INTERPOOL INC
Form S-3/A
January 20, 2006

As filed with the Securities and Exchange Commission on January 19, 2005

Registration Statement No. 333-127088

**SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, D.C. 20549**

# AMENDMENT NO. 2 TO FORM S-1 on FORM S-3*

**REGISTRATION STATEMENT**
**UNDER**
**THE SECURITIES ACT OF 1933**

**INTERPOOL, INC.**
**(Exact name of registrant is specified in its charter)**

| Delaware | 7359<br>6159 | 13-3467669 |
|---|---|---|
| (State or other jurisdiction of incorporation or organization) | (Primary Standard Industrial Classification Code No.) | (I.R.S. Employer Identification Number) |

**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)

**MARTIN TUCHMAN**
**Chairman and Chief Executive Officer** Interpool, Inc.
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)

**Copies to:**
**Jeffrey S. Lowenthal, Esq.**
Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, New York 10038
(212) 806-5400

Approximate date of commencement of proposed sale to the public: from time to time after the effective date of this registration statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box: [ ]

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box: [X]

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

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

If this form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box: [ ]

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box: [ ]

## CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities to be Registered | Amount to be Registered | Proposed Maximum Offering Price Per Unit | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee |
|---|---|---|---|---|
| Common Stock, par value $.001 per share | 8,916,666(1) | (2) | (2) | (2) |
| Series A Warrants | 5,859,071 | $16.88(3) | $98,901,118(3) | |
| Series B Warrants | 3,057,595 | $16.88(3) | $51,612,204(3) | |
| Total | 8,916,666 | $16.88(3) | $150,513,322(3) | $17,790(4) |

(1) Represents the number of shares of common stock that are issuable upon exercise of the warrants as of January 11, 2006. Pursuant to Rule 416 under the Securities Act, in the event of a stock split, stock dividend, or similar transaction involving the common stock, in order to prevent dilution, the number of shares registered shall be automatically increased to cover additional shares. In addition, pursuant to Rule 416, the shares being registered include an additional indeterminate number of shares of common stock issuable upon exercise of the warrants in the future as the result of anti-dilution adjustments.

(2)

Pursuant to Rule 457(g) under the Securities Act, no separate registration fee is required for the securities to be issued upon the exercise of the warrants.

(3) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(g) under the Securities Act of 1933, based on the current exercise price of the warrants.

(4) $17,655 of the registration fee was paid upon the initial filing of this Registration Statement on August 1, 2005 based upon the filing fee then in effect and an additional registration fee of $107 was paid upon the filing of Amendment No. 1 to this Registration Statement on December 6, 2005. The additional fee of $28 is being paid in connection with this Amendment No. 2 to cover the increase in the Proposed Maximum Aggregate Offering Price.

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

***EXPLANATORY NOTE**

**This Amendment No. 2 to Form S-1 on Form S-3 is being filed to convert the Registration Statement on Form S-1 (No. 333-127088) into a Registration Statement on Form S-3.**

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The information in this 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 prospectus is not an offer to sell securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED JANUARY 19, 2006**

**P R O S P E C T U S**

Series A Warrants to Purchase an Aggregate of 5,859,071 Shares of Common Stock
Series B Warrants to Purchase an Aggregate of 3,057,595 Shares of Common Stock
8,916,666 Shares of Common Stock Issuable Upon Exercise of the Warrants

This prospectus relates to warrants to purchase an aggregate of 8,916,666 shares of our common stock and the shares of our common stock issuable upon exercise of the warrants. This prospectus also covers any additional shares of common stock that may become issuable upon any anti-dilution adjustment pursuant to the terms of the warrants. We are registering the warrants and the shares of common stock issuable upon exercise of the warrants for resale by the selling securityholders named in this prospectus, or their transferees, pledgees, donees or successors. In addition, we may use this prospectus in connection with the issuance by us from time to time of the shares of common stock issuable upon exercise of the warrants by purchasers of the warrants.

We will not receive any proceeds from the resale of the warrants or the shares of common stock issuable upon exercise of the warrants by the selling securityholders. Upon the exercise of the warrants, we will receive cash proceeds of $16.88 per share (such price subject to adjustment) unless, under certain circumstances, the warrant holders elect to pay the exercise price by canceling debt, as more fully described in this prospectus. We have paid the expenses of preparing this prospectus and the related registration statement.

The selling securityholders may sell the warrants or the shares issuable upon exercise of the warrants from time to time, in amounts, at prices and on terms determined at the time of offering. The selling securityholders may sell the warrants and the shares of common stock issuable upon exercise of the warrants through ordinary brokerage transactions or through any other means described in the section entitled Plan of Distribution beginning on page 104.

**SEE THE SECTION ENTITLED RISK FACTORS THAT BEGINS ON PAGE 6 FOR A DISCUSSION OF THE RISKS THAT YOU SHOULD CONSIDER PRIOR TO TENDERING YOUR OUTSTANDING NOTES FOR EXCHANGE.**

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

The date of this Prospectus is [____________], 2006.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted.

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## PROSPECTUS SUMMARY

*All fleet statistics including the size of the fleet, utilization of the leasing equipment or the rental rates per day that are set forth in this prospectus include our equipment, including that portion of our equipment managed by Container Applications, Inc. ( CAI ). To the extent that our equipment is managed by CAI, the equipment is* *considered fully utilized since it is not available for us to put on hire regardless of whether all of the units are generating income. All equipment owned by CAI or managed by CAI (with the exception of equipment owned by us and managed by CAI) is excluded from all statistics, unless otherwise indicated. In addition, all of our chassis assigned to chassis pools are considered fully utilized. This exclusion of information relative to CAI, unless indicated otherwise, provides a focus on the drivers which are critical to our core business. The market share, ranking and other data contained in this prospectus are based either on our management s own estimates, independent industry publications, reports by market research firms or other published independent sources and, in each case, are believed by management to be reasonable estimates. 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. 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.*

This summary highlights selected information contained elsewhere in this prospectus. You should read the entire prospectus carefully, including Risk Factors and our financial statements and related Notes, before making an investment decision. Unless otherwise noted, references to Interpool, refer to Interpool, Inc., a Delaware corporation. Unless otherwise noted, references to we, our and us refer collectively to Interpool and its consolidated subsidiaries.

