CAI International, Inc.
Form S-1/A
April 24, 2007
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As filed with the Securities and Exchange Commission on April 24, 2007

Registration No. 333-140496

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 3 to

FORM S-1

REGISTRATION STATEMENT

Under

The Securities Act of 1933

CAI International, Inc.

(Exact name of registrant as specified in its charter)

Delaware **(State of Incorporation)**	**7359** **(Primary Standard Industrial Classification Code Number)**	**94-3298884** **(I.R.S. Employer** **Identification No.)**

One Embarcadero Center

Suite 2101

San Francisco, California 94111

(415) 788-0100

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Masaaki (John) Nishibori

President and Chief Executive Officer

CAI International, Inc.

One Embarcadero Center

Suite 2101

San Francisco, California 94111

(415) 788-0100

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public:

As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(3)	Amount of Registration Fee(4)
Common stock, par value $0.0001 per share, offered by the registrant	6,670,000	$16.00	$106,720,000	$10,907

(1) Includes 870,000 shares of common stock which may be purchased by the underwriters to cover over-allotments, if any.

(2) Anticipated to be between $14.00 and $16.00 per share.

(3) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended.

(4) Includes $10,700 previously paid on behalf of the registrant.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the Securities and Exchange Commission declares our registration statement effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated April 24, 2007

5,800,000 Shares

CAI INTERNATIONAL, INC.
Common Stock

$ per share

CAI International, Inc. is offering 5,800,000 shares.

We anticipate that the initial public offering price will be between $14.00 and $16.00 per share.

This is our initial public offering and no public market currently exists for our shares.

Trading symbol: New York Stock Exchange CAP

This investment involves risk. See Risk Factors beginning on page 12.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to CAI International, Inc.	$	$

The underwriters have a 30-day option to purchase up to 870,000 additional shares of common stock from us to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Piper Jaffray

William Blair & Company **Jefferies & Company**

The date of this prospectus is , 2007.

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You should rely only on the information contained in this prospectus and in any free writing prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. This prospectus is not an offer to sell, nor is it seeking an offer to buy, these securities in any state where the offer or sale is not permitted. The information in this prospectus is complete and accurate only as of the date on the front cover of this prospectus, regardless of when this prospectus is delivered or any sale of our common stock occurs.

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SUMMARY

The items in the following summary are described in more detail later in this prospectus. This summary provides an overview of selected information and does not contain all the information you should consider. Therefore, you should also read the more detailed information set out in this prospectus, including the financial statements, the notes thereto and the matters set forth under Risk Factors.

In this prospectus, unless indicated otherwise, references to: (1) CAI, the company, we, us and our refer to CAI International, Inc., formerly known as Container Applications International, Inc., the issuer of the common stock and its subsidiaries; (2) Interpool refers to Interpool, Inc., which owned 50.0% of our common stock until we repurchased such common stock on October 1, 2006; (3) TEU refers to a 20' equivalent unit, which is a measurement used in the container shipping industry to compare shipping containers of various sizes and configurations to a standard 20' dry van container; (4) our owned fleet means the containers we own, plus the containers we lease from other companies under operating and finance leases; (5) our managed fleet means the containers we manage that are owned by container investors; (6) our fleet and our total fleet mean our owned fleet plus our managed fleet; and (7) container investors means investment entities that purchase portfolios of containers from us. Unless otherwise indicated herein, all share and per share information has been adjusted for the 420-for-one stock split that was effected as of April 23, 2007.

CAI International, Inc.

We are one of the world s leading container leasing and management companies. We believe that our share of the worldwide leased container fleet, as measured in TEUs, increased from approximately 4.3% as of mid-1998 to 6.3% as of mid-2006, representing the seventh largest fleet of leased containers in the world. We operate our business through two segments: container leasing and container management. We purchase new containers, lease them to container shipping lines and either retain them as part of our owned fleet or sell them to container investors for whom we then provide management services. In operating our fleet, we lease, re-lease and dispose of containers and contract for the repair, repositioning and storage of containers. As of March 31, 2007, our fleet comprised 684,000 TEUs, 74.7% of which represented our managed fleet and 25.3% of which represented our owned fleet.

We were founded in 1989 by our Executive Chairman, Hiromitsu Ogawa, as a traditional container leasing company that leased containers owned by us to container shipping lines. In 1998, we shifted our strategic focus from leasing containers owned by us to managing containers owned by container investors. Our managed fleet, as measured in TEUs, increased at a compounded annual growth rate of 19.2% from December 31, 1998 to December 31, 2006 as compared to a compounded annual growth rate of 11.3% for our total fleet, as measured in TEUs, during the same period.

The shift in our strategic focus to managing containers for container investors has enabled us to grow our total fleet while reducing our debt and operating lease commitments. This has allowed us to realize a higher return on assets and equity than we believe would have been possible if our fleet had consisted entirely of containers owned by us. We reduced our debt, capital lease obligations and equipment operating lease commitments from $189.5 million as of December 31, 2001 to $78.7 million as of September 30, 2006. On October 1, 2006, we repurchased 50.0% of our then-outstanding common stock from Interpool. In connection with this repurchase of our common stock, we incurred $77.5 million of incremental indebtedness, which caused our debt, capital lease obligations and equipment operating lease commitments to increase to $155.4 million as of December 31, 2006. We will use our net proceeds from this offering to repay this incremental indebtedness. As a result of these transactions, Mr. Ogawa s ownership of our common stock increased from 50.0% to 100.0%. In February 2007

Mr. Ogawa sold approximately 14.9% of our common stock, after giving effect to the conversion of our Series A cumulative redeemable convertible preferred stock into common stock, to an entity affiliated with the Development Bank of Japan.

We lease our containers to lessees under long-term leases, short-term leases and finance leases. Long-term leases cover a specified number of containers that will be on lease for a fixed period of time. Short-term leases provide lessees with the ability to lease containers either for a fixed term of less than one year or without a fixed term on an as-needed basis, with flexible pick-up and drop-off of containers at depots worldwide. Finance leases are long-term lease contracts that grant the lessee the right to purchase the container at the end of the term for a nominal amount. For the three months ended March 31, 2007, 92.4% of our fleet, as measured in TEUs, was on lease. As of March 31, 2007, 70.5% of our on-lease fleet was on long-term leases, 27.6% was on short-term leases and 1.9% was on finance leases.

We manage containers under management agreements that cover portfolios of containers. Our management agreements typically have terms of eight to 12 years and provide that we receive a management fee based upon the actual rental revenue for each container less the actual operating expenses directly attributable to that container. We also receive fees for selling used containers on behalf of container investors. For the three months ended March 31, 2007, our container management segment generated revenues of $6.3 million and income before income taxes of $3.8 million. For the year ended December 31, 2005, the nine months ended September 30, 2006 and the three months ended December 31, 2006, our container management segment generated revenues of $21.1 million, $16.9 million and $9.0 million, respectively, and income before income taxes of $13.9 million, $10.4 million and $6.4 million, respectively.

Our container leasing segment revenue comprises container rental revenue and finance lease income from our owned fleet, and our container management segment revenue comprises gain on sale of container portfolios and management fee revenue for managing containers for container investors. For the three months ended March 31, 2007, our container leasing segment generated revenues of $8.2 million and income before income taxes of $2.0 million. For the year ended December 31, 2005, the nine months ended September 30, 2006 and the three months ended December 31, 2006, our container leasing segment generated revenues of $40.4 million, $25.2 million and $9.7 million, respectively, and income before income taxes of $4.3 million, $5.8 million and $1.9 million, respectively.

For the three months ended March 31, 2007, we generated total revenues of $14.5 million, EBITDA of $11.1 million, and net income of $3.6 million. For the year ended December 31, 2005, the nine months ended September 30, 2006 and the three months ended December 31, 2006, we generated total revenues of $61.6 million, $42.1 million and $18.6 million, respectively, EBITDA of $39.0 million, $30.1 million and $14.7 million, respectively, and net income of $10.0 million, $10.4 million and $5.2 million, respectively.

Industry Overview

We operate in the worldwide intermodal freight container leasing industry. Intermodal freight containers, or containers, are large, standardized steel boxes used to transport cargo by a number of means, including ship, truck and rail. Container shipping lines use containers as the primary means for packaging and transporting freight internationally, principally from export-oriented economies in Asia to North America and Western Europe.

Containerisation International, *Market Analysis: Container Leasing Market 2006*, estimates that as of mid-2006 transportation companies, including container shipping lines and freight forwarders, owned approximately 57.3% of the total worldwide container fleet and container leasing companies owned approximately 42.7% of the total worldwide container fleet. Given the uncertainty and variability of export volumes and the fact that container shipping lines have difficulty in accurately forecasting their container requirements at different ports, the availability of containers for lease significantly reduces a container shipping line s need to purchase and maintain excess container inventory.

According to Drewry Shipping Consultants Limited, *The Drewry Annual Container Market Review and Forecast 2006/2007*, worldwide containerized cargo volume grew each year from 1980 through 2005, attaining a compounded annual growth rate of 9.8% during that period. Drewry estimates that 2006 container cargo volume grew 10.3% over the prior year. Drewry forecasts that cargo volume will continue to grow at approximately 9.0% annually through 2011. We believe that this projected growth is due to several factors, including the continuing shift in global manufacturing capacity to lower labor cost regions such as China and India, the continued integration of developing high-growth economies into global trade patterns, the continued conversion of cargo from bulk shipping into container shipping and the growing liberalization and integration of world trade.

Our Strengths

We believe our strengths include the following:

Multiple Sources of Revenue. Our container rental revenue and management fee revenue are structured to provide us with stable revenue over longer periods of time while our gain on sale of container portfolios has historically generated significant incremental revenue and facilitated growth in management fee revenue by increasing the number of containers we manage for container investors. By having multiple sources of revenue, we believe that we have been able to realize a higher return on assets and equity than would have been possible if our fleet had consisted entirely of containers owned by us. We believe it is important to maintain a balance between the size of our owned fleet and our managed fleet to maintain our multiple sources of revenue.

High-Quality Asset Management Services. We sell portfolios of leased containers to a number of container investors in Europe and Asia through various intermediaries. Following the sale, we manage these portfolios on behalf of the container investors. We believe that container investors view us as one of the highest quality companies providing container management services due to the quality of the container portfolios that we sell and the asset management services that we provide. From January 1, 2004 through March 31, 2007, we sold to European and Asian container investors containers representing 211,000 TEUs for $363.4 million of gross proceeds.

Capital-efficient Third-party Fleet Management Operation. We have grown our managed fleet by selling portfolios of containers to container investors, most of which are subject to lease at the time of sale. By selling these portfolios to container investors, we are able to free up capital more quickly than if we kept the containers as part of our owned fleet. This enables us to deploy the capital for other uses. Our container management segment provides us with revenue at the time of sale, long-term contractual management fees and a sales fee earned when we sell used containers for container investors, all with very little long-term investment from us.

Long-standing Container Lessee Relationships with Attractive Credit Characteristics. We currently lease containers to over 250 container lessees, including many of the largest international container shipping lines. As of December 31, 2006, we conducted business with the top 20 lessees of our total fleet, as measured in TEUs, for an average of over 12 years. These top 20 lessees had, as of December 31, 2006, a weighted-average Dynamar credit rating of 2.4 on a rating scale of one through ten, with a one representing the

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strongest credit rating. Dynamar B.V. provides credit ratings to the container leasing industry.

Experienced Management Team. We have significant experience in the container leasing industry. Our six key officers have an average of approximately 15 years of experience in the container leasing industry. In addition, our marketing, operations and underwriting personnel have developed long-term relationships with lessees that improve our access to continued opportunities with leading container shipping lines.

Flexibility to Satisfy Changing Market Demands. Our operating expertise and financial flexibility enable us to meet the evolving requirements of lessees and container investors. We have significant experience in structuring and selling to container investors portfolios of containers that have attractive investment returns. By selling these portfolios to container investors, we have been able to purchase a substantial number of new containers while at the same time maintaining significant borrowing capacity under our senior secured credit facility. This has enabled us to choose when to purchase new containers based upon our expectations of near-term market conditions and quickly respond to the changing demands of lessees for short- and long-term leases.

Proprietary, Real-time Information Technology System. We have developed a proprietary, real-time information technology system to assist us in managing our container fleet. Our proprietary IT system has been essential to providing a high level of customer service and we believe it is scalable to satisfy our future growth without significant capital expenditures.

Risks Affecting Us

In operating our business we have faced and will continue to face significant challenges. Our ability to successfully operate our business is subject to numerous risks as discussed more fully in the section entitled Risk Factors. For example:

world trade volume and economic growth could decline and other macroeconomic market conditions affecting the container leasing industry could worsen;

demand from container investors to purchase portfolios of leased containers at prices that are attractive to us could decline;

container shipping lines could decide to buy rather than lease a larger percentage of the containers they use;

demand for leased containers by container shipping lines could decrease due to consolidation of container shipping lines or other factors;

per diem rates for leases could decline;

new container prices could change unexpectedly;

shipping may be disrupted by a number of causes, including terrorist attacks and regional economic instability; and we may lose key members of our senior management.

Any of the above risks could cause our per diem or utilization rates to decline or could otherwise materially and adversely affect our business, financial position and results of operations. An investment in our common stock involves risks. You should read and consider the information set forth in Risk Factors and all other information set forth in this prospectus before investing in our common stock.

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Corporate Information

We were incorporated under the name Container Applications International, Inc. as a Nevada corporation in 1989 and reincorporated under the name CAI International, Inc. in Delaware in 2007. Our principal executive offices are located at One Embarcadero Center, Suite 2101, San Francisco, California 94111. Our telephone number is (415) 788-0100 and our Web site is located at http://www.caiintl.com. We expect to make our periodic reports and other information filed with or furnished to the SEC available free of charge through our Web site as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information contained on our Web site or any other Web site is not incorporated by reference into this prospectus, and you should not consider information contained on our Web site or any other Web site to be a part of this prospectus.

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The Offering

Common stock offered by CAI International, Inc.	5,800,000 shares
Common stock outstanding after this offering	17,108,920 shares
Offering price	$ per share
Use of proceeds	To repay a portion of our outstanding indebtedness, including a $37.5 million convertible subordinated note, a $17.5 million term loan outstanding under our senior secured credit facility, and a portion of the amount outstanding under the revolving line of credit under our senior secured credit facility. See Use of Proceeds.
New York Stock Exchange symbol	CAP

The number of shares outstanding after this offering is based on 10,584,000 shares of common stock outstanding as of March 31, 2007 and, unless otherwise indicated:

- includes the conversion of all outstanding shares of Series A cumulative redeemable convertible preferred stock into 724,920 shares of common stock, which will occur immediately prior to the completion of this offering;
- excludes 36,876 shares of common stock subject to restricted stock grants under our 2007 Equity Incentive Plan, which we intend to grant under our 2007 Equity Incentive Plan upon the pricing of this offering;
- excludes 546,120 shares of common stock issuable upon exercise of options with an exercise price equal to the public offering price in this offering, which we intend to grant upon the pricing of this offering; and
- excludes 138,984 shares of common stock that will be reserved for future issuance under our 2007 Equity Incentive Plan.

Unless otherwise indicated, this prospectus assumes no exercise of the underwriters over-allotment option to purchase up to 870,000 shares of common stock from us.

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Summary Historical Consolidated Financial and Operating Data

The summary consolidated financial data presented below under the heading Statement of Income Data for the years ended December 31, 2004 and 2005, the nine months ended September 30, 2006 and the three months ended December 31, 2006 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated financial data presented below under the heading Statement of Income Data for the three months ended March 31, 2006 and 2007 and under the heading Balance Sheet Data as of March 31, 2007 are unaudited, have been derived from our unaudited consolidated financial statements that are included elsewhere in this prospectus and have been prepared on the same basis as our audited consolidated financial statements. In the opinion of management, the unaudited consolidated summary financial data presented below under the headings Statement of Income Data and Balance Sheet Data reflect all normal and recurring adjustments necessary to fairly present our financial condition and results of operations as of and for the periods presented.

Prior to October 1, 2006, we had two principal stockholders, each of whom beneficially owned 50.0% of our outstanding common stock. These stockholders were our founder and Executive Chairman, Hiromitsu Ogawa, and Interpool. On October 1, 2006, we repurchased 10,584,000 shares, or 50.0% of our then-outstanding common stock, held by Interpool. The repurchase resulted in an increase in the percentage of our common stock held by Mr. Ogawa from 50.0% to 100.0%. In connection with this transaction we have applied pushdown accounting in accordance with Staff Accounting Bulletin No. 54 (SAB No. 54) and accounted for the purchase as a step acquisition in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations* (SFAS No. 141). Due to the application of pushdown accounting and step acquisition accounting in our financial statements, our financial condition and results of operations after September 30, 2006 will not be comparable in some respects to our financial condition and results of operations reflected in our historical financial statements as of dates or for periods prior to October 1, 2006.

