

INTERPOOL INC  
Form S-4  
April 26, 2013

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As filed with the United States Securities and Exchange Commission on April 26, 2013

Registration No. 333-

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form S-4**

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

**TRAC Intermodal LLC**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**551112**

(Primary Standard Industrial  
Classification Code Number)

**46-0648957**

(I.R.S. Employer Identification No.)

**211 College Road East  
Princeton, New Jersey 08540  
(609) 452-8900**

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

**TRAC Intermodal Corp.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**551112**

(Primary Standard Industrial  
Classification Code Number)

**46-0629951**

(I.R.S. Employer Identification No.)

**211 College Road East  
Princeton, New Jersey 08540  
(609) 452-8900**

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

and the Guarantors identified in Table of Additional Registrant Guarantors below

**Gregg Carpena, Esq.  
TRAC Intermodal LLC  
211 College Road East  
Princeton, New Jersey 08540  
(609) 452-8900**

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

**Duane McLaughlin, Esq.  
Pamela Marcogliese, Esq.  
Cleary Gottlieb Steen & Hamilton LLP  
One Liberty Plaza  
New York, New York 10006  
(212) 225-2000**

(Copies of all communications, including communications  
sent to agent for service)

**Approximate date of commencement of proposed sale to the public:  
As soon as practicable after this registration statement becomes effective.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with  
General Instruction G, check the following box.

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



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<b>Exact Name of Registrant Guarantor As Specified in its Charter</b>	<b>State or Other Jurisdiction of Incorporation or Organization</b>	<b>Primary Standard Industrial Classification Code Number</b>	<b>I.R.S. Employer Identification No.</b>	<b>Address</b>	<b>Telephone Number</b>
Interpool, Inc.	Delaware	532411	13-3467669	211 College Road East, Princeton NJ 08540	609-452-8900
Trac Lease, Inc.	Delaware	532411	22-3468720	211 College Road East, Princeton NJ 08540	609-452-8900
TRAC Drayage LLC	Delaware	488490	90-0910655	2 Independence Way, Princeton NJ 08852	609-454-4990
TRAC Logistics LLC	Delaware	488490	46-2222335	2 Independence Way, Princeton NJ 08852	609-454-4999

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**The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is neither an offer to sell nor a solicitation of an offer to purchase these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION DATED APRIL 26, 2013**

**PROSPECTUS**

**TRAC Intermodal LLC**

**TRAC Intermodal Corp.**

**Offer to exchange any and all of our \$300,000,000 in aggregate principal amount of unregistered 11% Senior Secured Notes due 2019 for \$300,000,000 aggregate principal amount of our new 11% Senior Secured Notes due 2019 that have been registered under the Securities Act of 1933, as amended (the "Securities Act")**

**Terms of the Exchange Offer**

We are offering to exchange any and all of our 11% Senior Secured Notes due 2019 that were issued on August 9, 2012, in the aggregate principal amount of \$300,000,000 (which we refer to as the "Original Notes") for an equal amount of new 11% Senior Secured Notes due 2019 that have been registered under the Securities Act of 1933, as amended (the "Securities Act") (which we refer to as the "Exchange Notes" and, together with the Original Notes, the "notes").

This exchange offer expires at 11:59 p.m., New York City time, on \_\_\_\_\_ (such date and time, the "Expiration Date" unless we extend or terminate the exchange offer, in which case the "Expiration Date" will mean the latest time to which we extend the exchange offer).

Tenders of outstanding Original Notes may be withdrawn at any time prior to the Expiration Date.

The exchange offer is subject to customary conditions that may be waived by us.

We will not receive any proceeds from the exchange offer.

The exchange of Original Notes for the Exchange Notes will not be a taxable exchange for U.S. federal income tax purposes.

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All Original Notes that are validly tendered and not validly withdrawn prior to the Expiration Date will be exchanged for the Exchange Notes.

### **Terms of the Exchange Notes:**

The terms of the Exchange Notes to be issued in the exchange offer are identical to the terms of the Original Notes, except that the offer of the Exchange Notes is registered under the Securities Act and the Exchange Notes will not bear legends restricting their transfer and specified rights under the Registration Rights Agreement, including the provisions providing for payment of additional interest in specified circumstances relating to the exchange offer, will be eliminated for all the Exchange Notes.

The Exchange Notes will mature on August 15, 2019. We will pay interest on the Exchange Notes on February 15 and August 15 of each year, beginning on August 15, 2013.

We may redeem some or all of the Exchange Notes at any time on or after August 15, 2015 at the redemption prices set forth in this prospectus plus accrued and unpaid interest, if any, to the

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redemption date. At any time prior to August 15, 2015, we may redeem some or all of the Exchange Notes at a price equal to 100% of the principal amount of the Exchange Notes to be redeemed plus a "make-whole" premium, plus accrued and unpaid interest, if any, to the redemption date. We may also redeem up to 35% of the aggregate principal amount of the Exchange Notes at any time on or prior to August 15, 2015 using net proceeds from certain equity offerings, subject to the satisfaction of certain conditions set forth in this prospectus. If we experience certain kinds of changes in control, we must offer to purchase the Exchange Notes at a price equal to 101% of the principal amount of the notes plus accrued and unpaid interest, if any, to the redemption date.

The Exchange Notes are guaranteed by certain of our existing and future U.S. subsidiaries. The Exchange Notes are our senior secured obligations and are senior secured obligations of the guarantors as described in this prospectus. The Exchange Notes and the related guarantees will be secured by second- priority liens on the Collateral (as defined herein), in each case subject to certain exceptions and permitted liens, as described in this prospectus.

The Exchange Notes will not be listed on any securities exchange. A public market for the Exchange Notes may not develop, which could make selling the Exchange Notes difficult.

We are making the exchange offer in reliance on the position of the staff of the Securities and Exchange Commission (the "SEC") as set forth in interpretive letters addressed to third parties in other transactions, including SEC staff's no-action letter, Exxon Capital Holdings Corporation, available May 13, 1988. See "Description of the Exchange Offer Resale of the Exchange Notes".

Each broker-dealer that receives Exchange Notes for its own account pursuant to this exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. The letter of transmittal accompanying this prospectus states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for outstanding Original Notes where such outstanding Original Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for the period required by the Securities Act, we will make available to any such broker-dealer a prospectus meeting the requirements of the Securities Act, for use in connection with any such resale. See "Plan of Distribution."

**We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act and will therefore be subject to reduced reporting requirements.**

**See "Risk Factors" beginning on page 26 for a discussion of certain risks that you should consider in connection with participation in the exchange offer.**

**We are not making an offer to exchange notes in any jurisdiction where the offer is not permitted.**

**Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is \_\_\_\_\_, 2013.

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We are responsible for the information contained in this prospectus. We have not authorized anyone to give you any other information, and we take no responsibility for any other information that others may give you. If you are in a jurisdiction where offers to sell, or solicitations of offers to purchase, the securities offered by this document are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this document does not extend to you. The information contained in this document speaks only as of the date of this document unless the information specifically indicates that another date applies.

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**Notice to New Hampshire residents only**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

**Fleet statistics; industry and market data**

Unless otherwise indicated, all fleet statistics, including the size of the fleet, utilization of the leasing equipment and the per diem rates set forth in this prospectus include all of our owned equipment, equipment we lease from others, equipment that is managed by third parties, and equipment that we manage for third parties. To the extent our equipment is managed by a third-party, the equipment is considered fully utilized since it is not available for us to lease regardless of whether all of the units are generating income. In addition, all of our chassis assigned to neutral chassis pools are considered fully utilized. As we grow our neutral pools and allocate more chassis to neutral pools, such assets will also be considered fully utilized and increase our utilization rate.

The market share, ranking and other data contained in this prospectus are based on our management's own estimates, independent industry publications, reports by market research firms or other published independent sources and, in each case, our management believes these to be reasonable estimates. Our estimates are based on information obtained from our customers, suppliers, business organization and other contacts in the markets in which we operate. We believe these estimates to be accurate as of the date of this prospectus. However, market share data is subject to change and cannot always be verified with certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market shares. Although we have not independently verified such third-party information nor ascertained the underlying economic assumptions relied upon in those sources, we believe that such data and information is true and accurate. While we are not aware of any misstatements regarding our market, industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under the headings "Forward-looking statements" and "Risk factors" in this prospectus. As a result, you should be aware that market share, ranking and other similar data set forth herein, and estimates and beliefs based on such data, might not be reliable.

**Presentation of financial information**

TRAC Intermodal LLC is a Delaware limited liability company and TRAC Intermodal Corp. is a Delaware corporation, both of which were formed as of July 13, 2012 to facilitate the issuance of the Original Notes, and neither of which has, to date, conducted any activities other than those incident to their formation and the preparation of the offering memorandum relating to the Original Notes, the creation of an intercompany note with Interpool for the servicing of the notes and this prospectus relating to the Exchange Notes. We conduct our business through Interpool (as defined herein) and its consolidated subsidiaries. TRAC Intermodal LLC has no operations of its own so it is dependent upon



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the cash flows of its subsidiaries to meet its obligations under the notes. Since the proceeds from the Original Notes were used to repay debt owed by Interpool, an intercompany note was entered into between TRAC Intermodal LLC and Interpool with terms identical to the notes. The servicing of the intercompany note arrangement by Interpool will provide the funds for TRAC Intermodal LLC to service the interest and debt payments due under the notes.

Our consolidated statements of operations, cash flows and member's interest are presented for the years ended December 31, 2010, 2011 and 2012 and our balance sheet data is presented as of December 31, 2011 and December 31, 2012.

We believe that our financial statements and the other financial data included in this prospectus have been prepared in a manner that complies, in all material respects, with U.S. GAAP and the regulations published by the SEC, and are consistent with current practice.

**Where you can find more information**

We have filed with the SEC a registration statement on Form S-4 under the Securities Act of 1933, as amended, relating to the exchange offer. Following the exchange offer, we will commence filing periodic reports and other information with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This prospectus, which forms part of the registration statement, does not contain all of the information included in the registration statement.

This information is available from us without charge to holders of the notes, upon written or oral request. You should address your request to TRAC Intermodal LLC, 211 College Road East, Princeton, NJ, 08540, attn.: General Counsel. In order to obtain timely delivery of any documents requested from us, requests must be made no later than five business days before the Expiration Date of the exchange offer.

You may read and copy the registration statement, including the attached exhibits, and any reports, statements or other information that we file, at the Public Reference Room of the SEC's headquarters located at 100 F Street, N.E. Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 800-SEC-0330. These SEC filings will also be available to the public from commercial document retrieval services and at the SEC's internet site (<http://www.sec.gov>).

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**Forward-looking statements**

This prospectus contains forward-looking statements within the meaning of the U.S. federal securities laws. Forward-looking statements include, without limitation, statements concerning plans, objectives, goals, projections, strategies, future events or performance, and underlying assumptions and other statements, which are not statements of historical facts. Forward looking statements may be identified by the use of words like "expect," "anticipate," "intend," "forecast," "outlook," "will," "may," "might," "potential," "likely," "target," "plan," "contemplate," "seek," "attempt," "should," "could," "would" or expressions of similar meaning. Forward-looking statements reflect management's good faith evaluation of information currently available and are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Specific factors that may impact performance or other predictions of future actions have, in many but not all cases, been identified in connection with specific forward-looking statements. Our actual results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. We caution you therefore against relying on any of these forward-looking statements.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include economic, business, competitive, market and regulatory conditions and the following:

the volume of world trade due to economic, political, or other factors;

the demand for chassis;

our operating costs, including the cost of maintaining and repairing our chassis, the cost of labor rates and the cost of parts and materials;

increased regulatory costs;

defaults by our customers, which would decrease our revenues and increase our storage, collection, and recovery expenses and require us to pay our lenders sooner than anticipated;

the inability of one or more of our customers to meet their obligations to us;

our ability to mitigate any risk associated with our efforts to enable our shipping line customers to transition to the motor carrier model;

our ability to be profitable;

expansion of our business to provide drayage and logistics services and service centers;

the decision by potential and existing customers to buy rather than lease chassis;

the effect of our customers' decision to shift to short-term leasing and transition to the motor carrier model on our long-term leasing and direct finance leasing products;

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the impact of consolidation within the container shipping industry;

our ability to compete successfully in the chassis leasing industry;

the impact on our business of losing our exclusive rights to operate our domestic neutral chassis pools at certain railroad ramps;

the impact of the credit markets on the worldwide demand for goods and, in turn, on the demand for chassis;

our ability to service our debt or to obtain additional financing;

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our ability to re-lease chassis after their initial long-term lease;

the impact of liens on our equipment;

changes in market price, availability, or transportation costs of equipment manufactured in China or Mexico;

our ability to integrate acquisitions and to realize the anticipated benefits of any such potential future acquisitions;

a decrease in the availability of storage space for chassis and a resulting increase in depot costs;

our ability to maintain qualified personnel;

strikes or work stoppages by draymen, truckers, longshoremen, and railroad workers;

our ability to maintain our relationship with our employees, and thereby avoid unionization efforts, labor shortages, disruptions or stoppages;

our ability or the ability of our lessees to maintain sufficient insurance to cover losses that may occur to our chassis;

the extent of any payments under our indemnification agreements;

the impact of accidents or incidents or mismanagement of our fleet on our reputation and financial results;

the impact of recalls and other investigations;

the impact of federal roadability rules and regulations for intermodal equipment providers ("IEP");

the impact of environmental liability;

the failure or operational interruption of information technology systems required to conduct our business;

the failure to adequately protect our intellectual property rights;

the willingness and ability of manufacturers or remanufacturers of our equipment to honor warranties covering defects;

the impact of inherent, potential, or perceived conflicts of interest created by relationships and transactions with members of our management, our shareholders, and their respective affiliates;

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risks inherent in international operations, including uncertainty about the jurisdictions in which enforcement might be sought and the political, environmental, and economic stability of particular countries or regions;

the impact on our earnings of increases in prevailing interest rates;

counterparty risk arising in our hedging strategies;

the impact of a new standard for lease accounting;

terrorist attacks, wars, uprisings, or hostilities;

our status as an "emerging growth company;" and

other risks described in the "Risk factors" section of this prospectus.

For a discussion of significant risk factors applicable to us, see "Risk factors" on page 26 of this prospectus. All of the above factors are difficult to predict, contain uncertainties that may materially

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affect actual results and may be beyond our control. New factors emerge from time to time and it is not possible for our management to predict all such factors or to assess the effect of each such new factor on our business. We undertake no obligation to update or revise forward-looking statements.

Although we believe that assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore any of these statements included herein may prove to be inaccurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be achieved.

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**Prospectus summary**

*This summary highlights the information contained elsewhere in this prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. For a more complete understanding of this offering, we encourage you to read this entire prospectus and the documents to which we refer you. You should read the following summary together with the more detailed information and our historical consolidated financial statements and the related notes included elsewhere in this prospectus.*

*We use Adjusted EBITDA and Adjusted net (loss) income as measures of our operating performance or liquidity as we think these measures are helpful in evaluating trends in the performance of our business. Adjusted EBITDA and Adjusted net (loss) income are not defined by U.S. GAAP. For more information, see "Summary historical consolidated financial information."*

*Unless otherwise indicated, all fleet statistics, including the size of the fleet, utilization of the leasing equipment and the per diem rates set forth in this prospectus include all of our owned equipment, equipment we lease from others, equipment that is managed by third parties, and equipment that we manage for third parties. To the extent our equipment is managed by a third party, the equipment is considered fully utilized since it is not available for us to lease regardless of whether all of the units are generating income. In addition, all of our chassis assigned to chassis pools are considered fully utilized.*

*In this prospectus, except as otherwise indicated or the context otherwise requires, "Interpool," "TRAC Intermodal," "TRAC," "we," "our" and "us" refer to Interpool, Inc. and its consolidated subsidiaries. With respect to the discussion of the terms of the notes on the cover page, in the section entitled "The offering" and in the section entitled "Description of the exchange notes," references to "we," "us," or "our" include only TRAC Intermodal LLC and TRAC Intermodal Corp. and not Interpool or any of its subsidiaries.*

**Overview**

We are the largest intermodal chassis solutions provider, measured by total assets, for domestic and international transportation companies in North America. A chassis is a rectangular, wheeled, steel frame that typically has eight tires attached and is built specifically to move marine and domestic containers over land between ocean-going vessels, railroad ramps, distribution centers, warehouses and other delivery points served by motor carriers. Chassis are an integral component of intermodal transportation, which consists of the movement of goods via multiple transportation modes including ships, railroads and motor carriers.

As of December 31, 2012, we owned or managed a fleet of 295,662 chassis, domestic containers and units available for remanufacture. The net book value of our owned equipment was approximately \$1.37 billion. We have a broad operating footprint with 546 marine, 152 domestic and 64 depot locations across North America. Headquartered in Princeton, New Jersey, we operate under the name TRAC Intermodal and employ 283 people throughout the United States. We generated total revenues of \$414.6 million, a net loss of \$3.1 million and Adjusted EBITDA of \$159.9 million for the year ended December 31, 2012 and total revenues of \$339.3 million, a net loss of \$3.9 million and Adjusted EBITDA of \$138.7 million for the year ended December 31, 2011. See "Summary historical consolidated financial information" and "Selected historical consolidated financial information" for a reconciliation of non-GAAP measures to the most directly comparable U.S. GAAP measures.

We operate our business through two operating segments: the Marine Market segment and the Domestic Market segment.

Marine Market segment primarily serving shipping lines and motor carriers with 20', 40' and 45' foot chassis. These chassis are used in the transport of dry or refrigerated marine shipping containers of the same size carrying goods between port terminals and/or railroad ramps and retail or wholesale warehouses or store locations, principally in the United States. We offer

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customers both long-term leases and short-term leases or rental agreements. As of December 31, 2012, our active fleet included 191,890 marine chassis.

Domestic Market segment primarily serving railroads and major U.S. intermodal transportation companies with 53' chassis. These chassis are used in the transport of domestic shipping containers of the same size carrying goods between railroad ramps and retail or wholesale warehouses or store locations, principally in the United States. We offer customers both long-term leases and short-term leases or rental agreements. As of December 31, 2012, our active fleet included 74,917 domestic chassis.

