CAI International, Inc.
Form 424B4
August 13, 2008
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Filed Pursuant to Rule 424(b)(4)
Registration No. 333-152480

2,250,000 Shares

CAI INTERNATIONAL, INC.

Common Stock

$15.50 per share

CAI International, Inc. is offering 750,000 shares and the selling stockholder named in this prospectus is offering 1,500,000 shares of our common stock. We will not receive any proceeds from the sale of any shares of our common stock by the selling stockholder. Our common stock is listed on the New York Stock Exchange under the symbol CAP. The last reported sale price of our common stock on August 12, 2008 was $16.01 per share.

This investment involves risk. See Risk Factors beginning on page 11 of this prospectus.

	Per Share	Total
Public offering price	$15.50	$34,875,000
Underwriting discount	$ 0.93	$ 2,092,500
Proceeds, before expenses, to CAI International, Inc.	$14.57	$10,927,500
Proceeds, before expenses, to selling stockholder	$14.57	$21,855,000

The underwriters have a 30-day option to purchase up to 112,500 additional shares of common stock from us and to purchase up to 225,000 additional shares of common stock from the selling stockholder 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 **Banc of America Securities LLC**

Jefferies & Company

William Blair & Company

The date of this prospectus is August 12, 2008.

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You should rely only on the information contained or incorporated by reference in this prospectus and in any free writing prospectus. We and the selling stockholder 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 contained or incorporated by reference 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 6.5% as of mid-2008, 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 June 30, 2008, our fleet comprised over 791,000 TEUs, 67.1% of which represented our managed fleet and 32.9% of which represented our owned fleet. Our strategic focus on both owning and managing containers for container investors has enabled us to grow a larger total fleet, incur less debt and 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 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 both leasing containers owned by us and managing containers for container investors. Our managed fleet, as measured in TEUs, increased at a compounded annual growth rate of 18.2% from December 31, 1998 to December 31, 2007 as compared to a compounded annual growth rate of 11.5% for our total fleet, as measured in TEUs, during the same period.

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 and six months ended June 30, 2008, 95.5% and 95.6%, respectively, of our fleet, as measured in TEUs, was on lease. As of June 30, 2008, 69.6% of our on-lease fleet was on long-term leases, 27.9% on short-term leases and 2.5% on finance leases.

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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 and six months ended June 30, 2008, our container management segment generated revenues of $6.3 million and $12.2 million, respectively, and income before income taxes of $3.1 million and $5.6 million, respectively. For the year ended December 31, 2007, and the combined year ended December 31, 2006, our container management segment generated revenues of $25.5 million and $25.9 million, respectively, and income before income taxes of $14.3 million and $16.8 million, respectively.

In operating our business, we emphasize the quality of our fleet, supply reliability and high level of customer service to our container lessees. We focus on ensuring adequate container availability in high-demand locations, dedicate large portions of our organization to building relationships with lessees, maintain close day-to-day coordination with lessees and have developed a proprietary information technology system that allows our lessees to access real-time information about their containers.

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 and six months ended June 30, 2008, our container leasing segment generated revenues of $14.3 million and $26.1 million, respectively, and income before income taxes of $6.3 million and $11.5 million, respectively. For the year ended December 31, 2007, and the combined year ended December 31, 2006, our container leasing segment generated revenues of $39.4 million and $34.8 million, respectively, and income before income taxes of $15.9 million and $7.8 million, respectively.

For the three months ended June 30, 2008, we generated total revenues of $20.6 million, EBITDA of $15.6 million, and net income of $6.3 million, as compared to total revenues of $14.0 million, EBITDA of $10.6 million, and net income of $4.1 million for the three months ended June 30, 2007. For the six months ended June 30, 2008, we generated total revenues of $38.3 million, EBITDA of $28.7 million, and net income of $11.6 million, as compared to total revenues of $28.5 million, EBITDA of $21.7 million, and net income of $7.7 million for the six months ended June 30, 2007. For the year ended December 31, 2007, and the combined year ended December 31, 2006, we generated total revenues of $64.9 million and $60.7 million, respectively, EBITDA of $50.1 million and $44.8 million, respectively, and net income of $19.2 million and $15.6 million, respectively.

On April 30, 2008 we acquired Consent Equipment AB of Sweden (CEAB) for $14.6 million in cash (net of $1.3 million cash acquired) and assumed CEAB s indebtedness of $25.7 million. In connection with this acquisition we acquired 4,400 palletwide containers, 1,200 roll trailers and 2,400 German swapbodies. We intend to continue to pursue additional acquisitions in container related areas, particularly where it may allow us to add additional customers or gain additional expertise.

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.