The consolidated balance sheet and statements of income data in this prospectus prior to October 1, 2006 refer to the Predecessor company and this period is referred to as the pre-repurchase period, while the consolidated balance sheet and statements of income data on and subsequent to October 1, 2006 refer to the Successor company and this period is referred to as the post-repurchase period. A line has been drawn between the accompanying financial statements to distinguish between the pre-repurchase and post-repurchase periods.

The pro forma, as adjusted balance sheet as of March 31, 2007 gives effect to (1) the conversion of all our preferred stock to common stock; (2) payment of accrued dividends on our preferred stock; (3) our receipt of the proceeds from the repayment of promissory notes (including all accrued and unpaid interest) issued to certain executive officers in connection with the purchase of 524,376 shares of Series A cumulative redeemable convertible preferred stock; (4) the sale by us of 5,800,000 shares of common stock at an assumed initial public offering price of $15.00 per share, which is the mid-point of the initial public offering price range as set forth on the cover of this prospectus; and (5) the application of the net proceeds of this offering to repay certain indebtedness as set forth in Use of Proceeds.

We adopted the FASB Staff Position *Accounting for Planned Major Maintenance Activities* (FSP AUG AIR-1) effective January 1, 2007. As a result we have retroactively adjusted our consolidated financial statements to reflect the direct expense method of accounting for maintenance, a method permitted under this Staff Position. The impact of the application of FSP AUG AIR-1 to our storage and handling expense was a $47,000 increase in the three months ended December 31, 2006, an increase of $179,000 for the nine months ended September 30, 2006 and increases of $421,000 and $511,000 for 2005 and 2004, respectively.

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The operating data presented below under Selected Operating Data are not audited. Historical results are not necessarily indicative of the results of operations to be expected for future periods. You should read the summary historical consolidated financial and operating data presented below in conjunction with Unaudited Pro Forma Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Predecessor			Successor	Predecessor	Successor
	Year Ended December 31, 2004	Year Ended December 31, 2005	Nine Months Ended September 30, 2006	Three Months Ended December 31, 2006	Three Months Ended March 31, 2006	Three Months Ended March 31, 2007
	(in thousands, except per share data)					
					(unaudited)	
Statement of Income Data:						
Revenue						
Container rental revenue	$ 45,855	$ 39,614	$ 24,228	$ 9,383	$ 8,062	$ 7,880
Management fee revenue	6,809	11,230	8,530	3,569	2,574	3,419
Gain on sale of container portfolios	13,420	9,913	8,365	5,392	1,932	2,895
Finance lease income	602	829	927	267	307	319
Total revenue	66,686	61,586	42,050	18,611	12,875	14,513
Operating Expenses						
Depreciation of container rental equipment	15,545	14,764	9,653	2,360	3,367	1,690
Amortization of intangible assets				307		308
Impairment of container rental equipment	275	572	270	81	237	119
Gain on disposition of used container equipment	(718)	(1,166)	(804)	(747)	(147)	(1,005)
Equipment rental expense	10,636	6,875	1,187	395	396	395
Storage, handling and other expenses	6,164	3,853	2,411	779	667	671
Marketing, general and administrative expenses	11,783	12,551	8,967	3,389	3,349	3,302
Total operating expenses	43,685	37,449	21,684	6,564	7,869	5,480
Operating income	23,001	24,137	20,366	12,047	5,006	9,033
Net interest expense	7,623	7,771	4,146	3,695	1,596	3,230
Income before income taxes	15,378	16,366	16,220	8,352	3,410	5,803
Income tax expense	6,149	6,377	5,856	3,119	1,231	2,191
Net income	9,229	9,989	10,364	5,233	2,179	3,612
(Accretion) decretion of preferred stock	(641)	(713)	1,464	(6)	488	(5,572)
Net income (loss) available to common stockholders	$ 8,588	$ 9,276	$ 11,828	$ 5,227	$ 2,667	$ (1,960)
Net income (loss) per share available to common stockholders						
Basic	$ 0.41	$ 0.44	$ 0.56	$ 0.49	$ 0.13	$ (0.19)
Diluted	0.41	0.44	0.48	0.36	0.10	(0.19)
Weighted-average shares outstanding						
Basic	21,168	21,168	21,168	10,584	21,168	10,584
Diluted	21,168	21,168	21,735	16,270	21,772	10,584

Other Financial Data:

EBITDA (unaudited)[1]	$ 38,644	$ 38,996	$ 30,094	$ 14,746	$ 8,398	$ 11,066
Purchase of containers	125,732	127,288	89,366	45,843	10,754	37,215
Net proceeds from sale of container portfolios	119,224	102,097	67,912	49,252	17,018	24,908

footnotes on following page

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	As of March 31, 2007		
	Actual	Pro Forma Adjustments(2)(3)	Pro Forma as Adjusted(2)(3)
		(in thousands) (unaudited)	
Balance Sheet Data:			
Cash	$ 7,775	(219)	$ 7,556
Container rental equipment, net	171,144		171,144
Net investment in direct finance leases	8,413		8,413
Total assets	283,757		283,538
Long-term debt	156,292	(78,600)	77,692
Total liabilities	247,482		168,882
Cumulative redeemable convertible preferred stock	10,472	(10,472)	
Total stockholders equity	25,803	88,853	114,656

	As of December 31,			As of March 31, 2007
	2004	2005	2006	
Selected Operating Data:		(unaudited)		
Managed fleet in TEUs(4)	416,254	456,076	483,333	511,000
Owned fleet in TEUs(4)	171,790	141,653	185,645	172,853
Total	588,044	597,729	668,978	683,853
Percentage of on-lease fleet on long-term leases	57.7%	64.7%	65.3%	70.5%
Percentage of on-lease fleet on short-term leases	41.2	33.5	32.8	27.6
Percentage of on-lease fleet on finance leases	1.1	1.8	1.9	1.9
Total	100.0%	100.0%	100.0%	100.0%

	Year Ended December 31,			Three Months Ended March 31, 2007
	2004	2005	2006	
		(unaudited)		
Utilization rate(5)	89.8%	90.7%	90.6%	92.4%

(1) EBITDA is defined as net income before interest, income taxes, depreciation and amortization. We believe EBITDA is helpful in understanding our past financial performance as a supplement to net income and other performance measures calculated in conformity with accounting principles generally accepted in the United States (GAAP). Our management believes that EBITDA is useful to investors in evaluating our operating performance because it provides a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies in our industry. EBITDA has limitations as an analytical tool and you should not consider it in isolation or as a substitute for any measure reported under GAAP. EBITDA s usefulness as a performance measure as compared to net income is limited by the fact that

footnotes continued on following page

EBITDA excludes the impact of interest expense, depreciation and amortization expense and taxes. We borrow money in order to finance our operations; therefore, interest expense is a necessary element of our costs and ability to generate revenue. Similarly, our use of capital assets makes depreciation and amortization expense a necessary element of our costs and ability to generate income. In addition, since we are subject to state and federal income taxes, any measure that excludes tax expense has material limitations. Moreover, EBITDA is not calculated identically by all companies; therefore our presentation of EBITDA may not be comparable to similarly titled measures of other companies. Due to these limitations, we use EBITDA as a measure of performance only in conjunction with GAAP measures of performance such as net income. The following table provides a reconciliation of EBITDA to net income, the most comparable performance measure under GAAP:

	Predecessor			Successor	Predecessor	Successor
	Year Ended December 31,		Nine Months Ended September 30,	Three Months Ended December 31,	Three Months Ended March 31,	Three Months Ended March 31,
	2004	2005	2006	2006	2006	2007
			(in thousands)			
					(unaudited)	
Net income	$ 9,229	$ 9,989	$ 10,364	$ 5,233	$ 2,179	$ 3,612
Add:						
Net interest expense	7,623	7,771	4,146	3,695	1,596	3,230
Depreciation	15,643	14,859	9,728	2,392	3,392	1,725
Amortization of intangible assets				307		308
Income tax expense	6,149	6,377	5,856	3,119	1,231	2,191
EBITDA	$ 38,644	$ 38,996	$ 30,094	$ 14,746	$ 8,398	$ 11,066

(2) The pro forma, as adjusted balance sheet data as of March 31, 2007 give effect to the following events as if they had occurred on March 31, 2007: (a) the conversion of all outstanding shares of Series A cumulative redeemable convertible preferred stock into 724,920 shares of common stock; (b) the payment of all accrued dividends on all outstanding shares of Series A cumulative redeemable convertible preferred stock; (c) our receipt of the proceeds from the repayment of promissory notes (including all accrued and unpaid interest) issued to certain executive officers in connection with the purchase of 524,376 shares of Series A cumulative redeemable convertible preferred stock; (d) the sale by us of 5,800,000 shares of common stock in this offering at an assumed initial public offering price of $15.00 per share which is the mid-point of the initial public offering price range as set forth on the cover of this prospectus; (e) our receipt of the estimated net proceeds of this offering of $78.6 million after deducting underwriting discounts and commissions and estimated offering expenses payable by us; and (f) the application of the estimated net proceeds of this offering to repay certain indebtedness as set forth in Use of Proceeds.

(3) Assuming the number of shares offered by us as set forth on the cover page of this prospectus remains the same, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, a $1.00 increase (decrease) in the assumed offering price per share would decrease (increase) long-term debt and total liabilities and increase (decrease) stockholders equity by $5.4 million.

(4) Reflects the total number of TEUs included in our managed or owned fleet, as applicable, as of the end of the period indicated, including units held for sale and units held at the manufacturer that we have purchased.

(5) Reflects the average number of TEUs in our fleet on lease as a percentage of total TEUs available for lease. In calculating TEUs available for lease, we exclude units held for sale and units held at the

footnotes continued on following page

manufacturer that we have purchased. The utilization rate for a period is calculated by averaging the utilization rates at the end of each calendar month during the period. See Management s Discussion and Analysis of Financial Condition and Results of Operations for a discussion of the calculation of our utilization rate.

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RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the following risk factors, together with the other information contained in this prospectus, including our financial statements and the related notes, before investing in our common stock. Any of the risk factors we describe below could adversely affect our business, cash flows, results of operations and financial condition. The market price of our common stock could decline and you may lose some or all of your investment if one or more of these risks and uncertainties develop into actual events.

Risks Related to Our Business and the Container Leasing Industry

The demand for leased containers depends on many political, economic and other factors beyond our control.

Substantially all of our revenue comes from activities related to the leasing of containers. Our ability to continue successfully leasing containers to container shipping lines, earning management fees on leased containers and attracting container investors to purchase container portfolios from us depends in part upon the continued demand for leased containers. The demand for containers is affected by numerous factors.

Demand for containers depends largely on the rate of world trade and economic growth, with U.S. consumer demand being the most critical factor affecting this growth. Economic downturns in one or more countries, particularly in the United States and other countries with consumer-oriented economies, could result in a reduction in world trade volume or in demand by container shipping lines for leased containers. Thus, a decrease in the volume of world trade may adversely affect our utilization and per diem rates and lead to reduced revenue, increased operating expenses (such as storage and repositioning costs) and have an adverse effect on our financial performance. We cannot predict whether, or when, such downturns will occur.

Much of our leasing business involves shipments of goods exported from Asia. From time to time, there have been economic disruptions, health scares, such as SARS and avian flu, financial turmoil, natural disasters and political instability in Asia. If these events were to occur in the future, they could adversely affect our container lessees and the general demand for shipping and lead to reduced demand for leased containers or otherwise adversely affect us.

Other general factors affecting demand for leased containers, utilization and per diem rates include the following:

- prices of new and used containers;
- economic conditions and competitive pressures in the shipping industry;
- shifting trends and patterns of cargo traffic;
- the availability and terms of container financing;
- fluctuations in interest rates and foreign currency values;
- overcapacity or undercapacity of the container manufacturers;
- the lead times required to purchase containers;

the number of containers purchased by competitors and container lessees;

container ship fleet overcapacity or undercapacity;

increased repositioning by container shipping lines of their own empty containers to higher-demand locations in lieu of leasing containers from us;

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- consolidation or withdrawal of individual container lessees in the container shipping industry;
- import/export tariffs and restrictions;
- customs procedures, foreign exchange controls and other governmental regulations;
- natural disasters that are severe enough to affect local and global economies; and
- political and economic factors.

All of these factors are inherently unpredictable and beyond our control. These factors will vary over time, often quickly and unpredictably, and any change in one or more of these factors may have a material adverse effect on our business and results of operations. Many of these factors also influence the decision by container shipping lines to lease or buy containers. Should one or more of these factors influence container shipping lines to buy a larger percentage of the containers they operate, our utilization rate would decrease, resulting in decreased revenue and increased storage and repositioning costs.

Our operating results have fluctuated significantly in the past and may fluctuate significantly in the future.

Our revenue comes primarily from the leasing of containers owned by us, management fees earned on containers owned by container investors and gain on sale of container portfolios to container investors. Historically, our annual and quarterly total revenues, net income and cash flows have fluctuated significantly as a result of fluctuations in our gain on sale of container portfolios. Selling containers to container investors has very little associated incremental expense, which means that our quarterly results may fluctuate significantly depending upon the amount of gain on sale of container portfolios, if any, we realize in a quarter. Due to seasonal increased demand for containers in the several months leading up to the holiday season in the United States and Europe and higher demand for purchasing containers by container investors toward the end of the calendar year, a higher proportion of our container sales to investors has typically occurred in the second half of each calendar year. Although by comparison our container rental revenue and management fee revenue have historically fluctuated much less than our gain on sale of container portfolios, container rental revenue and management revenue may also fluctuate significantly in future periods based upon the level of demand by container shipping lines for leased containers, our ability to maintain a high utilization rate of containers in our total fleet, changes in per diem rates for leases and fluctuations in operating expenses.

A large part of our revenue comes from gain on sale of container portfolios and our container sale activities in the future may result in lower gains or losses on sales of containers.

Our revenue from gain on sale of container portfolios depends on our ability to make a profit on containers that we purchase and then resell to container investors. We typically enter into firm purchase orders for containers before we begin finding lessees for the containers, and the time necessary to lease these containers may be much longer than we anticipate. The price that a container investor is willing to pay for a portfolio of containers depends on a number of factors, including the historical and future expected cash flows from the portfolio to the container investor, the credit ratings of the lessees, the mix of short-term and long-term leases, the number of TEUs in the portfolio, the timing of the sale and alternative investment opportunities available to the container investor. If any of these factors changes unexpectedly during the period between the date of our purchase order to the date a container investor purchases the container from us, we may recognize a lower gain on sale of the containers to investors, sell them to container investors at a loss or retain them as part of our owned fleet.

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The container investors that purchase containers from us are located in four countries and a change in the conditions and laws in any of these countries could significantly reduce demand by container investors to purchase containers.

The container investors that have historically purchased containers from us are located in Germany, Switzerland, Austria and Japan. The willingness of these investors to continue to purchase containers from us will depend upon a number of factors outside of our control, including the laws in the countries in which they are domiciled, the tax treatment of an investment and restrictions on foreign investments. If a change in tax laws or other conditions makes investments in containers less attractive, we will need to identify new container investors. The process of identifying new container investors and selling containers to them could be lengthy and we may not be able to find new container investors in these circumstances, which would result in a substantial reduction in the amount of gain on sale of container portfolios and cash flow.

We derive a substantial portion of our revenue for each of our container management and container leasing segments from a limited number of container investors and container lessees, respectively, and the loss of, or reduction in business by, any of these container investors or container lessees could result in a significant loss of revenue and cash flow.

We have derived, and believe that we will continue to derive, a significant portion of our revenue and cash flow from a limited number of container investors and container lessees. Our business comprises two reportable segments for financial statement reporting purposes: container management and container leasing. Revenue for our container management segment comes primarily from container investors that purchase portfolios of containers and then pay us to manage the containers for them. Revenue for our container leasing segment comes primarily from container lessees that lease containers from our owned fleet.