We also have 2,583 domestic containers from a legacy domestic container business that are used exclusively by railroads. We lease domestic containers to railroads from time to time, but these leases represent an immaterial percentage of our total revenue. We do not intend to grow our domestic container business and currently plan to phase it out as the domestic containers reach the end of their useful lives. Additionally, we have 26,272 units available for remanufacture. These units are pairs of axles and chassis that are no longer in leasable condition. We expect to make use of these units in our remanufacturing process and eventually return them to active fleet status.

The table below summarizes the composition of our active fleet by the type of unit as of December 31, 2012:

Total active fleet by equipment type	Units		Net book value		Average age (in years)
	# of units	% of total	\$ in millions	% of total	
Marine chassis	191,890	71%	\$ 825.0	63%	13.8
Domestic chassis	74,917	28	472.9	36	7.0
Domestic containers	2,583	1	2.4	1	9.9
<b>Total active fleet</b>	<b>269,390</b>	<b>100%</b>	<b>\$ 1,300.3</b>	<b>100%</b>	<b>11.9</b>

We provide our customers with three principal product offerings: term lease products, direct finance lease products and short-term rental products through our neutral chassis pools, which include both marine and domestic chassis. Term lease products and direct finance lease products are typically long-term triple-net leases with fixed rate per diems, which require the lessee to pay all maintenance fees, insurance premiums and tax payments related to the equipment. Under a term lease, we retain the benefit and residual value of, and bear the risk of re-leasing, the asset at the end of the lease term whereas, under a direct finance lease, the customer typically receives a bargain purchase option at the expiration of the lease.

A neutral chassis pool is similar to a car rental model in which we provide a shared pool of chassis at major intermodal transportation points such as port terminals and railroad ramps for use by multiple customers on an as-needed basis. Customers in neutral chassis pools generally enter into pool user agreements for a period of 1 to 3 years and are often subject to subscription levels for minimum chassis usage, known as minimum usage or subscription arrangements. As of December 31, 2012, 39% of neutral chassis pool revenue was generated by such minimum usage arrangements.



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**Active fleet**

**Net book value by active equipment type  
(\$ in millions as of December 31, 2012)**

**Net book value by lease type  
(\$ in millions as of December 31, 2012)**

As of December 31, 2012, approximately 33%, 5%, and 62% of our on-hire chassis fleet was leased on term leases, direct finance leases or in neutral chassis pools, respectively.

The table below summarizes our total fleet by type of lease as of December 31, 2012:

	Units		Net book value of owned fleet		Average age (in years)	% of on-hire fleet
	# of units	% of total	\$ in millions	% of total		
<b>Total fleet by lease type</b>						
Term lease	82,274	28%	\$ 419.7	31%	12.7	33%
Direct finance lease	12,121	4	40.7	3	10.4	5
Marine neutral chassis pool	93,874	32	360.6	26	14.2	38
Domestic neutral chassis pool	59,755	20	384.8	28	6.4	24
<b>On-hire fleet</b>	<b>248,024</b>	<b>84</b>	<b>1,205.8</b>	<b>88</b>	<b>11.6</b>	<b>100%</b>
Available fleet	21,366	7	94.5	7	15.0	
<b>Active fleet</b>	<b>269,390</b>	<b>91</b>	<b>1,300.3</b>	<b>95</b>	<b>11.9</b>	
Units available for remanufacture	26,272	9	65.8	5		
<b>Total fleet</b>	<b>295,662</b>	<b>100%</b>	<b>\$ 1,366.1</b>	<b>100%</b>		

The vast majority of our revenues are generated from the three product offerings described above. We also generate certain other revenues, including service revenues earned from maintenance and repair fees charged to our lessees, repositioning fees charged to our pool customers, and management fees for the management of chassis pools regardless of whether the chassis in the pools are owned by us.



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**Business strengths**

We believe that we have a number of business strengths that will enable us to execute our strategy and successfully grow our business, including the following:

*Largest intermodal chassis solutions provider in North America.* We are the largest intermodal chassis solutions provider, measured by total assets, in North America with an estimated market share of 54%. Our closest competitor has a market share of approximately 30% according to our estimates. We believe that our significant size and broad footprint give us a competitive advantage by being able to address our customers' comprehensive chassis demand across the United States. Our size and scope also allow us to satisfy our customers' chassis demand during peak seasons or surge periods.

*Large and diverse fleet of active equipment.* As of December 31, 2012, we owned or managed an active fleet of 269,390 chassis and domestic containers comprised of 191,890 marine chassis, 74,917 domestic chassis and 2,583 domestic containers. Our fleet consists of a diverse mix of equipment, including 20', 40', 45', 53', tri-axles 20' and tri-axles 40' chassis. The average age of the total fleet is 11.9 years and our fleet's average expected useful life is over 20 years. We believe each chassis in our fleet can be remanufactured at the end of its useful life to provide 20 or more additional years of service at approximately 75% of the cost of purchasing a new chassis while providing the same quality of service as a new chassis.

*Broad nationwide footprint with a number of exclusive contracts.* We operate a nationwide footprint that includes 546 marine, 152 domestic and 64 depot locations across North America which allows us to service our customers' nationwide freight movement requirements. In many of these locations we are the sole chassis supplier, and as a result, we have the advantage of on-premises access to the port terminals and railroad ramps. Moreover, we have exclusive arrangements with five of the seven Class I railroads that carry freight in the United States to provide domestic chassis at many of their railroad ramps. We believe that our extensive operating network is difficult to replicate and therefore serves as a competitive advantage.

*Predictable and stable cash flows.* As of December 31, 2012, 48% of our on-hire fleet was subject to a term lease, direct finance lease or subscription agreement in our neutral chassis pools. In addition, we have historically experienced a high lease renewal rate for our term leases of approximately 80%, and a term lease renewal rate of 67% for the year ended December 31, 2012 but expect the predictability and stability of the renewal rate to be affected by the trend towards pools and away from term and direct finance lease products. During 2012, several of our lessees have opted to continue renting chassis from us in our neutral pool upon the expiration of their term leases. If we include these rentals, the renewal rate for the year ended December 31, 2012 would be 87%. Our average fleet-wide utilization rate over the last 20 years and for 2012 has been 92%.

*Strong credit and collection history.* We have a strong and long-standing credit and collections history with bad debts representing 0.59% of \$1.6 billion in revenues over the past 5 years. We believe several factors contribute to our low receivable delinquency including a long-tenured and highly experienced collections team with excellent relationships with our largest customers; an experienced credit group with strong industry knowledge of shipping lines, railroads, logistics companies and motor carriers; the essential nature of our product in the movement of our customers' goods and the reality that delinquency of payments could jeopardize our customers' ability to perform under their delivery contracts. We have experienced a minimal default rate only 17 customers over the past 5 years and were successful in recovering 97% of our chassis under default with the remainder covered by insurance contracts.

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*Long operating history with a diversified, loyal customer base.* We have a long, successful operating history and an extensive history with our customers, in many cases spanning over 30 years, which provides us with strong relationships at senior levels of management. Our customer base of top-tier shipping lines, Class I railroads, U.S. transportation companies and motor carriers is diverse with no single customer accounting for more than 10% of 2012 revenue and the top ten customers accounting for 58% of total revenue in 2012.

*Proprietary technology platform.* Over the last decade, we have internally developed a proprietary chassis management software technology called PoolStat®. PoolStat® provides chassis tracking and billing in our neutral pools, as well as a central operating database that coordinates our chassis leasing activities. We developed PoolStat® and maintain full control of the system through our in-house development team. Our experienced IT staff, working closely with our chassis pool management team and our customers, engages in continuous improvement to the system, which possesses the necessary sophistication to operate complex chassis pool functions of demand/supply, inventory control, status, repositioning, billing and maintenance and repair. We believe that PoolStat® is a key software system that will enable us to grow our business and achieve our strategic objectives.

*Experienced management team.* Our executive management team is highly experienced, has extensive customer relationships and has led our company successfully through a variety of economic cycles. We believe the depth and breadth of our executive management team is a key strength for our business.

**Business strategy**

Our vision is to be the market leader in providing high quality, comprehensive chassis solutions to the intermodal industry. We plan to execute the following strategy to grow our business:

*Grow earnings through rate improvement and operating cost control.* One of our key initiatives to increase our revenue and improve our financial results is to increase rates in our marine and domestic neutral chassis pools. We are implementing these rate increases when our customer contracts come up for renewal. The rates in these contracts are being increased to current market rates that reflect the added value we provide through our chassis management and neutral pool operations. In 2011, we raised our average marine and domestic pool rates by 28% and 5%, respectively. Excluding the impact of higher motor carrier per diem rates, marine pool per diems rose 21% in 2011. In 2012, we continued to re-price expiring marine pool contracts resulting in an average per diem rate increase of 16% on renewed contracts. Furthermore, we have continued to focus on improving our operating cost structure through higher fleet utilization, enhanced controls over maintenance and repair expenditures and cost savings from direct purchasing of parts. We believe that our focus on improving rates and controlling our operating costs will enable us to grow our earnings.

*Capitalize on shipping line transition to the motor carrier model.* In 2009, Maersk Line, the world's largest shipping line, announced that they would no longer provide chassis to support their U.S. freight volume. This decision began an industry transition to what is known as the "motor carrier model," where the responsibility for chassis provisioning is transitioning from shipping lines to motor carriers. Since 2009, many of our other shipping line customers have also decided to transition out of providing chassis as part of their overall services. We believe this transition creates an opportunity for us to expand our customer base and increase our earnings with motor carriers across the United States. As our shipping line customers move to exit chassis provisioning and adopt the motor carrier model, we have created the requisite systems, established business relationships with motor carriers and selectively offered to purchase the shipping lines' chassis to help enable this transition.

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*Expand the geographic footprint of our neutral pools and chassis fleet.* We believe that there are significant opportunities to expand our geographic footprint and grow our business by expanding into the West Coast and Gulf regions of the United States. We believe the shipping lines are focused on reducing their operating costs, which they can do by utilizing our neutral pools for their chassis needs. Moving into a neutral pool is a key step for them to transition into the motor carrier model. We believe that our extensive experience, systems, chassis fleet and strong customer relationships position us well to grow our business in targeted new markets and selectively acquire shipping line chassis to increase the size of our fleet. We believe that a combination of geographic expansion and chassis acquisitions will improve our overall product offering and enhance our competitive position in the market although we cannot guarantee that we will be able to successfully expand the geographic footprint of our neutral pools and chassis fleet.

**Industry overview**

The U.S. economy is dependent on the movement of intermodal container cargo through its major port terminals and railroad ramps. In 2011, total U.S. import and export container volume across port terminals increased 4.2% to over 29 million twenty-foot equivalent units ("TEU"), which is the standard unit of measure for containers in the marine industry. Container volumes across major U.S. railroads increased 6% to approximately 13 million containers in 2012. Chassis are an essential component in the intermodal containerized shipping infrastructure as they are required by shipping lines, railroads, intermodal transportation companies and motor carriers to move shipping containers over land between ocean-going vessels, railroad ramps, warehouses and other delivery points served by motor carriers.

The North American chassis market is large, with a total fleet of approximately 718,000 chassis (excluding a logistics company that maintains a proprietary fleet of approximately 50,000 nonstandard specification domestic chassis) and an aggregate replacement cost of approximately \$8.6 billion. Of this total, approximately 586,000 chassis are marine chassis for transporting 20', 40' and 45' intermodal containers. The remaining 132,000 chassis are domestic chassis, primarily designed for domestic containers with a length of 53' that move almost exclusively on railcars in double-stack service. The United States has been the only major container market in the world where shipping lines and railroads provide chassis as part of their basic transportation service to their customers, although the industry is transitioning to the motor carrier model where the responsibility for chassis provisioning is transitioning to motor carriers. The demand for chassis in North America is influenced primarily by the volume of containerized international and domestic trade.

Leasing companies own a significant portion of North America's chassis, and we believe the remainder is owned predominantly by shipping lines and railroads. We estimate that approximately 69% of the North American chassis market is controlled by leasing companies like us, and we expect the trend to continue to move from chassis ownership towards chassis leasing.

**Industry trends**

*U.S. container import volume growth and tightening marine chassis supply.* Demand for marine chassis is highly correlated to U.S. container import volumes. According to the Journal of Commerce, the total U.S. container import volumes grew by 3.0% and 2.2% in 2011 and 2012, respectively. FTR Associates estimates that import volumes will grow by 2.1% in 2013. At the same time, there have been minimal additions to the marine chassis fleet since 2007. The combination of continued container import growth and limited supply growth has resulted in tighter market balance between supply and demand and an improving pricing environment.

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*Demand for domestic intermodal container movements has increased steadily over the last decade.* Over the last 10 years, the favorable economics of shipping 53' domestic containers in double-stack intermodal railroad service has generated consistent growth above the overall railroad freight growth average as shippers have transitioned from long-haul trucking to domestic double-stack railroad transport to reduce costs. U.S. domestic intermodal container volume has increased without interruption by an average of 7.1% per year since 2001. As a result, demand for our domestic neutral chassis pool services has steadily increased during the same period. Over the last six years, we have grown our domestic neutral chassis pool fleet from 35,678 units in 2006 to 59,755 units as of December 31, 2012. In 2011, one of the world's largest providers of U.S. and international package delivery services entered the domestic intermodal market and became a customer of our domestic pool. We believe that this decision by one of the world's largest transportation companies to access domestic intermodal transportation provides meaningful support for continued growth in the future. In addition, as the railroads are continuing to invest heavily to establish double-stack-capable railroad routes and new intermodal terminals, we expect this trend to continue.

*Customer demand shifting from term lease to marine and domestic pool products.* Over the last six years, our customers have shown an increasing preference for neutral chassis pool products relative to long-term leasing products. From 2006 to 2012, on-hire chassis in pools as a percentage of our overall fleet has increased from 29% to 62%, and our term lease and direct finance lease fleet has declined from 71% to 38% over the same period. Two important factors contributed to the increase in neutral chassis pool usage. The first is the increase in domestic container traffic, where many of our major customers do not wish to devote capital or build an administrative presence to operate chassis and choose instead to utilize our nationwide domestic neutral chassis pools. The second is the shipping line industry's response to the freight downturn of 2008 and 2009 and challenging rate environments of 2011 and 2012 in which shipping lines reduced administrative and operational staff and began increasingly migrating to the more operationally efficient neutral chassis pools. We believe that we are well equipped to take advantage of this trend towards increased usage of neutral chassis pools because we are already the largest intermodal chassis solutions provider measured by total assets.

*Shipping line customers looking to exit chassis ownership are shifting to the motor carrier model.* The United States has been the only major container market in the world where shipping lines and railroads provide chassis as part of their basic transportation service to their customers, although the industry is transitioning to the motor carrier model where the responsibility for chassis provisioning is transitioning to motor carriers. In 2009, Maersk Line, the world's largest shipping line, announced that they would no longer provide chassis to support their U.S. freight volume and in 2012 completed the sale of their chassis subsidiary, Direct Chassis Link ("DCLI"). Since Maersk Line's announcement, nearly every major shipping line serving the United States has begun developing a strategy to address this trend. For shipping lines, the exit from chassis ownership provides an opportunity to generate cash for liquidity by selling assets, eliminating capital spending going forward, and reducing overall operating expenses by outsourcing chassis management operations to third-party suppliers. In the ordinary course of our business, we speak to shipping line customers on a regular basis regarding this business model change. On the basis of these discussions, we expect a large-scale transition to the motor carrier model which we believe will enable us to grow our business and earnings as we broaden our customer base, expand our market and increase our pricing power. We believe that we are well positioned to take advantage of this market shift for several reasons including our existing broad network of chassis at strategic locations across the country, our proprietary technology systems and our experienced management team.

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**Recent developments**

Indebtedness

During the first quarter of 2013, we have undertaken a number of steps to further increase amounts committed under our ABL Facility (as defined herein). In the aggregate, we have received \$35.0 million of increased commitments from lenders bringing the total commitment size under our ABL Facility to \$880.0 million. We also took steps to reduce our average borrowing costs by exercising early termination options on capital leases in the amount of \$16.7 million. Those loans were refinanced under our ABL Facility.

Deutsche Bank Swap

On January 10, 2013, we entered into an interest rate swap transaction with Deutsche Bank AG. The agreement effectively converts \$300.0 million of variable rate debt based upon LIBOR into a fixed rate instrument with interest payable at a rate of 0.756% and will receive one-month LIBOR on the notional amount. The agreement terminates on August 9, 2017, in line with the termination date of the ABL Facility.

Asset acquisitions

We purchased 3,469 domestic chassis formerly on operating leases from two financial institutions for a total of \$23.6 million. Additionally, we purchased 1,985 marine chassis for \$6.1 million from shipping lines as part of our strategy to enable the motor carrier conversion.

Service centers

We are currently seeking new strategically placed service centers in the United States in order to better control the expenses of our idle fleet. In 2012, we opened our first company-operated service center in New Jersey. Thus far in 2013, we have signed a lease for an additional service center in Chicago and are in various stages of negotiations with landlords for service centers in four other locations.

Drayage and drayage logistics operations

We are pursuing our entry into drayage operations and logistics related to drayage operations and have applied for a drayage operating authority. We plan to enter the market initially as a means to control the cost of moving our chassis amongst neutral pool locations in order to maximize utilization and other operational efficiencies. We may decide to offer these services to third parties in the future.

**The Company and our relationship with Fortress**

Interpool, Inc. ("Interpool"), headquartered in Princeton, New Jersey, is a private company wholly-owned by TRAC Intermodal LLC, which is owned by Seacastle Inc. ("Seacastle") and certain members of our management. Seacastle is owned by private equity funds that are managed by an affiliate of Fortress Investment Group LLC ("Fortress") and by employees of affiliates of Seacastle. Interpool was founded in 1968 as an operating lessor servicing the intermodal transportation equipment industry. Interpool was listed on The New York Stock Exchange ("NYSE") as a public company in 1993 and was acquired and taken private by Seacastle in July 2007.

Fortress is a leading global investment management firm with approximately \$53.4 billion in fee paying assets under management as of December 31, 2012. Fortress is headquartered in New York and has affiliates with offices in Atlanta, Dallas, Frankfurt, London, Los Angeles, New Canaan, Philadelphia, Rome, San Francisco, Shanghai, Singapore, Sydney and Tokyo.

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**Summary of ownership structure**

The following chart sets forth our ownership structure as of April 26, 2013:

\*  
Interpool, Inc. owns 100% of the beneficial interest in Interpool Titling Trust, a Delaware Business Trust.