**Interpool, Inc.**

We believe we are the largest lessor of intermodal chassis in North America and one of the world s leading lessors of intermodal dry freight standard containers. At September 30, 2005, our chassis fleet totaled approximately 221,000 chassis and our container fleet totaled approximately 836,000 twenty-foot equivalent units ( TEU ). From 1998 to 2003, we increased the size of our chassis fleet at a compound annual rate of 22% and our container fleet at a compound annual rate of 12%. During 2004, our chassis fleet remained flat and our total container fleet declined by 7%, primarily due to the contractual runoff of the container direct financing lease portfolio and the fact that we entered into only a limited number of new lease transactions due to the reduced availability of new financings during the first three quarters of 2004. This reduction in availability was due to the delay in filing our Annual Report on Form 10-K for 2002, our Quarterly and Annual Reports on Forms 10-Q and 10-K for 2003 and our Quarterly Reports on Form 10-Q for 2004. Our fleet of containers increased from 808,000 TEU at December 31, 2004 to 836,000 TEU at September 30, 2005 primarily due to the purchase of new containers. The size of our chassis fleet increased from 208,000 units at December 31, 2004 to 221,000 units at September 30, 2005.

We concentrate on leasing equipment to our customers on a long-term basis (leases for a term greater than one year). Substantially all of our new equipment is initially leased for terms of five to eight years and approximately 76% of our total fleet of chassis and 78% of our total fleet of containers as of September 30, 2005 are on long-term lease. We believe our focus on long-term leasing has enabled us to:

Maintain high utilization rates of our equipment fleet, consisting of both operating and direct financing leases, which over the last five years averaged 99% for containers and 95% for chassis;

Achieve more stable and predictable earnings; and

Concentrate on the expansion of our asset base through the purchase and lease of new equipment to fulfill specific orders for new long-term leases.

Approximately 24% of our chassis are currently leased on a short-term basis to satisfy customers peak or seasonal requirements and to provide operational flexibility, generally at higher rates than under long-term leases. For customers who require daily or weekly chassis rentals, we operate chassis pools at major domestic shipping ports and terminals. These chassis pools consist of our chassis as well as those of our customers.

Approximately 22% of our containers are currently leased on a short-term basis. Our 50%-owned consolidated subsidiary, CAI, markets our containers available for short-term leasing as part of its fleet, facilitating redeployment of our containers at the end of long-term leases. Our relationship with CAI maximizes utilization of our container fleet and increases our influence in the marketplace by giving us one of the world s largest container lessor fleets on a combined basis. At September 30, 2005, CAI had a container fleet of approximately 603,000 TEU. Approximately 166,000 TEU were owned by CAI with the remaining 437,000 TEU managed for others. CAI s managed equipment included approximately 150,000 TEU that were managed for us.

We have been involved in the business of leasing transportation equipment since 1968. We lease our chassis and containers to a diversified customer base of over 600 shipping and transportation companies throughout the world, including nearly all of the world s 25 largest international container shipping lines and major North American railroads. We provide customer service and market to our customers through a worldwide network of offices and agents. We believe one of the key factors in our ability to compete effectively has been the long-standing relationships that we have established with most of the world s large shipping lines and major North American railroads. As a result of these relationships, 22 of our top 25 customers have been customers for at least 10 years.

## Our Strategy

Our objective is to continue to expand on our market position as a leading long-term lessor of intermodal transportation equipment. To achieve this objective, we intend to continue to:

- Focus on our core business of domestic chassis and international marine container leasing;
- Concentrate on long-term leasing to achieve high utilization rates and minimize the impact of economic cycles on earnings;
- Remarket equipment when returned by lessees; and
- Make strategic acquisitions of complementary businesses and asset portfolios on an opportunistic and financially disciplined basis.

## Corporate Information

Our executive offices are located at 211 College Road East, Princeton, New Jersey 08540. Our main telephone number is (609) 452-8900. We were incorporated in the State of Delaware in 1988. Our principal website is located at www.interpool.com. The information contained on that website, as well as any of our other websites, is not part of this prospectus.

## Warrants Being Registered

| | |
|---|---|
| Series A Warrants being registered | The Series A Warrants are currently exercisable for an aggregate of 5,859,071 shares of common stock. The Series A Warrants expire on September 1, 2014. |
| Series B Warrants being registered | The Series B Warrants are currently exercisable for an aggregate of 3,057,595 shares of common stock. The Series B Warrants expire on September 1, 2014. |
| Common stock being registered | 8,916,666 shares issuable upon exercise of the warrants (together with any additional shares issuable upon exercise of the |

| | |
|---|---|
| | Warrants as a result of anti-dilution adjustments). |
| Common stock outstanding as of January 11, 2006 | 28,500,496 shares (this does not include the 8,916,666 warrant shares being registered) |
| Use of proceeds | We will not receive any proceeds upon the sale of the warrants or the shares of common stock offered in this prospectus by the selling securityholders. Upon the exercise of the warrants, we will receive cash proceeds of $16.88 per share (such price subject to adjustment) unless, under certain circumstances, the warrant holders elect to pay the exercise price by cancellation of debt. We intend to use any proceeds from the exercise of the warrants, after deduction of any related expenses, for working capital and general corporate purposes. |
| Dividend policy | We have paid quarterly cash dividends on our common stock for more than eight years. We paid a quarterly dividend of $0.075 per share on our common stock in July and October 2005 and a quarterly cash dividend of $0.20 per share on our common stock in January 2006. The January 2006 dividend included a one-time additional dividend of $0.12 per share for the fourth quarter of 2005. We expect future quarterly dividends to be at the announced quarterly rate of $0.08 per share. We also paid a special cash dividend of $1.00 per share in November 2005. |
| New York Stock Exchange symbol | IPX (for common stock only; the warrants are not listed on any national securities exchange) |

**Summary Consolidated Historical Financial and Operating Data**

The following table sets forth our selected historical consolidated financial data for the periods and at the dates indicated. The historical consolidated financial data for each of the years in the five year period ended December 31, 2004 are derived from and qualified by reference to the historical Consolidated Financial Statements that have been audited and reported upon by KPMG LLP, independent registered public accounting firm. The historical financial data for the nine months ended September 30, 2004 and 2005 and as of September 30, 2005 are derived from our unaudited condensed Consolidated Financial Statements. In our opinion, this unaudited information has been prepared on a basis consistent with the audited consolidated historical financial statements appearing elsewhere in this prospectus and includes all adjustments, consisting only of normal recurring accruals, that we consider necessary for a fair presentation of our financial position and results of operations for these periods. This information should be read in conjunction with our Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical Consolidated Financial Statements and the Notes thereto. The historical results presented are not necessarily indicative of future results.

