NEOGENOMICS INC
Form SC 13G
February 12, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934*

Neogenomics, Inc.
(Name of Issuer)

Common Stock, $0.001 par value
(Title of Class of Securities)

64049M209
(CUSIP Number)

December 31, 2015
(Date of Event Which Requires Filing of this Statement)
Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)
* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1	NAME OF REPORTING PERSONS Mathew P. Arens I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) (b)
3	SEC USE ONLY	
4	CITIZENSHIP OR PLACE OF ORGANIZATION United State of America	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	**5**	SOLE VOTING POWER 0
	6	SHARED VOTING POWER 3,089,881
	7	SOLE DISPOSITIVE POWER 0
	8	SHARED DISPOSITIVE POWER 3,089,881

9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 3,089,881
10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW 9 EXCLUDES CERTAIN SHARES
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9 5.1%
12	TYPE OF REPORTING PERSON IN

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1	NAME OF REPORTING PERSONS First Light Asset Management, LLC I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY) 46-3521994		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP		(a) (b)
3	SEC USE ONLY		
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware limited liability company		
NUMBER OF SHARES	**5**	SOLE VOTING POWER 0	
BENEFICIALLY OWNED BY	**6**	SHARED VOTING POWER 3,089,881	
EACH REPORTING	**7**	SOLE DISPOSITIVE POWER 0	
PERSON WITH:	**8**	SHARED DISPOSITIVE POWER 3,089,881	
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 3,089,881		
10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW 9 EXCLUDES CERTAIN SHARES		
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9 5.1%		
12	TYPE OF REPORTING PERSON IA		

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Item 1(a). Name of Issuer:
Neogenomics, Inc.

Item 1(b). Address of Issuer's Principal Executive Offices:
12701 Commonwealth Drive, Suite 9, Fort Myers, FL 33913

Item 2(a). Name of Person Filing:
Mathew P. Arens
First Light Asset Management, LLC ("First Light")

First Light is deemed to be the beneficial owner of the Issuer's shares reflected in Item 4 below by virtue of the fact that it acts as investment adviser to certain persons, each of whom has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, those shares. Mr. Arens is also deemed to be the beneficial owner of these shares because of his position as managing member and majority owner of First Light.

Item 2(b). Address of Principal Business Office or, if None, Residence:
3300 Edinborough Way, Suite 201, Edina, MN 55435

Item 2(c). Citizenship:
Mathew P. Arens – United States citizen
First Light – Delaware limited liability company

Item 2(d). Title of Class of Securities:
Common Stock, $0.001 par value

Item 2(e). CUSIP Number:
64049M209

Item 3. If This Statement is Filed Pursuant to §§240.13d-1(b), or 240.13d-2(b) or (c), Check Whether the Person Filing is a:

(a) Broker or dealer registered under Section 15 of the Act (15 U.S.C. 78o).

(b) Bank as defined in Section 3(a)(6) of the Act (15 U.S.C. 78c).

(c) Insurance company as defined in Section 3(a)(19) of the Act (15 U.S.C. 78c).

(d) Investment company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).

(e) An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);

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(f) An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);

(g) A parent holding company or control person in accordance with §240.13d-1(b)(ii)(G);

(h) A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);

(i) A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act (15 U.S.C. 80a-3);

(j) Group, in accordance with §240.13d-1(b)(1)(ii)(J).

Item 4. **Ownership.**

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount beneficially owned:
Mathew P. Arens – 3,089,881
First Light – 3,089,881

(b) Percent of class:
Mathew P. Arens – 5.1%
First Light – 5.1%

(c) Number of shares as to which such person has:

(i) Sole power to vote or to direct the vote
Mathew P. Arens – 0
First Light – 0

(ii) Shared power to vote or to direct the vote
Mathew P. Arens – 3,089,881
First Light – 3,089,881

(iii) Sole power to dispose or to direct the disposition of
Mathew P. Arens – 0
First Light – 0

(iv) Shared power to dispose or to direct the disposition of
Mathew P. Arens – 3,089,881
First Light – 3,089,881

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Item 5. **Ownership of Five Percent or Less of a Class.**

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following

Item 6. **Ownership of More than Five Percent on Behalf of Another Person.**

Not applicable

Item 7. **Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.**

Not applicable

Item 8. **Identification and Classification of Members of the Group.**

Not applicable

Item 9. **Notice of Dissolution of Group.**

Not applicable

Item 10. **Certification.**

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect, other than activities solely in connection with a nomination under § 240.14a-11.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date:	February 12, 2016
Signature:	/s/ Mathew P. Arens
Name:	Mathew P. Arens

FIRST LIGHT ASSET MANAGEMENT, LLC

Date:	February 12, 2016
By:	/s/ Brett T. Johnson
Name:	Brett T. Johnson
Title:	Member, Senior Research Analyst, & Chief Compliance Officer

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Exhibit A

JOINT FILING AGREEMENT

The Undersigned agree that the statement on Schedule 13G with respect to the common stock of Neogenomics, Inc., dated as of February 12, 2016, is, and any amendment thereto signed by each of the undersigned shall be, filed on behalf of each of them pursuant to and in accordance with the provisions of Rule 13d-1(K) under the Securities Exchange Act of 1934, as amended.

Signature:	/s/ Mathew P. Arens
Name:	Mathew P. Arens

FIRST LIGHT ASSET MANAGEMENT, LLC

By:	/s/ Brett T. Johnson
Name:	Brett T. Johnson
Title:	Member, Senior Research Analyst, and Chief Compliance Officer

Rule" -->

Marketing and Customers

We lease our chassis and containers to over 400 shipping and transportation companies throughout the world, including all of the world s 20 largest international container shipping lines and major North American railroads. The customers for our chassis are a large number of domestic companies, many of which are domestic subsidiaries or branches of international shipping lines to which we also lease containers. With a network of offices and agents covering major ports in the United States, Europe and the Far East, we have been able to supply containers in nearly all locations requested by our customers. Our customer base is diverse. As of December 31, 2001, our top 25 customers represented approximately 69% of our consolidated revenues, with no single customer accounting for more than 6%.

We perform detailed credit risk analysis on our customers. Our credit policy sets different maximum exposure limits depending on our relationship and previous experience with each customer. Credit criteria may include, but are not limited to, customer trade route, country, social and political climate, assessments of net worth, asset ownership, bank and trade credit references, credit bureau reports, and operational history.

We seek to reduce credit risk by maintaining insurance coverage against defaults and equipment losses. Although there can be no assurance that such coverage will be available in the future, during 2001 we maintained contingent physical damage, recovery/repatriation and loss of revenue insurance, which provides coverage in the event of a customer s default. The policy covered the cost of recovering our equipment from the customer, including repositioning costs, the cost of repairing the equipment and the value of equipment which cannot be located or is uneconomical to recover. It also covered a portion of the lease revenues we may lose as a result of the customer s default (i.e., 180 days of lease payments following default). We are currently negotiating the renewal of our insurance coverage which terminated on January 31, 2002 and expect that premium rates and deductibles could increase as a result of general rate increases for this type of insurance as well as our historical claim experience and that of our competitors in the industry.

Competition

There are many companies leasing intermodal transportation equipment with which we compete. Some of our competitors have greater financial resources than we do, or are subsidiaries or divisions of much larger companies. Over the last several years, there has been consolidation in the container leasing business resulting from several acquisitions. The result of the consolidation has been fewer lessors, a more rationalized industry and a stabilizing pricing environment.

In addition, the containerized shipping industry, which we service, competes with providers of alternative methods of transporting goods, such as by air, truck and rail. We believe that in most instances these alternative methods are not as cost-effective as shipping of containerized cargo.

Because rental rates for chassis and containers are not subject to regulation by any government authority but are determined principally by the demand for and supply of equipment in each geographical area, price is one of the principal methods by which we compete. In times of low demand and excess supply, leasing companies tend to grant price concessions, such as free days or pick-up credits, in order to keep their equipment on lease and to avoid storage charges. We attempt to design lease packages tailored to the requirements of individual customers and consider our long-term relationships with customers to be important to our ability to compete effectively. We also compete on the basis of our ability to deliver equipment in a timely manner in accordance with customer requirements.

Other Business Operations

In addition to our chassis and container leasing operations we also receive revenues from other activities. We lease approximately 500 freight rail cars to railroad companies through our Chicago based Railpool division.

In December 2001, we sold our investment in Personal Computer Rentals (PCR) and have initiated a plan to liquidate the operations of Microtech Leasing Corporation. Both companies are involved in the computer rental business. They have been accounted for as discontinued operations in the consolidated financial statements.

Employees

As of December 31, 2001 we had approximately 196 employees, approximately 173 of whom are based in the United States, excluding discontinued operations. None of our employees is covered by a collective bargaining agreement. We believe our relations with our employees are good.

ITEM 2. PROPERTIES

In connection with our acquisition of Transamerica Leasing, Inc. s North American Intermodal Division (TA) in October 2000, we purchased real property located in Chicago, Illinois and Atlanta, Georgia. The purchase price for these two properties was included in the acquisition s aggregate purchase price. The Chicago site consists of an office and garage building containing approximately 20,000 square feet on approximately 38 acres. The Atlanta, Georgia site was sold on July 31, 2001.

In July 1998 we purchased approximately 18,000 square feet of condominium office space located on the 27th floor at 633 Third Avenue, New York, NY 10017 which serves as our New York office. All of our other commercial office space, aggregating approximately 42,438 square feet, is leased. Our executive offices are located at 211 College Road East, Princeton, New Jersey. We also lease office facilities in Chicago, Atlanta, Jacksonville, Barbados, Aberdeen, Antwerp, Basel, Hong Kong and Singapore.

On January 28, 2002 we executed a Purchase and Sale Agreement, pursuant to which we will acquire the building in Princeton, New Jersey, which houses our corporate offices. The fair market value purchase price of the approximately 39,000 square feet building will be $6,250,000.00 as determined by an independent property appraisal firm and approved by our Board of Directors. We expect to conclude the transaction during the second quarter of 2002. See Note 13 to the 2001 consolidated financial statements for further information regarding this transaction.

ITEM 3. LEGAL PROCEEDINGS

We are engaged in various legal proceedings from time to time incidental to the conduct of our business. In the opinion of management, we are adequately insured against the claims relating to such proceedings, and any ultimate liability arising out of such proceedings will not have a material adverse effect on our financial condition or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders through solicitation of proxies during the fourth quarter of fiscal 2001.

PART II

ITEM 5. MARKET FOR THE REGISTRANT S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

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, 1999, the high and low last reported sale prices for the Common Stock on the New York Stock Exchange. All share and per share data have been rounded to the nearest cent.

	HIGH	LOW
Calendar Year 1999		
First Quarter	$16.75	$12.44
Second Quarter	15.25	10.50
Third Quarter	13.50	7.50
Fourth Quarter	9.13	6.88
Calendar Year 2000		
First Quarter	$ 8.00	$ 5.25
Second Quarter	9.75	5.31
Third Quarter	13.63	8.31
Fourth Quarter	17.63	11.56

Calendar Year 2001	HIGH	LOW
First Quarter	$18.44	$12.56
Second Quarter	17.00	13.55
Third Quarter	19.45	14.60
Fourth Quarter	19.25	11.65

As of March 25, 2002 there were approximately 1,500 record holders of our Common Stock. On March 25, 2002 the last reported sale price of the Common Stock on the New York Stock Exchange was $18.06 per share.

We paid a quarterly dividend on our Common Stock in the amount of 3.75 cents per share in January and April 2001 and 5 cents per share in July and October 2001. Effective January 2002, the quarterly dividend rate was increased to 5.5 cents per share.

ITEM 6. SELECTED FINANCIAL 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 five years in the period ended December 31, 2001, and at December 31, 2001, 2000, 1999, 1998 and 1997, are derived from and qualified by reference to the historical consolidated financial statements that have been audited and reported upon by Arthur Andersen LLP, independent public accountants. This information should be read in conjunction with our historical consolidated financial statements and the notes thereto.

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SELECTED FINANCIAL DATA
(in thousands, except per share amounts)

	YEAR ENDED DECEMBER 31, (1)				
	2001 (2)	**2000 (3)**	**1999 (4)**	**1998 (5)**	**1997 (6)**
INCOME STATEMENT DATA:					
Revenues	$305,133	$242,255	$189,788	$174,241	$155,309
Earnings from continuing operations before interest and taxes	135,367	118,060	76,105	94,640	85,210
Income from continuing operations before change in accounting principle, extraordinary gain/loss and discontinued operations	$42,998	$41,800	$20,925	$37,270	$32,897
Income from continuing operations per share before change in accounting principle, extraordinary gain/loss and discontinued operations					
Basic	$1.57	$1.52	$0.76	$1.35	$1.16
Diluted	$1.48	$1.50	$0.74	$1.30	$1.12
Weighted average shares outstanding:					
Basic	27,417	27,421	27,571	27,561	27,552

	YEAR ENDED DECEMBER 31, (1)				
Diluted	28,965	27,834	28,234	28,615	29,370
Cash dividends declared per common share:	$0.1925	$0.15	$0.15	$0.15	$0.15

	2001	2000	1999	1998	1997
BALANCE SHEET DATA:					
Cash, short-term investments and marketable securities	$102,827	$155,689	$207,002	$112,032	$42,941
Total assets	$1,917,785	$2,194,831	$1,443,259	$1,362,234	$1,114,456
Debt and capital lease obligations	$1,335,310	$1,596,275	$972,366	$912,229	$728,027
Stockholders equity	$362,464	$342,231	$301,367	$283,215	$250,446

(1) All prior year financial information has been adjusted to reflect the operations of Personal Computer Rentals (PCR) and Microtech Leasing Corporation (Microtech) as discontinued operations.

(2) The 2001 income statement data excludes net of tax extraordinary gains of $558 resulting from the retirement of debt, $833 resulting from the cumulative effect of change in accounting principle and a loss, net of tax, of $1,909 from discontinued operations.

(3) The 2000 income statement data excludes net of tax extraordinary gains of $840 resulting from the retirement of debt, $660 resulting from the cumulative effect of change in accounting principle, and $1,156 in income from discontinued operations, net of tax.The 2000 results include contributions from the North American Intermodal division of Transamerica Leasing, Inc., 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.

(4) The 1999 income statement data excludes a net of tax extraordinary gain of $740 resulting from the retirement of debt, and $946 in income from discontinued operations, net of tax.