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Containerisation International, *Market Analysis: World Container Census 2008*, estimates that as of mid-2007 transportation companies, including container shipping lines and freight forwarders, owned approximately 58.6% of the total worldwide container fleet and container leasing companies owned approximately 41.4% 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 2007/2008*, worldwide containerized cargo volume grew each year from 1980 through 2007, attaining an estimated compounded annual growth rate of 9.9% during that period. Drewry estimates that 2007 container cargo volume grew 11.7% over the prior year. Drewry forecasts that cargo volume will continue to grow at approximately 9.5% annually through 2012. 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 continuing integration of developing high-growth economies into global trade patterns, the continuing 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 business is structured to generate a diversified stream of revenue from multiple sources. We actively manage the mix of owned and managed containers in our fleet to provide us with diversified revenues over long periods of time. We supplement container rental revenue and management fee revenue with gains on the sale of container portfolios that generate significant incremental revenue and facilitate the growth in our management fee revenue as we convert containers owned by us to containers managed by us for our container investors. We are also able to diversify our revenue base by managing the mix of containers under long-term, short-term and finance leases. Maintaining a range of lease types and durations allows us to provide services customized to our clients needs. 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.

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, 2005 to June 30, 2008, we sold to European and Asian container investors containers representing approximately 201,000 TEUs for $376.6 million of gross proceeds.

Exposure to International Trade. Our global reach positions us to participate in long-term global growth trends in international trade. With agreements with multiple container depots in more than 40 countries, we are positioned to serve our global customer base and benefit from trade centered around high growth in developing economies in Asia, Europe and the Mediterranean. According to Drewry Shipping Consultants Limited *The Drewry Annual Container Market Review and Forecast 2007/2008*, worldwide containerized global cargo volumes are expected to grow at a 9.5% compounded annual growth rate from 2008 to 2012. We expect this growth to contribute to the demand for our containers.

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Capital-efficient Third-party Fleet Management Operation. Our container management operation 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 limited long-term investment from us. 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, such as additional container purchases and repayment of debt.

Long-standing Container Lessee Relationships with Attractive Credit Characteristics. As of March 31, 2008, we leased containers to 245 container lessees, including many of the largest international container shipping lines, and had conducted business with the top 20 lessees of our total fleet, as measured in TEUs, for an average of over 13 years. These top 20 lessees had, as of March 31, 2008, a weighted-average Dynamar credit rating of 2.3 on a rating scale of one through ten, with a one representing the strongest credit rating. Dynamar B.V. provides credit ratings to the container leasing industry.

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. In order to increase the amount of credit available to us for these and other purposes, we have increased our revolving line of credit under our senior secured credit facility from $200 million as of September 25, 2007 to $290 million as of June 30, 2008.

Experienced Management Team. We have significant experience in the container leasing industry. Our four key officers have an average of approximately 20 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. Due to the significant stock ownership by management, stockholder and management interests are closely aligned.

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 information technology system allows us to monitor lease status, repair billings and contract terms of every individual container in our fleet. By actively maintaining and reviewing this information, we are able to more efficiently manage the logistics and billings of our business. 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;

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- 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;
- we may lose key members of our senior management; and
- we face extensive competition in the container leasing industry.

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.

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.	750,000 shares
By the selling stockholder	1,500,000 shares
Total	2,250,000 shares
Common stock outstanding after this offering	17,891,896 shares
Offering price	$15.50 per share
Use of proceeds	We will use all of our net proceeds from this offering to repay a portion of the amount outstanding under the revolving line of credit under our senior secured credit facility. Over the longer term, we expect to use the incremental borrowing availability to expand our fleet. We will not receive any of the proceeds from the sale of common stock by the selling stockholder. See Use of Proceeds.
New York Stock Exchange symbol	CAP

The number of shares outstanding after this offering is based on 17,141,896 shares of common stock outstanding as of June 30, 2008 and, unless otherwise indicated:

- includes 32,976 shares of common stock subject to restricted stock grants under our 2007 Equity Incentive Plan;
- excludes 479,790 shares of common stock issuable upon exercise of options at a weighted average exercise price of $15.01 per share; and
- excludes 209,214 shares of common stock reserved for future issuance under our 2007 Equity Incentive Plan.

Unless otherwise indicated, this prospectus assumes no exercise of the underwriters over-allotment option.