**(in thousands, except per share amounts)**

| | Years Ended December 31, | | | | | (unaudited) Nine Months Ended September 30, | |
|---|---|---|---|---|---|---|---|
| | **2000[1][2][4][5]** | **2001[1][2][4]** | **2002[1][2][3]** | **2003[1][2]** | **2004** | **2004** | **2005** |

| | (in thousands, except per share amounts) | | | | | | |
|---|---|---|---|---|---|---|---|
| Income Statement Data: | | | | | | | |
| Equipment leasing revenue | $287,553 | $338,718 | $325,080 | $374,287 | $388,183 | $289,002 | $ 292,095 |
| Depreciation and amortization of leasing equipment | $ 66,075 | $ 79,678 | $ 88,707 | $ 87,498 | $ 89,458 | $ 67,974 | $ 66,992 |
| Interest expense | $ 87,809 | $ 98,270 | $108,344 | $106,688 | $112,013 | $ 81,654 | $ 90,305 |
| Fair value adjustment for warrants | -- | -- | -- | -- | $ 49,222 | -- | $(30,178 ) |
| Income before cumulative effect of change in accounting principle . | $ 44,040 | $ 28,104 | $ 4,389 | $ 37,496 | $ 7,869 | $ 46,448 | $ 80,547 |
| Net Income per share: | | | | | | | |
| Basic | $ 1.61 | $ 1.03 | $ 0.16 | $ 1.37 | $ 0.29 | $ 1.70 | $ 2.91 |
| Diluted | $ 1.61 | $ 0.97 | $ 0.15 | $ 1.30 | $ 0.27 | $ 1.57 | $ 2.55 |
| Weighted average shares outstanding: | | | | | | | |
| Basic | 27,421 | 27,417 | 27,360 | 27,365 | 27,380 | 27,378 | 27,648 |
| Diluted | 27,426 | 28,973 | 29,202 | 28,935 | 28,960 | 30,567 | 32,213 |
| Cash dividends declared per common share | $ 0.15 | $ 0.1925 | $ 0.2275 | $ 0.25 | $ 0.25 | $ 0.1875 | $ 0.2125 |
| Ratio of earnings to fixed charges | 1.6 | 1.3 | 1.0 | 1.4 | 1.2 | 1.6 | 1.9 |

(1) As disclosed in our Quarterly Report on Form 10-Q for the nine months ended September 30, 2004, the Company uncovered an immaterial error related to the Consolidated Financial Statements not part of any current filing, which has been reported as an adjustment to opening retained earnings. For further information regarding this adjustment, see Note 1 to the Consolidated Financial Statements included in this prospectus.

(2) Certain reclassifications have been made to the 2003, 2002, 2001 and 2000 amounts in order to conform to the 2004 presentation.

(3) Effective June 27, 2002, our Consolidated Financial Statements include CAI as a consolidated subsidiary. See Note 11 to the Consolidated Financial Statements included in this prospectus.

(4) As a result of adopting Statement of Financial Accounting Standards No. 145 ( SFAS 145 ) Rescission of FASB statements 4, 44 and 64, Amendment of FASB statement No 13 and Technical Corrections, extraordinary gains related to the retirement of debt during the years ended December 31, 2001 and 2002, respectively, have been reclassified into operating income on a pretax basis. Income before cumulative effect of change in accounting principle include net of tax amounts of $558 and $840 for the years ended December 31, 2001 and 2000,

respectively.

(5) The 2000 income statement data excludes $660 resulting from the cumulative effect of change in accounting principle. The 2000 results include earnings from the assets acquired from Transamerica ( TA ), which we acquired on October 24, 2000, with an effective date of October 1, 2000. The 2000 results include only the chassis acquired from TA as the rail trailers and domestic containers were identified as assets held for sale at the time of purchase.

| | As of September 30, 2005 |
|---|---|
| **Balance Sheet Data:** | **(in thousands (unaudited)** |
| Cash and cash equivalents | $ 145,575 |
| Net investment in direct financing leases | $ 373,072 |
| Leasing equipment, net | $1,782,264 |
| Total assets | $2,456,530 |
| Debt and capital lease obligations | $1,676,343 |
| Stockholders' equity | $ 478,715 |

| | **As of December 31,** | | | | | |
|---|---|---|---|---|---|---|
| | **2000** | **2001** | **2002** | **2003** | **2004** | **As of September 30, 2005** |
| **Fleet Data:**(1) | | | | | | |
| Chassis: | | | | | | |
| Chassis units | 175,000 | 190,000 | 204,000 | 208,000 | 208,000 | 221,000 |
| Utilization rate | 97% | 94% | 93% | 96% | 97% | 96% |
| Containers: | | | | | | |
| Containers (TEU) | 650,000 | 703,000 | 796,000 | 870,000 | 808,000 | 836,000 |
| Utilization rate | 99% | 97% | 99% | 99% | 99% | 98% |

(1) Excludes CAI data.

## RISK FACTORS

*An investment in the warrants and our common stock involves risk. You should carefully consider the risks we describe below before deciding to invest in the warrants or our common stock. The market price of the warrants and/or our common stock could decline due to any of these risks, in which case you could lose all or part of your investment. In assessing these risks, you should also refer to the other information included in this prospectus, including our Consolidated Financial Statements, including the notes thereto, appearing elsewhere in this prospectus.*

### Risks Relating to our Common Stock and Warrants

**Exercise of warrants and options will dilute the ownership interest of existing shareholders.**

The shares issuable upon the exercise of these warrants and the shares issuable upon exercise of the options that we have issued or may issue in the future to our employees and directors will dilute the ownership interests of existing shareholders.