Revenue from our ten largest container lessees represented 57.7% of the revenue from our container leasing segment for the year ended December 31, 2006, on a pro forma, as adjusted basis, with revenue from our single largest container lessee accounting for 13.8%, or $4.8 million, of revenue from our container leasing segment during such period. This $4.8 million of revenue represented 7.9% of our total revenue for this period. We do not distinguish between our owned fleet and our managed fleet when we enter into leases with container shipping lines. Accordingly, the largest lessees of our owned fleet are typically among the largest lessees of our managed fleet, and our management fee revenue is based in part on the number of managed containers on lease to container lessees. As a result, the loss of, or default by, any of our largest container lessees could have a material adverse effect on the revenue for both our container management segment and our container leasing segment. In addition, many of the management agreements with our container investors contain performance criteria, such as minimum per diem net income per container or minimum utilization rates for the pool of containers owned by the container investors. In the event we fail to meet one or more of these criteria in a management agreement, the independent investment arrangers who typically act on behalf of container investors may have the right to terminate the management agreement. In the year ended December 31, 2006, container investors associated with five independent investment arrangers represented 95.6% of our container management revenue on a pro forma, as adjusted basis. If we were to not perform our obligations as a container manager under the management agreements controlled by an independent investment arranger, the independent investment manager could decide to terminate all of the management agreements under which we have not performed our obligations. Managed containers associated with our single largest container investor accounted for 29.8%, or $7.7 million, of revenue from our container management segment during the year ended December 31, 2006, on a pro forma, as adjusted basis. This $7.7 million of revenue represented 12.7% of our total revenue for this period. The termination of the management agreements under the control of a single investment arranger or the loss of our largest container investor as a management services customer could have a material adverse effect on the revenue for our container management segment. For a description of our results of operations for the year ended December 31, 2006 on a pro forma, as adjusted basis, see Unaudited Pro Forma Financial Information.

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Consolidation and concentration in the container shipping industry could decrease the demand for leased containers.

We primarily lease containers to container shipping lines. We believe container shipping lines require two TEUs of available containers for every TEU of capacity on their container ships. Container shipping lines have historically relied on a large number of leased containers to satisfy their needs. Consolidation of major container shipping lines could create efficiencies and decrease the demand that container shipping lines have for leased containers because they may be able to fulfill a larger portion of their needs through their owned container fleets. It could also create concentration of credit risk if the number of our container lessees decreases due to consolidation. Additionally, large container shipping lines with significant resources could choose to manufacture their own containers, which would decrease their demand for leased containers and could have an adverse impact on our business.

Per diem rates for our leased containers may decrease, which would have a negative effect on our business and results of operations.

Per diem rates for our leased containers depend on a large number of factors, including the following:

- the type and length of the lease;
- embedded residual assumptions;
- the type and age of the container;
- the number of new containers available for lease by our competitors;
- the location of the container being leased; and
- the price of new containers.

Because steel is the major component used in the construction of new containers, the price of new containers is highly correlated with the price of raw steel. Container prices and leasing rates increased from 2003 to 2004, and again in the second half of 2006, partially due to an increase in worldwide steel prices, while in the late 1990s, new container prices and per diem rates declined, because of, among other factors, a drop in worldwide steel prices and a shift in container manufacturing from Taiwan and Korea to areas in mainland China with lower labor costs. Container prices and per diem rates may fall again.

In addition, per diem rates may be negatively impacted by the entrance of new leasing companies, overproduction of new containers by manufacturers and over-buying of containers by container shipping lines and leasing competitors. For example, during 2001 and again in 2005, overproduction of new containers, coupled with a build-up of container inventories in Asia by leasing companies and container shipping lines, led to decreasing per diem rates and utilization rates. In the event that the container shipping industry were to be characterized by overcapacity in the future, or if available supply of containers were to increase significantly as a result of, among other factors, new companies entering the business of leasing and selling containers, both utilization and per diem rates may decrease, adversely affecting our revenue and operating results.

A reduction in the willingness of container investors to have us manage their containers could adversely affect our business, results of operations and financial condition.

A significant percentage of our revenue is attributable to management fees earned on services related to the leasing of containers owned by container investors. This revenue has very low direct operating costs associated with it. Accordingly, fluctuations in our management fee revenue in any period will have a significant impact on our profitability in that period. If we fail to meet performance requirements contained in our management agreements, container investors may seek to terminate these agreements. Moreover, our ability to continue to attract new management contracts depends upon a number of factors, including our ability to lease containers on attractive lease terms and to efficiently manage the

repositioning and disposition of containers. In the event container investors perceive another container leasing company as better able to provide them with a stable and attractive rate of return, existing contracts may not be renewed, and we may lose management contract opportunities in the future, which could affect our business, results of operations and financial condition.

As we increase the number of containers in our owned fleet, we will be subject to significantly greater ownership risks.

The number of containers in our owned fleet fluctuates over time as we purchase new containers and sell containers to container investors or into the secondary resale market. As part of our strategy, we plan to increase both the number of owned containers as well as the number of managed containers in our fleet. We paid $37.2 million to purchase containers in the three months ended March 31, 2007 and we expect to purchase an aggregate of approximately $150.0 million to $200.0 million of new containers in 2007. We believe we will be able to find container investors to purchase the desired portion of the new containers that we purchase and lease. If we are unable to locate container investors to purchase these containers, we will operate the containers as part of our owned fleet. Ownership of containers entails greater risk than management of containers for container investors, meaning that as we increase the number of containers in our owned fleet, we will be subject to an increased level of risk from loss or damage to equipment, financing costs, changes in per diem rates, re-leasing risk, changes in utilization rates, lessee defaults, repositioning costs, storage expenses, impairment charges and changes in sales price upon disposition of containers.

As we increase the number of containers in our owned fleet we will have significantly more capital at risk and may not be able to satisfy the future capital requirements of our container management business.

As we increase the number of containers in our owned fleet, either as a result of planned growth in our owned fleet or as a result of our inability to sell containers to container investors, we may need to maintain higher debt balances which may adversely affect our return on equity and reduce our capital resources, including our ability to borrow money to continue expanding our managed fleet. Future borrowings may not be available under our senior secured credit facility or we may not be able to refinance the facility, if necessary, on commercially reasonable terms or at all. We may need to raise additional debt or equity capital in order to fund our business, expand our sales activities and/or respond to competitive pressures. We may not have access to the capital resources we desire or need to fund our business. These effects, among others, may reduce our profitability and adversely affect our plans to continue the expansion of the container management portion of our business.

Our container lessees prefer newer containers, so to stay competitive we must continually add new containers to our fleet. If we are unable to make necessary capital expenditures, our fleet of containers may be less attractive to our container lessees and our profitability could suffer.

Gains and losses associated with the disposition of used equipment may fluctuate and adversely affect our results of operations.

We regularly sell used, older containers upon lease expiration. The residual values of these containers therefore affect our profitability. The volatility of the residual values of such containers may be significant. These values depend upon, among other factors, raw steel prices, applicable maintenance standards, refurbishment needs, comparable new container costs, used container availability, inflation rates, market conditions, materials and labor costs and equipment obsolescence. Most of these factors are outside of our control.

Containers are typically sold if it is in the best interest of the owner to do so after taking into consideration earnings prospects, book value, remaining useful life, repair condition, suitability for leasing or other uses and the prevailing local sales price for containers. Gains or losses on the disposition of used container equipment and the sales fees earned on the disposition of managed containers will also

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fluctuate and may be significant if we sell large quantities of used containers. See Management s Discussion and Analysis of Financial Condition and Results of Operations for a discussion of our gains or losses on the disposition of used container equipment.

We may incur significant costs to reposition containers.

When lessees return containers to locations where supply exceeds demand, we routinely reposition containers to higher demand areas. Repositioning expenses vary depending on geographic location, distance, freight rates and other factors, and may not be fully covered by drop-off charges collected from the last lessee of the containers or pick-up charges paid by the new lessee. We seek to limit the number of containers that can be returned and impose surcharges on containers returned to areas where demand for such containers is not expected to be strong. However, market conditions may not enable us to continue such practices. In addition, we may not accurately anticipate which port locations will be characterized by high or low demand in the future, and our current contracts will not protect us from repositioning costs if ports that we expect to be high-demand ports turn out to be low-demand ports at the time leases expire.

Lessee defaults may adversely affect our business, results of operations and financial condition by decreasing revenue and increasing storage, repositioning, collection and recovery expenses.

Our containers are leased to numerous container lessees. Lessees are required to pay rent and indemnify us for damage to or loss of containers. Lessees may default in paying rent and performing other obligations under their leases. A delay or diminution in amounts received under the leases (including leases on our managed containers), or a default in the performance of maintenance or other lessee obligations under the leases could adversely affect our business, results of operations and financial condition and our ability to make payments on our debt.

Our cash flows from containers, principally container rental revenue, management fee revenue, gain on sale of container portfolios, gain on disposition of used equipment and commissions earned on the sale of containers on behalf of container investors, are affected significantly by the ability to collect payments under leases and the ability to replace cash flows from terminating leases by re-leasing or selling containers on favorable terms. All of these factors are subject to external economic conditions and the performance by lessees and service providers that are not within our control.

When lessees default, we may fail to recover all of our containers and the containers we do recover may be returned to locations where we will not be able to quickly re-lease or sell them on commercially acceptable terms. We may have to reposition these containers to other places where we can re-lease or sell them, which could be expensive depending on the locations and distances involved. Following repositioning, we may need to repair the containers and pay container depots for storage until the containers are re-leased. For our owned containers these costs will directly reduce our income before taxes and for our managed containers, lessee defaults will increase operating expenses, and thus reduce our management fee revenue. While we maintain insurance to cover such defaults, it is subject to large deductible amounts and significant exclusions and, therefore, may not be sufficient to prevent us from suffering material losses. Additionally, this insurance might not be available to us in the future on commercially reasonable terms or at all. While in recent years defaults by lessees on our owned fleet, as measured by our experience and reflected on our financial statements as an allowance for doubtful accounts, have not constituted a significant percentage of our assets, future defaults could have a material adverse effect on our business, results of operations and financial condition.

Changes in market price, availability or transportation costs of containers could adversely affect our ability to maintain our supply of containers.

We currently purchase almost all of our containers from manufacturers based in China. If it were to become more expensive for us to procure containers in China or to transport these containers at a low cost from China to the locations where they are needed by our container lessees because of changes in

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exchange rates between the U.S. Dollar and Chinese Yuan, further consolidation among container suppliers, increased tariffs imposed by the United States or other governments or for any other reason, we may have to seek alternative sources of supply. While we are not currently dependent on any single current manufacturer of our containers, we may not be able to make alternative arrangements quickly enough to meet our container needs, and the alternative arrangements may increase our costs. The availability of containers depends significantly on the availability and cost of steel in China. If a shortage of steel develops either in China or worldwide, container manufacturers may not be able to meet our demand for new containers which would limit our ability to add new containers to our fleet.

Terrorist attacks, the threat of such attacks or the outbreak of war and hostilities could negatively impact our operations and profitability and may expose us to liability.

Terrorist attacks and the threat of such attacks have contributed to economic instability in the United States and elsewhere, and further acts or threats of terrorism, violence, war or hostilities could similarly affect world trade and the industries in which we and our container lessees operate. For example, worldwide containerized trade dramatically decreased in the immediate aftermath of the September 11, 2001 terrorist attacks in the United States, which affected demand for leased containers. In addition, terrorist attacks, threats of terrorism, violence, war or hostilities may directly impact ports, depots, our facilities or those of our suppliers or container lessees and could impact our sales and our supply chain. A severe disruption to the worldwide ports system and flow of goods could result in a reduction in the level of international trade and lower demand for our containers.

We maintain liability insurance that we believe would apply to claims arising from a terrorist attack, and our lease agreements require our lessees to indemnify us for all costs, liabilities and expenses arising out of the use of our containers, including property damage to the containers, damage to third-party property and personal injury. However, our lessees may not have adequate resources to honor their indemnity obligations and our insurance coverage is subject to large deductibles, a $15.0 million limit on coverage and significant exclusions. Accordingly, we may not be protected from liability (and expenses in defending against claims of liability) arising from a terrorist attack.

Our senior executives are critical to the success of our business and our inability to retain them or recruit new personnel could adversely affect our business.

Most of our senior executives and other management-level employees have over ten years of industry experience. We rely on this knowledge and experience in our strategic planning and in our day-to-day business operations. Our success depends in large part upon our ability to retain our senior management, the loss of one or more of whom could have a material adverse effect on our business. Our success also depends on our ability to retain our experienced sales force and technical personnel as well as recruiting new skilled sales, marketing and technical personnel. Competition for these individuals in our industry is intense and we may not be able to successfully recruit, train or retain qualified personnel. If we fail to retain and recruit the necessary personnel, our business and our ability to obtain new container lessees and provide acceptable levels of customer service could suffer. With the exception of Mr. Hiromitsu Ogawa, our Executive Chairman, Mr. Masaaki (John) Nishibori, our President and Chief Executive Officer, and Mr. Victor Garcia, our Senior Vice President and Chief Financial Officer, we do not have employment agreements with any of our employees.

We rely on our proprietary information technology system to conduct our business. If this system fails to adequately perform its functions, or if we experience an interruption in its operation, our business, results of operations and financial prospects could be adversely affected.

The efficient operation of our business is highly dependent on our proprietary information technology system. We rely on our system to track transactions, such as repair and depot charges and changes to book value, and movements associated with each of our owned or managed containers. We use the information provided by this system in our day-to-day business decisions in order to effectively manage our lease portfolio and improve customer service. We also rely on it for the accurate tracking of the performance of our managed fleet for each container investor. The failure of our system to perform as we expect could disrupt our business, adversely affect our results of operations and cause our relationships with lessees and container investors to suffer. In addition, our information technology system is vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, power loss and computer systems failures and viruses. Any such interruption could have a material adverse effect on our business, results of operations and financial prospects.

Our level of indebtedness reduces our financial flexibility and could impede our ability to operate.

We intend to borrow additional amounts under our senior secured credit facility to purchase containers and expect that we will maintain a significant amount of indebtedness on an ongoing basis. All of our borrowings under our senior secured credit facility are due and payable on September 30, 2010, and there is no assurance that we will be able to refinance our outstanding indebtedness, or if refinancing is available, that it can be obtained on terms that we can afford.

Our senior secured credit facility requires us to pay a variable rate of interest, which will increase or decrease based on variations in certain financial indexes, and fluctuations in interest rates can significantly decrease our profits. We have purchased no hedge or similar contracts that would protect us against changes in interest rates.

The amount of our indebtedness could have important consequences for you, including the following:

- requiring us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, thereby reducing funds available for operations, future business opportunities and other purposes;

- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

- making it more difficult for us to satisfy our debt obligations, and any failure to comply with such obligations, including financial and other restrictive covenants, could result in an event of default under the agreements governing such indebtedness, which could lead to, among other things, an acceleration of our indebtedness or foreclosure on the assets securing our indebtedness, which could have a material adverse effect on our business or financial condition;

- limiting our ability to borrow additional funds, or to sell assets to raise funds, if needed, for working capital, capital expenditures, acquisitions or other purposes; and

- increasing our vulnerability to general adverse economic and industry conditions, including changes in interest rates.

As of March 31, 2007, our total debt was approximately $156.3 million. We may not generate sufficient cash flow from operations to service and repay our debt and related obligations and have sufficient funds left over to achieve or sustain profitability in our operations, meet our working capital and capital expenditure needs or compete successfully in our industry.

We will require a significant amount of cash to service and repay our outstanding indebtedness and our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and repay our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. We intend to repay a portion of our indebtedness using proceeds from this offering. The amount of our net interest expense for Adjusted 2006 assumes the repayment of the $77.5 million of debt incurred in connection with our repurchase of common stock from Interpool with the net proceeds of this offering. Assuming the number of shares offered by us as set forth on the cover page of this prospectus remains the same, after deducting underwriting discounts and commissions and estimated offering expenses, a $1.00 increase (decrease) in the assumed offering price per share would decrease (increase) net interest expense for Adjusted 2006 by approximately $400,000. For a description of Adjusted 2006 see Unaudited Pro Forma Financial Information. It is possible that:

- our business will not generate sufficient cash flow from operations to service and repay our debt and to fund working capital requirements and planned capital expenditures;
- future borrowings will not be available under our current or future credit facilities in an amount sufficient to enable us to refinance our debt; or
- we will not be able to refinance any of our debt on commercially reasonable terms or at all.

Our senior secured credit facility imposes, and the terms of any future indebtedness may impose, significant operating, financial and other restrictions on us and our subsidiaries.

Restrictions imposed by our senior secured credit facility will limit or prohibit, among other things, our ability to:

- incur additional indebtedness;
- pay dividends on or redeem or repurchase our stock;
- enter into new lines of business;
- issue capital stock of our subsidiaries;
- make loans and certain types of investments;
- create liens;
- sell certain assets or merge with or into other companies;
- enter into certain transactions with stockholders and affiliates; and
- restrict dividends, distributions or other payments from our subsidiaries.

These restrictions could adversely affect our ability to finance our future operations or capital needs and pursue available business opportunities. A breach of any of these restrictions, including breach of financial covenants, could result in a default in respect of the related indebtedness. If a default occurs, the relevant lenders could elect to declare the indebtedness, together with accrued interest and fees, to be immediately due and payable and proceed against any collateral securing that indebtedness, which will constitute substantially all of our container assets.

We face extensive competition in the container leasing industry.