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Summary Historical Consolidated Financial and Operating Data

The summary consolidated financial data presented below under the heading Consolidated Statement of Income Data for the year ended December 31, 2005, the nine months ended September 30, 2006, the three months ended December 31, 2006 and the year ended December 31, 2007 have been derived from our audited consolidated financial statements included in our Report on Form 10-K for the year ended December 31, 2007. The summary consolidated financial data presented below under the heading Consolidated Statement of Income Data for the three and six months ended June 30, 2008 and 2007 and under the heading Consolidated Balance Sheet Data as of June 30, 2008, have been derived from our unaudited consolidated financial statements that are included in our Report on Form 10-Q for the three months ended June 30, 2008 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 Consolidated Statement of Income Data and Consolidated 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 all 10,584,000 shares held by Interpool, or 50.0% of our then-outstanding common stock. 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 statement of income data in this prospectus prior to October 1, 2006 refer to the Predecessor company, while the consolidated balance sheet and statement of income data on and subsequent to October 1, 2006 refer to the Successor company. A line has been drawn between the accompanying financial statements to distinguish between the predecessor period and the successor period.

We adopted the Financial Accounting Standards Board (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 an increase of $47,000 in the three months ended December 31, 2006, an increase of $179,000 for the nine months ended September 30, 2006 and an increase of $421,000 for the year ended December 31, 2005.

The operating data presented below under Selected Operating Data are not audited. Historical results are not necessarily indicative of the results to be expected for future periods. You should read the summary historical consolidated financial and operating data presented below in conjunction with our consolidated financial statements and related notes included in our Report on Form 10-K for the year ended December 31, 2007 and in our Report on Form 10-Q for the three months ended June 30, 2008.

All common share and per share data have been adjusted to retroactively reflect the 420-to-1 stock split that occurred on April 23, 2007.

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	Successor						Predecessor	
	Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,	Three Months Ended December 31,	Nine Months Ended September 30,	Year Ended December 31,
	2008	2007	2008	2007	2007	2006	2006	2005
	(Unaudited)							
	(Dollars in thousands, except per share data)							
Consolidated Statement of Income Data								
Revenue:								
Container rental revenue	$ 13,822	$ 8,280	$ 25,268	$ 16,160	$ 38,148	$ 9,383	$ 24,228	$ 39,614
Management fee revenue	3,030	3,368	5,940	6,787	12,663	3,569	8,530	11,230
Gain on sale of container portfolios	3,295	2,096	6,217	4,991	12,855	5,392	8,365	9,913
Finance lease income	495	290	868	609	1,206	267	927	829
Total revenue	20,642	14,034	38,293	28,547	64,872	18,611	42,050	61,586
Operating expenses:								
Depreciation of container rental equipment	3,720	1,761	6,732	3,451	8,805	2,360	9,653	14,764
Amortization of intangible assets	389	309	701	617	1,241	307		
Impairment of container rental equipment	107	105	202	224	365	81	270	572
Gain on disposition of used container equipment	(1,472)	(1,043)	(2,294)	(2,048)	(4,400)	(747)	(804)	(1,166)
Gain on settlement of lease obligation		(694)		(694)	(780)			
Equipment rental expense		423	20	818	961	395	1,187	6,875
Storage, handling and other expenses	1,350	719	2,224	1,390	3,077	779	2,411	3,853
Marketing, general and administrative expenses	5,117	3,947	9,521	7,249	15,668	3,389	8,967	12,551
Total operating expenses	9,211	5,527	17,106	11,007	24,937	6,564	21,684	37,449
Operating income	**11,431**	**8,507**	**21,187**	**17,540**	**39,935**	**12,047**	**20,366**	**24,137**
Interest expense	2,080	2,688	4,103	5,927	10,406	3,715	4,183	7,798
Gain on extinguishment of debt		(681)		(681)	(681)			
Interest income	(123)	(11)	(170)	(20)	(126)	(20)	(37)	(27)
Net interest expense	1,957	1,996	3,933	5,226	9,599	3,695	4,146	7,771
Income before income taxes	9,474	6,511	17,254	12,314	30,336	8,352	16,220	16,366
Income tax expense	3,210	2,400	5,701	4,591	11,102	3,119	5,856	6,377
Net income	**6,264**	**4,111**	**11,553**	**7,723**	**19,234**	**5,233**	**10,364**	**9,989**
(Accretion)/decretion of preferred stock		**(5)**		**(5,577)**	**(5,577)**	**(6)**	**1,464**	**(713)**
Net income (loss) available to common stockholders	**$ 6,264**	**$ 4,106**	**$ 11,553**	**$ 2,146**	**$ 13,657**	**$ 5,227**	**$ 11,828**	**$ 9,276**