**Shares eligible for future sale may cause the market price for our common stock to drop significantly, even if our business is doing well.**

We cannot predict the effect, if any, that future sales of our common stock or the availability of shares for future sale will have on the market price of our common stock from time to time. As of January 11, 2006, we had outstanding 28,500,496 shares of our common stock. Shares issuable upon exercise of these warrants (totaling 8,916,666 shares), shares issuable upon exercise of our outstanding options (totaling 2,873,063 shares) or other shares of our common stock that we issue in the future may become available for resale in the public market from time to time, and the market price of shares of our common stock could drop significantly if the holders of these shares sell them or are perceived by the market as intending to sell them. In addition, the existence of the warrants and options may encourage short selling by market participants.

**Absence of a public trading market for the warrants may limit the ability of a purchaser to resell the warrants.**

There is no established trading market for the warrants, and the warrants may not be widely distributed. We do not intend to list the warrants on any national securities exchange. There can be no assurance that a market will develop for the warrants. Even if a market for the warrants does develop, the price of the warrants may fluctuate and liquidity may be limited. If a market for the warrants does not develop, then purchasers of the warrants may be unable to resell the warrants for an extended period of time, if at all.

**Risks Relating to Our Business and Operations**

**We are subject to the cyclicality of world trade which may impair demand for our chassis and containers.**

The demand for our chassis and containers primarily depends upon levels of world trade of finished goods and component parts. Recessionary business cycles, political conditions, the status of trade agreements and international conflicts may have an impact on our operating results. The demand for leased chassis also depends upon domestic economic conditions and volumes of exports to the United States which are likely to be adversely affected if the value of the United States dollar declines. When the volume of world trade decreases, our business of leasing chassis and containers may be adversely affected as the demand for chassis and containers is reduced. A substantial decline in world trade may also adversely affect our customers, leading to possible defaults and the return of equipment prior to the end of a lease term.

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

The transportation equipment leasing industry is highly competitive. We compete with many domestic and foreign leasing companies, some of which have greater financial resources and access to capital than we do. From time to time, the industry may have large under-utilized inventories of chassis and containers, which could lead to significant downward pressure on pricing and margins. In addition, if the available supply of intermodal transportation equipment were to increase significantly as a result of, among other factors, new companies entering the business of leasing and selling intermodal transportation equipment, our competitive position could be adversely affected.

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

We, like other suppliers of leased chassis and containers, are dependent upon decisions by shipping lines and other transportation companies to lease rather than buy their equipment. In addition, our ability to achieve our strategy of expanding our business in response to customer demand for long-term leasing would be adversely affected if our customers shifted to more short-term leasing over long-term leasing. Most of the factors affecting the decisions of our customers are outside our control. Operating costs such as storage and repair and maintenance costs also increase as utilization decreases.

**Pending governmental investigations may adversely affect us.**

Following our announcement in July 2003 that our Audit Committee had commissioned an internal investigation by special counsel into our accounting, we were notified that the SEC had opened an informal investigation of Interpool. As we anticipated, this investigation was subsequently converted to a formal investigation and remains pending as of the date this registration statement was filed. We are fully cooperating with this investigation. The New York office of the SEC has received a copy of the written report of the internal investigation and has received documents and information from us, our Audit Committee and certain other parties pursuant to SEC subpoenas. In late 2003, we were also advised that the United States Attorney s office for the District of New Jersey received a copy of the written report of the internal investigation and opened a parallel investigation focusing on certain matters described in the report by the Audit Committee s special counsel. We were informed that Interpool is neither a subject nor a target of the investigation by the U.S. Attorney s office. We cannot predict the final outcome of these investigations and accordingly cannot be assured that they will not result in the taking of actions adverse to us.

**Stockholder litigation**

In February and March 2004, several lawsuits were filed in the United States District Court for the District of New Jersey, by purchasers of our common stock naming us and certain of our present and former executive officers and directors as defendants. The complaints alleged violations of the federal securities laws relating to our reported Consolidated Financial Statements for the years ended December 31, 2000 and 2001 and the nine months ended September 30, 2002, which we announced in March 2003 would require restatement. Each of the complaints purported to be a class action brought on behalf of persons who purchased our securities during a specified period. In April 2004, the lawsuits, seeking unspecified amounts of compensatory damages and costs and expenses, including legal fees, were consolidated into a single action with lead plaintiffs and lead counsel having been appointed. The plaintiffs filed a consolidated amended complaint in September 2004, which included allegations of purported misstatements and omissions in our public disclosures throughout an expanded purported class period from March 31, 1999 through December 26, 2003.

In November 2004, we and the other defendants filed a motion to dismiss the amended complaint. The motion to dismiss was granted by the District Court on August 18, 2005, dismissing the plaintiffs claims in their entirety and with prejudice. On September 19, 2005, the plaintiffs filed a notice of appeal of the dismissal order, thereby initiating a review of the District Court s decision by the United States Court of Appeals for the Third Circuit. In the event the District Court s decision granting our motion to dismiss is reversed, we would expect to incur additional defense costs typical of this type of class action litigation. If we become required to defend this lawsuit beyond the current appellate stage as a consequence of an adverse result on appeal, we intend to do so vigorously but are unable at this time to ascertain the impact the litigation may have on our financial condition and results of operations. On the other hand, if the District Court s decision is affirmed after full appellate review, the case and its associated litigation costs will be concluded.

We have received a letter dated December 8, 2005 from the Director of the Appellate Mediation Program for the United States Court of Appeals for the Third Circuit, confirming the settlement terms for this class action litigation, to which all parties have agreed, which are: (1) a cash payment on behalf of defendants in the total amount of $1,000,000, inclusive of all of the fees and expenses of plaintiffs counsel, and (2) the dismissal of all claims against the Company and the other defendants on a class-wide basis. The entire $1,000,000 payment will be funded by the Company s insurance carrier. The agreed settlement terms will be embodied in a formal settlement agreement that will be submitted to the United States District Court for the District of New Jersey, and will be subject to approval by the District Court.