(5) The 1998 income statement data excludes income from discontinued operations of $344, net of tax.

(6) The 1997 income statement data excludes a net of tax extraordinary loss of $5,428 resulting from the retirement of debt and $194 in income from discontinued operations, net of tax.

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our historical financial condition and results of operations should be read in conjunction with the historical consolidated financial statements and the notes thereto and the other financial information appearing elsewhere in this report.

Certain of the matters discussed herein and elsewhere in this Form 10-K may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and as such may involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Interpool to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

SELECTED FINANCIAL DATA(in thousands, except per share amounts) 15

General

We generate revenues through leasing transportation equipment, primarily intermodal chassis and dry freight standard containers. Most of our revenues are derived from payments under operating leases and income earned under finance leases, under which the lessee has the right to purchase the equipment at the end of the lease term.

Revenue derived from an operating lease generally consists of the total lease payment from the customer. In 1999, 2000, and 2001, revenues derived from operating leases were $173.9 million (92% of revenues), $226.3 million (93% of revenues) and $283.9 million (93% of revenues), respectively.

Revenue derived from a direct finance lease consists only of income recognized over the term of the lease using the effective interest method. The principal component of the direct finance lease payment is reflected as a reduction to the net investment in the direct finance lease. In 1999, 2000, and 2001, total payments from direct finance leases were $68.9 million, $65.0 million, and $63.9 million, respectively. In 1999, 2000 and 2001, the revenue component of total lease payments totaled $15.9 million (8% of revenues), $15.9 million (7% of revenues) and $21.2 million (7% of revenues).

Our mix of operating and direct finance leases is a function of customer preference and demand and our success in meeting those customer requirements. During the initial two years of either an operating lease or a direct finance lease, the contribution to our earnings before interest and taxes is very similar. In subsequent periods however, the operating lease will generally be more profitable than a direct finance lease, primarily due to the return of principal inherent in a direct finance lease. However, after the long-term portion (and any renewal) of an operating lease expires, the operating lease will have redeployment costs and related risks which are avoided under a direct finance lease.

We conduct business with shipping line customers throughout the world and are thus subject to the risks of operating in disparate political and economic conditions. Offsetting this risk is the worldwide nature of the shipping business and the ability of our shipping line customers to ship their operations from areas of unfavorable political and/or economic conditions to more promising areas. Substantially all of our revenues are billed and paid in U.S. dollars. We believe these factors substantially mitigate foreign currency rate risks.

Our container leasing operations are conducted through our subsidiary, Interpool Limited, a Barbados corporation. Our effective tax rate benefits substantially from the application of an income tax convention, pursuant to which the profits of Interpool Limited from container leasing operations are exempt from federal taxation in the United States. These profits are subject to Barbados tax at rates which are significantly lower than the applicable rates in the United States. See United States Federal Income Tax. Our chassis leasing operations are conducted primarily through Trac Lease and Interpool. The short-term portion of our container leasing operations is conducted through our 50%-owned affiliate, CAI. A portion of our other United States equipment leasing activities are conducted through Interpool itself.

During the three months ended September 30, 2001, we initiated a plan to dispose of PCR, a 51%-owned subsidiary engaged in leasing computers and related equipment, and to discontinue the operations of Microtech, a 75.5%-owned subsidiary, also engaged in computer leasing. As a result, PCR and Microtech have been classified as discontinued operations in the consolidated financial statements. On December 31, 2001, we completed the sale of our 51% ownership stake in PCR to an investment group comprised of the management of PCR.

Results of Operations

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

Revenues. Our revenues increased to $305.1 million for the year ended December 31, 2001, from $242.3 million in the year ended December 31, 2000, an increase of $62.8 million or 26%. The increase was primarily attributable to our October 2000 acquisition of the North American Intermodal division of Transamerica Leasing Inc. (TA) which resulted in $58.2 million of additional leasing revenues generated from the assets acquired which were not included as assets held for sale. In addition, finance lease revenues increased $5.3 million, which includes the favorable impact of an adjustment to income earned on finance lease receivables of $1.1 million related to prior periods, partially offset by decreased operating lease revenues of $.7 million. Our revenue includes $6.8 million due from a customer in default which is recoverable from insurance. Utilization rates of the container and chassis operating lease fleet at December 31, 2001 were 96% and 92%, respectively, and at December 31, 2000 were 99% and 97%, respectively.

Lease Operating and Administrative Expenses. Our lease operating and administrative expenses increased to $90.0 million for the year ended December 31, 2001 from $58.7 million in the year ended December 31, 2000, an increase of $31.3 million or 53%. The increase was primarily due to our October 2000 acquisition of assets from TA which resulted in $21.1 million of additional lease operating and administrative expenses. In addition we had expanded operations generating increased equipment rental of $7.7 million, minority interest expense of 1.6 million, storage expense of $1.3 million and employee benefits expense of $.6 million, partially offset by reduced insurance expense of $.3 million and legal fees of $.3 million. Maintenance and repairs expense decreased $.7 million which resulted from additional repairs on our operating lease equipment of $1.6 million, offset by $2.3 million of billable repairs to a customer in default which is recoverable from insurance.

Provision for Doubtful Accounts. The provision for doubtful accounts increased to $2.3 million for the year ended December 31, 2001 from $2.2 million for the year ended December 31, 2000, an increase of $.1 million or 5%.

Depreciation and Amortization of Leasing Equipment. Our depreciation and amortization expenses increased to $74.3 million for the year ended December 31, 2001 from $60.8 million for the year ended December 31, 2000, an increase of $13.5 million or 22%. The increase was primarily a result of the October 2000 acquisition of assets from TA, partially offset by reduced depreciation expense of $3.9 million as a result of our sale of rail trailers and domestic containers to TIP in March 2001 as detailed in Note 7 to the consolidated financial statements. Additionally, effective October 1, 2000, we revised our estimate of the depreciation life of chassis from 15 years to 17.5 years. The effect of this change was to decrease depreciation expense by $1.0 million for the three months ended December 31, 2000. For the year ended December 31, 2001, the effect of this change was to decrease depreciation expense by $3.7 million.

Other (Income)/Expense, Net. The change in other (income)/expense, net of $2.0 million was primarily due to a gain of $1.8 million on the sale of the rail trailers and domestic containers previously owned by us to TIP Intermodal Services (TIP), a GE Capital Company. These rail trailers and domestic containers were not acquired from TA as part of the October 2000 acquisition. Additionally, our net loss on the sale of leasing equipment increased $.2 million during the year ended December 31, 2001, partially offset by an increase in our income from unconsolidated subsidiaries of $.4 million during the year ended December 31, 2001. During the year ended December 31, 2001, our net loss on the sale of leasing equipment includes losses on sales of equipment recovered from a customer in default of $1.4 million.

Interest Expense, Net. Our net interest expense increased to $85.6 million in the year ended December 31, 2001 from $68.1 million in the year ended December 31, 2000, an increase of $17.5 million or 26%. The increase in net interest expense was due to increased interest expense of $10.4 million, as well as decreased investment income of $7.1 million. The increase in interest expense was primarily due to increased borrowings to acquire assets from TA and fund capital expenditures, resulting in incremental interest expense of $11.0 million, partially offset by reduced interest rates resulting in reduced interest expense of $.6 million.

Provision for Income Taxes. Our provision for income taxes decreased to $6.7 million from $8.2 million primarily due to a lower effective tax rate resulting from greater income contribution from the international container division, which is subject to a lower statutory tax rate than our domestic intermodal division.

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Income from Continuing Operations Before Cumulative Effect of Change in Accounting Principle and Extraordinary Gain. As a result of the factors described above, our income from continuing operations before cumulative effect of change in accounting principle and extraordinary gain was $43.0 million in the year ended December 31, 2001 versus $41.8 million in the year ended December 31, 2000.

(Loss) Gain from Discontinued Operations. During the three months ended September 30, 2001, we initiated a plan to dispose of PCR, a 51%-owned subsidiary, and to discontinue the operations of Microtech, a 75.5%-owned subsidiary and liquidate its lease portfolio. As a result of this decision, PCR and Microtech have been classified as discontinued operations in the consolidated financial statements. On December 31, 2001, we completed the sale of our 51% ownership stake of PCR to an investment group comprised of the management of PCR. Our loss from discontinued operations was $1.9 million for the year ended December 31, 2001, as compared to a gain from discontinued operations of $1.2 million for the year ended December 31,

2000. The increased loss is primarily due to $1.7 million of losses incurred by PCR during the year ended December 31, 2001, as compared to $.7 million of income during the year ended December 31, 2000. In addition, Microtech incurred $.2 million of losses during the year ended December 31, 2001, as compared to $.5 million of income during the year ended December 31, 2000. The increased losses are primarily the result of a weaker economic environment.

Cumulative Effect of Change in Accounting Principle. We recorded the cumulative effect of a change in accounting principle of $.8 million in the three months ended March 31, 2001. This represents the cumulative effect through December 31, 2000 regarding our accounting for swap transactions not accounted for as hedges in accordance with the Financial Accounting Standards Board issued statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities.* The adoption of Statement 133 on January 1, 2001 increased liabilities by approximately $9.0 million, with offsetting amounts recorded as decreases to deferred tax liabilities of $2.4 million and accumulated other comprehensive income of $7.4 million.

We recorded the cumulative effect of a change in accounting principle of $.7 million in the three months ended March 31, 2000. This represents a change in our accounting for its maintenance and repairs expense from an accrual to cash basis.

Extraordinary Gain. We recorded an extraordinary gain on the retirement of debt of $.6 million in the year ended December 31, 2001 and $.8 million in the year ended December 31, 2000.

Net Income. As a result of the factors described above, our net income decreased to $42.5 million in the year ended December 31, 2001 from $44.5 million in the year ended December 31, 2000.

Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

Revenues. Our revenues increased to $242.3 million for the year ended December 31, 2000, from $189.8 million in the year ended December 31, 1999, an increase of $52.5 million or 28%. The increase was primarily attributable to our October 2000 acquisition of the North American Intermodal division of TA which resulted in $20.8 million of additional leasing revenues generated from the assets acquired which were not included as assets held for sale and increased operating lease revenues of $31.7 million primarily generated by an expanded container and chassis fleet. Utilization rates of the container and chassis operating lease fleet at December 31, 2000 were 99% and 97%, respectively, and at December 31, 1999 were 98% and 95%, respectively.

Lease Operating and Administrative Expenses. Our lease operating and administrative expenses increased to $58.7 million for the year ended December 31, 2000 from $48.3 million in the year ended December 31, 1999, an increase of $10.4 million or 22%. The increase was primarily due to our October 2000 acquisition of assets from TA which resulted in $6.4 million of additional lease operating and administrative expenses. In addition we had higher operating and administrative expenses resulting from expanded operations generating increased equipment rental of $2.7 million, licensing expense of $1.1 million, insurance expense of $1.0 million, consulting expense of $.7 million and salary expense of $.2 million, partially offset by reduced maintenance and repairs expense of $1.7 million.

Provision for Doubtful Accounts. Our provision for doubtful accounts decreased to $2.2 million for the year ended December 31, 2000 from $6.9 million for the year ended December 31, 1999, a decrease of $4.7 million. The decrease was primarily due to additional bad debt reserves for specific losses of $4.7 million incurred during 1999.

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Depreciation and Amortization of Leasing Equipment. Our depreciation and amortization expenses increased to $60.8 million for the year ended December 31, 2000 from $55.6 million for the year ended December 31, 1999, an increase of $5.2 million or 9%. The increase was primarily a result of the October 2000 acquisition of assets from TA, partially offset by a $6.8 million write down during 1999 for certain container equipment for which the residual value was impaired. A specific manufacturer provided us with defective containers subject to a warranty claim, for which the expenses are not recoverable due to the bankruptcy of the manufacture. We isolated the unit numbers of the defective containers and analyzed the proceeds received upon the sale of these defective containers. We then reduced the book value of these defective containers to scrap value in order to approximate their net realizable value. Additionally, effective October 1, 2000, we revised our estimate of the depreciation life of chassis from 15 years to 17.5 years. The effect of this change was to decrease depreciation expense by $1.0 million for the three months ended December 31, 2000.

Other (Income)/Expense, Net. The change in other (income)/expense, net of $.3 million was due to an increase in our income from unconsolidated subsidiaries of $.4 million. Additionally our net loss on sale of leasing equipment was $1.5 million in the year ended December 31, 2000 as compared to a loss of $1.4 million in 1999.

Interest Expense, Net. Our net interest expense increased to $68.1 million in the year ended December 31, 2000 from $52.4 million in the year ended December 31, 1999, an increase of $15.7 million or 30%. The increase in net interest expense was due to increased interest expense of $20.2 million, partially offset by increased investment income of $4.5 million. The increase in interest expense was primarily due to increased borrowings to fund capital expenditures resulting in incremental interest expense of $19.0 million, as well as increased interest rates resulting in incremental interest expense of $1.2 million.

Provision for Income Taxes. Our provision for income taxes increased to $8.2 million from $2.8 million primarily due to higher taxable income, as well as a higher effective tax rate resulting from greater income contribution from the domestic intermodal division, which is subject to a higher statutory tax rate than our international container division.

Income from Continuing Operations Before Cumulative Effect of Change in Accounting Principle and Extraordinary Gain. As a result of the factors described above, our income from continuing operations before cumulative effect of change in accounting principle and extraordinary gain was $41.8 million in the year ended December 30, 2000 versus $20.9 million in the year ended December 31, 1999.

(Loss) Gain from Discontinued Operations. Our gain from discontinued operations was $1.2 million for the year ended December 31, 2000, as compared to a gain from discontinued operations of $.9 million for the year ended December 31, 1999. The increased gain is primarily due to $.7 million of income earned by PCR during the year ended December 31, 2000, as compared to $.3 million of income during the year ended December 31, 1999. In addition, Microtech earned $.5 million of income during the year ended December 31, 2000, as compared to $.7 million of income during the year ended December 31, 1999.

Cumulative Effect of Change in Accounting Principle. We recorded the cumulative effect of a change in accounting principle of $.7 million in the three months ended March 31, 2000. This represents a change in our accounting for its maintenance and repairs expense from an accrual to cash basis.

Extraordinary Gain. We recorded an extraordinary gain on the retirement of debt of $.8 million in the year ended December 31, 2000 and $.7 million in the year ended December 31, 1999.