**General corporate information**

Our principal executive offices are located at 211 College Road East, Princeton, New Jersey 08540 and our telephone number is (609) 452-8900. Our corporate website is [www.tracintermodal.com](http://www.tracintermodal.com). We do not incorporate the information contained on, or accessible through, our corporate website into this prospectus and you should not consider it part of this prospectus.

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**Summary of the Exchange Offer**

**Background**

On August 9, 2012, TRAC Intermodal LLC and TRAC Intermodal Corp. (the "Issuers") sold, through a private placement exempt from the registration requirements of the Securities Act, \$300,000,000 principal amount of 11% Senior Secured Notes due August 15, 2019 (the "Original Notes"), all of which are eligible to be exchanged for notes which have been registered under the Securities Act (the "Exchange Notes"). The Original Notes and the Exchange Notes are referred to together as the "notes."

Simultaneously with the private placement, we entered into a registration rights agreement with the initial purchasers of the Original Notes (the "Registration Rights Agreement"). Under the Registration Rights Agreement, we agreed, among other things, to use our commercially reasonable efforts to (1) cause to be filed an exchange offer registration statement covering an offer to the holders of the Original Notes to exchange all their notes for Exchange Notes containing terms identical to the Original Notes (except that the offer of the Exchange Notes is registered under the Securities Act and the Exchange Notes will not bear legends restricting their transfer and specified rights under the Registration Rights Agreement, including the provisions providing for payment of additional interest in specified circumstances relating to the exchange offer, will be eliminated for all the Exchange Notes) and (2) have such registration statement become and remain effective until 90 days after the last Exchange Date for use by one or more participating broker-dealers.

You may exchange your Original Notes for Exchange Notes in this exchange offer. You should read the discussion under the headings "Summary of the Exchange Offer," "Summary of the Exchange Notes," "Description of the Exchange Offer" and "Description of Exchange Notes" for further information regarding the Exchange Notes.

**Securities to be Exchanged**

Up to \$300,000,000 principal amount of 11% Senior Secured Notes due 2019.

**The Exchange Offer**

We will issue \$1,000 principal amount of Exchange Notes in exchange for each \$1,000 principal amount of Original Notes validly tendered and accepted pursuant to the exchange offer (subject to the minimum denomination requirements described herein).

As of the date of this prospectus, approximately \$300,000,000 aggregate principal amount of the Original Notes are outstanding.

We will not pay accrued and unpaid interest on the Original Notes that we acquire in the exchange offer. Instead, interest on the notes will accrue from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from and including August 9, 2012, the date on which we issued the Original Notes.

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The exchange offer is being made pursuant to the Registration Rights Agreement, which grants the initial purchasers and any subsequent holders of the Original Notes certain exchange and registration rights. This exchange offer is intended to satisfy those exchange and registration rights with respect to the Original Notes. After the exchange offer is complete and except for our obligations to use commercially reasonable efforts to file a shelf registration statement under the circumstances described below, you will no longer be entitled to any exchange or registration rights with respect to Original Notes. You may tender your outstanding Original Notes for the Exchange Notes by following the procedures described under the heading "Description of the exchange offer."

**Denomination of the Exchange Notes**

Tendering holders of the Original Notes must tender Original Notes in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. Exchange Notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

**Expiration Date**

This exchange offer will expire at 11:59 p.m. New York City time, on \_\_\_\_\_ which will be at least 20 full business days after the exchange offer is commenced (the "Expiration Date" unless we extend or terminate the exchange offer in which case the "Expiration Date" will mean the latest date and time to which we extend the exchange offer).

**Settlement Date**

The settlement date of the exchange offer will be as soon as practicable after the Expiration Date of the exchange offer.

**Withdrawal Rights**

You may withdraw your tender of Original Notes at any time prior to the Expiration Date. For more information see "Description of the exchange offer Withdrawal of tenders."

**Conditions to the Exchange Offer**

The exchange offer is subject to customary conditions, some of which we may assert or waive. For more information, see "Description of the exchange offer Conditions to the exchange offer."

**Procedures for Tendering**

To participate in the exchange offer, you must follow the automatic tender offer program procedures (the "ATOP" procedures) established by the Depository Trust Company ("DTC"), for tendering notes held in book-entry form. The ATOP procedures require that the exchange agent receive, prior to the Expiration Date of the exchange offer, a computer-generated message known as an "agent's message" that is transmitted through ATOP and that DTC confirm that:

DTC has received instructions to exchange your notes; and

you agree to be bound by the terms of the letter of transmittal.

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For more details, please read "Description of the exchange offer Terms of the exchange offer" and "Description of the exchange offer Procedures for tendering." Any holder electing to have Original Notes exchanged pursuant to this exchange offer must properly tender Original Notes prior to 11:59 p.m., New York City time, on the Expiration Date. All Original Notes validly tendered and not properly withdrawn will be accepted for exchange.

**Consequences of Failure to Exchange Original Notes**

If we successfully complete the exchange offer, any Original Notes which holders do not tender or which we do not accept in the exchange offer will remain outstanding and continue to accrue interest. The holders of Original Notes after the exchange offer in general will not have further rights under the Registration Rights Agreement, including registration rights and any rights to additional interest. Holders wishing to transfer the Original Notes would have to rely on exemptions from the registration requirements of the Securities Act. Please see "Risk Factors Exchange Offer Risk Factors Failure to tender Original Notes in the exchange offer may affect their marketability and will substantially limit, and may effectively eliminate, opportunities to sell your Original Notes in the future" and "Description of the exchange offer Terms of the exchange offer."

**Resales of Exchange Notes**

Under existing interpretations by the staff of the SEC as set forth in no-action letters issued to unrelated third parties and referenced below, we believe that the Exchange Notes issued in the exchange offer in exchange for Original Notes may be offered for resale, resold or otherwise transferred if you:

acquire the Exchange Notes in the ordinary course of business;

are not an affiliate within the meaning of rule 405 of the Securities Act; and

are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate in the distribution of the Exchange Notes.

If any of the foregoing is not true and you transfer any Exchange Note without delivering a prospectus meeting the requirements of the Securities Act and without an exemption of your Exchange Notes from such requirements, you may incur liability under the Securities Act. We do not assume or indemnify you against such liability.

In addition, each participating broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offer in exchange for Original Notes that were acquired as a result of market-making or other trading activity must also acknowledge that it will deliver a prospectus in connection with any resale of the Exchange Notes. For more information, see "Plan of Distribution."

Any holder of Original Notes, including any broker-dealer, who:

is our affiliate,

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does not acquire the Exchange Notes in the ordinary course of its business, or

tenders in the exchange offer with the intention to participate, or for the purpose of participating, in a distribution of Exchange Notes,

cannot rely on the position of the staff of the SEC expressed in *Exxon Capital Holdings Corporation, Morgan Stanley & Co., Incorporated* or similar no-action letters and, in the absence of an applicable exemption, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale of the Exchange Notes or it may incur liability under the Securities Act. We will not be responsible for, or indemnify against, any such liability.

**Minimum Condition**

The exchange offer is not conditioned on any minimum aggregate principal amount of Original Notes being tendered for exchange.

**Appraisal or Dissenters Rights**

Holders of the Original Notes do not have any appraisal or dissenters' rights in connection with the exchange offer.

**Certain Income Tax Considerations**

This exchange of notes will not be a taxable exchange for U.S. federal income tax purposes. You should consult your tax advisor about the tax consequences of this exchange. See "Certain U.S. Federal Income Tax Considerations."

**Use of proceeds**

We will not receive any cash proceeds from the issuance of the Exchange Notes in this exchange offer.

**Exchange Agent**

Wells Fargo Bank, N.A. is serving as exchange agent in connection with the exchange offer.

**Shelf Registration Statement**

We have agreed that in the event that:

an exchange offer registration is not available;

the exchange offer may not be completed because it would violate any applicable law or applicable interpretations of the SEC Staff;

the exchange offer is not for any other reason completed by the target registration date (August 9, 2013); or

we receive a written request from any initial purchaser of the Original Notes representing that it holds registrable securities that are or were ineligible to be exchanged in the exchange offer;

we will use commercially reasonable efforts to cause to be filed as soon as reasonably practicable, a shelf registration statement providing for the sale of all the registrable securities by the holders thereof and to have such shelf registration statement become effective. See "Description of the Exchange Notes Resale Registration Statement; additional interest."

**Risk Factors**

You should consider carefully all of the information included in this prospectus, and, in particular, the information under the heading "Risk Factors" beginning on page 26 prior to deciding whether to participate in the exchange offer.



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**Summary of the Exchange Notes**

*The summary below describes the principal terms of the Exchange Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. You should carefully review the "Description of the exchange notes" section of this prospectus, which contains a more detailed description of the terms and conditions of the Exchange Notes.*

<b>Issuers</b>	TRAC Intermodal LLC and TRAC Intermodal Corp.
<b>Securities Offered</b>	\$300 million aggregate principal amount of 11.0% Senior Secured Notes due August 15, 2019.
<b>Maturity</b>	The Exchange Notes will mature on August 15, 2019.
<b>Interest Rate</b>	We will not pay accrued and unpaid interest on the Original Notes that we acquire in the exchange offer. Instead, interest on the notes will accrue from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from and including August 9, 2012, the date on which we issued the Original Notes.
<b>Interest Payment Dates</b>	February 15 and August 15, commencing on August 15, 2013.
<b>Collateral</b>	<p>The Exchange Notes and the guarantees are secured by a second priority lien (subject to certain exceptions and permitted liens) on all of the tangible and intangible assets of the Issuers and the guarantors that secure the Issuers and the guarantors' obligations under the credit facility entered into on August 9, 2012 (the "ABL Facility"). Certain assets are pledged under a pledge and security agreement (the "Security Agreement Collateral") and other assets, including chassis subject to certificates of title, are pledged under a Collateral Trust Security Agreement (as defined herein) (the "Trust Collateral" and, together with the Security Agreement Collateral, the "Collateral").</p> <p>On August 9, 2012, the ownership interest of the Issuers and the guarantors in a substantial portion of the chassis collateral was held in a titling trust, and the certificate that represents the rights in such chassis collateral was pledged under the security agreement. Each Issuer and guarantor had up to 120 days (or such longer period as may be specified in the ABL Facility) from August 9, 2012 to cause ownership in the certificate of title chassis collateral to be transferred from the titling trust to the relevant Issuer or guarantor, which shall have pledged its rights, title and interest in such chassis collateral to the collateral trustee under a Collateral Trust Security Agreement. As of December 31, 2012, we were in compliance with our retitling obligations under the Collateral Trust Security Agreement. See "Description of the Exchange Notes Security for the notes."</p>

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**Ranking**

The Exchange Notes and the guarantees will be our and the guarantors' senior secured obligations. The indebtedness evidenced by the Exchange Notes and the guarantees will:

rank senior in right of payment to any existing and future subordinated indebtedness that is, by its terms, expressly subordinated in right of payment to the notes and or guarantees;

rank equally in right of payment with all of our and the guarantors' existing and future senior indebtedness, including amounts outstanding under the ABL Facility;

be effectively senior to our unsecured debt to the extent of the value of the Collateral;

rank equally to the Issuers' and the guarantors' obligations under any other pari passu lien obligations incurred after the issue date to the extent of the value of the Collateral;

have a second-priority lien on the Collateral and be effectively junior (on a lien priority basis) to the ABL Facility to the extent of the value of the Collateral; and

be structurally subordinated to all existing and future indebtedness and other liabilities of our non-guarantor subsidiaries (other than (i) indebtedness and liabilities owned by us or one of our guarantor subsidiaries and (ii) to the extent of any Collateral owned by any such non-guarantor subsidiary).

As of December 31, 2012, on an as adjusted basis, after giving effect to the sale of the notes, our entry into the ABL Facility and the use of proceeds, but excluding \$236.0 million of undrawn indebtedness under the ABL Facility, the Issuers and the guarantors have approximately \$1,108.4 million aggregate principal amount of indebtedness outstanding, approximately \$609.0 million of which would have been secured by a first-priority lien on the Collateral (consisting of indebtedness under the ABL Facility), \$300.0 million of which would have been secured by a junior lien on the Collateral (consisting of the notes), and approximately \$199.4 million of which would have been secured by liens on our other assets that do not constitute Collateral, as to which the notes are effectively subordinated to the extent of the value of such other assets. In addition, as of December 31, 2012, the non-guarantor subsidiaries had approximately \$0.9 million of indebtedness and other liabilities (including trade payables).



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**Guarantees**

The Exchange Notes will be jointly and severally and unconditionally guaranteed on a senior secured basis, subject to certain limitations described herein, by each of our domestic subsidiaries, other than excluded subsidiaries, securitization subsidiaries and subsidiaries that in the future we designate as unrestricted subsidiaries.

**Intercreditor Agreement**

The Issuers, the guarantors, the notes collateral agent and the administrative agent under the ABL Facility entered into an intercreditor agreement with respect to the Collateral on August 9, 2012 (the "Intercreditor Agreement"). The Intercreditor Agreement may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, without the consent of the holders of the notes, to add other parties holding other pari passu lien obligations permitted to be incurred under the indenture and the ABL Facility.

Under the Intercreditor Agreement, at any time that any obligations under the ABL Facility or other first-lien obligations are outstanding, the applicable authorized representative of the holders of such first-lien obligations has the right to direct foreclosures and take other actions with respect to the shared collateral, and any authorized representative of the holders of any second-lien obligations has no right to take any actions with respect to the shared collateral. The applicable authorized representative is currently the administrative agent under the ABL Facility, as authorized representative in respect of the ABL Facility obligations, and the notes collateral agent, as authorized representative in respect of the notes, has no rights to take any action against the collateral pursuant to the terms of the Intercreditor Agreement.

See "Description of the Exchange Notes Security for the notes Intercreditor Agreement, Security Agreement, Collateral Trust Security Agreement, and Collateral Trust Agreement."

**Collateral Trust Agreement**

The Issuers, the guarantors, the notes collateral agent, the administrative agent under the ABL Facility and the collateral trustee entered into a collateral trust agreement on August 9, 2012 (the "Collateral Trust Agreement"). The Collateral Trust Agreement may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, without the consent of the holders of the notes, to add other parties holding other first-lien obligations and second-lien obligations and other obligations secured by collateral subject to the Collateral Trust Agreement which collateral does not secure the ABL Facility obligations or the note obligations, in each case, to the extent such obligations are permitted to be incurred under the indenture and the ABL Facility.

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Under the Collateral Trust Agreement, the Issuers and the guarantors have appointed the collateral trustee to exercise remedies relating to the trust collateral, which is primarily composed of pledged chassis and which is pledged to the collateral trustee pursuant to the collateral trust security agreement entered into on August 9, 2012 (the "Collateral Trust Security Agreement") (or other applicable security agreement) to secure the obligations of the Issuers and the guarantors under both the ABL Facility and the notes. The Collateral Trust Agreement includes priority provisions providing that, at any time that any obligations under the ABL Facility or other first-lien obligations are outstanding, the collateral trustee shall take instructions from the applicable authorized representative of the holders of the first-lien obligations in exercising remedies with respect to the Trust Collateral, and any authorized representative of the holders of any second-lien obligations has no right to take any actions with respect to the shared collateral. The applicable authorized representative of the first-lien obligations is currently the administrative agent under the ABL Facility, as authorized representative in respect of the ABL Facility obligations, and the collateral agent under the indenture is currently the authorized representative in respect of the notes obligations, which are second-lien obligations.

**Form and Denomination**

The Exchange Notes will be issued in fully-registered form. The Exchange Notes will be represented by one or more global notes, deposited with the trustee as custodian for DTC and registered in the name of Cede & Co., DTC's nominee. Beneficial interests in the global notes will be shown on, and any transfers will be effective only through, records maintained by DTC and its participants.

**Optional Redemption**

We may redeem the Exchange Notes, in whole or in part, at any time before August 15, 2015 at a price equal to 100% of the aggregate principal amount of the Exchange Notes plus the applicable "make whole" premium as described in "Description of the Exchange Notes - Optional redemption," plus accrued and unpaid interest, if any, to the applicable redemption date.

We may also redeem the Exchange Notes, in whole or in part, at any time after August 15, 2015 at the redemption prices specified in "Description of the Exchange Notes - Optional redemption" plus, in each case, accrued and unpaid interest, if any, to the applicable redemption date.

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In addition, until August 15, 2015, we may also redeem up to 35% of the aggregate principal amount of the Exchange Notes using the proceeds of certain equity offerings at the applicable redemption price and subject to the conditions specified in "Description of the Exchange Notes Optional redemption" plus accrued and unpaid interest, if any, to the applicable redemption date; provided that after giving effect to any such redemption, at least 65% of the Exchange Notes issued on the issue date would remain outstanding immediately after such redemption. See "Description of the Exchange Notes Optional redemption."

**Change of Control**

Upon a change of control, we will be required to make an offer to purchase each holder's Exchange Notes at a price of 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase. See "Description of the Exchange Notes Repurchase at the option of holders Change of control."

**Asset Sales**

If we sell assets under certain circumstances, we will be required to make an offer to purchase the Exchange Notes at their face amount, plus accrued and unpaid interest to the purchase date. See "Description of the Exchange Notes Repurchase at the option of holders Asset sales."

**Absence of Public Market**

The Exchange Notes are new securities for which there is currently no established public market, and we cannot assure that any public market for the Exchange Notes will develop or be sustained.

**Certain Covenants**

The indenture governing the Exchange Notes, among other things, limits our ability and the ability of our restricted subsidiaries to:

incur additional indebtedness or issue certain disqualified stock and preferred shares;

create liens or other encumbrances on certain assets to secure debt;

pay dividends, prepay subordinated indebtedness or make other restricted payments or other equity distributions;

purchase or redeem capital stock;

make certain investments;

sell assets;

agree to any restrictions on the ability of restricted subsidiaries to transfer property or make payments to us;

consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;

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engage in transactions with affiliates; and

permit any person to guarantee certain other types of debt without guaranteeing payment of the Exchange Notes.

These limitations are subject to a number of important qualifications and exceptions. See "Description of the Exchange Notes - Certain covenants." Many of these covenants will cease to apply to the Exchange Notes for as long as such Exchange Notes have investment grade ratings from both Moody's Investors Service, Inc. and Standard & Poor's.

**Listing**

We do not intend to apply for listing of the Exchange Notes on any securities exchange.

