / <sub>4</sub> % GBP Senior Subordinated Notes due 2014	260,970	260,970
6 <sup>5</sup> / <sub>8</sub> % Senior Subordinated Notes due 2016	315,182	315,182
8 <sup>3</sup> / <sub>4</sub> % Senior Subordinated Notes due 2018		200,000
Real Estate Mortgages and Other	13,273	13,273
Other	57,485	57,485
<b>Total Long-term Debt (Including Current Maturities)</b>	<b>2,564,485</b>	<b>2,570,205</b>
Total Shareholders' Equity	1,402,049	1,399,907
<b>Total Capitalization</b>	<b>\$ 3,966,534</b>	<b>\$ 3,970,112</b>

- (1) Neither we nor our subsidiary guarantors are guarantors of the obligations of IME and its subsidiary guarantors under IME's revolving credit facility or term loan.

## DESCRIPTION OF THE NOTES

The following description of the particular terms of the notes supplements and, to the extent inconsistent therewith, replaces the description of the general terms and provisions of debt securities set forth under "Description of Our Debt Securities" in the accompanying prospectus, to which reference is hereby made. You can find the definitions of certain terms used in this description under the subheading "Certain Definitions." Other terms are defined in the accompanying prospectus. Certain defined terms used in this description but not defined below under the subheading "Certain Definitions" have the meanings assigned to them in the Indenture described below. In this description, the word "Company" refers only to Iron Mountain and not to any of its subsidiaries.

### General

The Company will issue the notes under an indenture dated as of December 30, 2002, or the Base Indenture, as supplemented by a Third Supplemental Indenture dated as of the issue date of the notes, or the Supplemental Indenture, among the Company, the guarantors and The Bank of New York Trust Company, N.A., as trustee, or the Trustee. For convenience, the Base Indenture as supplemented by the Supplemental Indenture is referred to as the "Indenture." The terms of the notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended, or the Trust Indenture Act.

The following description is a summary of the material provisions of the Indenture. It does not restate the Indenture in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights as a holder of the notes. If you would like more information on these provisions, review the copy of the Indenture that we have filed with the Securities and Exchange Commission, or the Commission. See "Documents Incorporated By Reference" and "Where You Can Find More Information" in this prospectus supplement and in the accompanying prospectus for information about how to locate these documents. You may also review the Indenture at the Trustee's corporate trust office at 222 Berkeley Street, 2nd Floor, Boston, MA 02116.

The Indenture permits the issuance of additional notes from time to time having identical terms and conditions to the notes offered in this offering. Any offering of additional notes is subject to the covenant described below under the caption " Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock." The notes and any additional notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase.

The notes will be general unsecured obligations of the Company and will mature on July 15, 2018. The notes will be issued in registered form, without coupons, and in denominations of \$1,000 and integral multiples thereof. The notes will be evidenced by a global note in book-entry form, except under the limited circumstances described below under " Book Entry, Delivery and Form." The registered holder of a note, or Holder, will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture.

The notes:

are general unsecured obligations of the Company;

are subordinated in right of payment to all existing and future Senior Debt of the Company;

are *pari passu* in right of payment with existing and any future senior subordinated Indebtedness of the Company; and

are unconditionally guaranteed by the guarantors.

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The notes are guaranteed by the guarantors. Each subsidiary guarantee of the notes:

is a general unsecured obligation of the guarantor;

is subordinated in right of payment to all existing and future Senior Debt of the guarantor; and

is *pari passu* in right of payment with any existing and future senior subordinated Indebtedness of the guarantor.

Assuming we had completed this offering on March 31, 2006 and applied the net proceeds from this offering as described under "Capitalization," these notes and the subsidiary guarantees would have been subordinated to \$570.6 million of Iron Mountain's and the subsidiary guarantors' Senior Debt and would have ranked equally with \$1,584.7 million (including \$3.4 million of net premiums) of Iron Mountain's and the subsidiary guarantors' other senior subordinated debt and trade payables. As indicated above and as discussed in detail below under the caption " Subordination," payments on the notes and under the subsidiary guarantees will be subordinated to the payment of Senior Debt. The Indenture permits Iron Mountain and the guarantors to incur additional Senior Debt.