Net Income. As a result of the factors described above, our net income increased to $44.5 million in the year ended December 31, 2000 from $22.6 million in the year ended December 31, 1999.

Liquidity and Capital Resources

We use funds from various sources to finance the acquisition of equipment for lease to customers. The primary funding sources are cash provided by operations, borrowings (generally from banks), securitization of lease receivables, the issuance of capital lease obligations and the sale of our securities. In addition, we generate cash from the sale of equipment being retired from our fleet. In general, we seek to meet debt service requirements from the leasing revenue generated by our equipment. Since 1990, we have been steadily increasing our fleet of chassis and containers and adding to our portfolio of finance leases. We generated cash flow from operations of $111.5 million, $115.6 million, and $72.8 million in 2001, 2000, and 1999, respectively. In 2001, 2000 and 1999 net cash (used for) provided by financing activities was $(218.9) million, $621.9 million and $244.0 million, respectively. We have purchased equipment costing $280.8 million in 2001, $293.5 million in 2000, and $296.3 million in 1999.

The following table sets forth certain historical cash flow information for the three years ended December 31, 2001.

	Year Ended December 31,		
	2001	2000	1999

	Year Ended December 31, (Dollars in millions)		
Net cash provided by operating activities	$111.5	$115.6	$72.8
Proceeds from disposition of leasing equipment	30.9	84.4	22.9
Acquisition of leasing equipment	(157.1)	(245.8)	(196.2)
Investment in direct financing leases	(123.7)	(47.7)	(100.1)
Net collections on direct finance leases	43.0	49.1	53.0
Net proceeds (payments) of issuance of long-term debt and capital lease obligations in excess of payment of long-term debt and capital lease obligations	(99.7)	474.4	80.8

In March 1999, we established a container securitization facility of $250.0 million. This program provides us with a lower cost of capital for our finance lease business and access to an additional source of funding. On March 31, 1999, we securitized approximately $235.5 million of lease receivables through utilization of $190.0 million of this facility. This transaction was accounted for as a sale and we recorded a pre-tax gain of $7.9 million which is included in revenues; other costs and associated tax effect brought the net gain to $5.5 million. A portion of the gain has been deferred to record an estimate of the losses under recourse provisions for the lease receivables securitized. Included in other investment securities at December 31, 2001, is approximately $16.0 million of retained interests in the securitized lease receivables. In July 2001, the container securitization facility, which was originally established as an off-balance sheet source of financing, was amended allowing additional financings to be accounted for as on-balance sheet secured debt financing. At December 31, 2001, $108.6 million of the container securitization facility was utilized, of which $64.5 million relates to off-balance sheet financing, while $44.1 million relates to on-balance sheet financing and is included in debt and capital lease obligations in the consolidated balance sheets.

In October 2000, we established a secured financing facility in the amount of $300.0 million, to fund the TA transaction. At December 31, 2001, $97.7 million of this facility was outstanding with an interest rate of 3.94%. The principal balance is payable in quarterly installments of $.5 million, with a balloon payment in October 2002.

In July 2000, we established a chassis securitization facility of $280.0 million. In October 2000, this chassis securitization facility was increased to $300.0 million. At December 31, 2001, $277.4 million of this facility was outstanding with an interest rate of 4.75%, including the effect of interest rate swap contracts in place as of December 31, 2001. This facility provides us an additional source of funding and is accounted for as on-balance sheet secured debt financing.

We have a $215.0 million revolving credit facility with a group of commercial banks; on December 31, 2001, $215.0 million was outstanding, with an interest rate of 6.21%, including the effect of interest rate swap contracts in place as of December 31, 2001. In July 2000, this facility was renewed and amended with the term extended to July 31, 2005. The credit limit remains at $215.0 million through July 31, 2003; thereafter the credit limit declines to $193.5 million through July 31, 2004 and $172.0 million through July 31, 2005. In addition, as of December 31, 2001, we had an available line of credit of $10.0 million under one facility, of which $3.2 million was outstanding. The interest rate under this facility as of December 31, 2001 was 4.3%. Subsequent to December 31, 2001 we have continued to incur and repay debt obligations in connection with financing our equipment leasing activities. Under our revolving credit facility and most of our other debt instruments, we are required to maintain a tangible net worth (as defined) of $125.0 million, a fixed charge coverage ratio of 1.5 to 1 and a funded debt to net worth ratio of 4.0 to 1. At December 31, 2001, we were in compliance with these requirements.

In February 1998, we issued $100.0 million principal amount of 6-5/8% Notes due 2003 (the 6-5/8% Notes). The net proceeds were used to repay $83.0 million in borrowings under the revolving credit agreement and for other general corporate purposes. During the fourth quarter of 1999, we retired $17.0 million of the 6-5/8% Notes and recognized an extraordinary gain of $.7 million net of tax expense of $.5 million. During the first quarter of 2000, we retired $8.2 million of the 6-5/8% Notes and recognized an extraordinary gain of $.5 million net of tax expense of $.3 million. During 2001, we retired $27.2 million of the 6-5/8% Notes and recognized an extraordinary gain of $.4 million net of tax expense of $.3 million. As of December 31, 2001, $47.6 million principal amount of the 6-5/8% Notes remains outstanding.

In July and August, 1997, we issued $225.0 million of ten year notes, comprised of $150.0 million of 7.35% Notes due 2007 and $75.0 million of 7.20% Notes due 2007. The net proceeds from these offerings were used to repay secured indebtedness, to purchase equipment and for other investments. During the first quarter of 2000, we retired $3.0 million of the 7.35% Notes and recognized an extraordinary gain of $.4 million net of tax expense of $.2 million. During 2001, we retired $2.1 million of the

7.20% Notes and recognized an extraordinary gain of $.1 million. As of December 31, 2001, $72.9 million and $147.0 million principal amount of the 7.20% and 7.35% Notes, respectively, remains outstanding.

In April 1998, we acquired a 50% interest in CAI, a container leasing company which primarily engages in short term master leases. We also advanced CAI subordinated debt. Our investment in and advances to CAI totaled approximately $51.2 million at December 31, 2001.

In October 2000, we completed the acquisition of the North American Intermodal Division of Transamerica Leasing, Inc., a subsidiary of Transamerica Finance Corporation and AEGON N.V. Under the terms of the agreement, we acquired substantially all of the domestic containers, chassis and trailers of the North American Intermodal Division and related assets and assumed most of the liabilities of the business. We paid approximately $672.0 million, with the acquisition being financed through a combination of cash and proceeds from committed secured financing facilities equal to approximately $365.0 million. In the acquisition, we acquired approximately 70,000 chassis, 23,000 rail trailers and 18,000 domestic containers. In March 2001, we sold 40,000 rail trailers and domestic containers previously acquired in the Transamerica transaction along with 10,000 of our existing rail trailers and domestic containers to GE Capital for approximately $345.0 million.

In May 1999, our Microtech subsidiary acquired a 51% interest in Personal Computer Rentals, Inc. (PCR), a nationwide lessor of computers and related equipment. We also provided financing to PCR. During the three months ended September 30, 2001, we initiated a plan to dispose of PCR, a 51%-owned subsidiary, and to discontinue the operations of Microtech, a 75.5%-owned subsidiary and liquidate its lease portfolio. As a result of this decision, PCR and Microtech have been classified as discontinued operations in the consolidated financial statements. On December 31, 2001, we completed the sale of our 51% ownership stake of PCR to an investment group comprised of the management of PCR.

During the three months ended June 30, 2001, we initiated a bankruptcy claim against a customer and sought to collect receivables and to recover equipment values through its insurance policies. We have demanded the return of approximately $48.6 million of equipment, including $8.5 million of direct finance leases which were reclassified to leasing equipment. The total net book value of equipment leased to this customer as of December 31, 2001 was approximately $10.7 million. We anticipate that approximately $8.5 million of this equipment will not be recovered from the customer. In addition, the outstanding receivables from this customer as of December 31, 2001 totaled approximately $19.7 million of which $18.8 million is covered by insurance, with the balance reserved for in the allowance for doubtful accounts.

At this time, we estimate no impairment upon the liquidation and/or re-lease of these assets after considering anticipated insurance proceeds. The maximum insurance coverage related to this claim is $35.0 million. The overall recovery of the asset values has been evaluated taking into consideration the equipment book value, the cost to recover and re-lease the equipment, and the total outstanding receivables, as well as the likelihood to collect through the recovery and sale of the equipment or the stipulated equipment values within the insurance policy. We recorded revenue from these leases through August 20, 2001 at which time, revenue recognition was discontinued, as lease payments through August 20, 2001 were covered by the insurance policies.

We will continue to assess the overall recovery of the asset values and adjust the assumptions used in evaluating the total insurance claim with respect to this customer s bankruptcy. As additional information becomes available, reserves for the impairment of the asset values may be necessary based upon changes in economic conditions and the assumptions used in evaluating the total insurance claim.

As of December 31, 2001, commitments for capital expenditures totaled approximately $70.6 million. We believe that cash on hand, cash flow from operations, borrowings under credit facilities and the net proceeds of the issuance of debt and equity securities in appropriate markets will be sufficient to meet our working capital needs, capital expenditures and required debt repayments for the next twelve months. Required debt repayments are $179.7 million for the next twelve months. In addition, we expect to rely in substantial part on long-term financing for any purchase of equipment or strategic acquisitions to expand our business in the future. We cannot assure that additional long-term financing will be available for these purposes on acceptable terms or at all. In addition, from time to time, we explore new sources of capital both at the parent and subsidiary levels.

As previously announced, we have authorized the repurchase up to 1,000,000 shares of our common stock. The shares will be purchased from time to time through open market purchases or privately negotiated transactions. During the fourth quarter of 2001, we purchased 58,100 shares for an aggregate purchase price of $.9 million. A total of 158,500 shares were purchased by us during the fourth quarter of 1999, for an aggregate purchase price of $1.2 million.

From time to time, we enter into discussions with third parties regarding potential acquisitions or business combinations. If additional capital were to be required for any such acquisition, there can be no assurance that such additional capital would be available on terms acceptable to us.

We previously announced that we were evaluating a possible restructuring that would involve a distribution to our stockholders of shares in a newly-formed company that would operate our short-term chassis leasing business. We are not actively pursuing such a restructuring at the present time.

In 2001, we entered into an interest rate swap contract with notional amounts totaling $51.5 million. These amounts relate to on and off balance sheet financing, of which the notional amounts are $43.3 million and $8.2 million, respectively. The terms of the interest rate swap contract are for six years. The interest rate swap contracts convert variable rate debt into fixed rate debt. The maturity of the contract coincides with the maturity of the underlying debt instruments hedged. At December 31, 2001, the on and off balance sheet notional amounts are approximately $39.6 million and $7.4 million, respectively.

In 2000, we entered into interest rate swap contracts with notional amounts totaling $334.9 million. The terms of the interest rate swap contracts are for two and seven years. The interest rate swap contracts convert variable rate debt into fixed rate debt. The maturity of these contracts coincides with the maturity of the underlying debt instruments hedged. At December 31, 2001, the notional amount was approximately $323.3 million.

In 1998, we entered into interest rate swap contracts with notional amounts totaling $79.7 million. The terms of the interest rate swap contracts are for three, five and seven years. The interest rate swap contracts convert variable rate debt into fixed rate debt. The maturity of these contracts coincides with the maturity of the underlying debt instruments hedged. In 2000, a portion of the debt instrument hedged was retired and the related portion of the swap contract was closed. At December 31, 2001, the notional amount was approximately $34.2 million.

Prior to the adoption of Statement 133, interest differentials paid or received under these contracts are recognized as yield adjustments to the effective yield of the underlying debt instruments hedged. Interest rate swap contracts would only be recognized at fair value if the hedged relationship is terminated. Gains or losses accumulated prior to termination of the relationship would be amortized as a yield adjustment over the shorter of the remaining life of the contract, or the remaining period to maturity of the underlying debt instrument hedged. If the contract remained outstanding after termination of the hedged relationship, subsequent changes in market value of the contract would be recognized in earnings. We do not use leverage swaps and do not use leverage in any of our investment activities that would put principal capital at risk.

United States Federal Income Tax

We are subject to federal and state income taxes as a Subchapter C corporation under the Internal Revenue Code. Interpool, Trac Lease and other United States subsidiaries file a consolidated United States federal income tax return. This consolidated group is liable for federal income taxes on its worldwide income.

Personal Holding Company Issues. The federal income tax laws have two requirements for classifying a company as a personal holding company. We and our subsidiaries currently satisfy the first requirement, the ownership of more than 50% of the value of Interpool s stock by five or fewer individuals. Whether or not we or any of our subsidiaries satisfy the second requirement, that at least 60% of such corporation s adjusted ordinary gross income constitutes personal holding company income, will depend upon such corporation s income mix.

Based upon current management projections, we will be considered a personal holding company for federal income tax purposes for 2001 (and possibly in subsequent years). If we or any of our subsidiaries are classified as a personal holding company for federal income tax purposes, in addition to our regular federal income tax liability, our subsidiary s undistributed personal holding company income (generally taxable income with certain adjustments, including a deduction for federal income taxes and dividends paid) would be subject to a personal holding company tax at the highest marginal federal income tax rate applicable to unmarried individuals. Management anticipates that for 2001 our current level of dividends will be sufficient to avoid having any undistributed personal holding company income, and thus does not anticipate that there will be any personal holding company tax imposed for 2001. There can be no assurance, however, that we will not at some point in the future become liable for personal holding company tax. Furthermore, we may at some point in the future elect to increase the dividend rate on our common stock in order to avoid personal holding company tax.

We have incurred certain losses from leasing activities that are characterized for tax purposes as Suspended Passive Losses. These losses can be carried forward indefinitely to offset income from future leasing activities. As of December 31, 2001 such suspended passive losses totaled approximately $286.3 million.

Trac Lease. Trac Lease has approximately $15.6 million of net operating loss carry-forwards for federal income tax purposes, which may be used only to offset the income of Trac Lease and, if not utilized, will expire between 2005 and 2006. The use of substantially all these loss carry-forwards is subject to a number of limitations under federal tax laws.

Interpool Limited. Under certain circumstances, Interpool may be liable for United States federal income taxes on earnings of Interpool Limited and any other foreign subsidiaries of ours, whether or not such earnings are distributed to us. This would occur if Interpool Limited realized Subpart F income as defined in the Code, if it were deemed to be a foreign personal holding company or a passive foreign investment company, or if it were to have an increase in earnings invested in United States property.