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	Successor Three Months Ended June 30, 2008	2007	Six Months Ended June 30, 2008	2007	Year Ended December 31, 2007	Three Months Ended December 31, 2006	Predecessor Nine Months Ended September 30, 2006	Year Ended December 31, 2005
		(Unaudited)						
	(Dollars in thousands, except per share data)							
Net income (loss) per share:								
Basic	$ 0.37	$ 0.29	$ 0.68	$ 0.17	$ 0.93	$ 0.49	$ 0.56	$ 0.44
Diluted	$ 0.37	$ 0.23	$ 0.67	$ 0.17	$ 0.85	$ 0.36	$ 0.48	$ 0.44
Weighted average shares outstanding:								
Basic	17,113	13,954	17,111	12,278	14,713	10,584	21,168	21,168
Diluted	17,122	17,136	17,118	12,278	16,682	16,270	21,735	21,168
Other Financial Data:								
EBITDA (unaudited)(1)	15,588	10,610	28,704	21,676	$ 50,108	$ 14,746	$ 30,094	$ 38,996
Purchase of containers	54,833	39,946	87,205	77,161	219,530	45,843	89,366	127,288
Net proceeds from sale of container portfolios	21,818	21,210	43,975	46,118	113,402	49,252	67,912	102,097

	As of June 30, 2008 Actual	As Adjusted(2)
	(Dollars in thousands) (Unaudited)	
Consolidated Balance Sheet Data:		
Cash	$ 18,229	$ 18,229
Container rental equipment, net	313,118	313,118
Net investment in direct finance leases	18,092	18,092
Total assets	453,122	453,122
Long-term debt and capital lease obligations	217,641	207,263
Total liabilities	309,586	299,208
Total stockholders equity	143,536	153,914

	As of June 30, 2008	As of December 31, 2007	2006	2005
			(Unaudited)	
Selected Operating Data:				
Managed fleet in TEUs(3)	530,945	500,433	483,333	456,076
Owned fleet in TEUs(3)	260,519	253,910	185,645	141,653
Total	791,464	754,343	668,978	597,729
Percentage of on-lease fleet on long-term leases(4)	69.6%	70.9%	65.3%	64.7%
Percentage of on-lease fleet on short-term leases	27.9	26.8	32.8	33.5
Percentage of on-lease fleet on finance leases	2.5	2.3	1.9	1.8
Total	100.0%	100.0%	100.0%	100.0%

Three Months Ended	Six Months Ended

	June 30, 2008	June 30, 2008	Year Ended December 31, 2007	2006	2005
Utilization rate(5)	95.5%	95.6%	94.3%	90.6%	90.7%

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(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). We believe 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 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:

	Successor						Predecessor	
	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007	Year Ended December 31, 2007	Three Months Ended December 31, 2006	Nine Months Ended September 30, 2006	Year Ended December 31, 2005
	(Dollars in thousands) (Unaudited)							
Net income	$ 6,264	$ 4,111	$ 11,553	$ 7,723	$ 19,234	$ 5,233	$ 10,364	$ 9,989
Add:								
Net interest expense	1,957	1,996	3,933	5,226	9,599	3,695	4,146	7,771
Depreciation	3,768	1,794	6,816	3,519	8,932	2,392	9,728	14,859
Amortization of intangible assets	389	309	701	617	1,241	307		
Income tax expense	3,210	2,400	5,701	4,591	11,102	3,119	5,856	6,377
EBITDA (Unaudited)	$ 15,588	$ 10,610	$ 28,704	$ 21,676	$ 50,108	$ 14,746	$ 30,094	$ 38,996

(2) The as adjusted balance sheet data as of June 30, 2008 give effect to (a) the sale by us of 750,000 shares of common stock in this offering at the offering price of $15.50 per share, (b) our receipt of the net proceeds of this offering of approximately $10.4 million after deducting underwriting discounts and commissions and estimated offering expenses payable by us and (c) the application of the estimated net proceeds of this offering to repay certain indebtedness as set forth in Use of Proceeds.

(3) 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.

(4) Long-term leases comprise leases that had a contractual term in excess of 12 months at the time of inception of the leases, including leases that permit cancellation by the lessee within 12 months if penalties are paid. Short-term leases comprise leases that had a contractual term of 12 months or less at the time of inception of the leases. As of June 30, 2008, our long-term leases have a weighted-average remaining term of 25 months.

(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 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 consumer demand being one of the most critical factors 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;

- 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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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. 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 62.9% of the revenue from our container leasing segment for the year ended December 31, 2007, with revenue from our single largest container lessee accounting for 11.8%, or $4.7 million, of revenue from our container leasing segment during such period. This $4.7 million of revenue represented 7.2% 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, 2007, container investors associated with five independent investment arrangers represented 95.4% of our container management revenue. 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 48.0%, or $12.2 million, of revenue from our container management segment during the year ended December 31, 2007. This $12.2 million of revenue represented 18.8% 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.