We may be unable to compete favorably in the highly competitive container leasing and container management businesses. We compete with a relatively small number of major leasing companies, many smaller lessors, manufacturers of container equipment, companies and financial institutions offering finance leases, promoters of container ownership and leasing as a tax-efficient investment, container shipping lines, which sometimes lease their excess container stocks, and suppliers of alternative types of containers for freight transport. Some of these competitors have greater financial resources and access to capital than we do. Additionally, some of these competitors may have large, underutilized inventories of containers, which could lead to significant downward pressure on per diem rates, margins and prices of containers.

Competition among container leasing companies depends upon many factors, including, among others, per diem rates; lease terms, including lease duration, drop-off restrictions and repair provisions; customer service; and the location, availability, quality and individual characteristics of containers. New entrants into the leasing business have been attracted by the high rate of containerized trade growth in recent

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years. New entrants may be willing to offer pricing or other terms that we are unwilling or unable to match. As a result, we may not be able to maintain a high utilization rate or achieve our growth plans.

The international nature of the container industry exposes us to numerous risks.

Our ability to enforce lessees obligations will be subject to applicable law in the jurisdiction in which enforcement is sought. As containers are predominantly located on international waterways, it is not possible to predict, with any degree of certainty, the jurisdictions in which enforcement proceedings may be commenced. For example, repossession from defaulting lessees may be difficult and more expensive in jurisdictions in which laws do not confer the same security interests and rights to creditors and lessors as those in the United States and in jurisdictions where recovery of containers from defaulting lessees is more cumbersome. As a result, the relative success and expedience of enforcement proceedings with respect to containers in various jurisdictions cannot be predicted.

We are also subject to risks inherent in conducting business across national boundaries, any one of which could adversely impact our business. These risks include:

- regional or local economic downturns;
- changes in governmental policy or regulation;
- restrictions on the transfer of funds into or out of the country;
- import and export duties and quotas;
- domestic and foreign customs and tariffs;
- international incidents;
- war, hostilities and terrorist attacks, or the threat of any of these events;
- government instability;
- nationalization of foreign assets;
- government protectionism;
- compliance with export controls, including those of the U.S. Department of Commerce;
- compliance with import procedures and controls, including those of the U.S. Department of Homeland Security;

- consequences from changes in tax laws, including tax laws pertaining to the container investors;
- potential liabilities relating to foreign withholding taxes;
- labor or other disruptions at key ports;
- difficulty in staffing and managing widespread operations; and
- restrictions on our ability to own or operate subsidiaries, make investments or acquire new businesses in these jurisdictions.

One or more of these factors could impair our current or future international operations and, as a result, harm our overall business.

We may incur costs associated with new security regulations, which may adversely affect our business, financial condition and results of operations.

We may be subject to regulations promulgated in various countries, including the United States, seeking to protect the integrity of international commerce and prevent the use of containers for international

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terrorism or other illicit activities. For example, the Container Security Initiative, the Customs-Trade Partnership Against Terrorism and Operation Safe Commerce are among the programs administered by the U.S. Department of Homeland Security that are designed to enhance security for cargo moving throughout the international transportation system by identifying existing vulnerabilities in the supply chain and developing improved methods for ensuring the security of containerized cargo entering and leaving the United States. Moreover, the International Convention for Safe Containers, 1972 (CSC), as amended, adopted by the International Maritime Organization, applies to new and existing containers and seeks to maintain a high level of safety of human life in the transport and handling of containers by providing uniform international safety regulations. As these regulations develop and change, we may incur compliance costs due to the acquisition of new, compliant containers and/or the adaptation of existing containers to meet new requirements imposed by such regulations. Additionally, certain companies are currently developing or may in the future develop products designed to enhance the security of containers transported in international commerce. Regardless of the existence of current or future government regulations mandating the safety standards of intermodal shipping containers, our competitors may adopt such products or our container lessees may require that we adopt such products. In responding to such market pressures, we may incur increased costs, which could have a material adverse effect on our business, financial condition and results of operations.

Environmental liability may adversely affect our business and financial condition.

We are subject to federal, state, local and foreign laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants to air, ground and water, the management and disposal of hazardous substances and wastes and the cleanup of contaminated sites. We could incur substantial costs, including cleanup costs, fines and costs arising out of third-party claims for property or natural resource damage and personal injury, as a result of violations of or liabilities under environmental laws and regulations in connection with our or our lessees current or historical operations. Under some environmental laws in the United States and certain other countries, the owner or operator of a container may be liable for environmental damage, cleanup or other costs in the event of a spill or discharge of material from the container without regard to the fault of the owner or operator. While we typically maintain liability insurance and typically require lessees to provide us with indemnity against certain losses, the insurance coverage may not be sufficient, or available, to protect against any or all liabilities and such indemnities may not be sufficient to protect us against losses arising from environmental damage. Moreover, our lessees may not have adequate resources, or may refuse to honor their indemnity obligations and our insurance coverage is subject to large deductibles, coverage limits and significant exclusions.

We may face litigation involving our management of containers for container investors.

We manage containers for container investors under management agreements that are negotiated with each container investor. We make no assurances to container investors that they will make any amount of profit on their investment or that our management activities will result in any particular level of income or return of their initial capital. We believe that as the number of containers that we manage for container investors increases, there is a possibility that we may be drawn into litigation relating to the investments. Although our management agreements contain contractual protections and indemnities that are designed to limit our exposure to such litigation, such provisions may not be effective and we may be subject to a significant loss in a successful litigation by a container investor.

Certain liens may arise on our containers.

Depot operators, repairmen and transporters may come into possession of our containers from time to time and have sums due to them from the lessees or sublessees of the containers. In the event of nonpayment of those charges by the lessees or sublessees, we may be delayed in, or entirely barred from, repossessing the containers, or be required to make payments or incur expenses to discharge liens on our containers.

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We may choose to pursue acquisitions or joint ventures that could present unforeseen integration obstacles or costs.

We may pursue acquisitions and joint ventures. Acquisitions involve a number of risks and present financial, managerial and operational challenges, including:

- potential disruption of our ongoing business and distraction of management;
- difficulty integrating personnel and financial and other systems;
- hiring additional management and other critical personnel; and
- increasing the scope, geographic diversity and complexity of our operations.

In addition, we may encounter unforeseen obstacles or costs in the integration of acquired businesses. Also, the presence of one or more material liabilities of an acquired company that are unknown to us at the time of acquisition may have a material adverse effect on our business. Acquisitions or joint ventures may not be successful, and we may not realize any anticipated benefits from acquisitions or joint ventures.

In the future, we may be required to pay personal holding company taxes, which would have an adverse effect on our cash flows, results of operations and financial condition.

The Internal Revenue Code requires any company that qualifies as a personal holding company to pay personal holding company taxes in addition to regular income taxes. A company qualifies as a personal holding company if (1) more than 50.0% of the value of the company s stock is held by five or fewer individuals and (2) at least 60.0% of the company s adjusted ordinary gross income constitutes personal holding company income, which, in our case, includes adjusted income from the lease of our containers. If we or any of our subsidiaries are a personal holding company, our undistributed personal holding company income, which is generally taxable income with certain adjustments, including a deduction for federal income taxes and dividends paid, will be taxed at a rate of 15.0%. Based upon our operating results, we were not classified as a personal holding company for the year ended December 31, 2006. Whether or not we or any of our subsidiaries are classified as personal holding companies for the year ending December 31, 2007 or in future years will depend upon the amount of our personal holding company income and the percentage of our outstanding common stock that will be beneficially owned after this offering by Hiromitsu Ogawa, who beneficially owned 78.6% of our common stock as of March 31, 2007 after giving effect to the conversion of our Series A cumulative redeemable convertible preferred stock into common stock. At some point in the future we could become liable for personal holding company taxes. The payment of personal holding company taxes in the future would have an adverse effect on our cash flows, results of operations and financial condition.

Risks Related to This Offering

An active market for our common stock may not develop, which may inhibit the ability of our stockholders to sell their shares.

Prior to this offering, there has been no public market for our common stock. An active or liquid trading market in our common stock may not develop upon completion of this offering, or if it does develop, it may not continue. The lack of an active market may impair your ability to sell your stock at the time you wish to sell it or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value and increase the volatility of our common stock. An inactive market may also impair our ability to raise capital by selling stock and may impair our ability to acquire other companies or technologies by using our stock as consideration.

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The price of our common stock may be highly volatile and may decline regardless of our operating performance.

The initial public offering price for the common stock sold in this offering will be determined by negotiation between Piper Jaffray & Co., on behalf of the underwriters, and us. This price may not reflect the market price of our common stock following this offering and the market price may not equal or exceed the initial public offering price. See Underwriting for a discussion of the factors that we and the underwriters will consider in determining the initial public offering price. The trading price of our common stock is likely to be subject to wide fluctuations. Factors affecting the trading price of our common stock may include:

- variations in our financial results;
- changes in financial estimates or investment recommendations by any securities analysts following our business;
- the public s response to our press releases, our other public announcements and our filings with the Securities and Exchange Commission;
- changes in accounting standards, policies, guidance, interpretations or principles;
- future sales of common stock by us or our directors, officers or significant stockholders or the perception such sales may occur;
- our ability to achieve operating results consistent with securities analysts projections;
- the operating and stock price performance of other companies that investors may deem comparable to us;
- recruitment or departure of key personnel;
- our ability to timely address changing container lessee preferences;
- container market and industry factors;
- general stock market conditions; and
- other events or factors, including those resulting from war, incidents of terrorism or responses to such events.

In addition, if the market for companies deemed similar to us or the stock market in general experiences loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business or financial results. The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us.

The assumed initial public offering price of our common stock is significantly greater than the net tangible book value of our common stock, which means you will experience immediate and substantial dilution.

The assumed initial public offering price of $15.00 per share, which is the mid-point of the initial public offering price range as set forth on the cover of this prospectus, is substantially higher than the pro forma net tangible book value of $3.38 per share. As a result, investors purchasing stock in this offering will incur immediate dilution of $11.62 per share of common stock purchased. An aggregate gain in net tangible book value of approximately $5.22 per share will be attributable to our current stockholders as a result of this offering. If we choose to raise funds in the future through the issuance of equity securities or convertible debt securities, if outstanding options are exercised or if we grant stock awards, you will experience additional dilution of your percentage ownership of our company. This dilution may be substantial. In addition, these securities may have powers, preferences and rights that are senior to the holders of our common stock and may further limit our ability to pay dividends on our common stock.

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Future sales of our common stock, or the perception that such future sales may occur, may cause our stock price to decline and impair our ability to obtain capital through future stock offerings.

A substantial number of shares of our common stock held by our current stockholders could be sold into the public market after this offering. The occurrence of such sales, or the perception that such sales could occur, could materially and adversely affect our stock price and could impair our ability to obtain capital through an offering of equity securities. The shares of common stock being sold in this offering will be freely tradable, except for any shares acquired by our affiliates.

In connection with this offering, our directors, officers and stockholders have either entered into or have agreed to enter into written lock-up agreements providing that, for a period of 180 days from the date of this prospectus, they will not, among other things, sell their shares without the prior written consent of Piper Jaffray. See Shares Eligible for Future Sale Lock-up Agreements for more information regarding these lock-up agreements. Assuming the underwriters do not exercise their over-allotment option, upon the expiration of the lock-up period, an additional 11,345,796 shares of our common stock will be tradable in the public market subject, in most cases, to volume and other restrictions under federal securities laws. This includes 36,876 shares of restricted stock that we intend to grant upon the pricing of this offering. In addition, upon completion of this offering, options exercisable for an aggregate of 546,120 shares of our common stock will be outstanding. We have entered into agreements with the holders of 10,584,000 shares of our common stock under which, subject to the applicable lock-up agreements, we may be required to register future sales of these shares.

We do not expect to pay any dividends in the foreseeable future.

We do not anticipate paying any cash dividends to holders of our common stock in the foreseeable future. In addition, our senior secured credit facility includes restrictions on our ability to pay cash dividends. Agreements governing future indebtedness will likely contain similar restrictions on our ability to pay cash dividends. Consequently, investors must rely on sales of their common stock as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock.

If securities analysts do not publish research or reports about our business or if they change their financial estimates or investment recommendation, the price of our stock could decline.

The trading market for our common shares will rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not control or influence the decisions or opinions of these analysts and analysts may not cover us.

If any analyst who covers us changes his or her financial estimates or investment recommendation, the price of our stock could decline. If any analyst ceases coverage of our company, we could lose visibility in the market, which in turn could cause our stock price to decline.

Our founder, Hiromitsu Ogawa, will continue to have substantial control over us after this offering and could act in a manner with which other stockholders may disagree or that is not necessarily in the interests of other stockholders.

After this offering, Mr. Ogawa will beneficially own approximately 52.0% of our outstanding common stock. As a result, he may have the ability to determine the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of our assets. In addition, he may have the ability to control the management and affairs of our company. Mr. Ogawa may have interests that are different from yours. For example, he may support proposals and actions with which you may disagree or which are not in your interests. The concentration of ownership could delay or prevent a change in control of us or otherwise discourage a potential acquirer from attempting to obtain control of us, which in turn could reduce the price of our

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common stock. In addition, as our Executive Chairman, Mr. Ogawa will influence decisions to maintain our existing management and directors in office, delay or prevent changes of control of our company, or support or reject other management and board proposals that are subject to stockholder approval, such as amendments to our employee stock plans and approvals of significant financing transactions.

Our certificate of incorporation and bylaws and Delaware law contain provisions that could discourage a third party from acquiring us and consequently decrease the market value of an investment in our common stock.

Our certificate of incorporation and bylaws and Delaware corporate law each contain provisions that could delay, defer or prevent a change in control of our company or changes in our management. Among other things, these provisions:

- authorize us to issue preferred stock that can be created and issued by the board of directors without prior stockholder approval, with rights senior to those of our common stock;
- permit removal of directors only for cause by the holders of a majority of the shares entitled to vote at the election of directors and allow only the directors to fill a vacancy on the board of directors;
- prohibit stockholders from calling special meetings of stockholders;
- prohibit stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders;
- allow the authorized number of directors to be changed only by resolution of the board of directors;
- establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by stockholders at a meeting;
- classify our board of directors into three classes so that only a portion of our directors are elected each year; and
- allow our directors to amend our bylaws.

These provisions could discourage proxy contests and make it more difficult for our stockholders to elect directors and take other corporate actions, which may prevent a change of control or changes in our management that a stockholder might consider favorable. In addition, Section 203 of the Delaware General Corporation Law may discourage, delay or prevent a change in control of us. Any delay or prevention of a change in control or change in management that stockholders might otherwise consider to be favorable could cause the market price of our common stock to decline.

Implementation of required public-company corporate governance and financial reporting practices and policies will increase our costs, and we may be unable to provide the required financial information in a timely and reliable manner.

The Securities and Exchange Commission, as directed by Section 404 of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act), adopted rules which will require us to include in our annual reports on Form 10-K an assessment by management of the effectiveness of our internal controls over financial reporting. In addition, our independent auditors must attest to and report on the effectiveness of such internal controls over financial reporting. Our management may not be able to effectively and timely implement controls and procedures that adequately respond to the increased regulatory compliance and reporting requirements that will be applicable to us as a public company. If we are not able to implement the requirements of the Sarbanes-Oxley Act in a timely manner or with adequate compliance, our independent auditors may not be able to attest as to the effectiveness of our internal controls over financial reporting. This result may subject us to adverse regulatory consequences, and could lead to a

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negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. We could also suffer a loss of confidence in the reliability of our financial statements if we disclose material weaknesses in our internal controls. In addition, if we fail to develop and maintain effective controls and procedures, we may be unable to provide the required financial information in a timely and reliable manner or otherwise comply with the standards applicable to us as a public company. Any failure by us to timely provide the required financial information could materially and adversely impact our financial condition and the market value of our stock.

We were previously a consolidated subsidiary of Interpool, and as such had previously implemented certain procedures to meet the standards applicable to public companies. Although we have taken a number of steps to implement effective controls and procedures, certain internal control deficiencies existed as of December 31, 2005 which constituted material weaknesses as defined by the Public Company Accounting Oversight Board. Certain complex transactions had not been accounted for properly in accordance with GAAP due to a lack of personnel with sufficient technical expertise. Although we believe that with the addition of our current Chief Financial Officer and additional accounting personnel we have corrected these material weaknesses in our controls and procedures and that as of December 31, 2006, there were no material weaknesses in our controls and procedures, it is possible that material weaknesses in our controls and procedures could develop in the future that could adversely impair our ability to accurately and timely report our financial results.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, principally in the sections entitled Summary, Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations, Industry and Business. Generally, you can identify these statements because they include words and phrases like expect, estimate, anticipate, predict, believe, think, plan, will, should, intend, seek, potent expressions and variations. These statements are only predictions. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy, and actual results may differ materially from those we anticipated due to a number of uncertainties, many of which cannot be foreseen. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including, among others, the risks we face that are described in the section entitled Risk Factors and elsewhere in this prospectus.