**Our internal controls and procedures require further improvements.**

As we disclosed in our 2002, 2003 and 2004 Form 10-K reports, and in our Form 10-Q reports for the years 2003 and 2004, and the quarters ended March 31, 2005, June 30, 2005 and September 30, 2005, we have previously concluded that certain internal control deficiencies identified by our external auditors and by management, as well as through the investigation by the Audit Committee of the Board of Directors, constituted material weaknesses or significant deficiencies as defined by the Public Company Accounting Oversight Board (United States). In addition, as described in detail in our 2004 Form 10-K report and our Form 10-Q reports for the quarters ended March 31, 2005, June 30, 2005 and September 30, 2005, our review of internal controls over financial reporting, using the framework defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), confirmed that most of the previously disclosed deficiencies still existed as of December 31, 2004, March 31, 2005, June 30, 2005 and September 30, 2005. Accordingly, management, including our Chief Executive Officer and Chief Financial Officer, concluded that our controls over financial reporting, as required under the Sarbanes-Oxley Act, were not effective as of December 31, 2004.

We believe that actions implemented to date and those we expect to implement in 2006 and beyond will correct the material weaknesses in our internal controls and information systems and that our processes and systems of internal controls will be effective. However, the actions implemented to date and those we intend to implement in the future have not been tested and we cannot give any assurances that all material weaknesses and significant deficiencies have been entirely corrected or that internal control weaknesses will not be identified from time to time in the future. Any material internal control weakness could materially affect our financial results.

**Defaults by our customers could adversely affect our business by decreasing revenues and increasing doubtful accounts, storage, collection and recovery expenses.**

We are dependent upon our lessees continuing to make lease payments for our equipment. A default by a lessee may cause us to not be able to collect receivables for past services and incur expenses for storage, collection and recovery. Repossession from defaulting lessees may be difficult and more expensive in jurisdictions whose laws do not confer the same security interests and rights to creditors and lessors as those in the United States and in jurisdictions where recovery of equipment from the defaulting lessees is more cumbersome.

If a lessee defaults, we may be unable to re-lease recovered equipment for comparable rates or terms. Our reserves for anticipated losses may increase over historical levels or not be sufficient to cover actual losses, or our earnings may be adversely affected by customer defaults.

**Sustained Asian economic instability could reduce demand for leasing.**

A number of the shipping lines to which we lease containers are entities domiciled in several Asian countries. In addition, many of our customers are substantially dependent upon shipments of goods exported from Asia. From time to time, there have been economic disruptions, financial turmoil and political instability in this region. If similar events were to occur in the future, they could adversely affect these customers and lead to a reduced demand for leasing of our containers or otherwise adversely affect us.

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

Changes in the political, economic or financial condition of China, which would increase the market price, availability or transportation costs of containers or chassis, could adversely affect our ability to maintain our supply of equipment. China is currently the largest container producing nation in the world and a significant supplier of chassis. We currently purchase substantially all of our containers and a significant portion of our chassis from manufacturers in China. In the event that it were to become more expensive for us to procure containers and chassis in China or to transport these containers or chassis at a low cost from China to the locations where they are needed, because of a shift in U.S. trade policy toward China, increased tariffs imposed by the United States or other governments, a significant downturn in the political, economic or financial condition of China, or for any other reason, we would have to seek alternative sources of supply. We may not be able to make alternative arrangements quickly enough to meet our equipment needs, and the alternative arrangements may increase our costs. It is impossible to predict the effect that recent changes in Chinese currency policy to let the yuan float in relation to the dollar will have on our ability to maintain our supply of containers and chassis.

**We are controlled by a limited number of stockholders; this concentrated ownership could discourage acquisition bids for us that are not supported by our majority stockholders or limit the price investors will be willing to pay in the future for shares of our common stock.**

As of January 11, 2006, approximately 63.84% of our common stock was beneficially owned, directly or indirectly, in the aggregate by Martin Tuchman, Warren L. Serenbetz, Jr., Raoul J. Witteveen and Arthur L. Burns, together with certain members of their immediate families and certain related entities. Each of Messrs. Tuchman, Serenbetz and Burns is a member of our Board of Directors and Mr. Tuchman and Mr. Burns are executive officers. Mr. Witteveen is a former director and executive officer. These individuals, either directly or indirectly, have the ability to elect all of the members of our Board of Directors and to control the outcome of all matters submitted to a vote of our stockholders. Our concentrated ownership may discourage acquisition bids for us that are not supported by our majority stockholders. This concentration of ownership could limit the price that investors might be willing to pay in the future for shares of our common stock.

**We have relationships with and have entered into transactions with members of our management and affiliated entities that may involve inherent conflicts of interest.**

Various relationships exist and various transactions have been entered into between or among us, on the one hand, and members of our management and affiliated entities, on the other hand. Some of these relationships and transactions may involve inherent conflicts of interest. (See Certain Relationships and Related Transactions. )

**We are dependent on the knowledge and experience of members of our senior management; loss of these members could adversely affect our ability to formulate and achieve our strategy and pursue new business initiatives.**

Our growth and continued profitability are dependent upon, among other factors, the abilities, experience and continued service of certain members of our senior management, including Martin Tuchman, our Chairman and Chief Executive Officer. Mr. Tuchman holds, either directly or indirectly, a substantial equity interest in Interpool and also is a director of Interpool. Additionally, other members of our senior management possess knowledge of, and extensive experience in, the intermodal transportation industry. We rely on this knowledge and experience in our strategic planning and in our day-to-day business operations. If one or more members of our senior management were to resign or otherwise be unavailable to serve us, the loss could adversely affect our ability to formulate and achieve our strategy and pursue new business initiatives. In addition, we do not currently have employment agreements with all of our executive officers.

**The volatility of the residual value of chassis and containers upon expiration of their leases could adversely affect our operating results.**

Although our operating results primarily depend upon equipment leasing, our profitability is also affected by the residual values (either for sale or continued operation) of our chassis and containers upon expiration of their leases. These values, which can vary substantially, depend upon, among other factors,

The maintenance standards observed by lessees;

The need for refurbishment;

Our ability to remarket equipment profitably;

The cost of comparable new equipment;

The cost to remanufacture chassis;

The availability of used equipment;

Rates of inflation;

Market conditions;

The costs of materials and labor; and

The obsolescence of certain types of equipment in our fleet.