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. The 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.

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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 and per diem rates on new containers are highly correlated with the price of raw steel. 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. From 2003 to 2004, and again in the second half of 2006, container prices and leasing rates increased partially due to an increase in worldwide steel prices. Similarly, container prices during the first six months of 2008 have risen from their 2007 levels partially due to higher commodity prices. We cannot predict if recent price increases will be sustained or if container prices and per diem rates may fall again. If container prices decline, we may need to lease the containers at low return rates or at a loss.

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 2007, competitive pressures also reduced per diem 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.

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 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 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.

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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 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 are 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

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standards, refurbishment needs, comparable new container costs, used container availability, used container demand, 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 fluctuate and may be significant if we sell large quantities of used containers.

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.

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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 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.

The price of containers has been rising and we could incur significant losses if container prices decline in the future.

We continue to build our owned container portfolios and have been purchasing containers at a higher price during the first half of 2008 as compared to 2007. Should the market price for containers suddenly fall in the near future, we could sustain significant losses from the impairment of our containers for sale and from the write-down of containers on lease to our customers or increased depreciation expense. We may also need to lease the containers at low returns or at a loss.

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.

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 and other debt facilities to purchase containers and make acquisitions and other investments. We 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 25, 2012, 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 do not have any material amounts of 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.

Our long-term debt and capital lease obligations were $217.6 million at June 30, 2008. We may not generate sufficient cash flow from operations to service and repay our debt and related obligations and

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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. Based on the balance of our long-term indebtedness at June 30, 2008, we will require approximately $12.7 million in the 12 months ending June 30, 2009 to service our indebtedness as of June 30, 2008. 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.

The international nature of our business 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

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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;
- foreign currency fluctuations and related gains and losses;
- 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 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

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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.

We operate in numerous tax jurisdictions. A taxing authority within any of these jurisdictions may challenge our operating structure which could result in additional taxes, interest and penalties that could materially impact our future financial results.

We have implemented a number of structural changes with respect to our international subsidiaries in an effort to reduce our income tax obligations in countries in which we operate. There can be no assurance that our tax structure and the amount of taxes we pay in any of these countries will not be challenged by the taxing authorities in these countries or that we will achieve any of the expected tax savings over the expected timeline or at all. If the tax authorities challenge our tax structure or the amount of taxes paid, we could incur substantial expenses associated with defending our tax position as well as expenses associated with the payment of any additional taxes, penalties and interest that may be imposed on us. The payment of these amounts could have a material adverse effect on our business 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.

Our purchasing and leasing of refrigerated containers may subject us to additional risks.

In 2007 we began purchasing refrigerated containers and leasing them to our customers. We intend to make additional purchases of refrigerated containers. Refrigerated containers are significantly more expensive on a per TEU basis than dry van containers and will have a greater financial impact than a single dry van container would have on our financial results. As a new entrant into this segment we may not be able to lease the equipment we have purchased, or lease the units at rates that are profitable. We may also have difficulty remarketing refrigerated containers at a profit, or at all, after they are returned at the expiration of their initial lease terms. Refrigerated containers are also subject to greater risk of obsolescence. There have been significant changes in the regulations surrounding permitted refrigerants and their disposal and subsequent change in regulations affecting equipment could subject us to significantly higher than expected costs. Refrigerated containers also require significant on-going maintenance and repair, and the cargo transported in refrigerated containers is perishable. A malfunction of the container or the refrigeration machinery could subject us to liability. Any of these factors could have a material adverse effect on our financial position and results of operations.

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.

The container investors that purchase containers from us are located in five 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, Singapore, 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 recognize.

Our 80 percent ownership in CAIJ Ltd, a container investment arranger and advisor focused on arranging container investments with Japanese investors, may subject us to material litigation risks and damage to our professional reputation as a result of litigation allegations and negative publicity.

CAIJ Ltd (CAIJ) was formed and began operation in 2007 for the purpose of arranging investments in our containers with Japanese investors. CAIJ has arranged $10.2 million of investments through the first quarter of 2008, and we expect that CAIJ will arrange more container investments in the future. Because we are the seller and manager of the containers that will be sold to investors on whose behalf CAIJ acts as an arranger and advisor, there is an inherent conflict of interest between us and CAIJ. We disclose this inherent conflict of interest to container investors prior to any sale to them, but we do not provide them with any assurances that they will realize a specific or any investment return on the containers purchased from, and managed by, us. In the event that these container investors realize losses on their investments or believe that the returns on their investments are lower than expected, they may make claims, including bringing lawsuits, against CAIJ or us for our alleged failure to act in their best interests. Any such claims could result in the payment of legal expenses and damages and also damage our reputation with container investors and potential container investors and materially and adversely affect our business, financial condition or results of operations.