We believe it is important to communicate our expectations to our investors. There may be events in the future, however, that we are unable to predict accurately or over which we have no control. The risk factors listed on the previous pages, as well as any cautionary language in this prospectus, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Before you invest in our common stock, you should be aware that the occurrence of the events described in the previous risk factors and elsewhere in this prospectus could negatively impact our business, cash flows, results of operations, financial condition and stock price.

Forward-looking statements regarding our present plans or expectations for fleet size, management contracts, container purchases, sources and availability of financing, and growth involve risks and uncertainties relative to return expectations and related allocation of resources, and changing economic or competitive conditions, as well as the negotiation of agreements with container investors, which could cause actual results to differ from present plans or expectations, and such differences could be material. Similarly, forward-looking statements regarding our present expectations for operating results and cash flow involve risks and uncertainties relative to factors such as utilization rates, per diem rates, container prices, demand for containers by container shipping lines, supply and other factors discussed under Risk Factors or elsewhere in this prospectus, which also would cause actual results to differ from present plans. Such differences could be material.

All future written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. New risks and uncertainties arise from time to time, and we cannot predict those events or how they may affect us. We assume no obligation to update any forward-looking statements after the date of this prospectus as a result of new information, future events or developments, except as required by federal securities laws. You should read this prospectus completely and with the understanding that actual future results may be materially different from what we expect.

Industry data and other statistical information used in this prospectus are based on independent publications, government publications, reports by market research firms or other published independent sources. Some data are also based on our good faith estimates, derived from our review of internal surveys and the independent sources listed above. Although we believe these sources are reliable, we have not independently verified the information.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of common stock that we are selling in this offering will be approximately $78.6 million, after deducting underwriting discounts and commissions and estimated offering expenses and assuming an initial public offering price of $15.00 per share, which is the mid-point of the initial public offering price range as set forth on the cover of this prospectus. A $1.00 increase (decrease) in the assumed initial public offering price of $15.00 per share would increase (decrease) the net proceeds to us from this offering by $5.4 million (assuming the number of shares set forth on the cover of this prospectus remains the same).

On October 1, 2006, we repurchased 50.0% of our then-outstanding common stock from Interpool. In connection with this transaction, we incurred $80.5 million of indebtedness, $37.5 million of which was pursuant to a convertible subordinated note we issued to Interpool and the remainder of which was pursuant to borrowings under the revolving line of credit portion of our senior secured credit facility. Of this indebtedness, $77.5 million of the indebtedness was incurred to pay the purchase price for the common stock and $3.0 million was used to repay a subordinated note we had previously issued to Interpool.

We intend to use our net proceeds from this offering in the following manner:

- approximately $37.5 million to repay the convertible subordinated note issued to Interpool;

- approximately $17.5 million to repay the outstanding term loan under our senior secured credit facility; and

- the remainder to repay a portion of the amount outstanding under the revolving line of credit under our senior secured credit facility.

The $37.5 million note issued to Interpool bears interest at a rate of 7.87% per year for the first six months. Thereafter, the interest rate will increase by 1.00% for each six-month period that the principal amount of such note remains outstanding. The convertible subordinated note is due and payable on October 30, 2010. For additional information on this note, see Certain Relationships and Related-Party Transactions.

We borrowed $20.0 million under the term loan portion of our senior secured credit facility on October 2, 2006 to pay part of the cash portion of the purchase price payable to Interpool in connection with our repurchase of all of our common stock held by Interpool and our repayment of the remaining principal and interest on a subordinated note we had previously issued to Interpool. The term loan bears interest at variable rates based on the Eurodollar rate or a base rate described in our senior secured credit facility plus a margin that changes depending on certain financial criteria. The term loan is due and payable on September 30, 2010. As of March 31, 2007, the interest rate on the term loan was 7.57%.

In addition, we borrowed $23.0 million under the revolving line of credit portion of our senior secured credit facility on October 2, 2006 to pay part of the cash portion of the purchase price payable to Interpool in connection with our repurchase of all of our common stock held by Interpool. The revolving line of credit bears interest at variable rates based on the Eurodollar rate or a base rate described in our senior secured credit facility plus a margin that changes depending on certain financial criteria. The amounts outstanding under the revolving line of credit are due and payable on September 30, 2010. As of March 31, 2007, the interest rate on the amount outstanding under the revolving line of credit was 7.32%.

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DIVIDEND POLICY

We have never paid cash dividends on our common stock and we intend to retain our future earnings, if any, to fund the development and growth of our business. We therefore do not anticipate paying any cash dividends on our common stock in the foreseeable future. Our future decisions concerning the payment of dividends on our common stock will depend upon the results of our operations, our financial condition and our capital expenditure plans, as well as any other factors that our board of directors, in its sole discretion, may consider relevant. In addition, our existing indebtedness restricts, and our future indebtedness may restrict, our ability to pay dividends.

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CAPITALIZATION

The following table sets forth the following information with respect to our capitalization as of March 31, 2007:

- our actual capitalization as of March 31, 2007;
- adjustments to give effect to the following events (collectively referred to as the Conversion of Preferred Stock), all of which will occur immediately prior to the completion of this offering, as if such events had occurred on March 31, 2007:
  - conversion of all outstanding shares of Series A cumulative redeemable convertible preferred stock into 724,920 shares of common stock;
  - payment of all accrued dividends on the Series A cumulative redeemable convertible preferred stock; and
  - receipt of the repayment of the promissory notes (including all accrued and unpaid interest) issued to certain executive officers in connection with their purchase of our Series A cumulative redeemable convertible preferred stock;
- adjustments to give effect to the following events related to this offering (collectively referred to as the Offering) as if such events had occurred on March 31, 2007:
  - the sale by us of 5,800,000 shares of common stock in this offering at an assumed initial public offering price of $15.00 per share, which is the mid-point of the initial public offering price range as set forth on the cover of this prospectus;
  - receipt of our estimated net proceeds from this offering of $78.6 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us;
  - application of our estimated net proceeds of this offering to repay certain indebtedness as set forth in Use of Proceeds;
  - an amendment to our certificate of incorporation to increase our authorized preferred stock to 5,000,000 shares; and
- on a pro forma, as adjusted, basis to reflect all of the foregoing adjustments.

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You should read this table together with the discussion under Management s Discussion and Analysis of Financial Condition and Results of Operations, Certain Relationships and Related-Party Transactions, and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

	As of March 31, 2007			
	Actual	Adjustments for Conversion of Preferred Stock	Adjustments for the Offering	Pro Forma, As Adjusted
	(in thousands) (unaudited)			
Debt:				
Revolving line of credit[1]	$ 101,000		(23,600)	$ 77,400
Term loan	17,500		(17,500)	
Capital lease obligations	292			292
Convertible subordinated note payable	37,500		(37,500)	
Total debt[1]	156,292			77,692
Cumulative redeemable convertible preferred stock[2]	10,472	(10,472)		
Stockholders equity:				
Common stock[2]	1,260	10,472	78,600	90,332
Accumulated other comprehensive income	103			103
Retained earnings	24,440	(219)		24,221
Total stockholders equity[1]	25,803			114,656
Total capitalization	$ 192,567			$ 192,348

(1) Assuming the number of shares offered by us as set forth on the cover page of this prospectus remains the same, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, a $1.00 increase (decrease) in the assumed offering price per share would decrease (increase) long-term debt and total liabilities and increase (decrease) stockholders equity by $5.4 million.

(2) The following table summarizes our authorized and outstanding common and preferred stock on an actual basis, adjusted for the Conversion of Preferred Stock, adjusted for the Offering and on a pro forma, as adjusted basis.

	Actual	Adjusted for Conversion of Preferred Stock	Adjusted for the Offering	Pro Forma, As Adjusted
	(in thousands)			
Series A 10.5% cumulative redeemable convertible preferred stock, no par value				
Shares authorized	725	725		
Shares outstanding	725			
Undesignated preferred stock, par value $0.0001				
Shares authorized			5,000	5,000
Shares outstanding				
Common stock, par value $0.0001				
Shares authorized	84,000	84,000	84,000	84,000
Shares outstanding	10,584	11,309	17,109	17,109

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The foregoing table:

- includes the conversion of all outstanding shares of Series A cumulative redeemable convertible preferred stock into 724,920 shares of common stock, which will occur immediately prior to the completion of this offering, and the decrease in our authorized number of shares of Series A cumulative redeemable convertible preferred stock to 724,920 shares;

- excludes 36,876 shares of common stock subject to restricted stock grants under our 2007 Equity Incentive Plan that we intend to grant upon the pricing of this offering;

- excludes 546,120 shares of common stock issuable upon exercise of options with an exercise price equal to the public offering price in this offering which we intend to grant upon the pricing of this offering; and

- excludes 138,984 shares of common stock reserved for future issuance under our 2007 Equity Incentive Plan.

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DILUTION

If you invest in our common stock, your ownership interest will be diluted to the extent of the difference between the public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock immediately after this offering. Pro forma net tangible book value per share represents the amount of our total tangible assets less our total liabilities divided by the pro forma number of shares of common stock outstanding after this offering after giving retroactive effect to the events set forth below. The pro forma financial information set forth below reflects the receipt of net proceeds of $78.6 million from our sale of shares of common stock in this offering, assuming an initial public offering price of $15.00 per share, which is the mid-point of the initial public offering price range as set forth on the cover of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses and the application of the net proceeds to repay certain indebtedness as set forth in Use of Proceeds.

After giving effect to the offering and the conversion of all outstanding shares of our Series A cumulative redeemable convertible preferred stock into shares of our common stock, the pro forma net tangible book value of our common stock as of March 31, 2007 would have been $57.8 million, or approximately $3.38 per share. This represents an immediate increase in pro forma net tangible book value of $5.22 per share to existing stockholders and immediate dilution of $11.62 per share to new investors. Our operating results for the year ended March 31, 2007 on a pro forma, as adjusted basis are included in Unaudited Pro Forma Financial Information. The following table illustrates this per share dilution:

Initial public offering price		$ 15.00
Net tangible book value per share as of March 31, 2007	$ (1.84)	
Increase in net tangible book value per share attributable to new investors	5.22	
Pro forma, as adjusted net tangible book value after this offering		3.38
Dilution to new investors		$ 11.62

The following table presents as of March 31, 2007, the differences between the number of shares of common stock purchased from us, the total consideration paid to us and the assumed initial public offering price of $15.00 per share, which is the mid-point of the initial public offering price range as set forth on the cover of this prospectus.

	Shares Purchased		Total Consideration		Average Price per Share
	Number	Percent	Amount	Percent	
Existing stockholders	11,308,920	66.1%	$ 2,335,515	2.6%	$ 0.21
New investors	5,800,000	33.9%	87,000,000	97.4%	15.00
Total	17,108,920	100.0%	$ 89,335,515	100.0%	

The foregoing tables and calculations:

- include the conversion of all outstanding shares of Series A cumulative redeemable convertible preferred stock into 724,920 shares of common stock, which will occur immediately prior to the completion of this offering;

- exclude 36,876 shares of restricted stock that we intend to grant under our 2007 Equity Incentive Plan upon the pricing of this offering; and exclude 546,120 shares of common stock issuable upon the exercise of options under our 2007 Equity Incentive Plan that we intend to grant upon the pricing of this offering with an exercise price equal to the public offering price in this offering;

exclude 138,984 shares of common stock available for issuance under our 2007 Equity Incentive Plan.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

The selected financial data presented below under the heading Statement of Income Data for the years ended December 31, 2004 and 2005, the nine months ended September 30, 2006 and the three months ended December 31, 2006 and under the heading Balance Sheet Data as of December 31, 2005 and 2006 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected financial data presented below under the heading Statement of Income Data for the three months ended March 31, 2006 and 2007 and the selected financial data presented below under the heading Balance Sheet Data as of March 31, 2007 are unaudited and have been derived from our unaudited consolidated financial statements that are included elsewhere in this prospectus. In the opinion of management, all unaudited selected financial data presented below under the headings Statement of Income Data and Balance Sheet Data reflect all normal and recurring adjustments necessary to present fairly our results for and as of the periods presented. The selected financial data presented below under the heading Statement of Income Data for the years ended December 31, 2002 and 2003 and under the heading Balance Sheet Data as of December 31, 2002, 2003 and 2004 have been derived from our consolidated financial statements not included in this prospectus. We adopted FSP AUG AIR-1 effective January 1, 2007. As a result, we have retroactively adjusted our consolidated financial statements to reflect the direct expense method of accounting for maintenance, a method permitted under this Staff Position. The impact of the application of FSP AUG AIR-1 to our storage and handling expense was a $47,000 increase in the three months ended December 31, 2006, an increase of $179,000 for the nine months ended September 30, 2006, increases of $421,000 and $511,000 for 2005 and 2004, respectively, and decreases of $778,000 and $481,000 for 2003 and 2002, respectively. The operating data presented below under the heading Selected Operating Data are not audited. Historical results are not necessarily indicative of the results of operations to be expected in future periods. You should read the selected consolidated financial data and operating data presented below in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and with our consolidated financial statements and related notes included elsewhere in this prospectus.

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	Predecessor					Successor	Predecessor	Successor
	Year Ended December 31,				Nine Months Ended September 30,	Three Months Ended December 31,	Three Months Ended March 31,	Three Months Ended March 31,
	2002	2003	2004	2005	2006	2006	2006	2007
	(in thousands, except per share data)						(unaudited)	
Statement of Income Data:								
Revenue								
Container rental revenue	$ 38,514	$ 39,729	$ 45,855	$ 39,614	$ 24,228	$ 9,383	$ 8,062	$ 7,880
Management fee revenue	4,868	4,872	6,809	11,230	8,530	3,569	2,574	3,419
Gain on sale of container portfolios	5,102	3,289	13,420	9,913	8,365	5,392	1,932	2,895
Finance lease income	378	194	602	829	927	267	307	319
Total revenue	48,862	48,084	66,686	61,586	42,050	18,611	12,875	14,513
Operating Expenses								
Depreciation of container rental equipment	15,809	15,359	15,545	14,764	9,653	2,360	3,367	1,690
Amortization of intangible assets						307		308
Impairment of container rental equipment	4,231	989	275	572	270	81	237	119
Loss (gain) on disposition of used container equipment	145	(319)	(718)	(1,166)	(804)	(747)	(147)	(1,005)
Equipment rental expense	10,759	10,787	10,636	6,875	1,187	395	396	395
Storage, handling and other expenses	10,694	8,265	6,164	3,853	2,411	779	667	671
Marketing, general and administrative expenses	6,712	9,317	11,783	12,551	8,967	3,389	3,349	3,302
Total operating expenses	48,350	44,398	43,685	37,449	21,684	6,564	7,869	5,480
Operating income	512	3,686	23,001	24,137	20,366	12,047	5,006	9,033
Net interest expense	8,430	7,350	7,623	7,771	4,146	3,695	1,596	3,230
Income (loss) before income taxes	(7,918)	(3,664)	15,378	16,366	16,220	8,352	3,410	5,803
Income tax expense (benefit)	(2,600)	(1,015)	6,149	6,377	5,856	3,119	1,231	2,191
Net income (loss)	(5,318)	(2,649)	9,229	9,989	10,364	5,233	2,179	3,612
(Accretion) decretion of preferred stock		(476)	(641)	(713)	1,464	(6)	488	(5,572)
Net income (loss) available to common stockholders	$ (5,318)	$ (3,125)	$ 8,588	$ 9,276	$ 11,828	$ 5,227	$ 2,667	$ (1,960)

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	Predecessor					Successor	Predecessor	Successor
	Year Ended December 31,				Nine Months Ended September 30,	Three Months Ended December 31,	Three Months Ended March 31,	Three Months Ended March 31,
	2002	2003	2004	2005	2006	2006	2006	2007
	(in thousands, except per share data)						(unaudited)	
Net income (loss) per share available to common stockholders								
Basic	$ (0.25)	$(0.15)	$0.41	$0.44	$0.56	$0.49	$0.13	$(0.19)
Diluted	(0.25)	(0.15)	0.41	0.44	0.48	0.36	0.10	(0.19)
Weighted-average shares outstanding								
Basic	21,168	21,168	21,168	21,168	21,168	10,584	21,168	10,584
Diluted	21,168	21,168	21,168	21,168	21,735	16,270	21,772	10,584
Other Financial Data:								
EBITDA (unaudited)[1]	$16,487	$19,173	$38,644	$38,996	$30,094	$14,746	$8,398	$11,066
Purchase of containers	31,814	60,699	125,732	127,288	89,366	45,843	10,754	37,215
Net proceeds from sale of container portfolios	38,705	37,373	119,224	102,097	67,912	49,252	17,018	24,908