Not all of our subsidiaries will guarantee the notes. Substantially all of our direct and indirect wholly owned domestic subsidiaries will guarantee the notes. Canada Company, Iron Mountain Europe Limited, their respective subsidiaries and our other existing international subsidiaries will not be guarantors. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor subsidiaries, these non-guarantor subsidiaries will pay the holders of their debts and their trade creditors before they will be able to distribute any of their assets to us. Our non-guarantor subsidiaries, including Canada Company, generated 27.6% of our consolidated revenues in the year ended December 31, 2005 and 28.7% of our consolidated revenues in the three-month period ended March 31, 2006 and held 32.3% of our consolidated total assets as of March 31, 2006, in the latter case without reduction for the minority interests in certain of our international subsidiaries. See our consolidated financial statements incorporated by reference in this prospectus supplement from our Current Report on Form 8-K dated May 22, 2006, and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 for more detail about the division of Iron Mountain's consolidated revenues and assets between Iron Mountain's guarantor and non-guarantor subsidiaries.

### Interest

Interest on the notes will accrue at the rate of  $8\frac{3}{4}\%$  per annum and will be payable semi-annually in arrears on January 15 and July 15, commencing on January 15, 2007 to Holders of record on the immediately preceding January 1 and July 1. Interest on the notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

### Methods of Receiving Payments on the Notes

The notes will be payable both as to principal and interest at the office or agency of the Company maintained for such purpose within the City and State of New York or, at the option of the Company, payment of interest may be made by check mailed to the Holders of notes at their addresses set forth in the register of Holders of notes. Until otherwise designated by the Company, the Company's office or agency in New York will be the office of the Trustee maintained for such purpose.

### Paying Agent and Registrar for the Notes

The Trustee will initially act as paying agent and registrar. The Company may change the paying agent or registrar without prior notice to the Holders, and the Company or any of its Subsidiaries may act as paying agent or registrar.

## Transfer and Exchange

A Holder may transfer or exchange notes in accordance with the Indenture. The registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents. The Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company is not required to transfer or exchange any note selected for redemption. Also, the Company is not required to transfer or exchange any note for a period of 15 days before the mailing of a notice of redemption of notes to be redeemed.

## Subsidiary Guarantees

The Company's payment obligations under the notes will be jointly and severally guaranteed pursuant to the subsidiary guarantees on an unsecured senior subordinated basis by all of the Company's Restricted Subsidiaries other than the Excluded Restricted Subsidiaries (as defined below). See "Certain Covenants Additional Subsidiary Guarantees." Each subsidiary guarantee will be subordinated to the prior payment in full of all Senior Debt of each such subsidiary guarantor, which, assuming we had completed this offering on March 31, 2006 and applied the net proceeds from this offering as described under "Capitalization," would have been \$570.6 million. Notwithstanding the subordination provisions contained in the Indenture, the obligations of a guarantor under its subsidiary guarantee will be unconditional, but will contain language intended to prevent that subsidiary guarantee from constituting a fraudulent conveyance under applicable law. See "Risk Factors Federal and state statutes could allow courts, under specific circumstances, to void guarantees and require holders of the notes to return payments received from guarantors."

The subsidiary guarantee of a guarantor will be released under the circumstances described under "Certain Covenants Additional Subsidiary Guarantees."

## Subordination

The payment of principal of, premium, if any, and interest on the notes will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full in cash of all Obligations with respect to Senior Debt, whether outstanding on the date of the Indenture or thereafter incurred.

The holders of Senior Debt will be entitled to receive payment in full in cash of all Obligations due in respect of such Senior Debt (including interest after the commencement of any such proceeding at the rate specified in the applicable Senior Debt, whether or not allowed as a claim in such proceeding) before the Holders of notes will be entitled to receive any payment or distribution with respect to the notes. Until all Obligations with respect to Senior Debt are paid in full in cash, any payment or distribution to which the Holders of notes would be entitled shall be made to the holders of Senior Debt, upon any payment or distribution to creditors of the Company or any guarantor:

- (1) in a liquidation or dissolution of the Company or such guarantor; or
- (2) in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or any guarantor or its property; or
- (3) in an assignment for the benefit of creditors; or
- (4) in any marshaling of the assets and liabilities of the Company or any guarantor.

Neither the Company nor any guarantor may make any payment or distribution upon or in respect of the notes, including, without limitation, by way of set-off or otherwise, or redeem (or make a deposit in redemption of), defease or acquire any of the notes for cash, properties or securities if:

- (1) a default in the payment of any Obligation in respect of any Senior Debt occurs and is continuing; or

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- (2) any other default (or any event that, after notice or passage of time would become a default), or a Non-Monetary Default, occurs and is continuing with respect to Senior Debt and the Trustee receives a notice of such default, or a Payment Blockage Notice, from the holders (or the agent or representative of such holders) of any Designated Senior Debt.