**Governing Law**

The Exchange Notes are governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles thereof.

**Book-Entry Depository**

DTC.

**Trustee**

Wells Fargo Bank, National Association.

**Risk factors**

You should refer to the section entitled "Risk factors" and the other information included in this prospectus for a discussion of material risks you should consider before deciding to participate in the exchange offer.

Table of Contents**Summary historical consolidated financial information**

The following tables summarize consolidated financial information of TRAC Intermodal LLC and its consolidated subsidiaries. TRAC Intermodal LLC has no operations of its own and is dependent upon the cash flows of its subsidiaries to meet its obligations under the notes. TRAC Intermodal LLC is a Delaware limited liability company and TRAC Intermodal Corp. is a Delaware corporation, both of which were formed as of July 13, 2012 to facilitate the issuance of the Original Notes, and neither of which has, to date, conducted any activities other than those incidental to their formation and the preparation of the offering memorandum relating to the Original Notes, the creation of an intercompany note with Interpool for the servicing of the notes and this prospectus relating to the Exchange Notes. We conduct our business through Interpool and its consolidated subsidiaries. You should read these tables along with "Presentation of financial information," "Management's discussion and analysis of financial condition and results of operations," "Business" and our historical consolidated financial statements and the related notes included elsewhere in this prospectus.

The summary historical consolidated statement of operations data and historical consolidated statement of cash flows data for the years ended December 31, 2010, 2011 and 2012 have been derived from our audited consolidated financial statements included elsewhere in this prospectus and the historical consolidated balance sheet data as of December 31, 2011 and 2012 have been derived from our audited consolidated financial statements included elsewhere in this prospectus.

(dollars in thousands)	Year Ended December 31,		
	2010	2011	2012
<b>Consolidated Statement of Operations Data:</b>			
Total revenues	\$ 280,857	\$ 339,344	\$ 414,593
Direct operating expenses	144,465	172,075	214,125
Selling, general and administrative expenses	34,438	40,942	46,038
Depreciation expense	60,857	64,391	66,052
Provision for doubtful accounts	74	3,954	4,137
Impairment of leasing equipment	8,713	1,544	6,506
Loss on modification and extinguishment of debt	40	733	8,850
Interest expense	69,329	65,835	75,102
Interest income	(346)	(633)	(143)
Other (income) expense, net(1)	134	(1,535)	(809)
Total expenses	317,704	347,306	419,858
Loss before benefit for income taxes	(36,847)	(7,962)	(5,265)
Benefit for income taxes	(17,641)	(4,054)	(2,175)
Net loss	\$ (19,206)	\$ (3,908)	\$ (3,090)

(dollars in thousands)	As of December 31,	
	2011	2012
<b>Consolidated Balance Sheet Data:</b>		
Cash and cash equivalents	\$ 29,005	\$ 26,556
Net investment in direct finance leases	54,776	40,729
Leasing equipment, net of accumulated depreciation	1,292,660	1,325,383
Total assets	1,708,049	1,768,463
Deferred income taxes	76,112	73,569
Total debt and capital lease obligations	976,643	1,108,397
Total liabilities	1,167,406	1,229,556
Total member's interest	540,643	538,907



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(dollars in thousands)	Year Ended December 31,		
	2010	2011	2012
<b>Other Operating Data:</b>			
Adjusted net (loss) income(2)	\$ (12,900)	\$ 1,205	\$ 12,609
Adjusted EBITDA(3)(4)	143,614	138,718	159,894
<b>Consolidated Statement of Cash Flows Data:</b>			
Cash flows provided by (used in) operating activities	44,239	32,532	(8,271)
Capital expenditures gross(5)	75,900	108,226	103,577

(1) Primarily represents (gain) loss from sale of equipment.

(2) Adjusted net (loss) income is a measure of financial and operating performance that is not defined by U.S. GAAP and should not be considered a substitute for net income, income from operations or cash flow from operations, as determined in accordance with U.S. GAAP. Adjusted net (loss) income is a measure of our operating and financial performance used by management to focus on consolidated financial and operating performance exclusive of income and expenses that relate to non-routine or significant non-cash items of the business.

We define adjusted net (loss) income as net (loss) income before non-cash interest expense related to deferred financing fees, non-cash stock compensation, loss on modification and extinguishment of debt, and terminations, modification, and fair value adjustments of derivative instruments. We use adjusted net (loss) income to assess our consolidated financial and operating performance, and we believe this non-GAAP measure is helpful to management and investors in identifying trends in our performance. This measure helps management make decisions that are expected to facilitate meeting current financial goals as well as achieve optimal financial performance. Adjusted net (loss) income provides us with a measure of financial performance of the business based on operational factors, including the profitability of assets on an economic basis, net of operating expenses, and the capital costs of the business on a consistent basis as it removes the impact of certain non-routine and non-cash items from our operating results. Adjusted net (loss) income is a key metric used by senior management and our board of directors to review the consolidated financial performance of the business.

The following table shows the reconciliation of net (loss) income, the most directly comparable U.S. GAAP measure, to adjusted net (loss) income:

(dollars in thousands)	Year Ended December 31,		
	2010	2011	2012
Net loss	\$ (19,206)	\$ (3,908)	\$ (3,090)
Non-cash interest expense, net of tax	2,386	2,069	2,687
Non-cash stock compensation, net of tax	38	35	1,059
Loss on modification and extinguishment of debt, net of tax	24	440	5,310
Loss on termination and modification of derivative instruments, net of tax	4,288	2,456	6,611
Fair value adjustment for derivative instruments, net of tax	(430)	113	32
<b>Adjusted net (loss) income</b>	<b>\$ (12,900)</b>	<b>\$ 1,205</b>	<b>\$ 12,609</b>

Adjusted net (loss) income has limitations as an analytical tool, is not a presentation made in accordance with U.S. GAAP and should not be considered in isolation, or as a substitute for analysis of our results as reported under U.S. GAAP, including net income or net cash from operating activities. For example, adjusted net (loss) income does not reflect (i) our cash expenditures or future requirements for capital expenditures or contractual commitments or (ii) changes in or cash

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requirements for our working capital needs. In addition, our calculation of adjusted net (loss) income may differ from the adjusted net income or analogous calculations of other companies in our industry, limiting its usefulness as a comparative measure. Because of these limitations, adjusted net (loss) income should not be considered a measure of discretionary cash available to us to invest in the growth of our business or to pay dividends. We compensate for these limitations by relying primarily on our U.S. GAAP results and using adjusted net (loss) income only supplementally.

- (3) Adjusted EBITDA is a measure of both operating performance and liquidity that is not defined by U.S. GAAP and should not be considered a substitute for net income, income from operations or cash flow from operations, as determined in accordance with U.S. GAAP.

We define Adjusted EBITDA as income (loss) before income taxes, interest expenses (net of interest income), depreciation and amortization expense, impairment of assets and leasing equipment, other expense (income) mainly related to loss (gain) from sale of equipment, and loss on modification and extinguishment of debt, remanufacturing expenses, non-cash stock compensation and principal collections on direct finance leases.

Set forth below is additional detail as to how we use Adjusted EBITDA as a measure of both operating performance and liquidity, as well as a discussion of the limitations of Adjusted EBITDA as an analytical tool and a reconciliation of Adjusted EBITDA to our U.S. GAAP net (loss) income and cash flow from operating activities.

*Operating performance:* Management and our board of directors use Adjusted EBITDA in a number of ways to assess our consolidated financial and operating performance, and we believe this measure is helpful to management, the board of directors and investors in identifying trends in our performance. We use Adjusted EBITDA as a measure of our consolidated operating performance exclusive of income and expenses that relate to financing, income taxes, and capitalization of the business. Also, Adjusted EBITDA assists us in comparing our operating performance on a consistent basis as it removes the impact of our capital structure (primarily interest charges on our outstanding debt) and asset base (primarily depreciation and amortization) from our operating results. In addition, Adjusted EBITDA helps management identify controllable expenses and make decisions designed to help us meet our current financial goals and optimize our financial performance. Accordingly, we believe this metric measures our financial performance based on operational factors that management can impact in the short-term, namely the cost structure and expenses of the organization. Lastly, Adjusted EBITDA as defined herein is the basis for calculating selected financial ratios as required in the debt covenants of our ABL Facility.

*Liquidity:* In addition to the uses described above, management and our board of directors use Adjusted EBITDA as an indicator of the amount of cash flow we have available to service our debt obligations, and we believe this measure can serve the same purpose for our investors. We add back certain remanufacturing expenses because these costs would have been capitalized if we built new chassis versus remanufacturing. We also include principal collections on direct finance lease receivables in Adjusted EBITDA because these collections represent cash that we have available to service our debt obligations that is not otherwise included in net (loss) income. As a result, by adding back remanufacturing related expenses and non-cash stock compensation expenses and by including principal collections on direct finance lease receivables in Adjusted EBITDA, we believe Adjusted EBITDA is a more accurate indicator of our available cash flow to service our debt obligations than net (loss) income.



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*Limitations:* Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under U.S. GAAP. These limitations include:

Adjusted EBITDA does not reflect any cash requirements for assets being depreciated and amortized that may have to be replaced in the future;

Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

Adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;

Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs; and

Adjusted EBITDA does not reflect all of the cash requirements necessary to satisfy all of our non-discretionary expenditures.

Our calculation of Adjusted EBITDA may differ from the Adjusted EBITDA or analogous calculations of other companies in our industry, limiting its usefulness as a comparative measure. Because of these limitations, Adjusted EBITDA should not be considered a measure of discretionary cash available to us to invest in the growth of our business, to pay dividends or for discretionary expenditures. We compensate for these limitations by relying primarily on our U.S. GAAP results and using Adjusted EBITDA only supplementally.

The following table shows the reconciliation of net (loss) income, the most directly comparable U.S. GAAP measure, to Adjusted EBITDA:

(dollars in thousands)	Year Ended December 31,		
	2010	2011	2012
Net (loss) income	\$ (19,206)	\$ (3,908)	\$ (3,090)
Income tax	(17,641)	(4,054)	(2,175)
Interest expense, net	68,983	65,202	74,959
Depreciation expense	60,857	64,391	66,052
Impairment of assets and leasing equipment	8,713	1,544	6,506
Loss on modification and extinguishment of debt	40	733	8,850
Other (income) expense, net	134	(1,535)	(809)
Remanufacturing expense	8,654	4,096	
Non-cash stock compensation	64	58	1,765
Principal collections on direct finance leases	33,016	12,191	7,836
<b>Adjusted EBITDA(4)</b>	<b>\$ 143,614</b>	<b>\$ 138,718</b>	<b>\$ 159,894</b>

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The following table shows the reconciliation of cash flows from operating activities, the most directly comparable U.S. GAAP measure, to Adjusted EBITDA:

(dollars in thousands)	Year Ended December 31,		
	2010	2011	2012
<b>Cash flows from operating activities to Adjusted EBITDA reconciliation:</b>			
<b>Net cash provided by (used in) operations</b>	\$ 44,239	\$ 32,532	\$ (8,271)
Depreciation and amortization	(61,185)	(65,061)	(66,471)
Provision for doubtful accounts	(74)	(3,954)	(4,137)
Amortization of deferred financing fees	(3,235)	(2,760)	(4,001)
Derivative loss reclassified into earnings	(7,146)	(4,093)	(11,018)
Ineffective portion of cash flow hedges	717	(189)	(53)
Payments to terminate derivative instruments		5,006	90,370
Loss on modification and extinguishment of debt	(40)	(733)	(8,850)
Non-cash stock compensation	(64)	(58)	(1,765)
Other, net	1,028	1,417	217
Impairment of leasing equipment	(8,713)	(1,544)	(6,506)
<b>Changes in assets and liabilities:</b>			
Accounts receivable	7,689	16,916	27,110
Other assets	(487)	700	(848)
Accounts payable	(2,339)	513	(1,546)
Accrued expenses and other liabilities	(5,388)	12,942	(12,944)
Deferred income	83	188	595
Deferred income taxes	15,709	4,270	5,028
Provision (benefit) for income taxes	(17,641)	(4,054)	(2,175)
Interest expense, net	68,983	65,202	74,959
Depreciation expense	60,857	64,391	66,052
Impairment of assets and leasing equipment	8,713	1,544	6,506
Loss on modification and extinguishment of debt	40	733	8,850
Other (income) expense, net	134	(1,535)	(809)
Remanufacturing expense	8,654	4,096	
Non-cash stock compensation	64	58	1,765
Principal collections on direct finance leases	33,016	12,191	7,836
<b>Adjusted EBITDA(4)</b>	<b>\$ 143,614</b>	<b>\$ 138,718</b>	<b>\$ 159,894</b>

(4) The 2010 Adjusted EBITDA includes \$17.2 million of principal collections on direct finance lease receivables related to the early termination of one customer's contract.

(5) Includes equipment purchased with funds provided by capital leases.

Table of Contents**Ratio of earnings to fixed charges**

The following table sets forth our ratios of earnings to fixed charges for the periods indicated calculated on the basis of the U.S. GAAP financial statements included in this prospectus.

	Year Ended December 31,				
	2008	2009	2010	2011	2012
<b>Ratio of Earnings to Fixed Charges</b>	<b>1.07</b>	(a)	(a)	(a)	(a)

(a)

For purposes of computing these ratios of earnings to fixed charges, fixed charges consist of interest expense, amortization of debt issue costs and the interest portion of rental expense. Earnings consist of earnings (loss) from continuing operations before income tax plus fixed charges. Earnings were insufficient to cover fixed charges by \$8.5 million in 2009, \$36.8 million in 2010, \$8.0 million in 2011 and \$5.3 million in 2012 due to losses from continuing operations before taxes of these amounts.

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**Risk factors**

*Investing in the Exchange Notes involves risks. You should review and consider carefully the following risk factors as well as all the other information presented in this prospectus before participating in this exchange offer. Any of the following risks, if they were to occur, could materially and adversely affect our business, results of operations, prospects or financial condition. In that event, the market price and liquidity of the notes could decline and you could lose all or part of your investment. This prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks described below and the risks described elsewhere in this prospectus. See "Forward-looking statements."*

**Risks related to our business and industry**

*The demand for leased chassis depends on many economic, political and other factors beyond our control and a decrease in the volume of world trade and other factors may adversely affect our business.*

Demand for leasing our chassis depends largely on the extent of world trade and economic growth, with U.S. consumer demand being the most critical factor affecting such growth. Although we experienced higher demand for 2012 than in prior years based on a higher number of on-hire chassis, which we attribute to an improving global economy, the demand cycle of the industry cannot be determined with certainty and many factors affect fluctuations in demand. The recent economic downturn in the United States, the European Union and other countries with consumer-oriented economies resulted in a reduction in world trade volume (including a decrease in exports from China) and in demand by shipping lines, railroads and motor carriers for leased equipment. See "Business Industry Overview Market Growth." Such downturns or recessions can negatively affect our operating results because during economic downturns or periods of reduced trade, shipping lines, railroads and motor carriers tend to lease chassis only at reduced rates or lease fewer chassis because, for example, they shift away from intermodal transport toward other forms of transportation for their goods. Thus, if the volume of world trade does not recover or further decreases or if the economy of the United States, the European Union or other consumer-oriented countries does not recover or slows down further, this would adversely affect our utilization rates and per diem rates, which, in turn, would lead to reduced revenue, reduced capital investment, increased operating expenses (such as storage and repositioning) and reduced financial performance. A decline in world trade (including a decrease in exports from China) or a slow-down in the economy of the United States, the European Union or other consumer-oriented countries may also adversely affect our customers, which could lead to defaults by our customers and the early termination of their leases. We cannot predict whether, or when, such downturns will occur.

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

prices of new, remanufactured and used chassis;

the availability and terms of equipment leasing and financing for chassis;

fluctuations in interest rates and foreign currency values;

global and regional economic conditions and competitive pressures in the shipping, railroad and motor carrier industries;

the globalization of manufacturing;

changes in the operating efficiency of our customers;

supply and demand for products shipped in containers that are then transported on our chassis;

fuel costs and their impact on overall transportation costs;



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developments in international trade and shifting trends and patterns of cargo and motor carrier traffic;

the price of steel, petroleum, rubber and other raw materials;

changes in the relative demand for pool products compared to term and direct finance lease products;

flu or other pandemics that result in economic disruptions;

acts of God, such as droughts, storms or extreme weather patterns that result in the loss of chassis or transportation disruptions;

overcapacity or undercapacity of chassis, ship, railroad and other equipment manufacturers;

the lead times required to purchase chassis;

the number of chassis purchased by competitors;

the number of chassis purchased by potential lessees;

increased repositioning by shipping lines, railroads or motor carriers of their own empty chassis to higher-demand locations in lieu of leasing equipment from us;

consolidation or withdrawal of individual lessees in the U.S. intermodal industry;

the continued conversion of over-the-road freight to rail;

changes in the relative number of chassis leased by motor carriers compared to shipping lines;

the cost of parts and labor needed to maintain and repair chassis;

import/export tariffs and restrictions;

lease accounting changes resulting in an increase in chassis purchasing rather than leasing;

customs procedures and foreign exchange controls;

global and regional economic and political conditions, terrorism or uprisings against existing governments; and

environmental and other regulatory changes affecting the operation of chassis.

We cannot control these factors, any one of which may have a material adverse effect on our business and results of operations. These factors vary over time, and often do so quickly and unpredictably. Many of these factors also influence the decision by current and potential customers to lease our chassis or shift away from intermodal transport toward other forms of transportation for their goods. Should one or more of these factors influence current and potential customers to buy a larger percentage of the chassis or shift away from intermodal transport, our utilization rate would decrease, resulting in decreased revenue, increased storage and repositioning costs, and as a result, lower operating cash flow.

***Our ability to grow our business depends on a continuing recovery of demand for chassis.***

Our ability to grow our business depends on a continuing recovery of the demand for chassis. However, this recovery may not continue as rapidly and strongly as anticipated or at all. Many factors affect the demand for chassis, many of which are outside of our control. See " *The demand for leased chassis depends on many economic, political and other factors beyond our control and a decrease in the volume of world trade and other factors may adversely affect our business.*" If demand for chassis does not continue to recover as we anticipate, or if demand starts to decrease, we may not be able to grow our business as planned and our results of operations may be adversely affected.