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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Our recent acquisition of Consent Equipment AB (CEAB) could present unforeseen integration obstacles, risks or costs.

Our acquisition of CEAB involves a number of risks and presents financial, managerial and operational challenges, including the potential disruption of our ongoing business, distraction of management and the difficulty of integrating personnel, financial and other systems. CEAB increases the scope, geographic diversity and complexity of our operations. We may encounter unforeseen obstacles or costs in the integration of CEAB. We may not be able to retain existing management or hire additional management and other critical personnel. As a result of our acquisition of CEAB, we could lose significant current customers of CEAB. In addition, the equipment owned and subsequently purchased by CEAB is more specialized, more expensive, and subject to a greater risk of obsolescence than our existing dry van containers. The presence of one or more material liabilities that were unknown to us at the time of acquisition may have a material adverse effect on our business. If our estimates of CEAB s contribution to our future revenues and earnings are not accurate, our results of operations could fall below our expectations or those of analysts or investors, which would adversely affect our stock price. As a result of these and other risks, we may not realize any anticipated benefits from the acquisition of CEAB.

We are pursuing acquisitions or joint ventures that could present unforeseen integration obstacles or costs.

We are pursuing 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. Acquisitions could in the future result in various changes to earnings that could adversely affect our results of operations. These charges could include impairment of goodwill or other assets or restructuring charges.

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, 2007. Whether or not we or any of our subsidiaries are classified as personal holding companies for the year ending December 31, 2008 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 by Hiromitsu Ogawa, who will beneficially own 41.3% of our common stock following this offering. 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.

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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), requires annual management assessments of the effectiveness of internal control over financial reporting and a report by our independent auditors rendering an opinion on the effectiveness of our internal control over financial reporting. If we fail to maintain the adequacy and effectiveness of internal control over financial reporting, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act and related regulations. Although our management has concluded that adequate internal control procedures are currently in place, no system of internal control can provide absolute assurance that our financial statements are accurate and free of errors. As a result, the risk exists that our internal control may not detect all errors or omissions in our financial statements.

As of December 31, 2008, our independent auditors must 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 are 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 certify 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 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 may incur future asset impairment charges.

An asset impairment charge may result from the occurrence of unexpected adverse events or management decisions that impact our estimates of expected cash flows generated from our long-lived assets. We regularly review our long-lived assets for impairment, including when events or changes in circumstances indicate the carrying value of an asset may not be recoverable. We may be required to recognize asset impairment charges in the future as a result of reductions in demand for specific container and chassis types, a weak economic environment, challenging market conditions, events related to particular customers or asset type, or as a result of asset or portfolio sale decisions by management.

The requirements of Financial Accounting Standards Board Statement No. 142, Goodwill and Other Intangible Assets (FAS 142) may result in a write-off of all or a portion of our goodwill which would negatively affect our operating results and financial condition.

As of June 30, 2008, we had goodwill of $50.2 million in our consolidated balance sheet. Under FAS 142, goodwill is not amortized. In lieu of amortization, we are required to perform an annual impairment test of goodwill. We perform our annual impairment test for indications of goodwill impairment in the fourth quarter of our fiscal year or sooner if indicators of impairment exist. As of December 31, 2007, the time of our latest annual review, we concluded that no impairment of goodwill existed. If we were required to take an impairment charge to our goodwill in connection with the requirements of FAS 142, our operating results may decrease and our financial condition may be harmed.

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Risks Related to This Offering

Our stock price has been volatile and may remain volatile.

The trading price of our common stock may be subject to wide fluctuations in response to quarter-to-quarter variations in operating results, new services by us or our competitors, general conditions in the shipping industry and the intermodal container sales and leasing markets, changes in earnings estimates by analysts, or other events or factors. In addition, the public stock markets have experienced extreme price and trading volume volatility in recent months. The broad market fluctuations may adversely affect the market price of our common stock. 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 or our own forecasts;
- 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.

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 at anytime. 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.

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

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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. To the extent we do not achieve operating results consistent with analysts projections, our stock price could decline.

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 and could act in a manner with which other stockholders may disagree or that is not necessarily in the interests of other stockholders.