Subpart F income includes foreign personal holding company income, such as dividends, interest and rents. Although a substantial portion of Interpool Limited s income consists of rents from container leasing activities, we believe that such rents are not Subpart F income because they are derived from the active conduct of a trade or business and received from unrelated persons. However, Interpool Limited has received some dividend and interest income in past years, which was taxed as Subpart F income.

If Interpool Limited were treated as a foreign personal holding company for any year, we would be taxed on the amount we would have received if Interpool Limited had distributed all its income to us as a dividend. One of the conditions for treating a foreign subsidiary as a foreign personal holding company is that a minimum of 60% of the foreign subsidiary s gross income must be foreign personal holding company income. Foreign personal holding company income does not include rental income that constitutes at least 50% of the subsidiary s gross income. Because we expect that rental income will constitute at least 50% of Interpool Limited s gross income, we do not anticipate that Interpool Limited will be deemed a foreign personal holding company.

A parent company is also subject to taxation when a foreign subsidiary increases the amount of its earnings invested in United States property during any calendar year. We do not expect that Interpool Limited will invest any earnings in United States property.

At December 31, 2001 unremitted earnings of this subsidiary were approximately $236.6 million. The deferred U.S. Federal Income taxes related to the unremitted earnings of this subsidiary would be approximately $82.8 million, assuming these earnings are taxable at the U.S. statutory rate, net of foreign tax credits.

United States/Barbados income tax convention. Interpool Limited s business is managed and controlled in Barbados; it also has a permanent establishment in the United States. Under the income tax convention between the United States and Barbados, including any protocols and amendments (the 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 is entitled to the benefits of the Tax Convention for each year that more than 50% of the shares of Interpool Limited are owned, directly or indirectly, by United States citizens or residents and its income is not used in substantial part, directly or indirectly, to meet liabilities to persons who are not residents or citizens of the United States. We believe that Interpool Limited passes both of these tests and should continue to be eligible for the benefits of the Tax Convention, but there can be no assurance as to this continued eligibility. If Interpool Limited ceased to be eligible for the benefits of the Tax Convention, a substantial portion of its income would become subject to the 35% United States federal income tax and the 30% branch profits tax.

The Tax Convention does not afford Interpool Limited any relief from the personal holding company tax or any other tax that may be imposed on the undistributed earnings of a Barbados corporation. To the extent that Interpool Limited has United States source income that is personal holding company income or is not needed in its business, Interpool Limited could be taxed on this income unless it is distributed to Interpool as a dividend. We expect that Interpool Limited would distribute this income to Interpool.

State and Local Taxes

Income taxes. Interpool and Trac Lease are liable for state and local income taxes on their income, and Interpool Limited is liable for state and local income taxes on its earnings attributable to operations in the United States.

Sales tax. To date, Interpool Limited and Trac Lease generally have not paid sales taxes on their leasing revenues to the states in which they conduct business because management has believed such revenues to be exempt from state sales taxes on several grounds, including a long-standing interpretation of the Commerce Clause of the United States Constitution that would prohibit the imposition of a tax on cargo containers and chassis used primarily for transportation of goods in interstate commerce or international trade. Recently, Itel Containers International Corp. (Itel), a container leasing company, challenged an attempt by the State of Tennessee to collect sales tax on Itel s proceeds from the leasing of containers delivered in Tennessee. In a ruling by the United States Supreme Court in February 1993, Itel s position was rejected and the Court upheld the right of Tennessee to impose sales tax on leasing revenues from containers delivered in Tennessee. We cannot predict the extent to which states other than Tennessee will now attempt to collect sales tax on our equipment leasing revenues based on this Supreme Court decision. Under the terms of our equipment leases, we would be entitled to pass any such sales tax on to our lessees.

Inflation

Management believes that inflation has not had a material adverse effect on our results of operations. In the past, the effects of inflation on administrative and operating expenses have been largely offset through economies of scale achieved through expansion of the business.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities*. In June 1999, the FASB issued Statement No. 137, *Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133*. In June 2000, the FASB issued Statement 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No. 133*. Statement 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative instrument s fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative instrument s gains and losses to offset related results on the hedged item in the income statement, to the extent effective, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting.

On January 1, 2001, we adopted Statement 133. We apply Statement 133 to only those hybrid instruments that were issued, acquired or substantively modified after December 31, 1998. Statement 133, in part, allows special hedge accounting for *fair value* and *cash flow* hedges. Statement 133 provides that the gain or loss on a derivative instrument designated and qualifying as a *fair value* hedging instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk be recognized currently in earnings in the same accounting period. Statement 133 provides that the effective portion of the gain or loss on a derivative instrument designated and qualifying as a *cash flow* hedging instrument be reported as a component of other comprehensive income and be reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. (The remaining gain or loss on the derivative instrument, if any, must be recognized currently in earnings.)

As of December 31, 2000, we had entered into 13 interest rate swap agreements with various financial institutions. The aggregate notional balance of the swaps was $389.5 million as of December 31, 2000. We use these agreements to manage interest rate risks created by loans indexed to a floating rate index, primarily LIBOR, and contractually terminate at various dates between 2001 and 2007. Under previous generally accepted accounting principals, as interest rates change we accrued the interest differential payable or receivable by us on our interest rate swaps and we recognized this accrued interest differential over the life of the swap agreement. In contrast, Statement 133 requires that changes in the fair value of the swap agreements which are designated as effective cash flow hedges be reported as a component of other comprehensive income and changes in the fair value of the swap agreements that do not qualify for hedge accounting to be reported in earnings. We have determined that of the 13 interest rate swap agreements held, 10 qualify under Statement 133 as effective cash flow hedges with no ineffectiveness, while the remaining 3 interest rate swap agreements intended as cash flow hedges do not quality for hedge accounting treatment. Upon the adoption of Statement 133 on January 1, 2001, we recorded the swap contracts at their fair value resulting in an increase in liabilities of approximately $9.0 million, with offsetting amounts recorded as decreases to deferred tax liabilities of $2.4 million and accumulated other comprehensive income of $7.4 million and an increase to earnings (net of tax) of $0.8 million.

On June 29, 2001, the Financial Accounting Standards Board approved Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets.

Statement 142 will apply to all acquired intangible assets whether acquired singly, as part of a group, or in a business combination. The statement will supersede Accounting Principals Board, or APB, Opinion No. 17, Intangible Assets, and will carry forward provisions in APB Opinion No 17 related to internally developed intangible assets. Adoption of Statement 142 will result in ceasing amortization of goodwill. All of the provisions of the statement should be applied in fiscal years beginning after December 15, 2001 to all goodwill and other intangible assets recognized in an entity s statement of financial position at that date, regardless of when those assets were initially recognized. We are currently evaluating our goodwill as prescribed by Statement 142 and do not expect the adoption of Statement 142 to result in an adjustment to recorded goodwill. Total goodwill recorded by the Company was approximately $9.7 million related to certain investments accounted for under the equity method of accounting.

In August 2001, the Financial Accounting Standards Board (FASB) approved its proposed Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment of Disposal of Long Lived Assets*. Statement 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This Statement supersedes FASB Statement No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of,* and the accounting and reporting provisions of APB Opinion No. 30, *Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions,* for the disposal of a *segment of a business* (as previously defined in that Opinion). This Statement also amends ARB No. 51, *Consolidated Financial Statements,* to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary. All the provisions of the statement should be applied to fiscal years beginning after December 15, 2001. We are currently evaluating the carrying value of our long lived assets as prescribed by Statement 144 and do not expect that the adoption of this statement in the first quarter of 2002 to have a material effect on our consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

The nature of our business exposes us to market risk arising from changes in interest rates. We manage interest rate risk to protect its margins on existing transactions. Interest rate risk is the risk of earnings volatility attributable to changes in interest rates. Additionally, we consider interest rate swap contracts as an integral part of borrowing transactions. We seek to minimize our exposure by entering into amortizing interest rate swap contracts, which coincide with the principal and maturity of the underlying debt instruments hedged. We do not use leveraged swaps and do not use leverage in any of our investment activities that would put principal capital at risk.

For 2001, a 10% change in interest rates would result in a $1.3 million change in pretax earnings.

For further information regarding our floating and fixed rate debt, reference is made to Note 4 to the 2001 Consolidated Financial Statements.

Credit Risk

We maintain detailed credit records about our customers. Our credit policy sets different maximum exposure limits for our customers. Credit criteria may include, but are not limited to, customer trade route, country, social and political climate, assessments of net worth, asset ownership, bank and trade credit references, credit bureau reports, and operational history.

We seek to reduce credit risk by maintaining insurance coverage against defaults and equipment losses. Although there can be no assurance that such coverage will be available in the future, during 2001 we maintained contingent physical damage, recovery/repatriation and loss of revenue insurance, which provides coverage in the event of a customer s default. The policy covered the cost of recovering our equipment from the customer, including repositioning costs, the cost of repairing the equipment and the value of equipment which cannot be located or is uneconomical to recover. It also covered a portion of the lease revenues we may lose as a result of the customer s default (i.e., 180 days of lease payments following default). We are currently negotiating the renewal of our insurance coverage which terminated on January 31, 2002 and expect that premium rates and deductibles could increase as a result of general rate increases for this type of insurance as well as our historical claim experience and that of our competitors in the industry.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders of Interpool, Inc.:

We have audited the accompanying consolidated balance sheets of Interpool, Inc. (a Delaware corporation) and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income, changes in stockholders equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interpool, Inc. and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 1 to the consolidated financial statements, effective January 1, 2001, the Company changed its method of accounting for derivative instruments.

Arthur Andersen LLP

New York, New York
February 26, 2002

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INTERPOOL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2001 AND 2000

(dollars in thousands, except share and per share amounts)

	2001	2000
ASSETS		
CASH AND SHORT-TERM INVESTMENTS	$ 102,189	$ 155,553
MARKETABLE SECURITIES, at fair value	638	136
ACCOUNTS AND NOTES RECEIVABLE, less allowance of $5,862 and $14,271, respectively	64,891	63,470
ASSETS HELD FOR SALE		348,389
NET INVESTMENT IN DIRECT FINANCING LEASES	229,239	151,386
OTHER RECEIVABLES, net, including amounts from related parties of $-0- and $13,433, respectively	43,434	53,354
LEASING EQUIPMENT, net of accumulated depreciation and amortization of $322,702 and $275,405, respectively	1,372,326	1,254,935
OTHER INVESTMENT SECURITIES, at fair value	15,970	30,454
OTHER ASSETS	79,078	99,111
ASSETS RELATED TO DISCONTINUED OPERATIONS	10,020	38,043
TOTAL ASSETS	$ 1,917,785	$ 2,194,831
LIABILITIES AND STOCKHOLDERS EQUITY		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	$ 80,683	$ 122,673

	2001	2000
INCOME TAXES:		
Current	353	1,075
Deferred	29,890	28,892
	30,243	29,967
DEFERRED INCOME	766	911
DEBT AND CAPITAL LEASE OBLIGATIONS		
Due within one year	179,664	199,487
Due after one year	1,155,646	1,396,788
	1,335,310	1,596,275
LIABILITIES RELATED TO DISCONTINUED OPERATIONS	6,072	25,823
COMPANY-OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES IN SUBSIDIARY GRANTOR TRUSTS (holding solely junior Subordinated Deferrable interest debentures of the Company) (75,000 shares 9-7/8% Capital Securities outstanding, liquidation preference $75,000)	75,000	75,000
MINORITY INTEREST IN EQUITY OF SUBSIDIARIES	27,247	1,951
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, 27,579,952 issued at December 31, 2001 and 2000	28	28
Additional paid-in capital	124,184	124,184
Treasury stock, at cost, 216,600 and 158,500 shares at December 31, 2001 and 2000, respectively	(2,099)	(1,170)
Retained earnings	255,154	217,955
Accumulated other comprehensive income (loss)	(14,803)	1,234
Total stockholders equity	362,464	342,231
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$ 1,917,785	$ 2,194,831

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

INTERPOOL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999
(dollars in thousands, except share and per share amounts)

	2001	2000	1999
REVENUES	$305,133	$242,255	$189,788

	2001	2000	1999
COST AND EXPENSES:			
Lease operating expenses	63,870	36,865	28,391
Administrative expenses	26,170	21,862	19,910
Provision for doubtful accounts	2,302	2,192	6,925
Market value adjustment for derivative instruments	2,647		
Depreciation and amortization of leasing equipment	74,311	60,767	55,635
Other expense, net	466	2,509	2,822
Interest expense	95,044	84,596	64,429
Interest income	(9,400)	(16,511)	(12,049)
	255,410	192,280	166,063
Income from continuing operations before provision for income taxes, results from discontinued operations, cumulative effect of change in accounting principle and extraordinary gain	49,723	49,975	23,725
PROVISION FOR INCOME TAXES	6,725	8,175	2,800
Income from continuing operations before results from discontinued operations, cumulative effect of change in accounting principle and extraordinary gain	42,998	41,800	20,925
(Loss) income from discontinued operations, net of applicable taxes of $29, $450 and $600	(1,909)	1,156	946
Cumulative effect of change in accounting principle, net of applicable taxes of $44 and $440	833	660	
Extraordinary gain of debt retirement, net of applicable taxes of $372, $560 and $494	558	840	740
NET INCOME	$42,480	$44,456	$22,611
INCOME PER SHARE FROM CONTINUING OPERATIONS BEFORE RESULTS FROM DISCONTINUED OPERATIONS, CUMMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE AND EXTRAORDINARY GAIN:			
Basic	$1.57	$1.52	$0.76
Diluted	$1.48	$1.50	$0.74
(LOSS) INCOME FROM DISCONTINUED OPERATIONS:			
Basic	($0.07)	$0.04	$0.03
Diluted	($0.06)	$0.04	$0.03
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE:			
Basic	$0.03	$0.02	NA
Diluted	$0.03	$0.02	NA
EXTRAORDINARY GAIN:			
Basic	$0.02	$0.03	$0.03
Diluted	$0.02	$0.03	$0.03
NET INCOME PER SHARE:			
Basic	$1.55	$1.62	$0.82

INTERPOOL, INC. AND SUBSIDIARIESCONSOLIDATED BALANCE SHEETSDECEMBER 31, 2001 AND 2000

	2001	2000	1999
Diluted	$1.47	$1.60	$0.80
WEIGHTED AVERAGE SHARES OUTSTANDING (in thousands):			
Basic	27,417	27,421	27,571
Diluted	28,965	27,834	28,234

The accompanying notes to consolidated financial statements are an integral part of these statements.