Most of these factors are outside of our control. Operating leases, which represent the predominant form of lease in our portfolio, are subject to greater residual risk than direct financing leases.

**Loss of our eligibility for tax benefits under the U.S.-Barbados tax treaty could increase our tax liability.**

Through December 31, 2004, we claimed tax benefits under an income tax convention between the United States and Barbados ( pre-2005 Treaty ), the jurisdiction in which our subsidiary Interpool Limited, which operates our container business, is incorporated. Specifically, under that income tax convention, any profits of Interpool Limited from leasing of containers used in international trade generally are taxable only in Barbados and not in the United States.

Interpool Limited has been entitled to the benefits of the Tax Convention for each year by satisfying the two-pronged test to the limitation of benefits provision: (1) more than 50% of the shares of Interpool Limited were owned, directly or indirectly, by any combination of individual United States residents or citizens (the 51% U.S. ownership test ), and (2) its income was not used in substantial part, directly or indirectly, to meet liabilities to persons who were not residents or citizens of the United States (the base erosion test ). We believe Interpool Limited passed both of these tests through December 31, 2004.

On July 14, 2004, the United States and Barbados signed a protocol to the pre-2005 Treaty ( post-2004 Treaty ) that contains a more restrictive limitation on benefits provision than the pre-2005 Treaty. The post-2004 Treaty took effect on January 1, 2005 following its ratification by the United States Senate and the government of Barbados on December 20, 2004. Under the post-2004 Treaty, in addition to having to satisfy the 51% U.S. ownership and base erosion tests described above, Interpool Limited is only eligible for Treaty benefits with respect to its container rental and sales income if Interpool, Inc. is listed on a recognized stock exchange and Interpool, Inc. s stock is primarily and regularly traded on such exchange.

Although our common stock had been delisted during 2004 and was not traded on the New York Stock Exchange as of December 31, 2004, on January 13, 2005 Interpool, Inc. was again listed, and began trading, on the New York Stock Exchange. Interpool believes this listing and its current trading volume satisfies the primarily and regularly traded requirements of the post-2004 Treaty, and that Interpool Limited qualified for benefits under the post-2004 Treaty on January 13, 2005.

There is no assurance we will continue to satisfy the regularly traded, 51% U.S. ownership or base erosion tests of the post-2004 Treaty. In addition, at some future date the tax convention could be further modified in a manner adverse to us or repealed in its entirety, or we might not continue to be eligible for these tax benefits.

As a company resident in Barbados, Interpool Limited is required to file tax returns in Barbados and pay any tax liability to Barbados. Prior to the third quarter of 2005, no Barbados tax returns had been prepared or filed for Interpool Limited for any period subsequent to its 1997 tax year. As of September 30, 2005, all previously outstanding Barbados tax returns (1998-2004 tax years) were filed. There was no material underpayment of taxes, interest or penalties (other than a nominal late filing penalty) with the filing of these returns.

**A substantial portion of our future cash flows will be needed to service our indebtedness. Since our debt was downgraded beginning in 2003, our cost of borrowing has increased.**

Historically, we have made, and continue to make, use of indebtedness to finance our equipment leasing activities and for other general corporate purposes. As of September 30, 2005, our total outstanding indebtedness was approximately $1.7 billion and our indebtedness due within one year was $192.2 million. As of December 31, 2004, our scheduled capital lease and debt service payments (principal and estimated interest) for 2005 total $341.9 million and for 2006 total $230.0 million. We anticipate that we will incur additional indebtedness in the future. We are required to dedicate a substantial portion of our cash flow to payments on our indebtedness, thereby reducing the amount of cash flow available to fund working capital, capital expenditures, including fleet growth, and other corporate requirements. Should our cash flow be insufficient to service our debt obligations, we would be required to seek additional funds to meet our obligations. Additional funds, if needed, might not be available to us or, if available, might not be made available on terms acceptable to us.

Our business is highly dependent upon the availability of capital. In particular, the growth and replacement of our fleet through new equipment purchases or acquisitions, as well as the refinancing of our existing debt, will require further debt or equity financings. There is no assurance that interest rates and advance rates on any future financings will be as attractive as those experienced in the past. If we raise additional funds by issuing equity securities, further dilution to the existing stockholders may result.

During October and November 2003, the ratings on our debt securities were downgraded by three major rating agencies, Standard & Poor s, Fitch, and Moody s, citing the resignation of our former President, continued delay in issuing audited restated Consolidated Financial Statements for 2000 and 2001 and our audited Consolidated Financial Statements for 2002 to be included in our 2002 Annual Report on Form 10-K, and the need to obtain waivers from our lenders to avoid technical defaults under our loan agreements associated with the financial statement delays. Our debt securities were again downgraded by all three rating agencies following our press release on December 29, 2003, that indicated that release of our 2000, 2001 and 2002 financial statements and the filing of our 2002 Annual Report on Form 10-K would again be delayed. Our 2002 Annual Report was subsequently filed on January 9, 2004. On January 27, 2004, Moody s again downgraded our debt securities citing continued uncertainty associated with the delayed release of our financial information for 2003. We were subsequently advised that Moody s also reduced the shadow rating of our chassis securitization. We were advised by the provider of the insurance wrap portion of the chassis securitization that, as a result of the downgrade of the shadow rating, we are liable to indemnify such provider for certain of the provider s increased capital charge costs. During October 2004, we reached an agreement with such provider, pursuant to which we will pay approximately $0.2 million per month in additional premium, declining as the loan is paid down. Such additional premium will be further adjusted downward after eighteen months if the shadow rating improves, potentially going away entirely. In addition, as part of this agreement the wrap provider and the other participants in the chassis securitization have permanently waived any early amortization event or default associated with the downgrade of the shadow rating. Such downgrades may also have a negative effect on our interest cost, although two financings completed in the fourth quarter of 2004 and first quarter of 2005 totaling approximately $650.0 million have interest rates that will reduce should our credit ratings improve. Although the credit ratings of our debt securities were upgraded by Moody s on March 4, 2005 and in October 2005 Fitch upgraded the rating on our debt securities and Moody s increased the shadow rating of the chassis securitization, there can be no assurance that we will not be downgraded again in the future.