Based upon beneficial ownership as of June 30, 2008, Mr. Ogawa beneficially owns approximately 51.9% of our outstanding common stock. Upon the completion of this offering, Mr. Ogawa will beneficially own approximately 41.3% of our outstanding common stock, or approximately 39.8% if the underwriters exercise in full their over-allotment option to purchase additional common stock. Even though Mr. Ogawa will own less than a majority of our outstanding common stock after this offering, he will still continue to have significant influence over all 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 those of other stockholders. For example, he may support proposals and actions with which other stockholders may disagree or which are not in their 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 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;

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- 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.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated herein by reference contain forward-looking statements. Generally, you can identify these statements because they include words and phrases like expect, estimate, anticipate, predict, believe, think, plan, will, should, i potential and similar expressions and variations with respect to our business and our future results of operations and financial condition. 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 or the applicable incorporated document. 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 contained or incorporated by reference 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

The net proceeds from the sale of the 750,000 shares of common stock that we are selling in this offering will be approximately $10.4 million, or $12.0 million if the underwriters exercise their over-allotment option in full, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any of the proceeds from the sale of common stock by the selling stockholder.

We intend to use all of our net proceeds from this offering to repay a portion of the amount drawn down under the revolving line of credit under our senior secured credit facility during the previous 12 months to purchase additional containers and to finance the CEAB acquisition. 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 25, 2012. As of June 30, 2008, the interest rate on the amount outstanding under the revolving line of credit was 3.4%. Over the longer term, we expect to use the incremental borrowing availability to expand our fleet.

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PRICE RANGE OF OUR COMMON STOCK

Our common stock has been listed for trading on the New York Stock Exchange, or NYSE, under the ticker symbol CAP since May 16, 2007.

The following table shows by each fiscal quarter and partial period, where applicable the high and low closing sale prices of our common stock on the NYSE from May 16, 2007 to August 12, 2008.

2007	**High**	**Low**
Second Quarter (beginning May 16, 2007)	$ 15.05	$ 13.02
Third Quarter	14.82	12.08
Fourth Quarter	14.46	10.52
2008	**High**	**Low**
First Quarter	$ 12.85	$ 8.18
Second Quarter	17.67	12.67
Third Quarter (through August 12, 2008)	19.64	16.01

On August 12, 2008, the last reported sales price for our common stock on the NYSE was $16.01 per share. We estimate that there were approximately 31 holders of record of our common stock as of July 22, 2008.

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 our results of operations, financial condition and 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 our capitalization as of June 30, 2008, as follows:

- on an actual basis.
- on an as adjusted basis to give effect to the sale of 750,000 shares of our common stock by us at the public offering price of $15.50 per share, and after deducting underwriting discounts and commissions and estimated offering expenses.

You should read this table in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes.

	As of June 30, 2008	
	Actual	As Adjusted
	(in thousands)	
	(unaudited)	
Debt and capital lease obligations:		
Revolving credit facility[1]	$ 193,100	$ 182,722
Capital lease obligations	24,541	24,541
Long-term debt and capital lease obligations[1]	217,641	207,263
Stockholders equity:		
Preferred stock, $0.0001 par value, 5,000,000 shares authorized, no shares issued and outstanding, actual and as adjusted		
Common stock, $0.0001 par value, 84,000,000 shares authorized, 17,141,896 shares issued and outstanding, actual; 17,891,896 shares issued and outstanding, as adjusted	2	2
Additional paid-in capital	91,488	101,866
Accumulated other comprehensive income	436	436
Retained earnings	51,610	51,610
Total stockholders equity	143,536	153,914
Total capitalization	$ 361,177	$ 361,177

[1] As of June 30, 2008, we had $96.6 million in availability under the senior secured credit facility.

The foregoing table:

- includes 32,976 shares of common stock subject to restricted stock grants under our 2007 Equity Incentive Plan;
- excludes 479,790 shares of common stock issuable upon exercise of options at a weighted average exercise price of $15.01 per share; and
- excludes 209,214 shares of common stock reserved for future issuance under our 2007 Equity Incentive Plan.

INDUSTRY

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, generally from export-oriented economies in Asia to North America and Western Europe.

Containers are built in accordance with standard dimensions and weight specifications established by the International Standards Organization. The industry-standard measurement unit is the 20 equivalent unit, or TEU, which compares the size of a container to a standard container 20 in length. For example, a 20 container is equivalent to one TEU and a 40 container is equivalent to two TEUs. Containers are eight feet wide, come in lengths of 20 , 40 or 45 and are either 8 6 or 9 6 tall. The two principal categories of equipment, dry van containers and specialized equipment, are described as follows:

Dry van containers. A dry van container is constructed of steel sides, roof and end panel with a set of doors on the other end, a wooden floor and a steel undercarriage. Dry van containers are the least expensive and most commonly used type of container. According to Containerisation International, *World Container Census 2008*, dry van containers comprised approximately 89.5% of the worldwide container fleet, as measured in TEUs, as of mid-2007. They are used to carry general cargo, such as manufactured component parts, consumer staples, electronics and apparel.