INTERPOOL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

(dollars and shares in thousands)

	Preferred Stock		Common Stock						
	Shares	Par Value	Shares	Par Value	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accum. Other Comp. Income (Loss)	Comp. Income
BALANCE, December 31, 1998		$	27,566	$28	$124,046	$	$159,138	$3	
Net income							22,611		$22,611
Other comprehensive income								710	710
Comprehensive income									$23,321
Shares issued on exercise of stock option			14		138				
Purchase of 158,500 shares of treasury stock						(1,170)			
Cash dividends declared: Common stock, $0.15 per share							(4,137)		
BALANCE, December 31, 1999			27,580	28	124,184	(1,170)	177,612	713	
Net income							44,456		$44,456
Other comprehensive income								521	521
Comprehensive income									$44,977
Cash dividends declared: Common stock, $0.15 per share							(4,113)		
BALANCE, December 31, 2000			27,580	28	124,184	(1,170)	217,955	1,234	

	Preferred Stock		Common Stock		Additional			Accum. Other Comp.	
Net Income							42,480		$42,480
Adoption of FAS 133- Cumulative effect through December 31, 2000								(7,411)	(7,411)
Other comprehensive loss								(8,626)	(8,626)
Comprehensive Income									$26,443
Purchase of 58,100 shares of treasury stock						(929)			
Cash dividends declared: Common stock, $0.1925 per share							(5,281)		
BALANCE, December 31, 2001		$	27,580	$28	$124,184	$(2,099)	$255,154	$(14,803)	

The accompanying notes to consolidated financial statements are an integral part of these statements.

INTERPOOL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999
(dollars in thousands)

	2001	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$42,480	$44,456	$22,611
Adjustments to reconcile net income to net cash provided by operating activities			
Loss (Gain) from discontinued operations, net of tax	1,909	(1,156)	(946)
Depreciation and amortization	79,044	66,694	50,954
Loss on sale of leasing equipment	1,659	1,520	470
Gain on sale of assets held for sale	(1,774)		
Provision for uncollectible accounts	2,302	2,192	6,925
Gain on securitized lease receivables			(7,942)
Gain on retirement of debt, net of tax	(558)	(840)	(740)
Cumulative effect of change in accounting principle, net of tax	(833)	(660)	
Loss on market value adjustment for derivative instruments	2,647		
Changes in assets and liabilities -			
Accounts and notes receivable	(7,555)	(4,287)	(5,005)
Other receivables	(3,513)	(917)	4,321
Other assets	10,542	(11,002)	10,562
Accounts payable and accrued expenses	(18,016)	9,061	(9,172)
Income taxes payable	4,377	9,373	1,172
Deferred income	(145)	330	(950)
Minority interest in equity of subsidiaries	(1,030)	807	520

	2001	2000	1999
Net cash provided by operating activities	111,536	115,571	72,780
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of leasing equipment	(157,116)	(245,756)	(196,234)
Proceeds from dispositions of leasing equipment	30,948	84,419	22,921
Proceeds from disposition of assets held for sale	299,105		
Investment in direct financing leases	(123,728)	(47,717)	(100,092)
Cash collections on direct financing leases, net of income recognized	43,014	49,074	53,025
Changes in marketable securities and other investing activities	(512)	112	4,818
Investment in and advances to subsidiary			(3,500)
Change in accrued equipment purchases	(44,033)	48,857	2,661
Changes in assets and liabilities related to discontinued operations	6,363	(4,334)	(530)
Acquisitions, net of cash acquired		(673,369)	
Net cash provided by (used for) investing activities	54,041	(788,714)	(216,931)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of debt	145,200	570,742	134,570
Payment of long-term debt and capital lease obligations	(244,930)	(96,373)	(53,749)
Borrowings of revolving credit lines	165,384	304,814	240,190
Repayment of revolving credit lines	(278,867)	(153,138)	(260,974)
Proceeds from issuance of common stock			136
Proceeds from securitized lease receivables			189,087
Purchase of treasury stock	(929)		(1,170)
Dividends paid	(4,799)	(4,113)	(4,136)
Net cash provided by (used for) financing activities	(218,941)	621,932	243,954
Net increase (decrease) in cash and short-term investments	$(53,364)	$(51,211)	$99,803
CASH AND SHORT-TERM INVESTMENTS, beginning of period	155,553	206,764	106,961
CASH AND SHORT-TERM INVESTMENTS, end of period	$102,189	$155,553	$206,764
Supplemental schedule of non-cash financing activities:			
Assumption of debt in connection with Assets Held for Sale	$52,551		
Increase in minority interest in consolidated subsidiary from contribution of equipment	$26,326		
Liability on unrealized loss on swap agreements	$19,798		

The accompanying notes to consolidated financial statements are an integral part of these statements.

INTERPOOL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts)

(1) Nature of operations and significant accounting policies:

The nature of operations and the significant accounting policies used by Interpool, Inc. and subsidiaries (the Company or Interpool) in the preparation of the accompanying consolidated financial statements are summarized below. The Company s accounting records are maintained in United States dollars and the consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States.

Nature of operations

The Company and its subsidiaries conduct business principally in a single industry segment, the leasing of intermodal dry freight standard containers, chassis and other transportation related equipment. Within this single industry segment, the Company has two reportable segments: container leasing and domestic intermodal equipment leasing. The container-leasing segment specializes in the leasing of intermodal dry freight standard containers, while the domestic intermodal equipment segment specializes in the leasing of intermodal container chassis and freight rail cars. The Company leases its containers principally to international container shipping lines located throughout the world. The customers for the Company s chassis are a large number of domestic companies, many of which are domestic subsidiaries or branches of international shipping lines, as well as major U.S. railroads. Equipment is purchased directly or acquired through conditional sales contracts and lease agreements, many of which qualify as capital leases.

The Company had formerly operated in a third reportable segment, computer equipment leasing. The Company operated in this segment through two majority owned subsidiaries, Microtech Leasing Corporation (Microtech) and Personal Computer Rentals (PCR). Microtech Leasing Corporation specializes in leasing microcomputers and related equipment to venture capital backed and emerging growth companies. PCR Corporation focuses on the computer and audio/visual (AV) equipment needs of companies for trade shows, conferences, training classes, meetings and events. During the third quarter of 2001, management, having the authority to do so, adopted a formal plan to exit this segment through the sale of PCR and liquidation of Microtech. See Note 9 to the 2001 consolidated financial statements for further information regarding the sale of PCR and discontinued operations of the computer leasing segment.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and subsidiaries more than 50% owned. All significant intercompany transactions have been eliminated. Minority interest in equity of subsidiaries represents the minority stockholders proportionate share of the equity in the income of the subsidiaries. In connection with acquisitions in 1988 and 1993 of certain consolidated subsidiaries, the excess of fair value of assets acquired over the acquisition cost was allocated proportionately to certain assets to reduce the value assigned to those assets. For accounting purposes this allocation has only been recorded in the consolidation of the Company and its subsidiaries.

In connection with certain investments in which the Company does not own a majority interest, these investments are accounted for using the equity method of accounting. The excess of costs over the fair value of net assets acquired is being amortized on a straight-line basis over twenty years. In addition, the Company s equity in the income and/or loss from such equity investments is included in other (income)/expense, net. The Company s investment in its equity method investees is included in other assets.

The Company s equity in the income and/or loss from such equity investments, net of goodwill amortization, is included in other (income)/expense, net and was approximately $426, $835 and $1,315 for the years ended December 31, 2001, 2000 and 1999, respectively.

Goodwill

Goodwill represents the excess of costs over the fair value of net assets acquired and is being amortized on a straight-line basis over twenty years and is included in other assets.

(dollars in thousands, except per share amounts)

Translation of foreign currencies

The Company considers the U. S. dollar its functional currency and therefore, translates foreign currency statements using an average exchange rate for revenue and expense accounts and the rate of exchange in effect at the balance sheet date for assets and liabilities. Substantially all transactions are U.S. dollar denominated.

Revenues

Equipment leasing revenues include revenue from operating leases and income on direct financing leases, which is recognized over the term of the lease using the effective interest method. Rental income on operating leases is recognized on the accrual basis based on the contractual agreement with the leased customer.

Leasing equipment

As of December 31, 2001, in excess of 94% of leasing equipment is on lease to customers. The net value of equipment available for hire is not material.

Depreciation and amortization of leasing equipment (both equipment currently on-lease to customers and available for hire) are provided under the straight-line method based on the following estimated useful lives:

Dry freight standard containers	12-1/2 to 15 years
Chassis	17.5 years
Other	3 to 25 years

Effective October 1, 2000, the Company revised its estimate of the depreciation life of chassis from 15 years to 17.5 years. The effect of this change was to decrease depreciation expense by $955 for the three months ended December 31, 2000. For the year ended December 31, 2001, the effect of this change was to decrease depreciation expense by $3,736.

Gains or losses resulting from the disposition of leasing equipment are recorded in the year of disposition.

The residual value of leasing equipment is estimated based on the projections for the economic value and market value of intermodal equipment as well as the Company s experience in leasing and selling similarly aged equipment. Such projected values are reviewed and updated when market and/or economic conditions change. The Company continually reviews leasing equipment and other long-lived assets to evaluate whether changes have occurred that would suggest these assets may be impaired based on the estimated cash flows of the assets over the remaining amortization period. If this review indicates that the remaining estimated useful life requires revision or that the asset is not recoverable, the carrying amount of the asset is reduced to its fair value.

Marketable and other investment securities

Management has determined that all securities are to be held for an indefinite period of time and classified as securities available-for-sale carried at market value. Unrealized holding gains and losses for available-for-sale securities are credited (charged) to a component of stockholders equity net of related income taxes. Management determines the appropriate classifications of securities at the time of purchase.

Premium and discount on securities are included in interest income over the period from acquisition to maturity using the level-yield method. The specific identification method is used to record gains and losses on security transactions.

The Company classified the retained interest in securitized direct finance lease receivables as an available for sale security, which is included in Other Investment Securities in the accompanying consolidated balance sheets.

During the year ended December 31, 2001, no sales of available-for-sale securities took place.

Sales of available-for-sale securities for the twelve months ended December 31, 2000 and 1999, respectively, resulted in proceeds of $107 and $642, gross gains of $11 and $88, and gross losses of $0 and $131.

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(dollars in thousands, except per share amounts)

The amortized cost and estimated fair value of available for sale securities as of December 31, 2001 and 2000 are as follows:

		Gross Unrealized		
	Amortized Cost	**Holding Gains**	**Holding Losses**	**Estimated Fair Value**
2001				
Other Investment Secur	$15, 314	$656	$	$15,970
Equity and Other Secur	663	42	(67)	638
	$15,977	$698	$(67)	$16,608
2000				
Other Investment Secur	$29,140	$1,314	$	$30,454
Equity and Other Secur	193	10	(67)	136
	$29,333	$1,324	$(67)	$30,590

The amortized cost and estimated fair value of other investment securities, by contractual maturity, are shown below:

	Amortized Cost	**Estimated Fair Value**
Due in one year	$7,887	$8,225
Due after one year through five years	7,427	7,745

Comprehensive income

Comprehensive income consists of net income or loss for the current period and losses that have been previously excluded from the income statement and were only reported as a component of equity. All prior periods have been restated.

The tax effect of other comprehensive income (loss) is as follows:

	Before Tax Amount	**Tax Effect**	**Net of Tax Amount**
Year Ended December 31, 2001			

	Before Tax Amount	Tax Effect	Net of Tax Amount
Unrealized holding losses arising during the period:			
Marketable securities	$(28)	$10	$(18)
Other investment securities	(658)	33	(625)
Swap agreements	(9,911)	1,928	(7,983)
	$(10,597)	$1,971	$(8,626)
Year Ended December 31, 2000			
Unrealized holding gains arising during the period:			
Marketable securities	$14	$(5)	$9
Other investment securities	539	(27)	512
	$553	$(32)	$521
Year Ended December 31, 1999			
Unrealized holding gains (losses) arising during the period:			
Marketable securities	$(34)	$12	$(22)
Other investment securities	771	(39)	732
	$737	$(27)	$710

Fair value of financial instruments

The carrying amount of cash and short-term investments, trade receivables and payables, accrued interest receivable and payable approximate fair value. The carrying amount and estimated fair value of the Company s debt and capital securities is $1,410,310 and $1,366,077, respectively, at December 31, 2001. The carrying amount and estimated fair value of the Company s debt and capital securities is $1,671,275 and $1,580,711, respectively, at December 31, 2000.

On January 1, 2001, the Company adopted Statement 133, and as a result the carrying amount of the interest rate swap contracts approximated fair value as of December 31, 2001.

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(dollars in thousands, except per share amounts)

The following table summarizes the carrying and fair values of the interest rate swap contracts in place at December 31, 2000:

	December 31, 2000	
	Carrying Amount	Fair Value
Interest rate swap agreements	$133	($9,012)

Concentration of credit risk

The Company extends credit to its customers after extensive credit evaluation. At December 31, 2001 approximately 32% of accounts receivable and notes receivable and 74% of the net investment in direct financing leases were from customers outside of the United States. At December 31, 2000, approximately 19% of accounts receivable and notes receivable and 73% of the net investment in direct financing leases were from customers outside of the United States.

The Company s credit exposure to Korean, South American and Indonesian customers at December 31, 2001 and 2000 represented 3% and 6%, respectively, of accounts receivable and notes receivable and 14% and 16%, respectively, of the net investment in direct financing leases. During 2001, 2000 and 1999 respectively, 3%, 6% and 4% of the Company s consolidated revenues were from these customers.

In 2001, 2000 and 1999 the Company s top 25 customers represented approximately 69%, 67% and 67%, respectively, of its consolidated revenues, with no single customer accounting for more than 6%.

Net income per share

Basic net income per share is computed by dividing net income by the weighted average number of shares outstanding during the period (which is net of treasury shares). Diluted income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. The dilutive effect of stock options have been added to the weighted shares outstanding in the diluted earnings per share computation.