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***Our operating costs may materially and negatively impact our business.***

We incur significant costs in operating our business, including the cost of maintaining and repairing our chassis. Although our term and direct finance lease products require the lessees to pay for the chassis' maintenance and repair while they are on lease to them, we remain responsible for the cost of repairing ordinary wear and tear items when the chassis under term leases are returned to us. In addition, we are responsible for the systematic inspection, repair and maintenance of the chassis in our chassis pool fleet. As the number of chassis in our chassis pools increases and our fleet ages, we may experience an increase in maintenance and repair costs. These costs may also increase due to increases in labor rates and in the cost of parts and materials. They may also increase due to our obligation to comply with the laws, rules and regulations governing the operating condition of our chassis, including those of the U.S. Department of Transportation's ("USDOT") Federal Motor Carrier Safety Administration ("FMCSA"). In addition, our ability to limit our operating costs depends on our effective management of the performance of our maintenance and repair vendors. If we are unable to effectively manage such vendors, or pass any maintenance and repair cost increases along to our customers, our business could be negatively impacted.

***Defaults by our customers could adversely affect our business by decreasing our revenues and increasing our storage, collection and recovery expenses, and require us to repay our lenders sooner than anticipated.***

We generate revenues primarily from lease payments by our customers for our chassis. Inherent in the nature of the leases and other rental arrangements we have with our customers is the risk that once a lease or rental arrangement is consummated, we may not receive, or may experience a delay in realizing, all of the compensation and other amounts to be paid in respect of the chassis subject to that lease or rental arrangement, particularly with respect to our motor carrier customers. See " *We intend to grow our business by enabling our shipping line customers to transition to the motor carrier model, which may subject us to business and financial risk.*" We attempt to mitigate this risk by requesting that our customers provide us with detailed financial information regarding their operations and, where such information is not provided, by relying on reports from credit agencies and other available credit information and in some cases, by requiring deposits. However, there can be no assurance that they can or will fulfill their obligations under the contracts we enter into with them. Our customers could encounter financial difficulties, or otherwise have difficulty making payments to us when due as a result of any number of factors which may be out of our control and which we may be unable to anticipate. If one or more of our largest customers or a sufficient number of our customers were to default, it could have a material adverse effect on our results of operations. See " *The inability of one or more of our customers to meet their obligations to us may adversely affect our business, financial condition and results of operations.*" Defaults by our customers not only cause us to lose revenues for past services, but also result in increased expenses for storage, collection and recovery of our chassis.

In addition, the credit facility entered into on August 9, 2012 (the "ABL Facility"), as amended, requires us to identify the chassis leased by a defaulting customer and to reclassify such chassis (or the book value thereof) as ineligible for the purpose of serving as security for the underlying indebtedness. In certain cases, this may require us to repay a portion of the affected indebtedness sooner than anticipated. Repossession of chassis from defaulting customers may be difficult and expensive. See " *The international nature of the industry exposes us to numerous risks.*" Furthermore, we may be unable to re-lease this recovered equipment at comparable rates or on comparable terms, if at all. An increase in the incidence of defaults by our customers could therefore materially adversely affect our financial condition and results of operations.



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***The inability of one or more of our customers to meet their obligations to us may adversely affect our business, financial condition and results of operations.***

Our top 10 customers accounted for approximately 64%, 59% and 58% of our total revenues in 2010, 2011 and 2012, respectively. Revenue from our largest customer accounted for approximately 10% of our revenues in the year ended December 31, 2012. The concentration of customers may impact our overall financial results since these entities may be similarly affected by changes in economic or other conditions. A significant reduction in utilization by one of these customers or the loss of one of our top customers could adversely affect our business, financial condition and results of operations.

We rely on timely and regular payments from our customers on ordinary course business terms and a deterioration in credit quality of several of our major customers could have a material adverse effect on our financial condition and results of operations. Although we do not believe there is significant risk in connection with our concentration of credit, the inability or failure of our significant customers to meet their obligations to us or their insolvency or liquidation may adversely affect our business, financial condition and results of operations. In addition, the industry shift toward the motor carrier model exposes us to increased credit risk. See "*We intend to grow our business by enabling our shipping line customers to transition to the motor carrier model, which may subject us to business and financial risk.*"

In addition, many of the contracts under which we lease our chassis contain early termination provisions. Although early termination fees and costs associated with repairs and repositioning are borne by the lessee and are intended to discourage early terminations, we cannot predict whether the number of leases that our customers terminate early will increase in the future.

***We intend to continue to grow our business by enabling our shipping line customers to transition to the motor carrier model, which may subject us to business and financial risk.***

Over the past several years, nearly every major shipping line serving the United States has either begun developing a strategy to implement, or has already implemented, a new business model known as the "motor carrier model." Under the motor carrier model, the shipping lines no longer provide chassis to their customers as part of their transportation service, thereby shifting the responsibility for providing chassis to the motor carriers that haul the chassis and containers. We are in active discussions with many of our shipping line customers regarding this business model change and have already transitioned several of our shipping line customers to the motor carrier model in various geographic areas across the country. We intend to continue to use this transition as an opportunity to differentiate and grow our business. If our shipping line customers are unable or unwilling to transition to the motor carrier model as quickly as we project, or if some of them decide not to make the transition, or if we encounter unforeseen expenses, difficulties, complications or delays in connection with the implementation of the motor carrier model, such as motor carriers' deciding to enter into chassis pooling arrangements like the North American Chassis Pool Cooperative (the "NACPC") with other motor carriers, rather than obtaining chassis from us, we may not be able to grow our business as rapidly as anticipated or at all and our results of operations may be adversely affected.

In addition, under the motor carrier model, the motor carrier and not the shipping line is in many cases the party responsible to pay for the use of our chassis. Typically, motor carrier companies are much smaller than shipping line companies and as a result are often a greater credit risk. Although the per diem rates we charge motor carriers are priced to take account of this increased credit risk, defaults by our customers may increase as we continue to transition to the motor carrier model.

Moreover, under the motor carrier model, the motor carriers are required to indemnify us against claims arising from their use of our chassis. While we require the motor carriers to maintain insurance against such claims, we only require them to maintain \$1 million of such insurance instead of the

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\$2 million we typically require of our shipping line customers. Although we carry insurance that will provide coverage for claims related to the use of our chassis by the motor carriers, our insurance premiums have increased, in part, as a result of the lower motor carrier insurance coverage and may continue to increase in the future.

***We intend to expand our business by providing drayage services and logistics services related to drayage which may subject us to business and financial risk.***

We have recently formed two entities, TRAC Logistics LLC ("TRAC Logistics") and TRAC Drayage LLC ("TRAC Drayage"), which will perform logistics and truck drayage services, respectively, in connection with the repositioning of our chassis in certain geographic locations throughout the United States. At some point in the future, TRAC Drayage may also offer truck drayage services to third parties to transport cargo. As TRAC Logistics and TRAC Drayage will be performing services that we have not previously performed, there are risks that these businesses may not be successfully managed and/or that they may encounter unforeseen expenses, difficulties, complications and delays frequently encountered in connection with starting a new business line. If this were to occur, it could impair our growth and require us to provide oversight and dedicate resources to these businesses rather than to other profitable areas.

In addition, the operation of a drayage business involves inherent risks of personal injury and loss of life, property damage, environmental pollution, and losses due to mechanical failure, human error, political unrest, labor strikes, adverse weather conditions, fire and other factors. The occurrence of any or all of these risks could result in loss of revenues, increased costs, reputational damage or could require us to pay significant damages under certain circumstances. Although in connection with the commencement of operations of TRAC Drayage we intend to obtain automobile liability and other insurance against risks that are common in the truck drayage business, no insurance can compensate for all potential losses, and we cannot guarantee that the insurance policies we are able to obtain for TRAC Drayage will provide adequate amounts of coverage or that its insurers will pay a particular claim. In addition, the insurance held by TRAC Drayage may not cover certain risks, such as the risk of environmental pollution caused by the cargo TRAC Drayage may haul on behalf of a third party. As a result, under certain circumstances, TRAC Drayage may be liable for potentially significant losses in the event that our insurance does not cover certain claims. Moreover, the cost of certain insurance policies for the drayage business may become prohibitively expensive or such insurance policies may not continue to be available. If TRAC Drayage is unable to purchase the insurance necessary to conduct the drayage business, it may be unable to continue to operate and as a result, this would adversely impact our business.

Further, while TRAC Drayage will have its own employees to perform management, administrative and various other job functions, it plans to hire independent owner-operators that will provide professional truck driving services, including supplying trucks.

***We plan to hire independent owner-operators to provide professional truck driving services for our drayage services. If such owner-operators are deemed by regulators or judicial process to be employees, our business and results of operations could be adversely affected.***

From time to time, tax and other regulatory authorities have sought to assert that independent contractors in the trucking industry, such as owner-operators, are employees rather than independent contractors. There can be no assurance that these interpretations and tax laws that consider these persons independent contractors will not change or that these authorities will not successfully assert this position. If owner-operators are determined to be our employees, that determination could materially increase our exposure under a variety of federal and state tax, workers compensation, unemployment benefits, labor, employment and tort laws, as well as our potential liability for employee benefits. Our drayage business model relies on the fact that owner-operators are not deemed to be our employees,

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and exposure to any of the above increased costs could have a materially adverse effect on our business and results of operations.

***We also intend to expand our business by establishing various service centers, which may subject us to business and financial risk.***

Over the course of calendar year 2013, we plan on opening approximately five "service centers" in various locations throughout the United States. We anticipate that service centers will allow us to, among other things, store our chassis and axles on property that we lease which we believe will give us better control over certain of our assets and ultimately allow us to save on the storage fees we currently pay to third parties. We may also use these locations to perform maintenance and repair on our chassis instead of paying third parties to perform such maintenance and repair services. We believe that performing such maintenance and repair services ourselves will also result in a cost savings. As we do not have significant experience in operating service centers, there are risks that we may not be able to successfully manage such service centers and/or that we may encounter unforeseen expenses, difficulties, complications and delays frequently encountered in connection with undertaking new initiatives. If this were to occur, we may not realize the cost savings we expect from the operation of the service centers and as a result, our business could be adversely impacted.

In addition, we will lease the land and buildings necessary to operate our service centers. Such properties are typically located in heavily industrial areas that potentially contain pollutants in the soil and/or groundwater. It is also possible that as a result of the activities we intend to conduct at the service centers, certain pollutants may enter the soil and/or groundwater. While we maintain pollution insurance that covers certain types of environmental liabilities and the landlords from whom we lease these properties indemnify us against environmental liabilities that existed prior to our occupying these sites, such insurance and indemnities may not cover, or be sufficient to protect us against, losses from environmental damage. See "Risk Factors Environmental liability may adversely affect our business and financial situation."

***We have incurred net losses in each of the last three years and may not be profitable in the future.***

We incurred net losses of \$19.2 million, \$3.9 million and \$3.1 million for 2010, 2011 and 2012, respectively. We cannot make any assurance that we will be profitable in the future. No assurance can be given that we can achieve or sustain profitability on a quarterly or annual basis in the future. Even if we achieve profitability, we may experience significant fluctuations in our revenues and expenses and we may incur net losses from period to period.

***Potential and existing customers may decide to buy rather than lease chassis.***

We, like other suppliers of leased chassis, are dependent upon decisions by shipping lines, railroads and motor carrier companies to lease rather than buy their equipment. Most of the factors affecting the decisions of our customers to buy or lease are outside our control. For example, one of our key initiatives to increase our revenue and improve our financial results is to increase rates in our marine and domestic pools to reflect the added value we provide through our chassis management and neutral pool operations. However, we may not be successful in implementing these price increases or retaining our customers as a result of these price increases, and some of our customers may elect to purchase rather than lease chassis at these higher rates, all or any of which could adversely affect our business and results of operations. Should one or more of these factors influence our current or prospective customers to buy a larger percentage of the chassis assets they operate, rather than lease these assets from us, our utilization rate would decrease, adversely affecting our results of operations and cash flows.

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***If our customers continue to shift to short-term leasing and continue to transition to the motor carrier model, our long-term lease and direct finance lease products will be adversely affected.***

The accelerating trend over the past several years away from term and direct finance lease products toward pools may negatively impact our long-term and direct finance lease products. From 2006 to 2012, chassis in pools as a percentage of our overall fleet has increased from 29% to 62% and our term lease and direct finance lease fleet has declined from 71% to 38% over the same period. If this trend away from term and direct finance lease products toward pools continues, the predictability and stability of lease renewal rates that we have experienced for our term lease and direct finance lease products may be adversely affected. In addition, the continuing transition to the motor carrier model, where the responsibility for providing chassis is shifted from the shipping lines to the motor carriers, may also cause a decrease in our term lease products since we primarily lease our chassis to motor carriers from our neutral chassis pools and not under term leases. See " *We intend to grow our business by enabling our shipping line customers to transition to the motor carrier model, which may subject us to considerable business and financial risk.*"

***Our future business prospects could be adversely affected by consolidation within the container shipping industry.***

Although we have increased the number of our chassis that are leased to motor carriers as a result of the motor carrier model, a significant portion of our business continues to be dependent on the leasing of chassis to shipping lines. In the past, there have been several large shipping line acquisitions that have resulted in some consolidation within the intermodal shipping industry, including among some of our customers. This consolidation reduced the number of large shipping lines and also increased the concentration of business in a smaller number of larger customers. Our future business prospects could be adversely affected if the number of shipping lines is further reduced, as this would result in fewer customers that require fewer chassis as a result of the economies of scale and increased operating efficiencies. Due to concentration risk and the resulting impact on credit risk, we might decide to limit the amount of business exposure we have with any single customer if the exposure were deemed unacceptable, which could negatively impact the volume of chassis we lease and the revenues we would otherwise earn if we had leased chassis despite the concentration risk or the previously separate customers had not been combined.

***We operate in a highly competitive and dynamic industry, which may adversely affect our results of operations or our ability to expand our business.***

The chassis leasing industry is highly competitive. We compete with other domestic leasing companies, intermodal shipping companies (including a logistics company that maintains a proprietary fleet of approximately 50,000 nonstandard specification domestic chassis), banks offering finance leases and promoters of equipment ownership and leasing as an investment as well as with non-intermodal shipping companies, such as motor carriers, that provide for the transportation of goods without the use of chassis. Some of these competitors have greater financial resources and access to capital than we do. Furthermore, sometimes chassis fleets are shared between member contributors, who have the responsibility to manage or delegate the management of the operation as part of co-operative ("Co-op") chassis pools. In addition, if the available supply of chassis were to increase significantly as a result of, among other factors, new companies entering the business of leasing or selling chassis, our competitive position could be adversely affected. For example, the Surface Transportation Board of the Department of Transportation has recently granted permission for the motor carrier members of the NACPC to pool resources to acquire, lease and share chassis. New entrants, such as the NACPC, could put significant downward pressure on lease rates and margins and adversely affect our ability to achieve our growth plans. See "Management's Discussion and Analysis *Operations Competition.*"

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Competition among chassis leasing companies depends upon many factors, including, among others, lease rates, lease terms (including lease duration, drop-off restrictions and repair provisions), customer service and the location, availability, quality and individual characteristics of the equipment. New entrants into the leasing business have been attracted by the high rate of containerized trade growth in recent years. As a result, the entry of new market participants together with the already highly competitive nature of our industry may undermine our ability to maintain a high level of asset utilization or, alternatively, could force us to reduce our pricing and accept lower revenue and profit margins in order to achieve our growth plans.

The chassis leasing industry is also dynamic. To remain competitive, we have recently incorporated into our business model plans to expand our geographic footprint, establish service centers, provide drayage services, grow our owned and managed marine chassis fleet, grow our domestic intermodal business and grow our margin through top-line and strict expense control actions. In addition, we anticipate a continuing transition by our shipping line customers to the motor carrier model. See "Business *Business strategy.*" There is a risk that we will be unable to successfully implement these business strategies in response to changes in industry trends or they may prove less profitable than anticipated. See " *We intend to pursue acquisition opportunities, which may subject us to considerable business and financial risk.*", " *We intend to grow our business by enabling our shipping line customers to transition to the motor carrier model, which may subject us to business and financial risk.*", " *We intend to expand our business by providing drayage services and logistics services related to drayage which may subject us to business and financial risk.*", " *We plan to hire independent owner-operators to provide professional truck driving services for our drayage services. If such owner-operators are deemed by regulators or judicial process to be employees, our business and results of operations could be adversely affected.*" and " *We also intend to expand our business by establishing various service centers, which may subject us to business and financial risk.*"

***The loss of our exclusive rights to operate our domestic neutral chassis pools at certain railroad ramps nationwide may adversely affect our business.***

We have exclusive arrangements with five of the seven Class I railroads that carry freight in the United States, allowing us to operate a neutral pool primarily for domestic 53' chassis at many of their railroad ramps for our neutral pool customers. If one or more of these agreements is not renewed or is terminated and we no longer have the exclusive right to operate such pool at the ramps covered by that agreement, our business could be adversely affected. See "Business *Our leases Neutral chassis pools Domestic neutral chassis pools.*"

***U.S., Canadian and/or global economic conditions and uncertainty could adversely affect our business, results of operations and financial condition.***

The downturn in the world's major economies over the past several years and the constraints in the credit markets have heightened, and could continue to heighten, a number of material risks to our business, cash flows and financial condition, as well as our future prospects. Continued weakness in, and uncertainty about, global economic conditions could cause businesses to postpone spending in response to tighter credit, negative financial news or declines in income or asset values, which could have a material adverse effect on the demand for goods and international trade which, in turn, could adversely affect the demand for our chassis. For example, the recent challenges faced by the European Union to stabilize some of its member economies, such as Greece, Ireland, Italy, Portugal and Spain, have had international implications affecting the stability of global financial markets, which has hindered economies worldwide. Many member nations in the European Union are addressing the issues with controversial austerity measures. Should the European Union monetary policy measures be insufficient to restore confidence and stability to the financial markets, any recovery of the global economy, including the U.S. and European Union economies, could be hindered or reversed, which

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could negatively affect our business. There could also be a number of follow-on effects from these economic developments and negative economic trends to our business, including customer insolvencies, decreased customer confidence in making long-term leasing decisions, decreased customer demand, decreased customer liquidity due to tightening in the credit markets and decreased customer ability to fulfill their payment obligations.