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	Predecessor				Successor	
	As of December 31,				As of December 31,	As of March 31,
	2002	2003	2004	2005	2006	2007
	(dollars in thousands)					(unaudited)
Balance Sheet Data:						
Cash	$ 4,618	$ 3,341	$ 5,532	$ 7,573	$ 20,359	$ 7,775
Container rental equipment, net	141,491	160,893	141,127	134,563	161,353	171,144
Net investment in direct finance leases	2,042	1,150	3,750	7,269	6,577	8,413
Total assets	174,453	193,098	181,958	180,661	283,000	283,757
Long-term debt	107,650	120,650	98,650	81,711	153,806	156,292
Total liabilities	155,958	176,321	154,289	141,308	250,345	247,482
Cumulative redeemable convertible preferred stock	237	1,600	3,847	6,358	4,900	10,472
Total stockholders equity	18,258	15,178	23,822	32,995	27,755	25,803
Selected Operating Data (unaudited):						
Managed fleet in TEUs(2)	268,075	307,056	416,254	456,076	483,333	511,000
Owned fleet in TEUs(2)	207,625	228,353	171,790	141,653	185,645	172,853
Total	475,700	535,409	588,044	597,729	668,978	683,853
Percentage of on-lease fleet on long-term leases	50.2%	60.0%	57.7%	64.7%	65.3%	70.5%
Percentage of on-lease fleet on short-term leases	48.9	38.7	41.2	33.5	32.8	27.6
Percentage of on-lease fleet on finance leases	0.9	1.3	1.1	1.8	1.9	1.9
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	Year Ended December 31,					Three Months Ended March 31,
	2002	2003	2004	2005	2006	2007
	(unaudited)					
Utilization rate(3)	73.8%	81.6%	89.8%	90.7%	90.6%	92.4%

(1) EBITDA is defined as net income (loss) before interest, income taxes, depreciation and amortization. We believe EBITDA is helpful in understanding our past financial performance as a supplement to net income (loss) and other performance measures calculated in conformity with GAAP. Our management believes that EBITDA is useful to investors in evaluating our operating performance because it provides a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies in our industry. EBITDA has limitations as an analytical tool and you should not consider it in isolation or as a substitute for any measure reported under GAAP. EBITDA s usefulness as a performance measure as compared to net income is limited by the fact that EBITDA excludes the impact of interest expense, depreciation and amortization expense and taxes. We borrow money in order to finance our operations; therefore, interest expense is a necessary element of our costs and ability to generate revenue. Similarly, our use of capital assets makes depreciation and amortization expense a necessary

footnotes continued on following page

element of our costs and ability to generate income. In addition, since we are subject to state and federal income taxes, any measure that excludes tax expense has material limitations. Moreover, EBITDA is not calculated identically by all companies; therefore our presentation of EBITDA may not be comparable to similarly titled measures of other companies. Due to these limitations, we use EBITDA as a measure of our performance only in conjunction with GAAP measures such as net income. The following table provides a reconciliation of EBITDA to net income, the most comparable performance measure under GAAP:

	Predecessor					Successor	Predecessor	Successor
	Year Ended December 31,				Nine Months Ended	December 31,	Three Months Ended	
	2002	2003	2004	2005	September 30, 2006	2006	March 31, 2006	March 31, 2007
					(in thousands)			
					(unaudited)			
Net income (loss)	$ (5,318)	$ (2,649)	$ 9,229	$ 9,989	$ 10,364	$ 5,233	$ 2,179	$ 3,612
Add:								
Net interest expense	8,430	7,350	7,623	7,771	4,146	3,695	1,596	3,230
Depreciation	15,975	15,487	15,643	14,859	9,728	2,392	3,392	1,725
Amortization of intangible assets						307		308
Income tax expense (benefit)	(2,600)	(1,015)	6,149	6,377	5,856	3,119	1,231	2,191
EBITDA	$ 16,487	$ 19,173	$ 38,644	$ 38,996	$ 30,094	$ 14,746	$ 8,398	$ 11,066

(2) Reflects the total number of TEUs included in our managed or owned fleet, as applicable, as of the end of the period indicated, including units held for sale and units held at the manufacturer that we have purchased.

(3) Reflects the average number of TEUs in our fleet on lease as a percentage of total TEUs available for lease. In calculating TEUs available for lease, we exclude units held for sale and units held at the manufacturer that we have purchased. The utilization rate for a period is calculated by averaging the utilization rates at the end of each calendar month during the period. See Management s Discussion and Analysis of Financial Condition and Results of Operations for a discussion of the calculation of our utilization rate.

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UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information has been derived by the application of pro forma adjustments to our historical consolidated financial statements included elsewhere in this prospectus. The pro forma statement of income for the year ended December 31, 2006 gives pro forma effect to the following items as if they had occurred on January 1, 2006: (1) our repurchase of Interpool s 50.0% interest in our common stock; (2) repayment of a subordinated note we had previously issued to Interpool; (3) termination of a warrant to purchase our common stock held by Interpool; (4) issuance by us of a convertible subordinated note to Interpool for a principal amount of $37.5 million; (5) our borrowing of $20.0 million under the term loan portion of our senior secured credit facility and $23.0 million under the revolving line of credit portion of such facility ((1) to (5) collectively, the Interpool Transaction); (6) the Conversion of Preferred Stock; and (7) the Offering. The pro forma statement of income for the three months ended March 31, 2007 gives pro forma effect to the following items as if they had occurred on January 1, 2007 and the pro forma balance sheet data as of March 31, 2007 gives pro forma effect to the following items as if they had occurred on such date: (1) the Conversion of Preferred Stock; and (2) the Offering.

In connection with the Interpool Transaction we have applied pushdown accounting in accordance with SAB No. 54 and accounted for the purchase as a step acquisition in accordance with SFAS No. 141, which requires fair value adjustments to the historical bases in our assets and liabilities. Accordingly, we conducted a valuation of our assets and liabilities as of October 1, 2006.

The pro forma adjustments for the Interpool Transaction reflect 50.0% of the book value of our identifiable net assets as of September 30, 2006 (in proportion to Mr. Ogawa s beneficial ownership of our common stock prior to the Interpool Transaction) and 50.0% of the fair value of our identifiable net assets as of October 1, 2006 (in proportion to the change in Mr. Ogawa s beneficial ownership of our common stock as a result of the Interpool Transaction). These pro forma adjustments are based on our valuation of our tangible and intangible assets and upon assumptions that our management believes to be reasonable.

The unaudited pro forma financial information is for informational purposes only and should not be considered indicative of actual results that would have been achieved had the Interpool Transaction, the Conversion of Preferred Stock and the Offering been completed on the date indicated and does not purport to be indicative of results of operations as of any future dates or for any future period. The unaudited pro forma financial information should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements and the notes thereto included elsewhere in this prospectus.

The primary pro forma effects of the application of SAB No. 54 and SFAS No. 141 are as follows:

- a pro forma increase in the net value of container rental equipment of $334,000, resulting in a pro forma increase in annual depreciation expense of $32,000;

- a pro forma recognition of $7.4 million of intangible assets, resulting in the pro forma recognition of annual amortization expense of $1.2 million;

- a pro forma increase in outstanding indebtedness of $77.5 million, resulting in a pro forma increase in annual interest expense of $7.3 million. We intend to repay this additional indebtedness with our net proceeds from this offering. As a result, we do not expect to incur this additional interest expense in periods following the offering; and

- a pro forma reduction in income before income taxes as a result of these pro forma increases in expenses, resulting in a pro forma reduction in our income tax expense.

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These pro forma adjustments do not give effect to the increased expenses we will incur as a public company.

Unaudited Pro Forma Condensed Consolidated Statement of Income

				Year Ended December 31, 2006			
	Nine Months Ended September 30, 2006	Adjustments for Interpool Transaction	Three Months Ended December 31, 2006	Pro Forma	Adjustments for Conversion of Preferred Stock	Adjustments for the Offering	Pro Forma, As Adjusted
			(in thousands, except per share data) (unaudited)				
Total revenue	$ 42,050		$ 18,611	$ 60,661			$ 60,661
Operating expenses							
Depreciation of container rental equipment	9,653	24(1)	2,360	12,037			12,037
Amortization of intangible assets		921(2)	307	1,228			1,228
Other operating expenses	12,031		3,897	15,928			15,928
Total operating expenses	21,684		6,564	29,193			29,193
Operating income	20,366		12,047	31,468			31,468
Net interest expense	4,146	5,450(3)	3,695	13,291		(7,267)(6)	6,024
Income before income taxes	16,220		8,352	18,177			25,444
Income tax expense	5,856	(2,334)(4)	3,119	6,640		2,652(4)	9,292
Net income	10,364		5,233	11,537			16,152
Decretion (accretion) of preferred stock	1,464		(6)	1,458	(1,458)		
Net income available to common stockholders	$ 11,828		$ 5,227	$ 12,995			$ 16,152
Net income per share available to holders of common stock							
Basic	$ 0.56		$ 0.49				$ 0.94
Diluted	0.48		0.36				0.94
Weighted-average shares outstanding							
Basic	21,168	(10,584)(5)	10,584		725	5,800	17,109
Diluted	21,735	(5,465)(5)	16,270				17,109(7)

(1) Adjustment reflects a proportionate increase in depreciation expense due to the 0.2% increase in our net balance of container rental equipment.

(2) Reflects the straight line amortization on $7.4 million of intangible assets primarily comprising relationships with container shipping lines and container investors, trademarks and software over the estimated period of remaining economic benefit for each category of intangible assets ranging from three to ten years.

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(3) Reflects the change in interest expense as a result of the incremental $77.5 million in debt incurred by us to finance our repurchase of all our shares of common stock owned by Interpool. Details as follows:

		Nine Months Ended September 30, 2006 (in thousands) (unaudited)
Interest expense on the $37.5 million convertible subordinated note issued to Interpool at an average interest rate of 11.46%	$	3,223
Interest expense on the additional $20.0 million we borrowed under the revolving line of credit portion of our senior secured credit facility at 7.0% interest		1,050
Interest expense on the $20.0 million term loan portion of our senior secured credit facility at 7.25% interest and an average balance of $17.5 million		952
Amortization expense on the $1.2 million debt issuance cost incurred relating to the revolving credit facility and term loan		225
Pro forma adjustment	$	5,450

(4) Reflects (increased) reduced state and federal income tax expense at a 36.5% tax rate as a result of the change in taxable profit due to the amortization of intangible assets, changes to depreciation expense and changes to interest expense for the period.

(5) Represents shares repurchased and retired as a result of the Interpool Transaction and, on a diluted basis, includes the dilutive effect of the convertible subordinated note payable to Interpool.

(6) Adjustments assume that we receive net proceeds of $78.6 million from the offering. The adjustments to net interest expense and income tax expense and the resulting pro forma, as adjusted net interest expense, income tax expense, net income and net income available to common stockholders will vary in the event the amount of net proceeds we receive from the offering is higher or lower. The adjustment for net interest expense reflects the repayment of the incremental $77.5 million in debt incurred by us to finance our repurchase of all our shares of common stock owned by Interpool. Details as follows:

		Year Ended December 31, 2006 (in thousands) (unaudited)
Interest expense on the $37.5 million convertible subordinated note issued to Interpool at an average interest rate of 11.46%	$	4,298
Interest expense on the additional $20.0 million we borrowed under the revolving line of credit portion of our senior secured credit facility at 7.0% interest		1,400
Interest expense on the term loan portion of our senior secured credit facility at 7.25% interest with an average balance of $17.5 million		1,269
Amortization expense on the $1.2 million debt issuance cost incurred relating to the revolving credit facility and term loan		300
Pro forma adjustment	$	7,267

(7) After giving effect to the conversion of the preferred stock and repayment of the subordinated convertible debt, we had no dilutive instruments, and as a result, there is no dilution to the pro forma as adjusted shares. Adjustments have not been made to reflect any future grants of options or restricted stock, including the grants we plan to make upon the pricing of this offering.

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Unaudited Pro Forma Condensed Consolidated Statement of Income

	Three Months Ended March 31, 2007			
	Actual	Adjustments for Conversion of Preferred Stock	Adjustments for the Offering[1]	Pro Forma, As Adjusted
	(in thousands, except per share data) (unaudited)			
Total revenue	$ 14,513			$ 14,513
Operating expenses				
Depreciation of container rental equipment	1,690			1,690
Amortization of intangible assets	308			308
Other operating expenses	3,482			3,482
Total operating expenses	5,480			5,480
Operating income	9,033			9,033
Net interest expense	3,230		(1,839)[2]	1,391
Income before income taxes	5,803			7,642
Income tax expense	2,191		671[3]	2,862
Net income	3,612			4,780
Accretion of preferred stock	(5,572)	5,572		
Net income available to common stockholders	$ (1,960)			$ 4,780
Net income per share available to common stockholders				
Basic	$ (0.19)			$ 0.28
Diluted	(0.19)			0.28
Weighted-average shares outstanding				
Basic	10,584	725	5,800	17,109
Diluted	10,584			17,109[4]

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(1) Adjustments assume that we apply net proceeds of $77.5 million from the offering to repay debt. Any additional net proceeds that we receive will also be applied to repay debt. The adjustments to net interest expense and income tax expense and the resulting pro forma, as adjusted net interest expense, income tax expense, net income and net income available to common stockholders will vary based on the actual amount of net proceeds we receive from the offering.

(2) Reflects the change in interest expense from repaying the incremental $77.5 million in debt incurred by us to finance our repurchase of all our shares of common stock owned by Interpool with the proceeds of the offering. Details as follows:

	Three Months Ended March 31, 2007 (in thousands) (unaudited)
Interest expense incurred on the $37.5 million convertible subordinated note issued to Interpool at an average interest rate of 11.46%	$ 1,074
Interest expense on the additional $20.0 million we borrowed under the revolving line of credit portion of our senior secured credit facility at 7.0% interest	350
Interest expense incurred on the term loan portion of our senior secured credit facility at 7.25% interest and an average balance of $18.75 million	340
Amortization expense on the $1.2 million debt issuance cost incurred relating to the revolving credit facility and term loan	75

Pro forma adjustment	$	1,839

(3) Reflects (increased) reduced state and federal income tax expense at a 36.5% tax rate as a result of the change in taxable profit due to the (incremental) reduced interest expense for the period.

(4) The actual weighted average diluted shares exclude 5,767,000 potential shares of common stock because their effect would have been anti-dilutive. After giving effect to the conversion of the preferred stock and repayment of the subordinated convertible note, we had no dilutive instruments, and as a result, there is no dilution to the pro forma as adjusted shares. Adjustments have not been made to reflect any future grants of options or restricted stock, including the grants we plan to make upon the pricing of this offering.

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Pro Forma Condensed Consolidated Balance Sheet

	As of March 31, 2007			
	Actual	Adjustments for Conversion of Preferred Stock(1)	Adjustments for the Offering(2)	Pro Forma, As Adjusted
	(in thousands) (unaudited)			
Assets				
Cash	$ 7,775	(219)		$ 7,556
Container rental equipment, net of accumulated depreciation	171,144			171,144
Furniture, fixtures and equipment, net of accumulated depreciation	469			469
Intangible assets, net of accumulated amortization	6,865			6,865
Goodwill	50,247			50,247
Other assets	47,257			47,257
Total assets	$ 283,757			$ 283,538
Liabilities, Cumulative Redeemable Convertible Preferred Stock and Stockholders Equity				
Revolving line of credit	$ 101,000		(23,600)	$ 77,400
Term loan	17,500		(17,500)	
Capital lease obligation	292			292
Convertible subordinated note	37,500		(37,500)	
Deferred income tax liability	24,372			24,372
Other liabilities	66,818			66,818
Total liabilities	247,482			168,882
Series A 10.5% cumulative redeemable convertible preferred stock	11,660	(11,660)		
Note receivable on preferred stock	(1,188)	1,188		
	10,472			
Stockholders equity				
Common stock	1,260	10,472	78,600	90,332
Accumulated other comprehensive income	103			103
Retained earnings	24,440	(219)		24,221
Total stockholders equity	25,803			114,656
Total liabilities and stockholders equity	$ 283,757			$ 283,538

(1) Reflects the preferred stock accretion and conversion to common at the fair value of the mid-point of the initial public offering price range as set forth on the cover of this prospectus and the payment of accrued dividends less accrued interest related to the promissory notes issued in connection with the purchase of the preferred stock.

(2) Represents assumed net proceeds from this offering after deducting underwriting discounts and commissions and estimated offering expenses and the application of the net proceeds to repay certain indebtedness as set forth in Use of Proceeds.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited and unaudited consolidated financial statements and related notes, as well as the unaudited pro forma financial statements included elsewhere in this prospectus. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results may differ materially from those contained in or implied by any forward-looking statements. See Special Note Regarding Forward-Looking Statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in Risk Factors.