**Increases in interest rates may increase our debt service obligations and adversely affect our liquidity.**

A portion of our borrowings are at variable rates of interest and expose us to interest rate risk. As of September 30, 2005, $273.0 million or 16.3% of our borrowings are exposed to changes in variable interest rates. As interest rates rise, our debt service obligations increase. An increase of 1 percentage point in our variable rates of interest would result in an increase in interest costs of $2.73 million on an annual basis. A significant rise in interest rates could have a material adverse effect on results of operations in future periods. For further discussion on interest rate risk see Management s Discussion and Analysis of Financial Condition and Results of Operation Quantitative and Qualitative Disclosure about Market Risk.

**The price of our common stock may fluctuate.**

The market price for our common stock has fluctuated in the past, and several factors could cause the price to fluctuate substantially in the future. These factors include:

Announcements of developments related to our business;

Fluctuations in our quarterly results of operations;

Sales of substantial amounts of our shares into the marketplace;

General conditions in our industry or the worldwide economy;

A shortfall in revenues or earnings compared to securities analysts' expectations;

Changes in analysts' recommendations or projections;

Announcements of new acquisitions; and

An outbreak of war or hostilities.

The current market price of our common stock may not be indicative of future market prices.

**Future changes to the fair market value of our common stock purchase warrants will cause volatility in our earnings.**

On September 14, 2004, we issued two series of warrants in connection with a financing pursuant to which we sold $150.0 million of long-term Notes. The warrants are currently exercisable for a total of 8,916,666 shares of our common stock at an exercise price of $16.88 per share. The warrants are currently classified as a liability on our Consolidated Balance Sheets. Generally accepted accounting principles require that, as long as the warrants are classified as a liability rather than equity, the liability should be stated at fair market value. Changes in the fair market value of the warrants from one quarter to the next quarter are recorded as a non-cash expense or income in the Consolidated Statements of Income. The fair market value of these warrants increased from $22.5 million at September 30, 2004 to $71.7 million at December 31, 2004, resulting in non-cash expense in the fourth quarter of 2004 of $49.2 million that adversely affected our net income for that quarter and the year. The increase in fair market value resulted primarily from the increase in the market price of our common stock. The fair market value of these warrants as of September 30, 2005 was $41.5 million, resulting in non-cash income in the nine months of 2005 of

$30.2 million. The changes in fair market value recorded during the fourth quarter of 2004 and the nine months of 2005 were primarily related to changes in the market price of our common stock during those periods. The market price of our common stock increased during the fourth quarter of 2004, resulting in an increase in the fair market value of the warrants, and decreased during the first nine months of 2005, resulting in a decrease in the fair market value of the warrants. We expect to record a non-cash fair value adjustment for warrant expense for the three months ended December 31, 2005 because the estimated fair value of the warrants increased during the fourth quarter of 2005. This increase in the fair value of the warrants, which we are not yet able to quantify, resulted primarily from the increase in the market value of our common stock during the fourth quarter of 2005, coupled with the lower warrant exercise price and increased number of common shares into which the warrants can be converted which resulted from anti-dilution adjustments associated with dividends we paid and authorized. Because, as noted above, these warrants are currently classified as a liability, any further increase in the estimated fair market value of the warrants will result in a non-cash expense to the Condensed Consolidated Statements of Income. If the estimated fair market value of the warrants decreases in the future, the decrease in the liability is recorded as non-cash income in our Condensed Consolidated Statements of Income. Accordingly, future changes to the estimated fair market value of these warrants have the potential to cause volatility in our future financial results.

**Our charter documents and Delaware law may inhibit a takeover and limit our growth opportunities, which could cause the market price of our shares to decline.**

Our Restated Certificate of Incorporation and Amended and Restated By-laws, as well as Delaware corporate law, contain provisions that could delay or prevent a change of control or changes in our management that a stockholder might consider favorable. These provisions apply even if the change may be considered beneficial by some stockholders. If a change of control or change in management is delayed or prevented, the market price of our shares could decline. In addition, our Restated Certificate of Incorporation and Amended and Restated By-laws contain provisions that may discourage acquisition bids for Interpool.

## FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference in this prospectus contain forward-looking statements within the meaning of the securities laws. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control. All statements other than statements of historical facts included or incorporated by reference in this prospectus, including the statements under Summary, Risk Factors, Management Discussion and Analysis of Financial Condition and Results of Operations, Business and elsewhere in this prospectus regarding our strategy, future operations, financial position, estimated revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this prospectus, the words will, believe, anticipate, intend, estimate, expect, project and similar expressions are intended to iden forward-looking statements, although not all forward-looking statements contain these identifying words. All forward-looking statements speak only as of the date of this prospectus. We do not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this prospectus are reasonable, we can give no assurance that these plans, intentions or expectations will be achieved. The cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

## USE OF PROCEEDS

The selling securityholders will receive all of the proceeds from their sale of the warrants and the shares of common stock issuable upon exercise of the warrants offered in this prospectus. Upon the exercise of the warrants, we will receive cash proceeds of $16.88 per share (such price subject to adjustment) unless, under certain circumstances, the warrant holders elect to pay the exercise price by cancellation of debt. We intend to use any proceeds from the exercise of the warrants, after deduction of any related expenses, for working capital and general corporate purposes.

## PRICE RANGE OF COMMON STOCK

Our common stock was listed on the New York Stock Exchange from 1993 to December 2003. Effective December 29, 2003, due to the delay in filing our 2002 Annual Report on Form 10-K with the Securities and Exchange Commission, our common stock and other listed securities were suspended from trading on the New York Stock Exchange, and delisting proceedings were commenced. Although we filed our 2002 Form 10-K on January 9, 2004 and appealed the suspension, our listed securities were delisted in April 2004. During the period the suspension and delisting were in effect, our common stock was traded on the over-the-counter market under the symbol IPLI. In December 2004, after making all delinquent SEC filings, we applied for relisting on the New York Stock Exchange and on January 13, 2005, our common stock and other listed securities were relisted on the New York Stock Exchange. Our common stock is traded on the New York Stock Exchange under the symbol IPX. The following table sets forth for the periods indicated commencing on January 1, 2004, the high and low closing sale prices for our common stock. All share and per share data have been rounded to the nearest cent.

| | **Common Stock Price** | |
|---|---|---|
| | **High** | **Low** |
| Year ended December 31, 2004 * | | |
| First Quarter | 16.50 | 14.00 |
| Second Quarter | 17.50 | 15.50 |
| Third Quarter | 19.10 | 16.50 |
| Fourth Quarter | 24.00 | 17.25 |
| Year ended December 31, 2005 | | |
| First Quarter | 24.00 | 21.60 |
| Second Quarter | 22.23 | 18.60 |
| Third Quarter | 21.79 | 17.75 |
| Fourth Quarter | 20.25 | 17.70 |
| Year ending December 31, 2006 | | |
| First Quarter (through January 10, 2006) | 19.00 | 18.40 |

* All closing prices for 2004 were obtained from the over-the-counter market.