We further believe that many of our customers are reliant on liquidity from global credit markets and, in some cases, require external financing to fund a portion of their operations. The recent economic problems affecting the banking system and financial markets and the recent uncertainty in global economic conditions has resulted in a number of adverse effects including tightening in the credit markets, a low level of liquidity in many financial markets, extreme volatility in credit, equity, currency and fixed income markets, instability in the stock market and high unemployment. If our customers lack liquidity, they may not be able to pay amounts due to us, which could negatively impact our business.

Financial markets have also recently been affected by concerns over U.S. fiscal policy, as well as the U.S. federal government's debt ceiling and federal deficit and the adoption of the Sequestration Transparency Act. These concerns have also renewed discussions relating to a potential downgrade of the long-term sovereign credit rating of the United States. Any actions taken by the U.S. federal government regarding the debt ceiling or the federal deficit or any action taken or threatened by ratings agencies, could significantly impact the global and U.S. economies and financial markets. Any such economic downturn could have a material adverse effect on our business, results of operations and financial condition.

***Our inability to service our debt obligations or to obtain additional financing as needed would have a material adverse effect on our business, financial condition and results of operations.***

As of December 31, 2012, we had approximately \$25.9 million of scheduled debt maturities during 2013. These amounts do not include \$74.5 million of other contractual obligations existing as of December 31, 2012 and maturing by December 31, 2013. Although our current projections of cash flows from operations are expected to be sufficient to fund our maturing debt and contractual obligations in 2013, no assurance can be made that we will be able to meet our financing and other liquidity needs as currently contemplated.

In addition, we expect to invest substantial funds to acquire new, used and remanufactured chassis, although there can be no assurances as to the timing and amount of such acquisitions. We intend to continue funding asset purchases through cash flows from our operations, collections of principal on direct finance leases, secured and unsecured debt securities and new lines of credit. Although we believe that we will be able to generate or otherwise obtain sufficient capital to support our growth strategy, deterioration in our performance or the credit markets or our inability to obtain additional financing on attractive terms, or at all, could limit our access to funding or drive the cost of capital higher than our current cost and could adversely affect our business, financial condition and results of operation.

***We face risks associated with re-leasing chassis after their initial lease.***

Chassis have a useful economic life of approximately 20 years. At the end of their economic life, chassis can be remanufactured, which we believe can extend the economic life by an additional 20 or more years. As our term leases typically provide for a fixed lease term from 1 to 5 years, and our other chassis leasing arrangements are for shorter terms, our chassis are not leased out for their full economic life and we face risks associated with re-leasing chassis after their initial long term lease at a rate that continues to provide a reasonable economic return. If prevailing chassis lease rates decline significantly between the time a chassis is initially leased out and when its initial long term lease expires, or if overall demand for chassis declines, we may be unable to earn a sufficient lease rate from the re-leasing of chassis when its initial term lease expires. This could materially adversely impact our results and financial performance.

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***Certain liens may arise on our equipment.***

Almost all of our chassis assets are currently subject to and will be subject to liens relating to certain of our existing financing arrangements and our financing pursuant to the ABL Facility. In the event of a default under any of those arrangements, the lenders thereunder would be permitted to take possession of or sell these chassis assets.

In addition, depot operators, repairmen, transporters, and other parties who come into possession of our chassis from time to time may have sums due to them from us or from our lessees of the chassis. Although our agreements with such depot operators, repairmen, transporters and other parties generally prohibit them from permitting any liens to exist on our chassis or from prohibiting access to chassis that are in their possession, in the event of nonpayment of those sums, we may be delayed in, or entirely barred from, repossessing the chassis or be required to make payments or incur expenses to discharge such liens on the equipment.

***Changes in market price, availability or transportation costs of equipment manufactured in China or Mexico could adversely affect our ability to maintain our supply of chassis.***

We currently purchase a significant portion of our chassis from manufacturers in China and Mexico. Any changes in the political, economic or financial condition in China or Mexico that increase the market price, availability or transportation costs of chassis manufactured in either of these countries could adversely affect our ability to maintain our chassis supply. If the costs associated with purchasing or transporting chassis from China or from Mexico were to increase for any reason, including potential changes in United States trade policy toward China or Mexico, increased tariffs imposed by the United States or other governments or a significant downturn in the economic situation in China or Mexico, we could be forced to seek alternative sources of chassis. Even if we are able to quickly make alternative arrangements, these alternative arrangements may increase our costs.

***We intend to pursue acquisition opportunities, which may subject us to considerable business and financial risk.***

As part of our growth plan, we intend to undertake strategic acquisitions and/or joint ventures. In addition, we believe there are significant opportunities to grow our business through acquisitions of additional chassis and we explore potential growth in the ordinary course of our business, including purchasing marine chassis fleets from shipping lines and investing in new and remanufactured chassis to support organic growth. The acquisitions of additional chassis can vary in number and could exceed actual demand at the time we take delivery or be larger than our historical increase in chassis available for lease. Our ability to realize the anticipated benefits of potential future acquisitions of chassis for lease will depend, in part, on our ability to integrate such chassis with our current business model. The process of acquiring or integrating additional chassis may disrupt our business and may not result in the full benefits expected.

Reviewing potential acquisition opportunities for additional chassis or businesses may require a meaningful part of management's time and require us to incur legal and other fees as part of our review. Moreover, we may not be successful in identifying acquisition opportunities, assessing the value, strengths and weaknesses of these opportunities and consummating acquisitions on acceptable terms. In addition, tightening of the credit markets may limit our ability to obtain debt financing for acquisitions, and we may be unable to obtain financing by issuing additional debt or equity on terms acceptable to us. If our performance deteriorates prior to engaging in acquisitions, it may limit our ability to obtain debt financings for acquisitions. These or other unanticipated issues may arise in the implementation of our business strategies, and could impair our expansion plan.

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Furthermore, any acquisitions may expose us to risks associated with the new assets or the particular business we are acquiring, including:

incurring additional indebtedness and assuming liabilities;

incurring significant additional capital expenditures, transaction and operating expenses and non-recurring acquisition-related charges;

experiencing an adverse impact on our earnings from the amortization or write-off of acquired goodwill and other intangible assets;

acquiring businesses or entering new markets with which we are not familiar;

mismanaging utilization rates;

increased risks of defaults through acquiring customers who bear a greater risk of default than our current customers;

increasing the scope, geographic diversity and complexity of our operations; and

failing to retain key personnel, suppliers and customers of the acquired businesses.

We may not be able to successfully manage additional chassis or acquired businesses or increase our cash flows from these operations. If we are unable to successfully implement our acquisition strategy or address the risks associated with acquisitions, or if we encounter unforeseen expenses, difficulties, complications or delays frequently encountered in connection with the integration of acquired entities and the expansion of operations, our growth and ability to compete may be impaired, we may fail to achieve acquisition synergies and we may be required to focus resources on integration of operations rather than on other profitable areas. We anticipate that we may finance acquisitions through cash provided by operating activities, borrowings under our credit facilities and other indebtedness, which would reduce our cash available for other purposes, including the repayment of indebtedness and payment of dividends.

***Storage space for chassis may become limited, thereby increasing depot costs for the storage of chassis.***

Land in and around many port terminals and railroad ramps is limited, and nearby depot space could become difficult to find and more costly with limited space and fewer depots in the area. In addition, local communities in port areas and railroad yards may impose regulations that prohibit the storage of chassis near their communities, further limiting the availability of storage facilities and increasing storage, repair costs, and transportation charges relating to the use of our chassis. In addition, depots in prime locations may become filled to capacity based on market conditions and may refuse additional redeliveries due to space constraints. Any of these developments could require us to enter into higher cost storage agreements with depot operators in order to accommodate our customers' redelivery requirements and could result in increased costs and expenses for us.

***We depend on key personnel, and we may not be able to operate and grow our business effectively if we lose the services of any of our key personnel or are unable to attract qualified personnel in the future.***

The success of our business is heavily dependent on our ability to retain our current management and other key personnel and to attract and retain qualified personnel in the future. In particular, we are dependent upon the management and leadership of our Chief Executive Officer and President, Keith Lovetro. Competition for senior management personnel is intense, and although we have entered into at-will employment agreements with certain of our key personnel, these agreements do not ensure that our key personnel will continue in their present capacity with us for any particular period of time. We do not carry insurance for any of our current management or other key personnel. The loss of any key personnel would divert the attention of our remaining key personnel and finding replacement





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personnel could require substantial time and expense. An inability to find a suitable replacement for any departing executive officer on a timely basis could adversely affect our ability to operate and grow our business.

***Strikes or work stoppages by draymen, truckers, longshoremen and railroad workers could adversely affect our business and results of operations.***

In the past several years, there have been strikes affecting the industries we serve. In the fall of 2002, disputes with longshoremen resulted in the shut down of all of the West Coast ports, which remained closed for nearly two weeks until they were reopened as the result of a court order under the Taft-Hartley Act. In early December 2011, a railroad strike was narrowly averted right before the expiration of the federally mandated "cooling off period", although the last of the 13 railroad unions did not ratify the National Freight Agreement until April 2012. More recently, the uncertainty over the negotiations between the International Longshoremen's Association, AFL-CIO ("ILA") and the United States Maritime Alliance, Ltd. ("USMA") with regard to their Master Contract that expired September 30, 2012 caused some shippers, according to certain industry sources, to divert, or at least make plans to divert, cargo from the East and Gulf Coast ports to avoid the impact of any work stoppage, slowdowns or other disruptions that would have occurred if these negotiations had failed. While the ILA and USMA reached a tentative agreement on February 1, 2013 for a comprehensive successor Master Agreement, the tentative agreement remains subject to the ratification procedures of both parties and to agreements being achieved in a number of local union negotiations. These local negotiations are still ongoing. Future strikes by railroad workers or longshoremen in the United States, Canada or anywhere else that our customers' freight travels could adversely affect our business and results of operations to the extent such strikes affect the ability of our customers to conduct their operations.

Furthermore, industry sources have also reported that, as part of their Master Contract negotiations with the USMA, the ILA has added a provision under the new Master Contract that requires any purchaser of chassis from a shipping line to agree to continue to hire ILA labor to perform maintenance and repair work on such chassis following the sale. At least one customer bound by the Master Contract has already required a clause in their agreement with us to use ILA labor to perform maintenance and repair work on chassis and we expect others to follow. When we purchase chassis from a shipping line that is bound by the Master Contract, it could result in our paying higher maintenance and repair costs on the chassis we purchase than we would otherwise pay if non-union labor was used.

***If our relationship with our employees were to deteriorate, we may be faced with unionization efforts, labor shortages, disruptions or stoppages, which could adversely affect our business and increase our operating costs or constrain our operating flexibility.***

Our operations rely heavily on our employees, and any labor shortage, disruption or stoppage caused by poor relations with our employees could adversely affect our business and reduce our operating margins and income. While none of our employees is currently subject to a collective bargaining agreement, unions have traditionally been active in the shipping, railroad and motor carrier industries, which form our customer base. Moreover, while our workforce has not been subject to union organization efforts in the past, we could be subject to future unionization efforts. Unionization of our workforce could result in higher compensation and working condition demands that could increase our operating costs or constrain our operating flexibility.

In addition, we are subject to laws and regulations, such as the Fair Labor Standards Act, which governs such matters as minimum wage, overtime and other working conditions, which may increase our labor costs and may subject us to fines, penalties and liabilities to our employees.

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***We cannot assure you that we or our lessees have or can maintain sufficient insurance to cover losses that may occur to our chassis.***

The operation of our chassis fleet involves inherent risks of personal injury and loss of life, damage to our equipment, environmental pollution, and losses due to mechanical failure, human error, political unrest, labor strikes, adverse weather conditions, fire and other factors. The occurrence of any or all of these risks could result in loss of revenues, increased costs, reputational damage or could require us to pay significant damages under certain circumstances. We acquire insurance for our fleet against risks that are common in our industry and we generally require our lessees and depots to maintain all risks physical damage insurance, comprehensive general liability insurance and automobile liability insurance. We also generally require our maintenance and repair and repositioning vendors to maintain general liability insurance. In addition, we also require our lessees, depots and maintenance and repair and repositioning vendors to indemnify us against losses, injuries and accidents, but these indemnifications may be insufficient or inapplicable.

However, no insurance can compensate for all potential losses, and we cannot guarantee that the insurance policies held by us or our lessees, depots or maintenance and repair and repositioning vendors will be adequate or that our insurers will pay a particular claim. Moreover, there may be instances where lessees, depots or maintenance and repair and repositioning vendors do not maintain the requisite amount of insurance. In addition, our lessees are not required to maintain insurance to cover various risks for which they may be responsible while using our chassis, including environmental claims. In addition, our insurance does not cover certain risks, such as the risk of loss of our chassis due to mysterious disappearance. As a result, under certain circumstances, we may be liable for potentially significant losses in the event that our lessees', depots' or maintenance and repair and repositioning vendors' insurance does not, or our insurance does not, cover certain losses.

The cost of certain insurance policies may become prohibitively expensive for us and for our lessees, depots and maintenance and repair and repositioning vendors, or such insurance policies may not continue to be available to us or them at all. Also, if the cost of certain other policies increases, we may be forced to pay such increases if the policies are of the type that we are required to maintain under the terms of our financing agreements. For example, the premiums on one of our insurance policies have increased with regard to accidents involving those chassis for which we serve as IEP. Those premiums also increased to cover us against claims arising from the motor carriers' use of our chassis under the motor carrier model, in part because we only require the motor carriers to maintain \$1 million of insurance against such risks, instead of the \$2 million of such coverage we typically require of our shipping line customers. Certain other types of insurance that we have maintained from time to time, such as insurance to recover our chassis in the event of a default by a lessee, have been particularly susceptible to rate increases and have even been unavailable in the insurance market at times in the past. Not carrying such insurance may increase our exposure to defaults by our customers. In addition, for the past several years, credit insurance, which covers our lessee's non-payment of leases that are owed prior to our declaring a default of the lease, has been difficult to obtain in the insurance market for our fleet and we currently do not maintain this type of insurance coverage.

Increases in insurance costs, the inadequacy of our and our lessees', depots' and maintenance and repair and repositioning vendors' current policies and our or their inability to renew these insurance policies could each have a material adverse effect on our business, financial condition and results of operation.

***We are party to numerous indemnification agreements and, because many of these indemnities do not limit the potential payment, we could be subject to substantial payments under these agreements.***

In the ordinary course of business, we execute contracts involving indemnifications standard in the industry and indemnifications specific to a transaction, such as an assignment and assumption

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agreement. These indemnifications might include claims related to tax matters, governmental regulations, and contractual relationships, among others. Performance under these indemnities would generally be triggered by a breach of terms of the contract or by a third-party claim. One of the principal types of indemnification for which payment is possible is taxes. The other principal type of indemnity we may agree to is one in favor of certain lenders and chassis pool hosts indemnifying them against certain claims relating to the operation of our chassis, although this type of indemnity generally is covered by insurance or an indemnity in our favor from a third-party, such as a lessee or a vendor. We regularly evaluate the probability of having to incur costs associated with these indemnifications and have concluded that none are probable.

Pursuant to our tax-related indemnifications, the indemnified party is typically protected from certain events that result in a tax treatment different from that originally anticipated. Our liability is typically fixed when a final determination of the indemnified party's tax liability is made. In some cases, a payment under a tax indemnification may be offset in whole or in part by refunds from the applicable governmental taxing authority. We are party to numerous tax indemnifications and many of these indemnities do not limit potential payment; therefore, we are unable to estimate a maximum amount of potential future payments that could result from claims made under these indemnities.

***Our reputation and financial results could be harmed in the event of accidents or incidents, or as a result of a mismanagement of our fleet.***

We are exposed to liabilities that are unique to the services we provide. Such liabilities may relate to an accident or incident involving one of our chassis and could involve significant potential claims of injured third parties. Our lessees, depots and maintenance and repair and repositioning vendors are required to indemnify us against most such claims and to maintain a certain amount of insurance to cover their indemnity obligations. We also maintain insurance to cover these claims. However, the indemnifications of our lessees, depots or maintenance and repair and repositioning vendors may be insufficient or inapplicable or the amount of our or their insurance coverage may not be adequate to cover potential claims or liabilities and we may be forced to bear substantial costs due to one or more accidents. Substantial claims resulting from an accident in excess of our related insurance coverage would harm our financial condition and operating results.

Our customers require demanding specifications for product performance and reliability. Any accident or incident involving our chassis, even if we are fully insured or not held liable, could negatively affect our reputation among customers and the public, thereby making it more difficult for us to compete effectively, and could significantly affect the cost and availability of insurance in the future. In addition to potential cost increases, customers may be dissatisfied by any failure that interrupts our ability to provide chassis or the ability to use our chassis. Sustained or repeated chassis failures reduce the attractiveness of our business significantly in comparison to our competitors. The resulting damage to our customer relationships, and industry reputation would negatively affect our results of operations.

In addition, most of the contracts with our neutral pool customers only require us to provide chassis on an "as available" basis. However, because our chassis are a critical component in our customers' business, if we are unable to supply our neutral pool customers with chassis in the quantity, location and time necessary for their needs, our business could be adversely affected and our reputation could suffer. Our ability to supply our customers with chassis could be constrained by factors beyond our control, including the lack of domestic chassis surplus and the chassis remanufacturing lead time.

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***Recalls and other investigations may have a material adverse effect on our business.***

We rely on third parties to manufacture and remanufacture our chassis and there is a risk that at any given time certain chassis may be subject to recall. Although in the past several years we have received only one notice of recall related to a relatively small number of our chassis, a recall of a significant number of our chassis could have a material adverse effect on our business.

***Federal roadability rules and regulations for intermodal equipment providers may impose additional obligations and costs on us.***

The FMCSA has implemented rules and regulations for entities offering intermodal chassis to motor carriers for transportation of intermodal containers in interstate commerce. We refer to these regulations, collectively, as the "Roadability Regulations." The Roadability Regulations require each IEP to register and file certain reports with the FMCSA, display a USDOT number on each chassis offered for interstate commerce or maintain that number in a national equipment database, establish a systematic chassis inspection and maintenance and repair program, maintain documentation with regard to this program and provide means for drivers and motor carriers to report on chassis deficiencies and defects. The Roadability Regulations began with partial compliance requirements in mid-2010 and have been fully implemented since December 17, 2010. As part of the overall program, FMCSA has stated it intends to implement additional roadside inspection requirements for both IEPs and motor carriers operating intermodal equipment, including chassis. The Roadability Regulations establish fines and other sanctions for an IEP whose chassis fail to comply with the applicable federal safety criteria.