Prior to October 1, 2006, we had two principal stockholders, each of whom beneficially owned 50.0% of our outstanding common stock. These stockholders were our Executive Chairman, Hiromitsu Ogawa, and Interpool. On October 1, 2006, we repurchased 10,584,000 shares, or 50.0% of our then-outstanding common stock held by Interpool. The repurchase resulted in an increase in the percentage of our outstanding common stock held by Mr. Ogawa from 50.0% to 100.0%. In connection with this transaction we have applied pushdown accounting in accordance with SAB No. 54 and accounted for the purchase as a step acquisition in accordance with SFAS No. 141. Due to the application of pushdown accounting and step acquisition accounting in our financial statements, our financial condition and results of operations after September 30, 2006 will not be comparable in some respects to our financial condition and results of operations reflected in our historical financial statements as of dates or for periods prior to October 1, 2006. The consolidated balance sheet and statement of income data in this prospectus prior to October 1, 2006, refer to the Predecessor company and this period is referred to as the pre-repurchase period, while the consolidated balance sheet and statement of income data on and subsequent to October 1, 2006 refer to the Successor company and the period is referred to as the post-repurchase period. A line has been drawn between the accompanying financial statements to distinguish between the pre-repurchase and post-repurchase periods.

The financial information included in this discussion and in our consolidated financial statements may not be indicative of our consolidated financial position, operating results, changes in equity and cash flows in the future, or what they would have been had our equity structure not changed during the periods presented.

Overview

We are one of the world s leading container leasing and management companies. We believe that our share of the worldwide leased container fleet, as measured in TEUs, increased from approximately 4.3% as of mid-1998 to 6.3% as of mid-2006, representing the seventh largest fleet of leased containers in the world. We purchase new containers, lease them to container shipping lines and either retain them as part of our owned fleet or sell them to container investors for whom we then provide management services. In operating our fleet, we lease, re-lease and dispose of containers and contract for the repair, repositioning and storage of containers. As of March 31, 2007, our fleet comprised 684,000 TEUs, 74.7% of which represented our managed fleet and 25.3% of which represented our owned fleet.

We plan to increase both the number of owned containers as well as the number of managed containers in our fleet. As a result of this offering and the resulting incremental borrowing capacity under our senior secured credit facility, we expect to purchase approximately $150.0 million to $200.0 million of new containers in 2007. During the three months ended March 31, 2007, we paid $37.2 million to purchase new containers. We believe it is important to maintain a balance between the size of our owned fleet and our managed fleet to preserve our strength of having multiple sources of revenue.

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Our business comprises two reportable segments for financial statement reporting purposes container management and container leasing. Our container leasing segment revenue comprises container rental revenue and finance lease income from our owned fleet and our container management segment revenue comprises gain on sale of container portfolios and management fee revenue for managing containers for container investors. For the three months ended March 31, 2006 and 2007, our container leasing segment generated income before income taxes of $1.4 million and $2.0 million, respectively, and our container management segment generated income before income taxes of $2.0 million and $3.8 million, respectively.

Our revenue depends primarily upon a combination of: (1) the number of containers in our fleet; (2) the utilization level of containers in our fleet; and (3) the per diem rates charged under each container lease. These factors directly affect the amount of our container rental revenue and indirectly affect the amount of our management fee revenue. The number of TEUs in our fleet varies over time as we purchase new containers based on prevailing market conditions during the year, sell portfolios of containers to container investors and sell used containers to parties in the secondary resale market. The timing of our orders and the actual number of TEUs we order at any one time are based upon our expectations for the three to six months following our order regarding demand for containers, new container prices, per diem rates, interest rates, container investor interest in purchasing leased containers and competitive conditions. The time between the date we take delivery of a container and the date we begin to recognize revenue from a container can vary substantially. If we take delivery of a container before we are able to lease it, our operating results could be adversely affected until the container is either leased or sold.

Our net income will fluctuate based, in part, upon changes in the proportion of our revenue from our container management segment and the proportion of our revenue from our container leasing segment. We incur significantly lower operating expenses in connection with the revenues from our container management segment as compared to the operating expenses associated with revenues from our container leasing segment. In particular, we recognize an insignificant amount of operating expense in connection with our gain on sale of container portfolios. As a result, a change in the amount of revenues from our container management segment typically will have a disproportionately larger impact on our net income than an equal change in the amount of revenue from our container leasing segment.

From April 1998 through September 2006, 50.0% of our common stock was owned by Mr. Ogawa and his family and 50.0% of our common stock was owned by Interpool. On October 1, 2006, we acquired Interpool s 50.0% interest in our common stock for $77.5 million. We paid $40.0 million of cash and issued a convertible subordinated note to Interpool in the aggregate principal amount of $37.5 million. We will repay the note to Interpool out of the net proceeds we receive from this offering. Also, in connection with the repurchase of our common stock from Interpool, we repaid the outstanding $3.0 million balance on a subordinated note we had previously issued to Interpool, terminated a warrant held by Interpool to purchase our common stock and entered into a new container management agreement with Interpool. As a result of our repurchase of our common stock from Interpool and the resulting increase in Mr. Ogawa s beneficial ownership of common stock from 50.0% to 100.0%, we applied pushdown accounting in accordance with SAB No. 54 and accounted for the purchase as a step acquisition in accordance with SFAS No. 141. For additional information on the impact of step acquisition accounting, see Unaudited Pro Forma Financial Information. Due to the application of pushdown accounting and step acquisition accounting in our financial statements, our financial condition and results of operations after September 30, 2006 will not be comparable in some respects to our financial condition and results of operations reflected in our historical financial statements as of dates or for periods prior to October 1, 2006.

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Factors Affecting Our Performance

We believe there are a number of factors that have affected, and are likely to continue to affect, our operating performance. These factors include the following, among others:

- the strength of global and regional economies generally and the volume of global trade;
- changes in the amount of gain we can realize on sales of portfolios of leased containers to container investors;
- changes in demand for container leases;
- changes in the mix of short-term versus long-term leases;
- changes in the per diem rates for leases;
- changes in the number of containers in our owned fleet;
- defaults by container lessees;
- economic disruptions, health scares, financial turmoil and political instability;
- terrorism, or the threat of terrorism, violence or hostilities that affect the flow of world trade and the demand for containers;
- the development of emerging economies in Asia and other parts of the world and the resulting change in trade patterns;
- fluctuations in interest rates; and
- increased competition.

For further details of these and other factors which may affect our business and results of operations, see Risk Factors.

Key Financial Metrics

Utilization. We measure utilization on the basis of TEUs on lease expressed as a percentage of our total fleet available for lease. We calculate TEUs available for lease by excluding containers that have been manufactured for us but have not been delivered and containers designated as held-for-sale units. We calculate our utilization rate for a period by averaging the utilization rates at the end of each calendar month during the period. Our utilization is primarily driven by the overall level of container demand, the location of our available containers and the quality of our relationships with container lessees. The location of available containers is critical because containers available in high-demand locations are more readily leased and are typically leased on more favorable terms than containers available in low-demand locations.

The container leasing market is highly competitive. As such, our relationships with our container lessees are important to ensure that container shipping lines continue to select us as one of their providers of leased containers. Our average fleet utilization rate was 89.8% for the year ended December 31, 2004, 90.7% for the year ended December 31, 2005, 90.6% for the year ended December 31, 2006, and 92.4% for the three months ended March 31, 2007. The overall increase in our utilization rate since the beginning of 2004 was primarily attributable to a significant increase in world trade, as measured by container port handling in TEUs, which grew by 39.5% from 2003 to 2006 according to *The Drewry Annual Container Market Review and Forecast 2006/2007*. In addition, there has been strong growth in overall container ship capacity to meet the increased trade demands. According to Drewry, container ship capacity has increased by 43.6% from 6.5 million TEUs in 2003 to 9.4 million TEUs in 2006.

Per Diem Rates. The per diem rate for a lease is set at the time we enter into a lease agreement. Our long-term per diem rate has historically been strongly influenced by new container pricing (which in turn is heavily influenced by steel and other component pricing), interest rates, the balance of supply and demand for containers at a particular time and location, our estimate of the residual value of the container at the end of the lease, the type and age of the container being leased, purchasing activities of containers by container shipping lines and efficiencies in container utilization by container shipping lines. Average per diem rates for containers in our owned fleet and in the portfolios of containers comprising our managed fleet change only slightly in response to changes in new container prices because existing lease agreements can only be re-priced upon the expiration of the lease. Average per diem rates per TEU for long-term leases for our total fleet decreased by 1.6% for the year ended December 31, 2004 as compared to the year ended December 31, 2003, increased by 3.7% for the year ended December 31, 2005 as compared to the year ended December 31, 2004 and increased by 1.2% for the year ended December 31, 2006, as compared to the year ended December 31, 2005. For the three months ended March 31, 2007 average per diem rates for long-term leases were approximately 1.3% higher than for the three months ended March 31, 2006. Average per diem rates per TEU for short-term leases in our total fleet decreased by 0.2% for the year ended December 31, 2004 as compared to the year ended December 31, 2003, increased by 1.5% for the year ended December 31, 2005 as compared to the year ended December 31, 2004 and decreased by 4.2% for the year ended December 31, 2006 as compared to the year ended December 31, 2005. For the three months ended March 31, 2007 average per diem rates for short-term leases were approximately 3.5% lower than the three months ended March 31, 2006.

Revenue

Our revenue comprises container rental revenue, management fee revenue, gain on sale of container portfolios and finance lease income.

Container Rental Revenue. We generate container rental revenue by leasing our owned containers to container shipping lines. Container rental revenue comprises monthly lease payments due under the lease agreements together with payments for other charges set forth in the leases, such as handling fees, drop-off charges and repair charges. The operating results of our owned container business are determined by the amount by which our container rental revenue exceeds our ownership costs, consisting primarily of depreciation, equipment rental expense, interest expense, storage, handling and other expenses and related marketing, general and administrative expenses.

Management Fee Revenue. Management fee revenue is generated by our management services, which include the leasing, re-leasing, repair, repositioning, storage and disposition of containers. We provide these management services pursuant to management agreements with container investors that purchase portfolios of containers from us. Under these agreements, we earn fees for the management of the containers and a commission, or managed units sales fee, upon disposition of containers under management. The management agreements typically have terms of eight to 12 years. Our management fees are calculated as a percentage of net operating revenue for each managed container, which is calculated as the lease payment and any other revenue attributable to a specific container owned by the container investor under a lease minus operating expenses related to the container but does not include the container investor s depreciation or financing expense. The management fee percentage varies based upon the type of lease and the terms of the management agreement. Management fee percentages for long-term leases are generally lower than management fee percentages for short-term leases because less expertise is required to manage long-term leases. The managed units sales fees are equal to a fixed dollar amount or based upon a percentage of the sales price.

Gain on Sale of Container Portfolios. Gain on sale of container portfolios is generated when we sell containers, most of which are on lease at the time of sale, to container investors. Historically, we have entered into management agreements with container investors to manage the portfolios of containers that we have sold to them. The amount of revenue we recognize on these sales of containers is equal to the difference between the cash we receive from container investors and the net book value of the containers sold. We rely upon our borrowing capacity under our senior secured credit facility for the flexibility to hold

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containers until we sell them to container investors. We have historically been able to sell leased containers to container investors at a gain, and we have typically recognized higher revenue from gain on sale of container portfolios in periods of rising container prices. Because we enter into firm purchase orders for containers before we begin finding lessees for the containers, there is a risk that the time necessary to lease these containers may be much longer than we anticipate or that the price that container investors are willing to pay for portfolios of containers may decline before we take delivery. The price that a container investor is willing to pay for a portfolio of containers depends on a number of factors, including the historical and future expected cash flows from the portfolio to the container investor, the credit ratings of the lessees, the mix of short-term and long-term leases, the number of TEUs in the portfolio, the timing of the sale and alternative investment opportunities available to the container investor. If any of these factors change unexpectedly during the period between the date of our purchase order to the date a container investor purchases the container from us, we may recognize a lower gain on sale of the containers to investors, sell them to container investors at a loss or retain them as part of our owned fleet.

Finance Lease Income. A small percentage of our total fleet is subject to finance leases. Under a finance lease, the lessee s payment consists of principal and interest components. The interest component is recognized as finance lease income. Lessees under our finance leases have the substantive risks and rewards of container ownership and the right to purchase the containers at the end of the lease term for a nominal amount.

Operating Expenses

Our operating expenses are depreciation of container rental equipment, impairment of container rental equipment, equipment rental expense, storage, handling and other expenses applicable to our owned containers as well as marketing, general and administrative expenses for our total fleet.

We depreciate most of our containers on a straight line basis over a period of 12.5 years to a fixed residual value. We regularly assess both the estimated useful life of our containers and the expected residual values, and, when warranted, adjust our depreciation estimate accordingly. Depreciation of container rental equipment expense will vary over time based upon the number and the purchase price of containers in our owned fleet. Beginning in the fourth quarter of 2006 depreciation of our existing owned fleet decreased as a result of an increase in our estimates of the residual values of our containers. In the three months ended March 31, 2007 our depreciation expense was $1.7 million using our revised residual value estimates as compared to $3.4 million during the three months ended March 31, 2006. However, any future decrease in depreciation expense which may result from our revised residual value estimates could be partially or totally offset by an increase in the size of our owned fleet in subsequent periods.

Beginning October 1, 2006, our operating expenses include amortization of intangible assets due to the allocation to intangible assets of a portion of the purchase price paid to Interpool when we acquired Interpool s 50.0% interest in our common stock and the application of pushdown and step acquisition accounting. Our intangible assets primarily comprise relationships with container shipping lines and container investors, trademarks and software. We amortize these intangible assets on a straight line basis over the estimated period of remaining economic benefit for each category of intangible assets, ranging from three to ten years. See Unaudited Pro Forma Financial Information.

Impairment of container rental equipment is recognized in accordance with Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS No. 144). Under SFAS No. 144, if the carrying amount of a container available for sale exceeds the estimated future cash flows from that container, we recognize an impairment charge equal to the amount by which the carrying amount of the asset exceeds the fair value of the asset. See Critical Accounting Policies and Estimates.

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Equipment rental expense represents the amount that we pay to third parties to lease containers that we sublease to container shipping lines. As of December 31, 2006, approximately 6,500 TEUs in our fleet were leased to us. We do not intend to renew these leases and expect equipment rental expenses to decrease through the second quarter of 2008, at which point our existing leases for these containers will terminate. We intend to exercise purchase options at the end of the rental periods. As a result, we do not expect a decline in revenue from the expiration of the rental agreements. We will incur additional interest and depreciation expense, though the combined expense is expected to be lower than our current level of equipment rental expense.

Storage, handling and other expenses are operating costs of our owned fleet. Storage and handling expenses occur when container shipping lines drop off containers at depots around the world. Storage and handling expenses vary significantly by location. Other expenses include repair expenses, which are the result of normal wear and tear on the containers, and repositioning expenses, which are incurred when we contract to move containers from locations where our inventories exceed actual or expected demand to locations with higher demand. Storage, handling and other expenses are directly related to the number of containers in our owned fleet and inversely related to our utilization rate for those containers. As utilization increases, we typically have lower storage, handling and repositioning expenses.

On September 8, 2006, the FASB posted the Staff Position (FSP), *Accounting for Planned Major Maintenance Activities* (FSP AUG AIR-1). FSP AUG AIR-1 amends certain provisions in the AICPA Industry Audit Guide, *Audits of Airlines*, and APB Opinion No. 28, *Interim Financial Reporting*. FSP AUG AIR-1 prohibits the use of the currently allowed accrue-in-advance method of accounting for planned major maintenance activities in annual and interim financial statements. This guidance is effective for the first fiscal period beginning after December 15, 2006, and shall be applied retrospectively for all financial statements presented, unless impracticable to do so.

Our leases require the lessee to pay for any damage to the container beyond normal wear and tear at the end of the lease term. We also offer a damage protection plan (DPP) pursuant to which the lessee pays an upfront fee in exchange for not being charged for certain damages at the end of the lease term. For containers not subject to a DPP, we currently accrue for repairs once we have made the decision to repair the container, which is made in advance of us incurring the repair obligation. For containers covered by a DPP, we account for periodic maintenance and repairs on an accrual basis. We implemented FSP AUG AIR-1 as of January 1, 2007 with application retrospectively to all comparable prior periods presented. The financial information included in this prospectus reflects the adoption of FSP AUG-AIR-1. The impact of the application of FSP AUG AIR-1 to our storage and handling expense was a $47,000 increase in the three months ended December 31, 2006, an increase of $179,000 for the nine months ended September 30, 2006, increases of $421,000 and $511,000 for 2005 and 2004, respectively, and decreases of $778,000 and $481,000 for 2003 and 2002, respectively.