A reconciliation of weighted average common shares outstanding to weighted average common shares outstanding assuming dilution follows:

	(in thousands)		
	2001	**2000**	**1999**
Average common shares outstanding	27,417	27,421	27,571
Common shares issuable (1)	1,548	413	663
Average common shares outstanding assuming dilution	28,965	27,834	28,234

(1) Issuable primarily under stock option plans.

The Company authorized a stock repurchase plan on November 9, 1999. See Note 17 to the 2001 consolidated financial statements for further information.

Adoption of New Accounting Standard

Prior to the adoption of Statement 133, interest differentials paid or received under these contracts are recognized as yield adjustments to the effective yield of the underlying debt instruments hedged. Interest rate swap contracts would only be recognized at fair value if the hedged relationship is terminated. Gains or losses accumulated prior to termination of the relationship would be amortized as a yield adjustment over the shorter of the remaining life of the contract, or the remaining period to maturity of the underlying debt instrument hedged. If the contract remained outstanding after termination of the hedged relationship, subsequent changes in market value of the contract would be recognized in earnings. The Company does not use leveraged swaps and does not use leverage in any of its investment activities that would put principal capital at risk.

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities*. In June 1999, the FASB issued Statement No. 137, *Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133*. In June 2000, the FASB issued Statement 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No. 133*. Statement 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative instrument s fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative instrument s gains and losses to offset related results on the hedged item in the income statement, to the extent effective, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting.

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(dollars in thousands, except per share amounts)

Statement 133, as amended, is effective for fiscal years beginning after June 15, 2000. A company may also implement the Statement as of the beginning of any fiscal quarter after issuance (that is, fiscal quarters beginning June 16, 1998, and thereafter). Statement 133 cannot be applied retroactively. Statement 133 must be applied to (*a*) derivative instruments and (*b*) certain derivative instruments embedded in hybrid instruments. The Company does not hold any such hybrid instruments.

On January 1, 2001, the Company adopted Statement 133. Statement 133, in part, allows special hedge accounting for fair value and cash flow hedges. Statement 133 provides that the gain or loss on a derivative instrument designated and qualifying as a fair value hedging instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk be recognized currently in earnings in the same accounting period. Statement 133 provides that the effective portion of the gain or loss on a derivative instrument designated and qualifying as a cash flow hedging instrument be reported as a component of other comprehensive income and be reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. (The remaining gain or loss on the derivative instrument, if any, must be recognized currently in earnings.)

As of December 31, 2000, the Company had entered into 13 interest rate swap agreements with various financial institutions. The aggregate notional balance of the swaps was $389,500 as of December 31, 2000. These agreements are used by the Company to manage interest rate risks created by loans indexed to a floating rate index, primarily LIBOR and contractually terminate at various dates between 2001 and 2007. Under previous generally accepted accounting principals (GAAP), the interest differential payable or receivable by the Company on its interest rate swaps is accrued by the Company as interest rates change, and is recognized by the Company over the life of the swap agreement as an adjustment of interest expense. In contrast Statement 133 effectively requires that changes in the fair value of the swap agreements which are designated as effective cash flow hedges, be reported as a component of other comprehensive income and changes in the fair value of the swap agreements that do not qualify for hedge accounting to be reported in earnings. Upon adoption of Statement 133 on January 1, 2001, the Company recorded the swap contracts at their fair value resulting in an increase in liabilities of approximately $9,012, with offsetting amounts recorded as decreases to deferred tax liabilities of $2,435 and accumulated other comprehensive income of $7,411 and an increase to earnings (net of tax) of $833.

Prospective accounting pronouncements

On June 29, 2001, the Financial Accounting Standards Board approved its proposed Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets.

Statement 142 will apply to all acquired intangible assets whether acquired singly, as part of a group, or in a business combination. The statement will supersede Accounting Principals Board, or APB, Opinion No. 17, Intangible Assets, and will carry forward provisions in APB Opinion No 17 related to internally developed intangible assets. Adoption of Statement 142 will result in ceasing amortization of goodwill. All of the provisions of the statement should be applied in fiscal years beginning after December 15, 2001 to all goodwill and other intangible assets recognized in an entity s statement of financial position at that date, regardless of when those assets were initially recognized.

The Company is currently evaluating its goodwill of $9,653 as prescribed by Statement 142 and does not expect the adoption of this statement to result in an adjustment to recorded goodwill.

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(dollars in thousands, except per share amounts)

In August 2001, the Financial Accounting Standards Board (FASB) approved its proposed Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment of Disposal of Long Lived Assets*. Statement 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This Statement supersedes FASB Statement No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of,* and the accounting and reporting provisions of APB Opinion No. 30, *Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions,* for the disposal of a *segment of a business* (as previously defined in that Opinion). This Statement also amends ARB No. 51, *Consolidated Financial Statements,* to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary. All the provisions of the statement should be applied to fiscal years beginning after December 15, 2001. The Company is currently evaluating the carrying value of its long lived assets as prescribed by Statement 144 and does not expect the adoption of this statement in the first quarter of 2002 to have a material effect on our consolidated financial statements.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Reclassifications

Certain reclassifications have been made to the 2000 amounts in order to conform to the 2001 presentation.

(2) Income taxes:

Significant components of deferred tax assets and liabilities as of December 31, 2001 and 2000 were as follows:

	2001	**2000**
Deferred tax assets:		
Loss carry forwards	$105,662	$75,844
Finance leases receivable	3,704	3,392
Other, primarily operating reserves	8,617	4,934
Total deferred tax assets	117,983	84,170
Deferred tax liabilities:		
Operating property, net	135,765	103,603
Other	12,108	9,459
Total deferred tax liabilities	147,873	113,062
Net deferred tax liability	$29,890	$28,892

One of the Company s subsidiaries has tax net operating loss carryforwards (NOLs) for Federal income tax purposes totaling approximately $15,602, which may be used only to offset that subsidiary s income. These NOLs, if not utilized, will expire between 2005 and 2006. In addition, NOLs of approximately $286,288 have been granted as a result of certain losses from leasing activities that are characterized as suspended passive losses. These losses can be carried forward indefinitely to offset income from future leasing activities.

A significant subsidiary of the Company is a Barbados corporation. Under the terms of a protocol between the United States and Barbados, the subsidiary s leasing income is fully taxable by Barbados, but exempt from U.S. Federal taxation. Since 1991, the Barbados tax rate was a maximum of 2½% of income earned in Barbados. No deferred U.S. Federal income taxes have been provided on the unremitted earnings of the subsidiary since it is the Company s intention to indefinitely reinvest such earnings. At December 31, 2001 unremitted earnings of this subsidiary were approximately $236,600. The deferred U.S.

Federal income taxes related to the unremitted earnings of this subsidiary would be approximately $82,800, assuming these earnings are taxable at the U.S. statutory rate, net of foreign tax credits.

(dollars in thousands, except per share amounts)

A reconciliation of the U. S. statutory tax rate to the actual tax rate follows:

	2001	2000	1999
U.S. statutory rate	35.0%	35.0%	35.0%
Difference due to operation of subsidiary in Barbados	(23.6)	(23.1)	(25.7)
Federal taxes on foreign income	1.0	0.9	1.3
State taxes	0.6	3.1	0.9
Other	0.5	0.5	0.3
Actual tax rate	13.5%	16.4%	11.8%

The provision for income taxes reflected in the accompanying consolidated statements of income is as follows:

	2001	2000	1999
U.S.	$5,981	$7,459	$2,400
Other	744	716	400
	$6,725	$8,175	$2,800
Current	$2,144	$2,691	$2,248
Deferred	4,581	5,484	552
	$6,725	$8,175	$2,800

For further information regarding the Company s tax structure reference is made to Item 7 of this Form 10-K.

(3) Leasing activities:

As lessee

The net book value of assets acquired through capital leases was $351,040 at December 31, 2001. The aggregate capital lease obligations, secured by equipment, with installments payable in varying amounts through 2011, were $355,252 at December 31, 2001.

As of December 31, 2001, the annual maturities of capital leases and related interest were as follows:

	Payment	Interest	Principal
2002	$54,128	$15,482	$38,646
2003	69,741	13,767	55,974
2004	60,226	10,658	49,568
2005	67,797	8,662	59,135

	Payment	Interest	Principal
2006	40,989	6,084	34,905
Thereafter	124,988	7,964	117,024
	$417,869	$62,617	$355,252

The Company leases office space and certain leasing equipment under operating leases expiring at various dates through 2010. Rental expense under operating leases aggregated $16,902, $7,581 and $4,226 for the periods ended December 31, 2001, 2000 and 1999, respectively.

As of December 31, 2001, the aggregate minimum rental commitment under operating leases having initial or remaining noncancellable lease terms in excess of one year was as follows:

2002	$11,625
2003	9,411
2004	9,388
2005	9,397
2006	8,966
Thereafter	44,910

As lessor

The Company has entered into various leases of equipment that qualify as direct financing leases. At the inception of a direct finance lease, the Company records a net investment based on the gross investment (representing the total future minimum lease payments plus unguaranteed residual value), net of unearned lease income. The unguaranteed residual value is generally equal to the purchase option of the lessee, which in the case of the Company s lease contracts is insignificant and is included in total lease receivables. Unearned income represents the excess of gross investment over equipment cost. Receivables under these direct financing leases, net of unearned income, are collectible through 2011 as follows:

(dollars in thousands, except per share amounts)

	December 31, 2001		
	Total Lease Receivable	Unearned Lease Income	Net Lease Receivable
2002	$69,732	$23,376	$46,356
2003	59,776	18,551	41,225
2004	55,521	13,699	41,822
2005	42,258	9,295	32,963
2006	33,355	6,213	27,142
Thereafter	48,000	8,269	39,731
	$308,642	$79,403	$229,239

As of December 31, 2000, the Company had total lease receivable, unearned lease income and net lease receivable of $189,989, $38,603 and $151,386 respectively.

As of December 31, 2001 the Company also had noncancelable operating leases, under which it will receive future minimum rental payments as follows:

2002	$70,402
2003	62,194
2004	40,689
2005	23,314
2006	6,735
Thereafter	3,928

Effective January 1, 1995, the Company began capitalizing lease commissions and amortizing this cost over the average life of the related lease contract. At December 31, 2001 and 2000, $3,268 and $3,801 of these commissions were included in other assets.

During the three months ended June 30, 2001, the Company initiated a bankruptcy claim against a customer and sought to collect receivables and to recover equipment values through its insurance policies. The Company has demanded the return of approximately $48,588 of equipment, including $8,482 of direct finance leases which were reclassified to leasing equipment. The total net book value of equipment leased to this customer as of December 31, 2001 was approximately $10,651. The Company anticipates that approximately $8,500 of this equipment will not be recovered from the customer. In addition, the outstanding receivables from this customer as of December 31, 2001 totaled approximately $19,735 of which $18,785 is covered by insurance, with the balance reserved for in the allowance for doubtful accounts.

At this time, the Company has estimated no impairment upon the liquidation and/or re-lease of these assets after considering anticipated insurance proceeds. The maximum insurance coverage related to this claim is $35,000. The overall recovery of the asset values has been evaluated taking into consideration the equipment book value, the cost to recover and re-lease the equipment, and the total outstanding receivables, as well as the likelihood to collect through the recovery and sale of the equipment or the stipulated equipment values within the insurance policy. The Company continued to record revenue from these leases through August 20, 2001 at which time, revenue recognition was discontinued, as lease payments through August 20, 2001 were covered by the insurance policies.

The Company will continue to assess the overall recovery of the asset values and adjust the assumptions used in evaluating the total insurance claim with respect to this customer s bankruptcy. As additional information becomes available, reserves for the impairment of the asset values may be necessary based upon changes in economic conditions and the assumptions used in evaluating the total insurance claim.

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(dollars in thousands, except per share amounts)

Allowance for doubtful accounts

The following summarizes the activity in the allowance for doubtful accounts:

	2001	**2000**	**1999**
Balance, beginning of year	$14,271	$10,260	$4,632
Provision charged to expense	2,302	2,192	6,925
Acquired		1,281	
Write-offs, net of recoveries	(10,711)	538	(1,297)
Balance, end of year	$5,862	$14,271	$10,260

The allowance for doubtful accounts includes the Company s estimate of allowances necessary for receivables on both operating and finance lease receivables. Once a finance lease is determined to be non-performing, Company procedures provide for the following events to take place in order to evaluate collectibility:

The past due amounts are reclassified to accounts and notes receivable,

The equipment value supporting such financing lease is reclassified to leasing equipment, and

Collectibility is evaluated taking into consideration equipment book value, the total outstanding receivable, as well as the likelihood to collect through the recovery of equipment and the Company s insurance policies.

As of December 31, 2001 and 2000, included in accounts and notes receivable are non-performing receivables of $4,887 and $10,034, respectively.

As all outstanding amounts due for non-performing finance lease accounts are reclassified to accounts and notes receivable, an allowance for doubtful accounts for the net investment in direct financing leases is not required.

(4) Debt:

Debt consists of notes and loans with installments payable in varying amounts through 2008, with effective interest rates of approximately 3.9% to 7.9% and a weighted average rate of 5.78% in 2001. The principal amount of debt payable under fixed rate contracts is $309,298. Remaining debt is payable under floating rate arrangements. Approximately $397,028 of floating rate debt outstanding has been converted to fixed rate debt through the use of interest rate swaps as described below. The agreements contain certain covenants, which, among other things, provide for the maintenance of specified levels of tangible net worth (as defined) and a maximum debt to net worth ratio. At December 31, 2001, under covenants in the Company s loan agreement approximately $177,500 of retained earnings were available for dividends. The Company was in compliance with its debt covenants at December 31, 2001.

As of December 31, 2001, the annual maturities of notes and loans, net of interest thereon were as follows:

2002	$141,018
2003	95,561
2004	56,357
2005	219,804
2006	19,365
Thereafter	447,953
	$980,058

The Company has a $215,000 revolving credit facility with a group of commercial banks; on December 31, 2001, $215,000 was outstanding, with an interest rate of 6.21%, including the effect of interest rate swap contracts in place as of December 31, 2001. In July 2000, this facility was renewed and amended with the term extended to July 31, 2005. The credit limit remains at $215,000 through July 31, 2003; thereafter the credit limit declines to $193,500 through July 31, 2004 and $172,000 through July 31, 2005. In addition, as of December 31, 2001, the Company had an available line of credit of $10,000 under one facility, under which $3,246 was outstanding. The interest rate under this facility as of December 31, 2001 was 4.3%. Subsequent to December 31, 2001 the Company has continued to incur and repay debt obligations in connection with financing its equipment leasing activities. Under our revolving credit facility and most of our other debt instruments, the Company is required to maintain a tangible net worth (as defined) of $125,000, a fixed charge coverage ratio of 1.5 to 1 and a funded debt to net worth ratio of 4.0 to 1. At December 31, 2001, the Company was in compliance with these requirements.