Payments on the notes may and shall be resumed:

- (1) in the case of a payment default, on the date on which such default is cured or waived; and
- (2) in the case of a Non-Monetary Default, on the earlier of the date on which such Non-Monetary Default is cured or waived or 179 days after the date on which the applicable Payment Blockage Notice is received, unless the maturity of any Senior Debt has been accelerated.

Any number of Payment Blockage Notices may be given; *provided, however*, that:

- (1) not more than one Payment Blockage Notice may be commenced during any period of 360 consecutive days; and
- (2) any Non-Monetary Default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee (to the extent the holder of Designated Senior Debt, or such trustee or agent, giving such Payment Blockage Notice had knowledge of the same) shall not be the basis for a subsequent Payment Blockage Notice, unless such default has been cured or waived for a period of not less than 90 consecutive days.

The Company must promptly notify holders of Senior Debt if payment of the notes is accelerated because of an Event of Default (as described below).

As a result of the subordination provisions described above, in the event of a liquidation or insolvency, Holders of notes may recover less ratably than creditors of the Company who are holders of Senior Debt. After giving effect to the offering of the notes and the use of the net proceeds as described under "Capitalization," the principal amount of Senior Debt of the Company and the guarantors outstanding at March 31, 2006 would have been \$570.6 million. The Indenture will not limit the amount of additional Indebtedness, including Senior Debt, that the Company and its Restricted Subsidiaries can incur if certain financial tests are met. See " Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock."

### Optional Redemption

Prior to July 15, 2011, the notes will be subject to redemption at any time at the option of the Company, in whole or in part, upon not less than 10 nor more than 60 days' notice, at the Make-Whole Price, plus accrued and unpaid interest to but excluding the applicable redemption date. On and after July 15, 2011, the notes will be subject to redemption at any time at the option of the Company, in whole or in part, upon not less than 10 nor more than 60 days' notice, at the redemption price (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest to but excluding the applicable redemption date, if redeemed during the 12-month period beginning on July 15 of the years indicated below:

<b>Year</b>	<b>Percentage</b>
2011	104.375%
2012	102.917
2013	101.458
2014 and thereafter	100.000%

Notwithstanding the foregoing, at any time prior to July 15, 2009, the Company may on any one or more occasions redeem the notes at a redemption price of 108.75% of the principal amount thereof,

plus accrued and unpaid interest, and Liquidated Damages if any, to the redemption date, with the net cash proceeds of one or more Qualified Equity Offerings; *provided* that:

- (1) at least \$130.0 million in the aggregate principal amount of the notes (including any additional notes subsequently issued as part of the same class) issued under the Indenture remains outstanding immediately after the occurrence of such redemption (excluding notes held by the Company and the Company's Subsidiaries); and
- (2) the redemption occurs within six months of the date of the closing of any such Qualified Equity Offering.

### **Mandatory Redemption**

The Company is not required to make mandatory redemption or sinking fund payments with respect to the notes.

### **Repurchase at the Option of Holders**

*Change of Control.* Upon the occurrence of a Change of Control, each Holder of notes will have the right to require the Company to repurchase all or any part (equal to \$1,000 or an integral multiple thereof) of such Holder's notes pursuant to the offer described below, or the Change of Control Offer, at an offer price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest to but excluding the date of repurchase, or the Change of Control Payment.

Within 30 calendar days following any Change of Control, the Company will mail a notice to each Holder stating:

- (1) that the Change of Control Offer is being made pursuant to the covenant entitled "Change of Control" and that all notes tendered will be accepted for payment;
- (2) the purchase price and the purchase date, which will be no earlier than 30 calendar days nor later than 60 calendar days from the date such notice is mailed, or the Change of Control Payment Date;
- (3) that any note not tendered will continue to accrue interest;
- (4) that, unless the Company defaults in the payment of the Change of Control Payment, all notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on and after the Change of Control Payment Date;
- (5) that Holders electing to have any notes purchased pursuant to a Change of Control Offer will be required to surrender the notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the notes completed, to the paying agent at the address specified in such notice prior to the close of business on the fifth Business Day preceding the Change of Control Payment Date;
- (6) that Holders will be entitled to withdraw their election if the paying agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, facsimile transmission or letter setting forth the name of the Holder, the principal amount of notes delivered for purchase, and a statement that such Holder is withdrawing its election to have such notes purchased; and
- (7) that Holders whose notes are being purchased only in part will be issued new notes equal in principal amount to the unpurchased portion of the notes surrendered, which unpurchased portion must be equal to \$1,000 in principal amount or an integral multiple thereof.