Specialized equipment. Specialized equipment consist of open-tops, flat-racks, palletwide containers, swapbodies, roll trailers, refrigerated containers and tank containers. An open-top container is similar in construction to a dry van container except that the roof is replaced with a tarpaulin supported by removable roof bows. A flat-rack container is a heavily reinforced steel platform with a wood deck and steel end panels. Open-top and flat-rack containers are generally used to move heavy or oversized cargo, such as marble slabs, building products or machinery. Palletwide containers are a type of dry-van container externally similar to International Organization for Standardization standard containers, but internally about two inches wider so as to accommodate two European-sized pallets side-by-side. Swapbodies are a type of dry-van container designed to be easily transferred between rail, truck, and barge, and are equipped with legs under their frames so that they can be moved without using a crane. Roll trailers are a type of flat-bed trailer equipped with rubber wheels underneath for terminal haulage and stowage on board of roll-on/roll-off vessels. A refrigerated container has an integrated refrigeration unit on one end which plugs into an outside power source and is used to transport perishable goods. Tank containers are used to transport bulk products such as chemicals, oils, and other liquids. According to Containerisation International, *World Container Census 2008*, specialized containers comprised approximately 10.5% of the worldwide container fleet, as measured in TEUs, as of mid-2007.

Containers provide a secure and cost-effective method of transportation because they can be used in multiple modes of transportation, making it possible to move cargo from a point of origin to a final destination without repeated unpacking and repacking. As a result, containers reduce transit time and freight and labor costs as they permit faster loading and unloading of shipping vessels and more efficient utilization of transportation containers than traditional bulk shipping methods. The protection provided by containers also reduces damage, loss and theft of cargo during shipment. While the useful economic life of containers varies based upon the damage and normal wear and tear suffered by the container, we estimate that the useful economic life for a dry van container used in intermodal transportation is 12.5 years.

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Container shipping lines own and lease containers for their use. Containerisation International, *Market Analysis: World Container Census 2008*, estimates that as of mid-2007 transportation companies, including container shipping lines and freight forwarders, owned approximately 58.6% of the total worldwide container fleet and container leasing companies owned approximately 41.4% 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 shipping line s need to purchase and maintain excess container inventory. In addition, container leases allow the container shipping lines to adjust their container fleets both seasonally and over time and help to balance trade flows. The flexibility offered by container leasing helps container shipping lines improve their overall container fleet management and provides the container shipping lines with an alternative source of financing.

Over the last 25 years, containerized trade has grown at a rate greater than that of worldwide economic growth. According to *The Drewry Annual Container Market Review and Forecast 2007/2008*, worldwide containerized cargo volume grew each year from 1980 through 2007, attaining an estimated compounded annual growth rate of 9.9% during that period. Drewry estimates that 2007 container cargo volume grew 11.7% over the prior year. Drewry forecasts that cargo volume will continue to grow at approximately 9.5% annually through 2012, as illustrated by the following chart:

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. Current trends in container shipbuilding also support expectations for increased container demand. According to the Drewry report, current orders for container ships set to be delivered between 2007 and 2011 represent approximately 5.3 million TEUs of shipping vessel capacity, or the equivalent of 52.7% of the existing container ship fleet. Given that we believe that container shipping lines require two TEUs of available containers for every TEU of capacity on their container ships, we expect that container demand should remain strong.

BUSINESS

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 6.5% as of mid-2008, 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, with the assistance of independent investment arrangers, 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 June 30, 2008, our fleet comprised over 791,000 TEUs, 67.1% of which represented our managed fleet and 32.9% 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 both leasing containers owned by us and managing containers for container investors. During the last five years, our managed fleet, as measured in TEUs, has grown at an averaged annual growth rate of 13.3% from January 1, 2003 through December 31, 2007 as compared to an average annual growth rate of 9.7% for our total fleet, as measured in TEUs, during the same period. Our managed fleet, as measured in TEUs, increased at a compounded annual growth rate of 18.2% from December 31, 1998 to December 31, 2007 as compared to a compounded annual growth rate of 11.5% for our total fleet, as measured in TEUs, during the same period. The following chart illustrates our focus on owning and managing containers for our container investors and our overall fleet growth.

Our strategic focus on both owning and managing containers for container investors has enabled us to grow a larger total fleet, incur less debt and 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 expect the percentage of our owned fleet to increase over time.

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

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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 and six months ended June 30, 2008, our average fleet utilization rate was 95.5% and 95.6% respectively. As of June 30, 2008, 69.6% of our fleet was on long-term leases, 27.9% on short-term leases and 2.5% on finance leases.