(dollars in thousands, except per share amounts)

In October 2000, the Company established a secured financing facility in the amount of $300,000, to fund the TA transaction. At December 31, 2001, $97,656 of this facility was outstanding with an interest rate of 3.94%. The principal balance is payable in quarterly installments of $500, with a balloon payment due in October 2002.

In July 2001, the container securitization facility, which was originally established as an off-balance sheet source of financing in March 1999, was amended allowing additional financings to be accounted for as on-balance sheet secured debt financing. At December 31, 2001, $44,089 of the on-balance sheet container securitization facility was outstanding with an interest rate of 5.10%, including the effect of interest rate swap contracts in place as of December 31, 2001.

In July 2000, the Company established a chassis securitization facility of $280,000. In October 2000, this chassis securitization facility was increased to $300,000. At December 31, 2001, $277,410 of this facility was outstanding with an interest rate of 4.75%, including the effect of interest rate swap contracts in place as of December 31, 2001. This facility provides the Company an additional source of funding and is accounted for as on-balance sheet secured debt financing.

In February 1998, the Company issued $100,000 principal amount of 6-5/8% Notes due 2003 (the 6-5/8% Notes). The net proceeds were used to repay $83,000 in borrowings under the revolving credit agreement and for other general corporate purposes. During the fourth quarter of 1999, the Company retired $17,000 of the 6-5/8% Notes and recognized an extraordinary gain of $740 net of tax expense of $494. During the first quarter of 2000, the Company retired $8,200 of the 6-5/8% Notes and recognized an extraordinary gain of $471 net of tax expense of $314. During 2001, the Company retired $27,174 of the 6-5/8% Notes and recognized an extraordinary gain of $435 net of tax expense of $290. As of December 31, 2001, $47,626 principal amount of the 6-5/8% Notes remains outstanding.

In July and August, 1997, the Company issued $225,000 of ten year notes, comprised of $150,000 of 7.35% Notes due 2007 and $75,000 of 7.20% Notes due 2007. The net proceeds from these offerings were used to repay secured indebtedness, to purchase equipment and for other investments. During the first quarter of 2000, the Company retired $3,000 of the 7.35% Notes and recognized an extraordinary gain of $369 net of tax expense of $246. During 2001, the Company retired $2,075 of the 7.20% Notes and recognized an extraordinary gain of $123 net of tax expense of $82. As of December 31, 2001, $72,925 and $147,000 principal amount of the 7.20% and 7.35% Notes, respectively, remains outstanding.

In addition to the debt specifically identified above, the Company has additional notes and loan outstanding with various financial institutions totaling $75,106, as of December 31, 2001, with installments payable in varying amounts through 2008 with interest rates of approximately 4.2% to 7.9%.

In 2001, the Company entered into an interest rate swap contract with notional amounts totaling $51,467. These amounts relate to on and off balance sheet financing, of which the notional amounts are $43,330 and $8,137, respectively. The terms of the interest rate swap contract are for six years. The interest rate swap contracts convert variable rate debt into fixed rate debt. The maturity of the contract coincides with the maturity of the underlying debt instruments hedged. At December 31, 2001, the on and off balance sheet notional amounts are approximately $39,575 and $7,432, respectively.

In 2000, the Company entered into interest rate swap contracts with notional amounts totaling $334,882. The terms of the interest rate swap contracts are for two and seven years. The interest rate swap contracts convert variable rate debt into fixed rate debt. The maturity of these contracts coincides with the maturity of the underlying debt instruments hedged. At December 31, 2001, the notional amount was approximately $323,268.

In 1998, the Company entered into interest rate swap contracts with notional amounts totaling $79,709. The terms of the interest rate swap contracts are for three, five and seven years. The interest rate swap contracts convert variable rate debt into fixed rate debt. The maturity of these contracts coincides with the maturity of the underlying debt instruments hedged. In 2000, a portion of the debt instrument hedged was retired and the related portion of the swap contract was closed. At December 31, 2001, the notional amount was approximately $34,185.

(dollars in thousands, except per share amounts)

(5) Derivative instruments:

The Company s assets are primarily fixed rate in nature while its debt instruments are primarily floating rate. The Company employs derivative financial instruments (interest rate swap agreements) to effectively convert certain floating rate debt instruments into fixed rate instruments and thereby manage its exposure to fluctuations in interest rates.

The unrealized pre-tax losses on cash flow hedges as of December 31, 2001 of $9,911 have been reported in the Company s consolidated balance sheet as a component of accumulated other comprehensive income (loss), along with the related deferred income tax benefit of $1,928.

Amounts recorded in accumulated other comprehensive income would be reclassified into earnings upon termination of these interest rate swap agreements prior to their contractual maturity. The Company does not intend to terminate any such interest rate swap agreements prior to maturity and therefore does not expect any gains or losses to be reclassified into income within the next twelve months.

Pre-tax losses for the year ended December 31, 2001 resulting from the change in fair value of interest rate swap agreements held which do not quality as cash flow hedges under Statement 133 of $1,647 have been recorded on the consolidated statements of income as market value adjustment for derivative instruments. Interest rate swap agreements which qualify as perfect cash flow hedges have no ineffectiveness and therefore are not reflected in the consolidated statements of income. Interest rate swap agreements which qualify as cash flow hedges but are not perfectly correlated have associated ineffectiveness of approximately $1,000 which has been recorded in the consolidated statements of income as market value adjustment for derivative instruments.

(6) Acquisition of North American Intermodal Division of Transamerica Leasing, Inc.:

In October, 2000, the Company completed the acquisition of the North American Intermodal division of Transamerica Leasing, Inc. (TA), a subsidiary of Transamerica Finance Corporation and AEGON N.V. Under the terms of the agreement, the Company acquired substantially all of the domestic containers, chassis, and trailers of TA and related assets and assumed certain of the liabilities of the business. The Company paid approximately $681,000 in cash for the acquisition, which includes $8,400 in fees and other costs for advisors, of which $1,650 is payable to a director of the Company for consultation services rendered. The acquisition was financed through a combination of cash on hand, proceeds obtained from a committed secured financing facility in the amount of approximately $300,000, as well as approximately $101,000 of proceeds obtained from a chassis securitization facility established in July 2000.

In the acquisition, the Company acquired approximately 70,000 chassis, 23,000 rail trailers and 18,000 domestic containers. The acquisition was effective October 1, 2000 in a transaction accounted for under the purchase method of accounting, accordingly the acquired assets and liabilities have been recorded at the estimated fair values at the date of acquisition. In January 2001, the Company and TIP Intermodal Services (TIP), a GE Capital Company, announced the signing of a definitive agreement for the sale of 50,000 rail trailers and domestic containers by the Company to TIP, including all of the rail trailers and domestic containers the Company acquired from TA in October 2000. The Company established a basis in the assets acquired from TA to be sold to TIP equal to (i) TA s historical net book value of the assets ($273,572), (ii) the expected gain to be realized from the sale to TIP ($5,614), (iii) the estimated cash collections (net of cash disbursements) resulting from the operations of these assets from October 1, 2000 through the estimated date of disposition of March 31, 2001 ($7,296) and (iv) the incremental amount of interest expense from October 1, 2000 through March 31, 2001 associated with the acquisition of these assets ($18,828). The excess of the purchase price paid over the book value of the assets and liabilities acquired (after establishing the basis associated with the assets held for sale) in an amount approximating $66,500 has been allocated to the chassis acquired from TA and is being amortized over the remaining depreciable life of those chassis.

During the year ended 2001, the Company adjusted the excess of the purchase price paid over the book value of the assets and liabilities acquired for certain pre-acquisition contingencies and estimated costs included in the original purchase price allocation. This adjustment increased the premium paid over the book value of the assets and liabilities acquired by $5,112, and is being amortized over the average remaining depreciable life of the chassis acquired.

The following table presents the pro forma consolidated results of operations for the years ended December 31, 2000 and 1999 as if the above acquisition had occurred on January 1:

	2000	1999
Revenues	$298,484	$258,433
Income from continuing operations before change in accounting principle and extraordinary items	47,050	28,909
Basic net income per share	$1.72	$1.05
Diluted net income per share	$1.69	$1.02

(7) Assets Held for Sale:

In March 2001, the Company sold 50,000 rail trailers and domestic containers, including all 41,000 rail trailers and domestic containers the Company acquired from TA in October 2000, to TIP. The assets held for sale as of December 31, 2000 include $279.2 million related to the units acquired from TA, $5.9 million of accounts receivable and $63.3 million of assets previously owned by the Company. The Company recorded a gain of $1.8 million upon the consummation of this sale, which represents the premium paid for the units previously owned by the Company over their net book value.

(8) Lease securitization program:

On March 30, 1999, the Company entered into an asset backed note program (the ABN Program). The ABN Program involved the sale by the Company of direct finance leases (collateralized by intermodal containers) with a historical net book value of $228,832 (the Assets). The Assets were sold to a special purpose entity whose sole business activity is issuing asset backed notes (ABNs), supported by the future cash flows of the Assets. Proceeds received by the Company upon selling the Assets were $189,087 of cash and the lowest priority ABN issued in the ABN Program (the retained interest) with an allocated historical book value of $47,687.

The transaction was accounted for as a sale by the Company for financial reporting purposes. Accordingly, the Company recorded a pre-tax gain from the sale of $7,942 ($5,742 net of expenses) during the quarter ended March 31, 1999, which is included in revenues in the accompanying consolidated statements of income. The gain represents the difference between (i) the historical basis in the net assets sold and (ii) the cash received plus the allocated historical book value of the retained interest. The allocated historical book value of the retained interest is determined using the relative amounts of the fair market value of the interests sold to third parties, and the estimated fair market value of retained interest.

The Company classified the retained interest as an available for sale security, which is included in Other Investment Securities in the accompanying consolidated balance sheets. Accordingly, the retained interest is accounted for at fair value, with any changes in fair value over its allocated historical book value recorded as a component of other comprehensive income, net of tax, in the statement of changes in shareholders equity. As of December 31, 2001, the Company estimated the fair market value of retained interest was $15,970 using a discounted cash flow model assuming expected credit losses of 1.5% and a discount rate of 12.6%. For the years ended December 31, 2001, 2000 and 1999, the Company recorded interest income on the retained interest totaling $3,558, $4,145 and $3,050, respectively, which is included in revenues in the accompanying consolidated statements of income. In 2001, defaulted finance leases of bankrupt customers were removed from the securitization program resulting in a reduction of the retained interest totaling $1,798.

Interpool Limited, a subsidiary of the Company (the Servicer), acts as servicer for the Assets. Pursuant to the terms of the servicing agreement, the Servicer is paid a fee of 0.40% of the assets under management. The Company s management has determined that the servicing fee paid approximates the fair value for services provided, as such, no servicing asset or liability has been recorded. Such servicing fees are included in revenues in the accompanying consolidated statement of income.

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(dollars in thousands, except per share amounts)

At December 31, 2001, key economic assumptions and the sensitivity of the current fair value of residual cash flows to immediate 10 percent and 20 percent adverse changes in those assumptions are as follows:

	Securitized Lease Receivables
Carrying amount/fair value of retained interests	$15,970
Weighted-average life (in years)	2.0
Expected credit losses (annual rate)	**1.5%**
Impact on fair value of 10% adverse change	$129
Impact on fair value of 20% adverse change	$275
Residual cash flows discount rate (annual)	**12.6%**
Impact on fair value of 10% adverse change	$310
Impact on fair value of 20% adverse change	$619

The table below summarizes certain cash flows received from and paid to securitization trusts:

	Year Ended December 31	
	2001	2000
Proceeds from new securitizations	$	$
Servicing fees received	$486	$611
Cash flows received on retained interest	$15,585	$7,593

(9) Discontinued Operations:

During the three months ended September 30, 2001, the Company adopted a formal plan to dispose of PCR, a 51%-owned subsidiary, and to discontinue the operations of Microtech, a 75.5%-owned subsidiary, and liquidate its lease portfolio. Within the historical financial statements of the Company, PCR and Microtech comprised the computer-leasing segment and specialized in the leasing of microcomputers and related equipment.

As a result of the decision made by the Company, PCR and Microtech have been classified as discontinued operations. Pursuant to Accounting Principles Board Opinion No. 30, Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, the accompanying Consolidated Financial Statements and notes thereto have been restated for all comparative periods presented to reflect the decision to discontinue the computer leasing segment. Accordingly, the assets and liabilities, results of operations and cash flows of PCR and Microtech have been accounted for as Discontinued Operations in the accompanying Consolidated Financial Statements.

On December 31, 2001, the Company completed the sale of its 51% ownership stake of PCR to an investment group comprised of the management of PCR. Under the agreement, the Company sold its share of PCR for $2,297. As payment for the transaction, the management of PCR transferred its 24.5% ownership in Microtech valued at $792 to the Company, thereby increasing the Company s ownership in Microtech to 100%. The balance of the purchase price is in the form of a non-recourse note issued by PCR to the Company in the amount of $1,657 at an effective interest rate of 15%, after considering a payment of $640 received by the Company on January 2, 2002. The original terms of the note are interest only at 5% through December 31, 2004 and an annual rate of 7.5% for the period from December 31, 2004 through December 31, 2010 (the maturity date). Monthly principal payments in equal installments of $35 commence on January 31, 2005 and continue through the maturity date.

In addition, on April 6, 1999, the Company also entered into a $3,500 long-term revolving credit facility with PCR. This revolving credit facility is due on demand and remains outstanding as of December 31, 2001. The line of credit bears interest at 12% per annum and is payable monthly. This line of credit is secured by substantially all of PCR s assets, subordinated to the interest of a financial institution which provided PCR an additional line of credit.

(dollars in thousands, except per share amounts)

Since 2000, the Company has guaranteed PCR debts due to parties other than the Company totaling $5,000, which remain in effect.

The assets and liabilities of discontinued operations, presented in the accompanying Consolidated Balance Sheets are primarily comprised of Cash, Accounts Receivable, Net Investment in Direct Financing Leases, Leasing Equipment, Other Assets, Accounts Payable and Accrued Expenses and Debt Obligations.