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The Company will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and any other securities laws and regulations thereunder, to

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the extent such laws and regulations are applicable to the repurchase of the notes in connection with a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such conflict.

On the Change of Control Payment Date, the Company will, to the extent lawful:

- (1) accept for payment notes or portions thereof tendered pursuant to the Change of Control Offer;
- (2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions thereof so tendered; and
- (3) deliver or cause to be delivered to the Trustee the notes so accepted together with an Officers' Certificate stating the notes or portions thereof tendered to the Company.

The paying agent will promptly mail to each Holder of notes so accepted the Change of Control Payment for such notes, and the Trustee will promptly authenticate and mail to each Holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; *provided* that each such new note will be in a principal amount of \$1,000 or an integral multiple thereof.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders of the notes to require that the Company repurchase or redeem the notes in the event of a takeover, recapitalization or similar restructuring, nor does it contain any other "event risk" protections for Holders of the notes.

Although the Change of Control provision may not be waived by the Company, and may be waived by the Trustee only in accordance with the provisions of the Indenture, there can be no assurance that any particular transaction (including a highly leveraged transaction) cannot be structured or effected in a manner not constituting a Change of Control.

The Credit Agreement currently limits the right of the Company to purchase any notes prior to their scheduled maturity and also provides that a Change of Control with respect to the Company is a default thereunder. Any future credit agreements or other agreements relating to Senior Debt to which the Company becomes a party may contain similar restrictions and provisions. In the event a Change of Control occurs at a time when the Company is prohibited from purchasing notes, the Company could seek a waiver of the default under the Credit Agreement, the consent of its lenders to the purchase of notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain such a waiver and consent or repay such borrowings, the Company would remain prohibited from purchasing notes and be in default under the Credit Agreement. In such case, the Company's failure to purchase tendered notes would, in turn, constitute an Event of Default under the Indenture. In such circumstances, the subordination provisions in the Indenture would likely restrict payments to the Holders of notes.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all notes properly tendered and not withdrawn under the Change of Control Offer.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of notes to require the Company to repurchase its notes as a result of a sale, lease, transfer,

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conveyance or other disposition of less than all of the assets of the Company to another Person or group may be uncertain.

*Asset Sales.* The Company will not, and will not permit any of its Restricted Subsidiaries to:

- (1) sell, lease, convey or otherwise dispose of any assets (including by way of a Sale and Leaseback Transaction, but excluding a Qualifying Sale and Leaseback Transaction) other than sales of inventory in the ordinary course of business (*provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company will be governed by the provisions of the Indenture described above under the caption "Change of Control" and/or the provisions described below under the caption "Certain Covenants Merger, Consolidation or Sale of Assets" and not by the provisions of this covenant); or
- (2) issue or sell Equity Interests of any of its Restricted Subsidiaries

that, in the case of either clause (1) or (2) above, whether in a single transaction or a series of related transactions:

- (i) have a fair market value in excess of \$2.0 million; or
- (ii) result in Net Proceeds in excess of \$2.0 million, each of the foregoing, an Asset Sale, unless (x) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair market value (evidenced by an Officers' Certificate delivered to the Trustee, and for Asset Sales having a fair market value or resulting in net proceeds in excess of \$10.0 million, evidenced by a resolution of the Company's board of directors set forth in an Officers' Certificate delivered to the Trustee) of the assets sold or otherwise disposed of and (y) at least 75% of the consideration therefor received by the Company or such Restricted Subsidiary is in the form of cash or like-kind assets (in each case as determined in good faith by the Company, evidenced by a resolution of the Company's board of directors and certified by an Officers' Certificate delivered to the Trustee);

*provided, however,* that the amount of:

- (A) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet or in the notes thereto) of the Company or such Restricted Subsidiary (other than liabilities that are by their terms subordinated to the notes or any subsidiary guarantee) that are assumed by the transferee of any such assets; and
- (B) any notes or other obligations received by the Company or such Restricted Subsidiary from such transferee that are immediately converted by the Company or such Restricted Subsidiary into cash (to the extent of the cash received) or Cash Equivalents

shall be deemed to be cash for purposes of this provision; and *provided, further,* that the 75% limitation referred to in the foregoing clause (ii) (y) shall not apply to any Asset Sale in which the cash portion of the consideration received therefrom is equal to or greater than what the after-tax proceeds would have been had such Asset Sale complied with the aforementioned 75% limitation.