As of January 11, 2006 there were approximately 3,287 stockholders of record of our common stock. On January 10, 2006, the last reported sale price of our common stock on the New York Stock Exchange was $18.65 per share.

## DIVIDEND POLICY

We paid a quarterly dividend of $0.075 per share on our common stock in July and October 2005. We paid a quarterly dividend of $0.0625 per share on our common stock in January and April 2005 and January, April, July and October of 2004 and 2003. We paid a quarterly dividend of $0.055 per share on our common stock in January, April, July and October of 2002 and a quarterly dividend in the amount of $0.05 per share on our common stock in July and October 2001. Prior to July 1, 2001, we had paid a quarterly dividend of $0.0375 per share on our common stock for the prior 17 quarters.

On November 23, 2005, we announced that our Board of Directors had approved an increase in our quarterly dividend to $0.08 per share on our common stock, commencing with the dividend payable in January 2006.

The Board of Directors has instituted a dividend reinvestment plan, which went into effect at the end of 2001. The plan is non-dilutive; shares required for the plan are acquired on the open market by an independent third party plan administrator and not through the issuance of additional shares by us.

In November 2005 we paid a special cash dividend on our common stock of $1.00 per share.

On December 16, 2005, we announced that our Board of Directors had approved an increase of $0.12 per share in the amount of our fourth quarter 2005 dividend payment. The additional dividend was paid, together with the previously declared regular quarterly dividend payment of $0.08 per share, on January 17, 2006 to stockholders of record on January 3, 2006. Accordingly, the total amount of the dividend was $0.20 per share. This increase related only to the dividend payable in January 2006. Future quarterly dividend payments are expected to be at the previously announced quarterly rate of $0.08 per share.

## CAPITALIZATION

The following table sets forth our short-term debt and capitalization as of September 30, 2005. Our short-term debt and capitalization is presented on an actual basis.

You should read the information in this table together with our Consolidated Financial Statements and the related Notes and with Selected Consolidated Historical Financial and Operating Data and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

| | **As of September 30, 2005 (in thousands)** |
|---|---|
| Short-term debt obligations (including current portion of long-term debt and capital lease obligations) | $ 192,171 |
| Long-term debt and capital obligations (less current portion) | 1,484,172 |
| Minority interest in equity of subsidiaries | 42,907 |
| Stockholders' equity: | |
| Preferred stock, par value $.001 per share, 1,000,000 authorized, none issued | -- |
| Common stock, par value $.001 per share, 100,000,000 shares authorized, 28,786,564 shares issued and outstanding | 28 |
| Additional paid-in capital | 150,540 |
| Unamortized deferred compensation - stock grants | (463) |
| Treasury stock, at cost, 931,591 shares | (16,632) |
| Retained earnings | 344,300 |
| Accumulated other comprehensive income, net of taxes | 942 |
| Total stockholders' equity | 478,715 |
| Total capitalization | $ 2,197,965 |

## SELECTED CONSOLIDATED HISTORICAL FINANCIAL AND OPERATING DATA

The following table sets forth our selected historical consolidated financial data for the periods and at the dates indicated. The historical financial data for each of the years in the five year period ended December 31, 2004, and at December 31, 2000, 2001, 2002, 2003 and 2004 are derived from and qualified by reference to the historical Consolidated Financial Statements that have been audited and reported upon by KPMG LLP, independent registered public accounting firm. The historical financial data for the nine months ended September 30, 2004 and 2005 and as of September 30, 2005 are derived from our unaudited condensed Consolidated Financial Statements. In our opinion, this unaudited information has been prepared on a basis consistent with the audited consolidated historical financial statements appearing elsewhere in this prospectus and includes all adjustments, consisting only of normal recurring accruals, that we consider necessary for a fair presentation of our financial position and results of operations for these periods. This information should be read in conjunction with our Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical Consolidated Financial Statements and the Notes thereto. The historical results presented are not necessarily indicative of future results.

**(in thousands, except per share amounts)**

| | Years Ended December 31, | | | | | (unaudited) Nine Months Ended September 30, | |
|---|---|---|---|---|---|---|---|
| | **2000(1)(2)(4)(5)** | **2001(1)(2)(4)** | **2002(1)(2)(3)** | **2003(1)(2)** | **2004** | **2004** | **2005** |
| **Income Statement Data:** | | | | | | | |
| Equipment leasing revenue | $287,553 | $338,718 | $325,080 | $374,287 | $388,183 | $289,002 | $ 292,095 |
| Depreciation and amortization of leasing equipment | $ 66,075 | $ 79,678 | $ 88,707 | $ 87,498 | $ 89,458 | $ 67,974 | $ 66,992 |
| Interest expense | $ 87,809 | $ 98,270 | $108,344 | $106,688 | $112,013 | $ 81,654 | $ 90,305 |
| Fair value adjustment for warrants | -- | -- | -- | -- | $ 49,222 | -- | $(30,178 ) |
| Income before cumulative effect of change in accounting principle | $ 44,040 | $ 28,104 | $ 4,389 | $ 37,496 | $ 7,869 | $ 46,448 | $ 80,547 |
| Net income per share: | | | | | | | |
| Basic | $ 1.61 | $ 1.03 | $ 0.16 | $ 1.37 | $ 0.29 | $ 1.70 | $ 2.91 |
| Diluted | $ 1.61 | $ 0.97 | $ 0.15 | $ 1.30 | | | |