Under the Roadability Regulations, we are considered to be the IEP for our chassis in our neutral pools and for those managed chassis where we contractually agree to act as the IEP. Our lessees are the IEPs for the chassis that are under term and direct finance leases. The number of chassis for which we serve as IEP may increase in the future. Since the IEP is responsible for, among other things, establishing the systematic chassis inspection and maintenance and repair program, to the extent the number of chassis for which we serve as the IEP does in fact increase, so may our risk of fines and sanctions. In addition, our status as IEP may increase our exposure to third-party claims.

We have established administrative and operating controls specifically to meet the procedural requirements and have, to date, received no sanctions and have been fined only insignificant amounts for minor violations related to the Roadability Regulations since their full implementation. However, because of the relatively short amount of time since the Roadability Regulations have been fully implemented, we are unable to predict whether future enforcement will result in the imposition of any significant fines or sanctions, which sanctions could include prohibiting us from leasing chassis from one or more of our neutral chassis pools.

***Environmental liability may adversely affect our business and financial situation.***

We are subject to federal, state and local laws and regulations relating to the protection of the environment. We could incur substantial costs, including cleanup costs, fines and third-party claims for property damage and personal injury, as a result of violations of or liabilities under environmental laws and regulations in connection with both our current, historical or future chassis leasing operations as well as our future drayage and service center operations. Moreover, environmental laws are subject to frequent change and have tended to become more stringent over time. As a result, additional environmental laws and regulations may be adopted which could limit our ability to conduct business or increase the cost of our doing business, which may have a materially negative impact on our business, results of operation and financial condition. While we maintain pollution insurance with respect to our chassis leasing operations, and require lessees to indemnify us against certain losses, such insurance and indemnities may not cover, or be sufficient to protect us against, losses arising from environmental damage. Similarly, while we obtain and maintain pollution insurance that covers certain types of

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environmental liabilities with respect to our service center operations and require the landlords from whom we lease these properties to indemnify us against environmental liabilities that existed prior to our occupying these sites, such insurance and indemnities may not cover, or be sufficient to protect us against, losses from environmental damage. Additionally, the insurance we are able to obtain for our drayage operations may not cover certain environmental risks. See "*We intend to expand our business by providing drayage services and logistics services related to drayage which may subject us to business and financial risk.*"

***We rely on our information technology systems to conduct our business. If these systems fail to adequately function, or if we experience an interruption in their operation, our business and financial results could be adversely affected.***

The efficient operation of our business is highly dependent on equipment tracking and billing systems. We rely on such systems to track transactions, such as chassis pick-ups and drop-offs, repairs, and to bill our customers for the use of and damage to our equipment. For example, our proprietary PoolStat® chassis management software is critical to our ability to effectively manage chassis on behalf of our customers. The information our systems provide also assists us in our day-to-day business decisions so that we may efficiently manage our lease portfolio and improve customer service. While we maintain back-up systems, the failure of our information technology systems to perform as we anticipate could disrupt our business and results of operation and cause our relationships with our customers to suffer. In addition, our systems are 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 negatively affect our business.

***Our business may be adversely affected if we are unable to protect our intellectual property rights.***

Protecting our intellectual property rights is an important element to our continued success and our ability to maintain our competitive position. In addition to existing trademark, trade secret and copyright law, we protect our proprietary rights through confidentiality agreements and technical measures. Misappropriation of our intellectual property could have an adverse effect on our competitive position. In addition, we do not have any patents on our technology, including our proprietary PoolStat® chassis management software. If third parties obtain access to PoolStat®, we cannot be certain that our software will not become publicly available. Therefore, we may have to engage in litigation in the future to enforce or protect our intellectual property rights or to defend against claims of infringement, misappropriation or other violations of third-party intellectual property rights. We may incur substantial costs and the diversion of management's time and attention as a result and an adverse decision could have a negative impact on our business.

We have registered certain of our trademarks in certain jurisdictions worldwide. However, even in those jurisdictions, competitors may adopt similar trademarks to ours, register domain names that mimic ours or purchase keywords that are confusingly similar to our brand names as terms in Internet search engine advertising programs. These actions by our competitors could impede our ability to build our brand identity and lead to confusion among potential customers of our services.

***Manufacturers or remanufacturers of our equipment may be unwilling or unable to honor manufacturer warranties covering defects in our equipment.***

We obtain certain warranties from the manufacturers and remanufacturers of our equipment. When defects in the chassis occur, we work with the manufacturers or remanufacturers to identify and rectify the problem. However, there is no assurance that manufacturers or remanufacturers will be willing or able to honor warranty obligations. If defects are discovered in chassis that are not covered by manufacturer or remanufacturer warranties, we could be required to expend significant amounts of

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money to repair the chassis and/or the useful life of the chassis could be shortened and the value of the chassis reduced, all of which could adversely affect our results of operations.

***We may enter into transactions with members of our management, our shareholders and their respective affiliates that may involve inherent, potential or perceived conflicts of interest.***

We may, in the future, enter into transactions with members of management, our shareholders and their respective affiliates. Some of these relationships and transactions may involve inherent, potential or perceived conflicts of interest. In certain instances, the terms of these transactions may be more or less favorable to us than the terms that we would have obtained through arm's length negotiations. See Note 15 "Related Party Transactions" to our Consolidated Financial Statements. The interests of our management, shareholders and their respective affiliates may not always coincide with our interests. As a result, risks in transactions may be taken that adversely affect us, but may enhance the investment of the members of management, our shareholders and their respective affiliates.

In addition, our parent, Seacastle directly, and the investment funds managed by an affiliate of Fortress that own Seacastle indirectly, own substantially all of our capital stock, and are therefore able to control our business direction and policies, including acquisitions and consolidation with third parties and the sale of all or substantially all of our assets. If Seacastle or Fortress or any of their officers, directors, employees or affiliates acquire knowledge of a potential transaction that could be a corporate opportunity, they have no duty to offer such corporate opportunity to us, our stockholders or our affiliates. Consequently, circumstances may arise in which the interests of Seacastle or Fortress could conflict with our interests and Seacastle, Fortress or their affiliates may pursue transactions that enhance their equity, even though the transaction may not positively affect our business.

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

While we lease the majority of our chassis within the United States, we do lease some of our chassis to customers in Canada and Mexico. In addition, some of our major customers are headquartered outside of the United States. As a result, our ability to enforce lessees' obligations under our leases and other arrangements for use of our chassis may at times be subject to applicable law in the jurisdictions in which enforcement is sought and it is not possible to predict, with any degree of certainty, the jurisdictions in which enforcement proceedings may be commenced. For example, repossession of chassis from defaulting lessees may be difficult and more expensive, especially in a jurisdiction such as Mexico that does not confer the level of creditors' rights as in the United States and in jurisdictions where recovery of equipment from the defaulting lessee is more cumbersome. As a result, the relative success and expedience of enforcement proceedings with respect to our chassis in various jurisdictions also 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;

military outbreaks or terrorist attacks;

government instability;

nationalization of foreign assets;



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government protectionism;

compliance with export controls;

compliance with import procedures and controls, including those of the U.S. Department of Homeland Security;

potentially negative consequences from changes in tax laws;

higher interest rates;

requirements relating to withholding taxes on remittances and other payments by subsidiaries;

labor or other disruptions at key ports or railroad ramps;

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.

Any one of these factors could impair our current or future international operations and, as a result, harm our overall business. Many of these factors also affect our customers' business. Should one or more of these factors have an adverse impact on our customers, our business could also be harmed.

***Our earnings may decrease because of increases in prevailing interest rates.***

Our profitability is affected by increases in prevailing interest rates. The following are the material risks we face related to increases in prevailing interest rates:

an increase in customer delinquency and default, resulting in an increase in operating expenses;

an increase in the costs of new leasing arrangements, which could cause some customers to lease fewer chassis or demand shorter lease terms;

an adverse effect on our long-term lease profits;

an increase in the cost of incurring debt, including under our capital leases, which could potentially limit growth and acquisitions; and

reduced demand for our products and services, resulting in lower sales volumes, lower prices, lower lease utilization rates and decreased profits.

***Our hedging strategies may not be successful in mitigating our risks associated with interest rates and expose us to counterparty risk.***

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From time to time, we have used various derivative financial instruments to provide a level of protection against interest rate risks, but no hedging strategy can protect us completely. The derivative financial instruments that we select may not have the effect of reducing our interest rate risks. In addition, the nature and timing of hedging transactions may influence the effectiveness of these strategies. Poorly designed strategies, improperly executed and documented transactions or inaccurate assumptions could actually increase our risks and losses. In addition, hedging strategies involve transaction and other costs. Our hedging strategies and the derivatives that we use may not be able to adequately offset the risks of interest rate volatility and our hedging transactions may result in or magnify losses. Furthermore, interest rate derivatives may not be available on favorable terms or at all, particularly during economic downturns.

Interest rate derivatives involve counterparty credit risk. As of December 31, 2012, we had no interest rate derivatives. On January 10, 2013, we entered into one interest rate derivative. This

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derivative is held with a counterparty with a credit rating of A2 by Moody's as of June, 2012. Although we do not anticipate that this counterparty will fail to meet its obligations, if this counterparty cannot meet its obligations, we will bear the resulting losses. Agency ratings are subject to change, and there can be no assurance that a ratings agency will continue to rate the counterparty, and/or maintain their current rating. A security rating is not a recommendation to buy, sell or hold securities, it may be subject to revision or withdrawal at any time by the rating agency, and each rating should be evaluated independently of any other rating. We cannot predict the effect that a change in the ratings of the counterparty will have on its ability to meet its obligations. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

***A new standard for lease accounting is expected to be announced in the future, but we are unable to predict the impact of such a standard at this time.***

In August 2010, the Financial Accounting Standards Board ("FASB") and the International Accounting Standards Board ("IASB") issued an Exposure Draft that proposes substantial changes to existing lease accounting that will affect all lease arrangements. Subsequent meetings of the joint committee of the FASB and the IASB have made further changes to the proposed lease accounting.

Under the current proposed accounting model, lessees will be required to record an asset representing the right to use the leased item for the lease term (the "Right-of-Use Asset") and a liability to make lease payments. The Right-of-Use Asset and liability incorporate the rights arising under the lease and are based on the lessee's assessment of expected payments to be made over the lease term. The proposed model requires measuring these amounts at the present value of the future expected payments.

Under the current proposed accounting model, lessors will apply the receivable and residual method. This will require a lessor to derecognize its chassis into a receivable based upon the present value of the lease payments under a lease and a residual value. Revenue recognized would be interest income based upon the effective interest rate explicit in the lease.

Currently, management is unable to assess the impact the adoption of the new finalized lease standard will have on our financial statements. Although we believe the presentation of our financial statements, and those of our lessees, could change, we do not believe the accounting pronouncement will change the fundamental economic reasons for which our customers lease chassis. However, since the proposed changes to lease accounting no longer permit "off-balance sheet" presentation by lessees under an operating lease, there will be little difference between the accounting treatment of asset ownership versus asset leasing. As a result, lessees may elect to purchase chassis instead of leasing them, which may have an adverse effect on our business.

***Terrorist attacks, war, uprisings or hostilities could adversely affect us.***

Potential acts of terrorism, war, uprisings or hostilities may affect the ports and depots at which we and our customers operate, as well as our other facilities or those of our customers and suppliers. In addition, any such incident or similar act of violence could lead to a disruption to the global network of ports and the global flow of goods, upon which our business is inherently reliant. To the extent any such event were to result directly or indirectly in a reduction in the level of international trade and reduced demand for transportation equipment, our business could be adversely affected. The consequences of any terrorist attacks, wars, uprisings or hostilities are unpredictable and we may not be able to foresee events that could have an adverse effect on our operations or your investment.

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**Risks related to the notes and the Collateral**

*We have a substantial amount of indebtedness, which may adversely affect our cash flow and our ability to operate our business.*

As of December 31, 2012, on an as adjusted basis, after giving effect to the sale of the Original Notes, our entry into the ABL Facility and the use of proceeds, but excluding \$236.0 of undrawn indebtedness under the ABL Facility, the Issuers and the guarantors have approximately \$1,108.4 million aggregate principal amount of indebtedness outstanding, which represents approximately 67% of our total capitalization. Our substantial indebtedness could have important consequences for you, including:

increasing our vulnerability to adverse economic, industry or competitive developments;

requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;

making it more difficult for us to satisfy our obligations with respect to the notes;

restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;

limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; and

limiting our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate, placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who therefore may be able to take advantage of opportunities that our leverage prevents us from exploiting.

*Despite our substantial indebtedness level, we and our subsidiaries will still be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with such indebtedness.*

We may be able to incur substantial additional indebtedness in the future. Although our ABL Facility and the indenture governing the notes contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt, including future Indebtedness (as defined in "Description of the Exchange Notes"), is added to our existing debt levels, the related risks that we now face would increase. In addition, the indenture governing the notes will not prevent us from incurring obligations that do not constitute indebtedness under the indenture. Further, as of December 31, 2012, we have drawn \$609 million under the ABL Facility.

*The notes are structurally subordinated to the indebtedness and other liabilities of our non-guarantor subsidiaries; We have a substantial amount of secured indebtedness.*

We conduct a portion of our operations through our subsidiaries and depend, in part, on earnings and cash flows of, and dividends from, our subsidiaries to pay our obligations, including principal of and interest on our indebtedness. Certain laws restrict the ability of our subsidiaries to pay us dividends or make loans and advances to us. To the extent these restrictions are applied to our non-guarantor subsidiaries, we would not be able to use the earnings of those subsidiaries to make payments on the notes. In the event of any bankruptcy, liquidation or reorganization of a non-guarantor subsidiary, the rights of the holders of notes to participate in the distribution of the assets of such subsidiary will rank behind the claims of that subsidiary's creditors (except to the extent we have a claim as a creditor of

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such subsidiary). As a result, the notes are structurally subordinated to the outstanding indebtedness and other liabilities, including trade payables, of our non-guarantor subsidiaries. Furthermore, the indenture governing the notes permits our non-guarantor subsidiaries to incur certain indebtedness and to pledge assets to secure such indebtedness which assets are not part of the Collateral. As of December 31, 2012, our non-guarantor subsidiaries had approximately \$0.9 million of outstanding indebtedness and other liabilities (including trade payables), all of which would have been structurally senior to the notes.

***Our ABL Facility is senior to the notes with respect to the Collateral.***

Obligations under our ABL Facility are secured by a first-priority lien on the Collateral. Obligations under the notes are secured by a second-priority lien on the Collateral. In addition, the indenture permits us to incur additional indebtedness secured on a first-priority basis by the Collateral in the future. The indenture and the ABL Facility also permit us to incur additional indebtedness secured by assets other than the Collateral. As of December 31, 2012, we had \$236.0 million of undrawn indebtedness under the ABL Facility. Holders of the indebtedness under our ABL Facility and any other indebtedness secured by a first-priority lien in the Collateral are entitled to receive proceeds from the realization of value of the Collateral to repay such indebtedness in full before the holders of the notes will be entitled to any recovery from such collateral.

***The lien ranking provisions in the Intercreditor Agreement and the Collateral Trust Agreement limit the ability of holders of the notes to exercise rights and remedies with respect to the Collateral.***

The rights of the holders of the notes with respect to the Collateral are substantially limited by the terms of the lien ranking provisions in the Intercreditor Agreement and the Collateral Trust Agreement. Under the terms of the Intercreditor Agreement and the Collateral Trust Agreement, at any time that any obligations under the ABL Facility are outstanding, almost any action that may be taken in respect of the Collateral will be at the direction of the administrative agent under the ABL Facility, and the collateral agent, on behalf of the holders of the notes, will not have the ability to control or direct such actions, including the right to exercise remedies with respect to, challenge the liens on, or object to actions taken by the administrative agent under the ABL Facility even if the rights of holders of the notes are adversely affected.

In addition, the Intercreditor Agreement and the Collateral Trust Agreement contain certain provisions benefiting holders of indebtedness under the ABL Facility and other priority lien obligations that prevent the holders of the notes from objecting to a number of important matters regarding the Collateral or otherwise limit their rights as secured creditors following a filing for bankruptcy, including the right to object to any debtor-in-possession financing proposed by holders of priority lien claims (including any such additional financing that is secured by prior liens on the Collateral) or to seek "adequate protection" under U.S. bankruptcy laws in certain circumstances for protection of its secured position. As a result, after a bankruptcy filing, the value of the Collateral could materially deteriorate and holders of the notes would be unable to raise an objection. These waivers and limitations could significantly limit rights that would otherwise be available to holders of the notes as secured creditors in a bankruptcy proceeding, and could adversely affect their ability to recover amounts owed on the notes.

***Our debt agreements contain restrictions that limit our flexibility in operating our business.***

The indenture governing the notes and our ABL Facility contain various covenants that limit our ability to engage in specified types of transactions. The indenture and the ABL Facility covenants limit our and our restricted subsidiaries' ability to, among other things:

incur additional indebtedness;

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pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments;

make certain investments;

sell, transfer or convey certain assets, including our chassis;

incur liens;

designate our subsidiaries as unrestricted subsidiaries;

sell capital stock of our subsidiaries;

make capital expenditures;

enter into the sale and leaseback of our chassis;

compete effectively to the extent our competitors are subject to less onerous financial restrictions;

consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and

enter into certain transactions with our affiliates.

In addition, the ABL Facility requires us to comply with certain financial covenants, including a minimum fixed charge coverage ratio of 1.00 to 1.00, subject to exceptions and limitations, and a maximum senior secured leverage ratio, which is currently 6.50 to 1.00, and is scheduled to decrease until the maturity date of the ABL Facility. See "Management's discussion and analysis of financial condition and results of operations Description of Other Indebtedness ABL Facility." As of December 31, 2012, our fixed charge coverage ratio was 1.54 to 1.00 and our senior secured leverage ratio was 5.06 to 1.00. In the future, there is a risk that we could not be in compliance with our financial covenants.