A transfer of assets or issuance of Equity Interests by the Company to a Wholly Owned Restricted Subsidiary or by a Wholly Owned Restricted Subsidiary to the Company or to another Wholly Owned Restricted Subsidiary will not be deemed to be an Asset Sale.

Within 360 days of any Asset Sale, the Company may, at its option, apply an amount equal to the Net Proceeds from such Asset Sale either:

- (1) to permanently reduce Senior Debt; or
- (2) to an investment in a Restricted Subsidiary or in another business or capital expenditure or other long-term/tangible assets, in each case, in the same line of business as the Company or



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any of its Restricted Subsidiaries was engaged on the date of the Indenture or in businesses similar or reasonably related thereto.

Pending the final application of any such Net Proceeds, the Company may temporarily reduce Senior Bank Debt or otherwise invest such Net Proceeds in any manner that is not prohibited by the Indenture. Any Net Proceeds from such Asset Sale that are not applied or invested as provided in the first sentence of this paragraph will be deemed to constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds \$10.0 million, the Company shall make an offer to all Holders of the notes, all holders of the 8<sup>1</sup>/<sub>4</sub>% notes, the 8<sup>5</sup>/<sub>8</sub>% notes, the 7<sup>1</sup>/<sub>4</sub>% notes, the 7<sup>3</sup>/<sub>4</sub>% notes, the 6<sup>5</sup>/<sub>8</sub>% notes and the holders of any future Indebtedness ranking *pari passu* with the notes, which Indebtedness contains similar provisions requiring the Company to repurchase such Indebtedness, or an Asset Sale Offer, to purchase the maximum principal amount of notes and such other Indebtedness that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase, in accordance with the procedures set forth in the Indenture. To the extent that the aggregate amount of notes and other *pari passu* Indebtedness (including the 8<sup>1</sup>/<sub>4</sub>% notes, the 8<sup>5</sup>/<sub>8</sub>% notes, the 7<sup>1</sup>/<sub>4</sub>% notes, the 7<sup>3</sup>/<sub>4</sub>% notes and the 6<sup>5</sup>/<sub>8</sub>% notes) tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes. If the aggregate principal amount of notes and such other Indebtedness surrendered by Holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the notes and such other Indebtedness to be purchased on a pro rata basis. Upon completion of such offer to purchase, the amount of Excess Proceeds shall be reset at zero.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the Indenture by virtue of such conflict. Existing agreements governing the Company's outstanding Senior Debt generally restrict the Company from purchasing any notes prior to scheduled maturity, and also provide that certain asset sale events with respect to the Company would constitute a default under these agreements. Any future credit agreements or other agreements relating to Senior Debt to which the Company becomes a party may contain similar restrictions and provisions. In the event an Asset Sale occurs at a time when the Company is prohibited from purchasing notes, the Company could seek the consent of its senior lenders to the purchase of notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain such a consent or repay such borrowings, the Company would remain prohibited from purchasing notes. In such case, the Company's failure to purchase tendered notes would constitute an Event of Default under the Indenture which would, in turn, constitute a default under such Senior Debt. In such circumstances, the subordination provisions in the Indenture would likely restrict payments to the Holders of notes.

**Selection and Notice**

If less than all of the notes are to be redeemed at any time, the Trustee will select notes for redemption as follows:

- (1) if the notes are listed, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or
- (2) if the notes are not so listed, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate.

No notes of \$1,000 or less shall be redeemed in part. Notices of redemption shall be mailed by first class mail at least 10 but not more than 60 days before the redemption date to each Holder of notes to be redeemed at its registered address.

If any note is to be redeemed in part only, the notice of redemption that relates to such note shall state the portion of the principal amount thereof to be redeemed. A new note in a principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original note. On and after the redemption date, interest will cease to accrue on notes or portions thereof called for redemption.

**Certain Covenants**

*Changes in Covenants When Notes Rated Investment Grade.* If on any date following the date of the indenture:

- (1) at least two of the following events occurs:
  - (i) the notes are rated Baa3 or better by Moody's Investors Service,
  - (ii) the notes are rated BBB- or better by Standard & Poor's Rating Group, a division of McGraw Hill, Inc., or
  - (iii) the notes are rated BBB- or better by Fitch Ratings Inc.,

(or, if any such entity ceases to rate the notes for reasons outside of the control of the Company, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Company as a replacement agency); and

- (2) no Default or Event of Default shall have occurred and be continuing,