Our marketing, general and administrative expenses are primarily employee-related costs such as salary, bonus and commission expense, employee benefits, rent, allowance for doubtful accounts and travel and entertainment costs, as well as expenses incurred for outside services such as legal, consulting and audit-related fees. We expect marketing, general and administrative expenses to be higher in the future as we incur additional costs related to operating as a public company.

On October 1, 2006, we recognized $50.9 million of goodwill as a result of our repurchase of shares of our common stock from Interpool. The purchase price was based on forecasts and assumptions made on our future cash flows and not on our net asset values on the closing date. Goodwill is the amount paid for the common stock above the fair value of tangible and intangible net assets in the transaction. Goodwill represents the estimated fair value of expected cash flows from subsequently acquired containers that we either (1) retain and lease to container lessees as part of our owned fleet; or (2) sell to

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container investors and manage on their behalf. Pursuant to SFAS No. 142, *Goodwill and Other Intangible Assets*, we evaluate goodwill for impairment annually, or more frequently if circumstances indicate an impairment of goodwill has occurred, using the market or income approach. If circumstances suggest that those assumptions and forecasts of cash flows will not materialize, we will impair the carrying value of our goodwill to our estimate of the then fair market value of those future cash flows. In such an instance, the full impairment expense will be reported at the time of determination and will result in a decrease in net income or an increase in net loss.

Our operating expenses are offset by gain on disposition of used container equipment. This gain is the result of our sale of older used containers in the secondary resale market and is the difference between: (1) the cash we receive for these units, less selling expenses; and (2) the net book value of the units.

Results of Operations

Three Months Ended March 31, 2007 Compared to Three Months Ended March 31, 2006

The following table summarizes our operating results for the three months ended March 31, 2006 and 2007:

	Predecessor	Successor	Percent
	Three Months Ended March 31,		
	2006	2007	Change
	(in thousands) (unaudited)		
Total revenue	$ 12,875	$ 14,513	12.7%
Operating expenses	7,869	5,480	(30.4)
Net income	2,179	3,612	65.8

Total revenue of $14.5 million for three months ended March 31, 2007 was $1.6 million, or 12.7%, higher than total revenue of $12.9 million for the three months ended March 31, 2006 due to an increase in management fee revenue and gain on sale of container portfolios of $845,000 and $963,000, respectively. Net income increased $1.4 million, or 65.8%, to $3.6 million for three months ended March 31, 2007 from $2.2 million for the three months ended March 31, 2006. The $1.4 million increase in net income was principally due to the increase in total revenue and a $2.4 million, or 30.4% decrease, in operating expenses in the three months ended March 31, 2007 as compared to the three months ended March 31, 2006.

Revenue. The following table summarizes the changes in the components of our total revenue for the three months ended March 31, 2006 and 2007:

	Predecessor	Successor	Percent	As a Percent of Total Revenue	
				Predecessor	Successor
	Three Months Ended March 31,			Three Months Ended March 31,	
	2006	2007	Change	2006	2007
	(in thousands) (unaudited)				
Container rental revenue	$ 8,062	$ 7,880	(2.3)%	62.6%	54.3%
Management fee revenue	2,574	3,419	32.8	20.0	23.6
Gain on sale of container portfolios	1,932	2,895	49.8	15.0	19.9
Finance lease income	307	319	3.9	2.4	2.2
Total revenue	$ 12,875	$ 14,513	12.7	100.0%	100.0%

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Container Rental Revenue. Container rental revenue decreased $182,000, or 2.3%, to $7.9 million for the three months ended March 31, 2007 from $8.1 million for the three months ended March 31, 2006. The decrease in container rental revenue was principally due to a 2.5% decrease in our average per diem rates during the three months ended March 31, 2007 as compared to the three months ended March 31, 2006.

Management Fee Revenue. Management fee revenue increased $845,000, or 32.8%, to $3.4 million for the three months ended March 31, 2007 as compared to $2.6 million for three months ended March 31, 2006. Management fees were $2.3 million and $2.0 million for the three months ended March 31, 2007 and 2006, respectively. Managed units sales fees were $1.1 million and $591,000 for the three months ended March 31, 2007 and 2006, respectively. The average number of TEUs in our managed fleet increased by 12.0% for the three months ended March 31, 2007 as compared to the three-month period ended March 31, 2006.

Gain on Sale of Container Portfolios. Gain on sale of container portfolios increased $963,000, or 49.8%, to $2.9 million for three months ended March 31, 2007 from $1.9 million for the three months ended March 31, 2006. We sold 14,000 TEUs during the three months ended March 31, 2007, a 44.6% increase from the number of TEUs sold during the three months ended March 31, 2006.

Finance Lease Income. Finance lease income increased $12,000, or 3.9%, to $319,000 for the three months ended March 31, 2007 from $307,000 for the three months ended March 31, 2006. This increase was primarily due to new finance leases signed since March 31, 2006.

Expenses. The following table summarizes changes in expenses for the three months ended March 31, 2007 and 2006:

	Predecessor	Successor	
	Three Months Ended March 31,		
	2006	2007	Percent Change
	(in thousands)		
	(unaudited)		
Depreciation of container rental equipment	$ 3,367	$ 1,690	(49.8)%
Amortization of intangible assets		308	NM
Impairment of container rental equipment	237	119	(49.8)
Gain on disposition of used container equipment	(147)	(1,005)	(583.7)
Equipment rental expense	396	395	(0.3)
Storage, handling and other expenses	667	671	(0.6)
Marketing, general and administrative expenses	3,349	3,302	(1.4)
Total operating expenses	7,869	5,480	(30.4)
Interest expense	1,605	3,239	101.8
Interest income	(9)	(9)	
Net interest expense	1,596	3,230	102.4
Income tax expense	1,231	2,191	78.0

Depreciation of Container Rental Equipment. Depreciation of container rental equipment decreased $1.7 million, or 49.8%, to $1.7 million for the three months ended March 31, 2007 from $3.4 million for the three months ended March 31, 2006. This decrease was primarily due to application of revised residual value estimates commencing on October 1, 2006 and the sale of 28,300 TEUs of containers in the fourth quarter of 2006 as container portfolio sales to container investors.

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We reassess residual values of our container equipment as market conditions warrant. Based on our expectation of prices for containers in the secondary market, we increased our estimated residual values of our owned fleet on October 1, 2006. The impact of this adjustment will be lower depreciation of our owned fleet in future periods. However, this decrease could be partially or totally offset by an increase in the size of our owned fleet in subsequent periods. If proceeds from dispositions of used containers are below our estimated residual values, we may report higher impairment charges on equipment designated for sale and/or lower gain on disposition of used container equipment in the future.

Amortization of Intangible Assets. We recorded amortization of intangible assets of $308,000 during the three months ended March 31, 2007 related to intangible assets we recognized in connection with accounting for the Interpool Transaction. We had no intangible assets recorded on our balance sheet at March 31, 2006, and therefore, no amortization of intangible assets was recorded for the three months ended March 31, 2006.

Impairment of Container Rental Equipment. Impairment of container rental equipment decreased $118,000, or 49.8%, to $119,000 for the three months ended March 31, 2007 from $237,000 during the three months ended March 31, 2006. The lower impairment expense is partly due to higher assumed resale values during the three months ended March 31, 2007 as compared to the same period in 2006. We increased our assumed resale values due to the higher resale values attained during the six months ended March 31, 2007. During the three months ended March 31, 2007 and 2006, 700 and 1,300 TEUs, respectively, were designated for sale and impaired.

Our impairment expense represents the aggregate impairment of a large number of individual units we have impaired, each of which has specific circumstances surrounding the decision to sell. We make impairment decisions for each container based upon the specific circumstances affecting that container. In most instances our decision to recognize impairment expense with respect to a container has resulted from our determination that a container needs to be repositioned from a location with low demand or that the container would need significant repairs, and in each case the cost would be in excess of the expected future cash flows from leasing the container.

Gain on Disposition of Used Container Equipment. Gain on disposition of used container equipment increased $858,000, or 583.7%, to $1.0 million for the three months ended March 31, 2007 from $147,000 for the comparable period in 2006 as a result of selling more units at a higher average gain. During the three months ended March 31, 2007 and 2006 we sold 5,000 TEUs and 3,200 TEUs, respectively.

Equipment Rental Expense. Equipment rental expense was $395,000 and $396,000 for the three months ended March 31, 2007 and 2006, respectively. We did not enter into any new rental agreements over the last year. We expect to record a similar amount of rental expense during the remaining three quarters of 2007.

Storage, Handling and Other Expenses. Storage, handling and other expenses increased $4,000, or 0.6%, to $671,000 for the three months ended March 31, 2007 from $667,000 for the three months ended March 31, 2006. Storage, handling and other expenses remained consistent across these periods due to the relatively consistent utilization rate across these periods. The low percentage of units off-hire is a result of strong container demand from shipping lines and our sale of older units into the secondary resale market that would otherwise been held in storage depots.

Marketing, General and Administrative Expenses. Marketing, general and administrative expenses decreased $47,000, or 1.4%, to $3.3 million for the three months ended March 31, 2007 as compared to the three months ended March 31, 2006. We expect marketing, general and administrative expenses to be higher in the future as we incur additional costs related to operating as a public company.

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Net Interest Expense. Net interest expense for the three months ended March 31, 2007 was $3.2 million, an increase of $1.6 million, or 102.4%, from the three months ended March 31, 2006. The increase in interest expense is primarily due to the $77.5 million of incremental debt incurred in connection with the Interpool Transaction, which we intend to repay with our net proceeds from this offering.

Income Tax Expense. Income tax expense increased $960,000, or 78.0%, to $2.2 million for the three months ended March 31, 2007 from $1.2 million for the three months ended March 31, 2006. The increase was primarily due to the 70.2% increase in pretax income for the three months ended March 31, 2007 as compared to the three months ended March 31, 2006. The effective tax rate was 37.8% for three months ended March 31, 2007 and 36.1% for the three months ended March 31, 2006.

Segment Information. The following table summarizes our results of operations for each of our business segments for the three months ended March 31, 2006 and 2007:

	Predecessor	Successor		As a Percent of Total Revenue	
	Three Months Ended March 31,			Three Months Ended March 31,	
	2006	2007	Percent Change	2006	2007
	(in thousands) (unaudited)				
Container Leasing					
Total revenue	$ 8,369	$ 8,199	(2.0)%	65.0%	56.5%
Total operating expenses	5,398	2,940	(45.5)	41.9	20.3
Interest expense	1,605	3,239	101.8	12.5	22.3
Income before taxes attributable to segment	$ 1,366	$ 2,020	47.9	10.6%	13.9%
Container Management					
Total revenue	$ 4,506	$ 6,314	40.1%	35.0%	43.5%
Total operating expenses	2,471	2,540	2.8	19.2	17.5
Income before taxes attributable to segment	$ 2,035	$ 3,774	85.4	15.8%	26.0%

Container Leasing. Total revenue from our container leasing segment decreased $170,000, or 2.0%, to $8.2 million for the three months ended March 31, 2007 from $8.4 million during the three months ended March 31, 2006. The decrease was primarily due lower average per diem rates during the three months ended March 31, 2007 compared to the three months ended March 31, 2006.

Total operating expenses for the container leasing segment decreased $2.5 million, or 45.5%, to $2.9 million for the three months ended March 31, 2007 from $5.4 million during the three months ended March 31, 2006. The decrease was primarily due to lower depreciation of container rental equipment which resulted primarily from the change in our residual estimates, as described above.

Container Management. Total revenue from our container management segment for the three months ended March 31, 2007 increased $1.8 million, or 40.1%, to $6.3 million from $4.5 million for the three months ended March 31, 2006. The increase in revenue was primarily due to a 49.8% increase in gain on sale of container portfolios to $2.9 million during the three months ended March 31, 2007 compared

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to $1.9 million during the three months ended March 31, 2006. The increase in management revenue was also due to a 32.8% increase in container management fees to $3.4 million for the three months ended March 31, 2007 from $2.6 million for the three months ended March 31, 2006, resulting from our operating a 12.0% larger managed fleet during the three months ended March 31, 2007 compared to the three months ended March 31, 2006.

Total operating expenses for the container management segment were flat at $2.5 million for the three months ended March 31, 2007 and 2006.

Pre- and Post-Repurchase Periods in 2006

In connection with the Interpool Transaction we applied pushdown accounting in accordance with SAB No. 54 and step acquisition accounting in accordance with SFAS No. 141 and created a new basis of accounting which resulted in pre- and post- repurchase periods in 2006. In 2006 the period from January 1, 2006 through September 30, 2006 represents our pre-repurchase period, while the period from and after October 1, 2006 represents our post-repurchase period. We have presented below a discussion of the impact of the change in basis of our accounting resulting from the application of step acquisition and pushdown accounting upon our results of operations in the pre- and post-repurchase periods. We have also included below a discussion of our results of operations for the year ended December 31, 2005 compared to our pro forma, as adjusted results of operations for the year ended December 31, 2006. Our pro forma, as adjusted results of operations for the year ended December 31, 2006 include adjustments for the Interpool Transaction, the Conversion of the Preferred Stock and the Offering. See Unaudited Pro Forma Financial Information. The pro forma, as adjusted financial information is for informational purposes only and should not be considered indicative of actual results that we would have achieved had the Interpool Transaction, the Conversion of Preferred Stock and the Offering been completed on January 1, 2006 and does not purport to be indicative of results of operations as of any future dates or for any future period. The pro forma, as adjusted financial information should be read in conjunction with the Unaudited Pro Forma Financial Information and our historical consolidated financial statements and the notes thereto included elsewhere in this prospectus.

Total Revenue. Our revenue composition and accounting was not affected by the Interpool Transaction and, therefore, during both pre- and post-repurchase periods, our revenues were derived from container leasing revenue, management fee revenue, gain on sale of container portfolios and finance lease income and the change in basis had no effect on revenue post-repurchase.

Operating Expenses. Other than amortization of intangible assets and depreciation of container rental equipment, the composition of our operating expenses was not significantly affected by the Interpool Transaction. The post-repurchase operating expenses include $307,000 of amortization of intangible assets recognized upon the Interpool Transaction. Our intangible assets primarily comprise relationships with container shipping lines and container investors, trademarks and software. We amortize these intangible assets on a straight line basis over the estimated period of remaining economic benefit for each category of intangible assets, ranging from three to ten years. We had no intangible assets to amortize during the pre-repurchase period. The increase in the net value of container rental equipment resulted in a negligible change in our depreciation expense in the post-repurchase period. However, the adjustment in residual values of our containers, as discussed below, reduced our depreciation expense in the three months ended December 31, 2006 by approximately $1.0 million.

Interest Expense. Net interest expense was $4.1 million and $3.7 million for the pre- and post-repurchase period, respectively. Interest expense during the post-repurchase period was

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disproportionately high in relation to the pre-repurchase period due primarily to increased borrowing to finance the repurchase of our common stock held by Interpool. This includes our term loan, an increase in borrowing under the revolving line of credit under our senior secured credit facility and the issuance of a $37.5 million convertible subordinated note payable to Interpool.

Adjusted 2006 Compared to 2005

We refer to our pro forma, as adjusted results of operations for the year ended December 31, 2006 as our Adjusted 2006.

The following table summarizes our operating results for 2005 and Adjusted 2006:

	Year Ended December 31, 2005	Pro forma, as Adjusted Year Ended December 31, 2006	Percent Change
	(in thousands)		
		(unaudited)	
Total revenue	$ 61,586	$ 60,661	(1.5)%
Operating expenses	37,449	29,193	(22.0)
Net income	9,989	16,152	61.7

Total revenue of $60.7 million for Adjusted 2006 was $925,000 lower than total revenue of $61.6 million for 2005 due primarily to a decline of $6.0 million in container rental revenue, partly offset by increases in management fee revenue, gain on sale of container portfolios and finance lease income of $869,000, $3.8 million and $365,000, respectively. Net income increased $6.2 million, or 61.7%, to $16.2 million for Adjusted 2006 from $10.0 million for 2005. The $6.2 million increase in net income was principally due to a $8.3 million, or 22.0%, decrease in operating expenses. Adjusted 2006 net income exceeds actual net income for the combined pre- and post-repurchase period due to the decreased interest expense described above.

Revenue. The following table summarizes the changes in the components of our total revenue for 2005 and Adjusted 2006:

	Year Ended December 31, 2005	Pro forma, as Adjusted Year Ended December 31, 2006	Percent Change	As a Percent of Total Revenue: Year Ended December 31, 2005	As a Percent of Total Revenue: Pro forma, as Adjusted Year Ended December 31, 2006
	(in thousands)				
		(unaudited)			
Container rental revenue	$ 39,614	$ 33,611	(15.2)%	64.3%	55.4%
Management fee revenue	11,230				