Although as of December 31, 2012, we were in compliance with all covenants under the indenture, the ABL Facility and other agreements, a breach of any of these covenants or covenants contained in future agreements could result in a default under the indenture, the ABL Facility or such future agreements, which could have the effect, if not remedied, of causing an event of default. In addition, any debt agreements we enter into in the future may further limit our ability to enter into certain types of transactions. See "Management's discussion and analysis of financial condition and results of operations Covenants." Upon the occurrence of an event of default under any of the agreements governing our indebtedness, the applicable lenders or holders of the debt could elect to declare all amounts outstanding to be due and payable and exercise other remedies as set forth in the applicable agreements. The interests of the applicable lenders or holders may conflict with your interests. If any of our indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay this indebtedness in full, which could have a material adverse effect on our ability to continue to operate as a going concern. See "Description of the Exchange Notes Events of default and remedies."

***We may not be able to generate sufficient cash to service the notes or our other indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.***

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on the notes or our other indebtedness.



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If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance the notes or our other indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of the indenture governing the notes and existing or future debt instruments may restrict us from adopting some of these alternatives. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

***The value of the Collateral securing the notes may not be sufficient to satisfy our obligations under the notes.***

No appraisal of the value of the Collateral has been made in connection with the offering of the Original Notes or this exchange offer, and the fair market value of the Collateral is subject to fluctuations based on factors that include, among others, general economic conditions and similar factors. The amount to be received upon a sale of the Collateral would be dependent on numerous factors, including, but not limited to, the actual fair market value of the Collateral at such time, the timing and the manner of the sale and the availability of buyers. By its nature, portions of the Collateral may be illiquid and may have no readily ascertainable market value.

In addition, since the issue date of the Original Notes, the ownership interest of the Issuers and the guarantors in a substantial portion of the chassis collateral has been held in a titling trust, and the certificate that represents the rights in such chassis collateral was pledged under the security agreement. Each Issuer and guarantor had up to 120 days (or such longer period as may be specified in the ABL Facility) to cause ownership in the certificate of title chassis collateral to be transferred from the titling trust to the relevant Issuer or guarantor, which pledged its rights, title and interest in such chassis collateral to the collateral trustee under the Collateral Trust Security Agreement. As of December 31, 2012, we were in compliance with our retitling obligations under our agreements.

To the extent that pre-existing liens, liens permitted under the indenture and other rights, including liens on excluded assets, such as those securing purchase money obligations, government -financed or -sponsored projects and capital lease obligations granted to other parties (in addition to the holders of obligations under the ABL Facility), encumber any of the Collateral securing the notes and the guarantees, those parties have or may exercise rights and remedies with respect to the Collateral that could adversely affect the value of the Collateral and the ability of the collateral agent, the collateral trustee in the case of the Trust Collateral, the trustee under the indenture or the holders of the notes to realize or foreclose on the Collateral.

In addition, in the event of any such proceeding, the ability of the holders of the notes to realize upon any of the Collateral may be subject to bankruptcy and insolvency law limitations. In addition, the security interest of the collateral agent or collateral trustee in the case of Trust Collateral to act as collateral agent for the holders of the notes, will be subject to practical problems generally associated with the realization of security interests in collateral. For example, the collateral agent or collateral trustee in the case of Trust Collateral may need to obtain the consent of a third-party to obtain or enforce a security interest in a contract. We cannot assure you that the collateral agent or the collateral trustee will be able to obtain any such consent. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Also, certain items included in the Collateral may not be transferable (by their terms or pursuant to applicable law) and therefore the collateral agent or collateral trustee may not be able to realize value from such items in the event of a foreclosure. Accordingly, the collateral agent or the collateral trustee in the case of Trust Collateral may not have the ability to foreclose upon those assets and the value of the Collateral may significantly decrease.



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In addition, because a portion of the Collateral consists of pledges of 65% of the capital stock of certain of our foreign subsidiaries, the validity of those pledges under local law, if applicable, and the ability of the holders of the notes to realize upon that collateral under local law, to the extent applicable, may be limited by such local law, which limits the liens securing the notes.

Furthermore, the indenture governing the notes permits us, subject to compliance with certain financial tests, to issue additional secured debt, including debt secured equally and ratably by the same assets pledged for the benefit of the holders of the notes. Any such issuance would reduce amounts payable to holders of the notes from the proceeds of any sale of the Collateral.

There may not be sufficient Collateral to pay off any additional notes we may issue together with the notes. Consequently, liquidating the Collateral securing the notes and the guarantees may not result in proceeds in an amount sufficient to pay any amounts due under the notes after also satisfying the obligations to pay any creditors with prior liens, including under the ABL Facility. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the notes, the holders of the notes (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured, unsubordinated claim against our and the subsidiary guarantors' remaining assets, and there may not be sufficient assets remaining to repay any or all amounts due on the notes.

***There are circumstances other than repayment or discharge of the notes under which the Collateral securing the notes and guarantees will be released automatically, without your consent or the consent of the trustee.***

Under various circumstances, all or a portion of the Collateral may be released, including:

to enable the sale, transfer or other disposal of such Collateral in a transaction not prohibited under the indenture and the security documents, including the sale of any entity in its entirety that owns or holds such Collateral;

with respect to Collateral held by a guarantor, upon the release of such guarantor from its guarantee in accordance with the indenture;

subject to certain exceptions, upon certain releases (other than in connection with a cancellation or termination of the ABL Facility) of Collateral by the ABL Agent (as defined in "Description of the Exchange Notes") and upon certain sales and dispositions of Collateral resulting in the release of the lien on such Collateral securing the ABL Facility;

with respect to the Collateral that is capital stock, upon the dissolution of the issuer of that capital stock in accordance with the Indenture;

in whole or in part, as applicable, with respect to Collateral which has been taken by eminent domain, condemnation or other similar circumstances;

in whole upon a legal defeasance or covenant defeasance of the indenture as described in the section titled "Description of Exchange Notes - Legal defeasance and covenant defeasance;" and

in part or less than substantially all with the consent of holders holding at least a majority in principal amount of the notes outstanding.

In addition, the guarantee of a subsidiary guarantor will be released in connection with a sale of such subsidiary guarantor in a transaction not prohibited by the indenture.

The indenture also permits us to designate, subject to certain conditions, one or more of our restricted subsidiaries that is a guarantor of the notes as an unrestricted subsidiary. If we designate a subsidiary guarantor as an unrestricted subsidiary, all of the liens on any Collateral owned by such subsidiary or any of its subsidiaries and any guarantees of the notes by such subsidiary or any of its subsidiaries will be released under the indenture. Designation of an unrestricted subsidiary will reduce



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the aggregate value of the Collateral securing the notes to the extent that liens on the assets of the unrestricted subsidiary and its subsidiaries are released. In addition, the creditors of the unrestricted subsidiary and its subsidiaries will have a senior claim on the assets of such unrestricted subsidiary and its subsidiaries. See "Description of the Exchange Notes."

***The security for the benefit of holders of the notes may be released without such holders' consent.***

The liens for the benefit of the holders of the notes may be released without vote or consent of such holders, as summarized below:

the security documents generally provide for an automatic release of all liens on any asset, including subsidiaries or guarantors, that is disposed of in compliance with the provisions of our ABL Facility;

any lien can be released if approved by the requisite number of lenders under our ABL Facility;

the administrative agent and the lenders under our ABL Facility will have the sole ability to control remedies (including upon sale or liquidation of the collateral after acceleration of the notes or the debt under our ABL Facility) with respect to the collateral; and

so long as we have our ABL Facility or another senior credit facility, the notes will automatically cease to be secured by those liens if those liens no longer secure our senior secured credit facilities for any other reason.

As a result, we cannot assure holders of the notes that the notes will continue to be secured by a substantial portion of our assets. Holders of the notes will have no recourse if the lenders under our ABL Facility approve the release of any or all of the collateral, even if that action adversely affects any rating of the notes.

***There are certain categories of property that are excluded from the Collateral.***

Certain categories of assets are not pledged as collateral securing the Issuer's obligations under the notes. Proceeds from the liquidation of such assets are therefore unavailable to reimburse holders of the notes upon a foreclosure on the Collateral. Excluded assets include, among other categories, (i) real property; (ii) certain containers and chassis (and related accounts, chattel paper, leases, instruments, documents, general intangibles of such containers and chassis); (iii) certain licenses with respect to intellectual property; (iv) any asset to the extent that the grant of a security interest is prohibited by any requirement of law of a governmental authority, or requires a consent not obtained of any governmental authority pursuant to such requirement of law, or results in the abandonment, invalidation or unenforceability of any right, title or interest of the grantor in such assets, or is prohibited by, or constitutes a breach or default under or results in the termination of or gives rise to a right on the part of another party thereto to terminate (or materially modify) or requires any consent not obtained under any contract, license, agreement, instrument or other document evidencing or giving rise to such asset, except to the extent such limitation is ineffective under applicable law; (v) any asset that is subject to liens under permitted purchase money indebtedness or permitted capital leases to the extent such indebtedness or capital lease contains a valid prohibition on using such asset to secure other indebtedness; (vi) certain deposit and securities accounts used for special purposes or which in the aggregate are below a certain threshold; (vii) certain after-acquired property; outstanding stock of certain controlled foreign corporations and assets (including leasehold interests in real property) in which we are contractually obligated not to create a security interest; (viii) any capital stock of any foreign subsidiary directly owned by us or any subsidiary guarantor in excess of 65% of the outstanding voting stock of such foreign subsidiary; (ix) any margin stock and (x) those assets as to which the costs of obtaining such a security interest are excessive in relation to the value of the security interest to be afforded thereby. See "Description of the Exchange Notes." If an event of default occurs and the notes

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are accelerated, the notes and the guarantees will rank equally with the holders of other unsubordinated and unsecured indebtedness of the relevant entity with respect to such excluded property.

***In most cases we have control over the Collateral, and the sale of particular assets by us could reduce the pool of assets securing the notes and the note guarantees.***

The security documents allow us to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the Collateral securing the notes. These rights may adversely affect the value of the Collateral at any time. For example, so long as no default or event of default under the indenture governing the notes would result therefrom, we may, among other things, without any release or consent by the trustee, conduct ordinary course activities with respect to the collateral, such as selling, abandoning or otherwise disposing of the collateral and making ordinary course cash payments (including repayments of indebtedness).

***Rights of holders of the notes in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.***

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens in the Collateral and the Trust Collateral may not be perfected with respect to the claims of the holders of the notes if the collateral agent or the collateral trustee of the Trust Collateral does not take the actions necessary to perfect any of these liens. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as equipment subject to a certificate of title and certain proceeds, can only be perfected at the time such property and rights are acquired and identified. We and the guarantors have limited obligations to perfect the security interest of the holders of the notes in specified Collateral. There can be no assurance that the trustee, the collateral agent or collateral trustee of the Trust Collateral will monitor, or that we will inform such trustee, collateral agent or collateral trustee of, the future acquisition of property and rights that constitute Collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired Collateral. None of the trustee, the collateral agent and the collateral trustee has an obligation to monitor the acquisition of additional property or rights that constitute Collateral or the perfection of any security interest. Such failure may result in the loss of the security interest in favor of the notes in the Collateral or the priority of the security interest in favor of the notes against third parties.

Additionally, a substantial portion of the Trust Collateral consists of assets that are documented by a certificate of title for which a security interest may only be perfected by the proper filing of a certificate of title indicating the collateral trustee as the secured party. Since the issue date of the Original Notes, the ownership interest of the Issuers and the guarantors in a substantial portion of the chassis collateral has been held in a titling trust, and the certificate that represents the rights in such chassis collateral was pledged under the security agreement. These certificates of title were not updated and filed as of the issue date. Each Issuer and guarantor had up to 120 days (or such longer period as may be specified in the ABL Facility) to cause ownership in the certificate of title chassis collateral to be transferred from the titling trust to the relevant Issuer or guarantor, which pledged its rights, title and interest in such chassis collateral to the collateral trustee under the Collateral Trust Security Agreement. Failure to file a certificate of title indicating the collateral trustee as the secured party may result in the loss of the security interest in favor of the notes in the Trust Collateral or the priority of the security interest in favor of the notes against third parties. As of December 31, 2012, we were in compliance with our retitling obligations under our agreements.

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***The existence or imposition of certain permitted liens could adversely affect the value of the Collateral.***

The Collateral is subject to liens permitted under the terms of the indenture governing the notes, whether arising on or after the date the notes are issued. The existence of any permitted liens could adversely affect the value of the Collateral as well as the ability of the collateral agent to realize or foreclose on such Collateral. The Collateral that will secure the notes may also secure future indebtedness and other of our obligations or those of the guarantors to the extent permitted by the indenture and the security documents. Your rights to the Collateral would be diluted by any increase in the indebtedness secured by the Collateral.

The notes are secured by a second priority lien on, and perfected security interest in, the capital stock and other assets that secure the first priority lien obligations under the ABL Facility. The notes effectively rank junior to all amounts owed under the ABL Facility, as well as certain hedging and cash management obligations, because the first priority lien obligations are secured by a first priority lien on the same Collateral that is pledged for the benefit of the notes.

In addition, under the indenture governing the notes, we, the Issuers and our restricted subsidiaries may incur additional debt that will be secured by first priority liens on the Collateral or by liens on assets that are not pledged to the holders of notes, all of which would effectively rank senior to the notes to the extent of the value of the assets securing the debt. Moreover, any Collateral securing the notes will be shared by additional indebtedness that may be secured on a second lien basis. See "Description of the Exchange Notes."

***The administrative agent under our ABL Facility initially controls actions with respect to the Collateral.***

The rights of the holders of the notes with respect to the Collateral that secures the notes on a second-priority basis are subject to an Intercreditor Agreement among certain holders of obligations secured by the Collateral, including the obligations under our ABL Facility. Under that Intercreditor Agreement, any actions that may be taken with respect to such Collateral, including the ability to cause the commencement of enforcement proceedings against such Collateral, to control such proceedings and to approve amendments to releases of such Collateral from the lien of, and waive past defaults under, such documents relating to such Collateral, are at the direction of the administrative agent under our ABL Facility generally until our obligations under our ABL Facility are discharged (which discharge does not include certain refinancings of our ABL Facility).

Under the Intercreditor Agreement, the collateral agent for the holders of the notes may not object following the filing of a bankruptcy petition to any debtor-in-possession financing or to the use of the shared collateral to secure that financing, subject to conditions and limited exceptions. After such a filing, the value of this Collateral could materially deteriorate, and holders of the notes would be unable to raise an objection.

The Collateral that secures the notes and guarantees is also subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by the administrative agent under our ABL Facility during any period that the administrative agent controls actions with respect to the collateral pursuant to the intercreditor agreement. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the notes, as well as the ability of the collateral agent to realize or foreclose on such Collateral for the benefit of the holders of the notes.

Additionally, under certain circumstances, the liens securing the notes may be subordinated to liens securing other obligations to the extent that such lien subordination also applies to the liens securing our ABL Facility.

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***Any future pledge of Collateral in favor of the collateral agent or the holders of the notes might be avoidable in bankruptcy.***

Any future pledge of Collateral in favor of the collateral agent or the holders of the notes, including pursuant to security documents delivered after the date of the indenture governing the notes, might be avoidable by the pledgor (as debtor in possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, including if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the notes to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period. As more fully described herein, certain of the assets securing the notes may not have been subject to a valid and perfected security interest on the closing date of the Original Notes. We agreed to use commercially reasonable efforts to obtain a valid and perfected security interest on such assets to secure the notes within 120 days after the closing date, but such interests may not yet be perfected. As of December 31, 2012, the Issuers and Guarantors were in compliance with their retitling obligations under our agreements.

***The Collateral securing the notes is subject to casualty risks.***

We intend to maintain insurance or otherwise insure against hazards in a manner appropriate and customary for our business. There are, however, certain losses that may be either uninsurable or not economically insurable, in whole or in part. Insurance proceeds may not compensate us fully for our losses. If there is a complete or partial loss of any of the Collateral, the insurance proceeds may not be sufficient to satisfy all of the secured obligations, including the notes and the guarantees.

***In the event of our bankruptcy, the ability of the holders of the notes to realize upon the Collateral securing the notes will be subject to certain bankruptcy law limitations.***

The ability of holders of the notes to realize upon the Collateral will be subject to certain bankruptcy law limitations in the event of our bankruptcy. Under applicable U.S. federal bankruptcy laws, secured creditors are prohibited from, among other things, repossessing their security from a debtor in a bankruptcy case without bankruptcy court approval and may be prohibited from retaining security repossessed by such creditor without bankruptcy court approval. Moreover, applicable federal bankruptcy laws generally permit the debtor to continue to retain collateral, including cash collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given "adequate protection."

The secured creditor is entitled to "adequate protection" to protect the value of the secured creditor's interest in the collateral as of the commencement of the bankruptcy case but the adequate protection actually provided to a secured creditor may vary according to the circumstances. Adequate protection may include cash payments or the granting of additional security if and at such times as the court, in its discretion and at the request of such creditor, determines after notice and a hearing that the collateral has diminished in value as a result of the imposition of the automatic stay of repossession of such collateral or the debtor's use, sale or lease of such collateral during the pendency of the bankruptcy case. In view of the lack of a precise definition of the term "adequate protection" and the broad discretionary powers of a U.S. bankruptcy court, we cannot predict whether or when the trustee could foreclose upon or sell the Collateral or whether or to what extent holders of notes would be compensated for any delay in payment or loss of value of the Collateral through the requirement of "adequate protection."

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***In the event of a bankruptcy of us or any of the guarantors, holders of the notes may be deemed to have an unsecured claim to the extent that our obligations in respect of the notes exceed the fair market value of the Collateral securing the notes.***

In any bankruptcy proceeding with respect to us or any of the guarantors, it is possible that the bankruptcy trustee, the debtor-in-possession or competing creditors will assert that the fair market value of the Collateral with respect to the notes on the date of the bankruptcy filing was less than the then-current principal amount of the notes. Upon a finding by the bankruptcy court that the notes are under-collateralized, the claims in the bankruptcy proceeding with respect to the notes would be bifurcated between a secured claim in an amount equal to the value of the Collateral and an unsecured claim with respect to the remainder of its claim which would not be entitled to the benefits of security in the Collateral. Other consequences of a finding of under-collateralization would be, among other things, a lack of entitlement on the part of the notes to receive post-petition interest and a lack of entitlement on the part of the unsecured portion of the notes to receive "adequate protection" under federal bankruptcy laws. In addition, if any payments of post-petition interest had been made at any time prior to such a finding of under-collateralization, those payments would be recharacterized by the bankruptcy court as a reduction of the principal amount of the secured claim with respect to the notes.

***The value of the Collateral securing the notes may not be sufficient to secure post-petition interest.***

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