(10) Cumulative effect of change in accounting principle:

During 2001, the Company recorded the cumulative effect of a change in accounting principle of $833 net of tax expense of $44. This represents the cumulative effect through December 31, 2000 regarding the Company s accounting for swap transactions not accounted for as hedges in accordance with the Financial Accounting Standards Board issued statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities*.

During 2000, the Company recorded the cumulative effect of a change in accounting principle of $660 net of tax expense of $440. This represents a change in the Company s accounting for its maintenance and repairs expense from an accrual to cash basis.

(11) Other contingencies and commitments:

At December 31, 2001, commitments for capital expenditures totaled approximately $70,600.

Under certain of the Company s leasing agreements, the Company as lessee may be obligated to indemnify the lessor for loss, recapture or disallowance of certain tax benefits arising from the lessor s ownership of the equipment. This recourse feature is included in capital lease obligations with a net book value of approximately $21,180.

The Company has entered into employment agreements with certain key officers and employees, which provide for minimum salary, bonus arrangements and benefits for periods up to seven years.

The Company has a number of claims pending against it, has filed claims against others and has been named as a defendant in a number of lawsuits incidental to its business. The Company believes that such proceedings will not have a material effect on its consolidated financial statements.

(12) Cash flow information:

For purposes of the consolidated statements of cash flows, the Company includes all highly liquid short-term investments with an original maturity of three months or less in cash and short-term investments.

For the years ended December 31, 2001, 2000 and 1999, cash paid for interest was approximately $100,043, $78,880 and $64,563, respectively. Cash paid for income taxes was approximately $2,442, $1,354, and $2,926, respectively.

(13) Related party transactions:

During 2001, the Company leased approximately 28,500 square feet of commercial space for its corporate offices in Princeton, New Jersey from 211 College Road Associates, a New Jersey general partnership in which Martin Tuchman, a director and Chief Executive Officer of the Company, held a direct or indirect equity interest of 42.76% and Radcliff Group, Inc., a related party, held a direct or indirect equity interest of 42.17%. The 2001 annual base rental for this property was approximately $557 under a triple net lease expiring in 2010. In the opinion of the Company s management, rent being paid under this lease does not exceed rent that the Company would have paid in an arms length transaction with an unrelated third party. On January 28, 2002 the Company executed a Purchase and Sale Agreement, pursuant to which the Company will acquire the building which houses our corporate offices. The fair market value purchase price of the approximately 39,000 square feet building will be $6,250 as determined by an independent property appraisal firm and approved by the Company s Board of Directors.The Company expects to conclude the transaction during the second quarter of 2002.

In January 1992 the Company executed a Consultation Services Agreement with Radcliff Group, Inc. pursuant to which Radcliff designated Warren L. Serenbetz, a stockholder and director, as an executive consultant. The Consultation Services Agreement was terminated in January 1995. Under the terms of the agreement compensation and payment of health related costs continues through December 31, 2002. Compensation under this agreement was $492 in 2001, 2000 and 1999.

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(dollars in thousands, except per share amounts)

Eurochassis L.P., a New Jersey limited partnership in which Raoul J. Witteveen is one of the limited partners and the general partner, leases 100 chassis to Trac Lease for an annual lease payment of approximately $91. Theannual lease term renews automatically unless canceled by either party prior to the first day of the renewal period. The terms of the lease agreement, in the opinion of our management, are comparable to terms that Trac Lease would have obtained in an arms length transaction with an unrelated third party.

The Ivy Group, a New Jersey general partnership composed directly or indirectly of Mr. Tuchman, Radcliff Group, Inc., Mr. Witteveen, Thomas P. Birnie and Graham K. Owen, has previously leased chassis to Trac Lease. As of December 31, 2000, pursuant to various equipment lease agreements, Trac Lease leased 6,047 chassis from The Ivy Group and its principals for an aggregate annual lease payment of approximately $2,900. On January 1, 2001, the various leases for the 6,047 units were combined into a single lease pursuant to which The Ivy Group and its principals were paid an aggregate lease payment of approximately $2,691 through June 30, 2001. Effective as of July 1, 2001, the Company restructured its relationship with The Ivy Group and its principals to provide it with managerial control over these 6,047 chassis. As a result of the restructuring, the partners of The Ivy Group contributed these 6,047 chassis and certain other assets and liabilities to a newly formed subsidiary, Chassis Holdings I LLC (Chassis Holdings), in exchange for $26,000 face value of preferred membership units and 10% of the common membership units, and Trac Lease contributed 902 chassis and $2,407 in cash to Chassis Holdings in exchange for $3,000 face value of preferred membership units and 90% of the common membership units. The preferred membership units are entitled to receive a preferred return prior to the receipt of any distributions by the holders of the common membership units. The value of the contributed chassis was determined by taking the arithmetic average of the results of independent appraisals performed by three nationally recognized appraisal firms that were engaged by the Company in connection with our establishment of a chassis securitization facility in July 2000. As the managing member of Chassis Holdings, Trac Lease exercises sole managerial control over the entity s operations. Chassis Holdings leases all of its chassis to Trac Lease at a rental rate equal to the then current Trac Lease fleet average per diem. Chassis Holdings and the holders of the preferred membership units are party to a Put/Call Agreement which provides that the holders of preferred units may put such units to Chassis Holdings under certain circumstances and Chassis Holdings may redeem such units under certain circumstances. Chassis Holdings will be required to make certain option payments to the holders of the preferred membership units in order to preserve its right to redeem such units.

The terms of all arrangements between Chassis Holdings and Trac Lease, including rental rates, are, in the opinion of our management, comparable to terms that we would have obtained in arms length transactions with unrelated third parties. The Ivy Group has entered into an agreement with us pursuant to which it has agreed not to engage in any business activities that are competitive with the business activities of Interpool or its subsidiaries without our prior written consent.

Trac Lease previously leased an additional 983 chassis from The Ivy Group under a lease with buyout provisions expiring in 2000. In 2000 Trac Lease paid The Ivy Group lease payments of $252 under this agreement. Trac Lease exercised its buyout right under the lease during 2000 and purchased the chassis for $2,212.

During 1992 through 1996, The Ivy Group borrowed $13,433 from the Company. The aggregate loan balance of $13,433 at June 30, 2001 bears interest at LIBOR plus 1.75% repayable on an interest only basis, subject to maintenance of fixed loan to collateral value ratios, and will mature in 2013. In connection therewith, The Ivy Group executed a Chattel Mortgage Security Agreement and Assignment under which the Company was granted a security interest in 4,364 chassis owned by The Ivy Group and an assignment of all rights to receive rental payments and proceeds related to the lease of these chassis. This Ivy Group collateral was contributed, subject to this debt, to Chassis Holdings as part of the July 1, 2001 restructuring with The Ivy Group.

In February 1998, the Company entered into a non-exclusive Consulting Agreement with Atlas Capital Partners, LLC pursuant to which Mitchell I. Gordon, a Director of Interpool since 1998 and Chief Financial Officer and Executive Vice President since October 2000, provided investment banking consultation services. Under the terms of the Consulting Agreement, Atlas was to have been paid $240 (plus reimbursement of reasonable expenses), additional compensation of $560 and a twenty percent carried interest in investments made with funds provided by Interpool. In addition, Atlas was contractually entitled to an annual bonus in an amount that is usual and customary in the investment banking business for investment opportunities actually completed by the Company subject to set-off of the $560 additional compensation. In 2000, other compensation in the amount of $1,650 to be paid over three years, was earned by Atlas in connection with the acquisition by the Company of the North American Intermodal Division of Transamerica. As of October 2000, Mitchell Gordon was named the Company s Chief Financial Officer and Executive Vice President and the Consulting Agreement was terminated.

(dollars in thousands, except per share amounts)

The effect of the above related party transactions included in the accompanying statement of income are as follows:

	2001	2000	1999
Revenue	$496	$1,104	$958
Lease operating expense	$4,343	$3,033	$3,030
Administrative expense	$1,379	$1,061	$1,092
Interest expense	$	$168	$353

(14) Retirement plans:

Certain subsidiaries have defined contribution plans covering substantially all full-time employees. Participating employees may make contributions to the plan, through payroll deductions. Matching contributions are made by the Company equal to 75% of the employee s contribution to the extent such employee contribution did not exceed 6% of their compensation. During the year ended December 31, 2001, the Company expensed approximately $461 related to this plan. No contributions were made by the Company or its subsidiaries to these plans during the years ended December 31, 2000 and 1999.

(15) Segment and geographic data:

The Company has two reportable segments: container leasing and domestic intermodal equipment leasing. The container leasing segment specializes in the leasing of intermodal dry freight standard containers, while the domestic intermodal equipment segment specializes in the leasing of intermodal container chassis and freight rail cars.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on profit or loss from operations before income taxes and extraordinary items. The Company s reportable segments are strategic business units that offer different products and services.

Segment Information:

2001:	Container Leasing	Domestic Intermodal Equipment	Totals
Revenues from external customers	$112,085	$193,048	$305,133
Lease operating and administrative expenses	12,443	82,546	94,989
Depreciation and amortization	36,583	37,728	74,311
Other income/(expense), net	(1,644)	1,178	(466)

2001:	Container Leasing	Domestic Intermodal Equipment	Totals
Interest income	3,788	5,612	9,400
Interest expense	27,966	67,078	95,044
Income from continuing operations before taxes and extraordinary item	37,237	12,486	49,723
Net investment in DFL s	168,890	60,349	229,239
Leasing equipment, net	529,867	842,459	1,372,326
Equipment purchase	168,906	111,938	280,844
Total segment assets	$822,784	$1,084,981	$1,907,765

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(dollars in thousands, except per share amounts)

2000:	Container Leasing	Domestic Intermodal Equipment	Totals
Revenues from external customers	$103,018	$139,237	$242,255
Lease operating and administrative expenses	12,637	48,282	60,919
Depreciation and amortization	29,911	30,856	60,767
Other income/(expense), net	(719)	(1,790)	(2,509)
Interest income	5,984	10,527	16,511
Interest expense	32,569	52,027	84,596
Income from continuing operations before taxes and extraordinary item	33,166	16,809	49,975
Net investment in DFL s	125,046	26,340	151,386
Leasing equipment, net	483,925	771,010	1,254,935
Equipment purchases	163,535	129,938	293,473
Total segment assets	$795,994	$1,360,794	$2,156,788

1999:	Container Leasing	Domestic Intermodal Equipment	Totals
Revenues from external customers	$94,608	$95,180	$189,788
Lease operating and administrative expenses	16,959	38,267	55,226
Depreciation and amortization	32,886	22,749	55,635
Other income/(expense), net	(1,953)	(869)	(2,822)
Interest income	3,563	8,486	12,049
Interest expense	24,635	39,794	64,429
Income from continuing operations before taxes and extraordinary item	21,738	1,987	23,725

The Company s shipping line customers utilize international containers in world trade over many varied and changing trade routes. In addition, most large shipping lines have many offices in various countries involved in container operations. The Company s revenue from international containers is earned while the containers are used in service carrying cargo around the world, while certain other equipment is utilized in the United States. Accordingly, the information about the business of the Company by geographic area is derived from either international sources or from United States sources. Such presentation is consistent with industry practice.

Geographic Information:

	2001	2000	1999
REVENUES:			
United States(a)	$193,111	$139,312	$103,190
International	112,022	102,943	86,598
	$305,133	$242,255	$189,788
ASSETS:			
United States	$1,084,981	$1,360,794	
International	822,784	795,994	
	$1,907,765	$2,156,788	

(a) Includes revenues from related parties of $496, $1,104 and $958 in 2001, 2000 and 1999, respectively.

(dollars in thousands, except per share amounts)

(16) Company-obligated mandatorily redeemable preferred securities in subsidiary grantor trusts:

On January 27, 1997, Interpool Capital Trust, a Delaware business trust and special purpose entity (the Trust), issued 75,000 shares of 9-7/8% Capital Securities with an aggregate liquidation preference of $75,000 (the Capital Securities) for proceeds of $75,000. Costs associated with the transaction amounted to approximately $1,700 and were borne by the Company. Interpool owns all the common securities of the Trust. The proceeds received by the Trust from the sale of the Capital Securities were used by the Trust to acquire $75,000 of 9-7/8% Junior Subordinated Deferrable Interest Debentures due February 15, 2027 of the Company (the Debentures). The sole asset of the Trust is $77,320 aggregate principal amount of the Debentures. The Capital Securities represent preferred beneficial interests in the Trust s assets. Distributions on the Capital Securities are cumulative and payable at the annual rate of 9-7/8% of the liquidation amount, semi-annually in arrears and commenced February 15, 1997. The Company has the option to defer payment of distributions for an extension period of up to five years if it is in compliance with the terms of the Capital Securities. Interest at 9-7/8% will accrue on such deferred distributions throughout the extension period. The Capital Securities will be subject to mandatory redemption upon repayment of the Debentures to the Trust. The redemption price decreases from 104.975% of the liquidation preference in 2007 to 100% in 2017 and thereafter. Under certain limited circumstances, the Company may, at its option, prepay the Debentures and redeem the Capital Securities prior to 2007 at a prepayment price specified in the governing instruments. The obligations of the Company under the Debentures, under the Indenture pursuant to which the Debentures were issued, under certain guarantees and under certain back-up obligations, in the aggregate, constitute a full and unconditional guarantee by the Company of the obligations of the Trust under the Capital Securities.

(17) Capital stock:

The Company s 1993 Stock Option Plan for Executive Officers and Directors (the Stock Option Plan) was adopted by the Company s Board of Directors and approved by the stockholders in March 1993. A total of 6 million shares of common stock have been reserved for issuance under the Stock Option Plan. Options may be granted under the Stock Option Plan to executive officers and directors of the Company or a subsidiary (including any executive consultant of the Company and its subsidiaries), whether or not they are employees. These options vest six months from date of grant and expire ten years from date of grant.

The Company s Nonqualified Stock Option Plan for Non-employee, Non-consultant Directors (the Directors Plan) was adopted by the Board of Directors and approved by the stockholders in March 1993. The Directors Plan is administered by the Stock Option Committee of the Board of Directors. Under the Directors Plan a nonqualified stock option to purchase 15,000 shares of common stock is automatically granted to each non-employee, non-consultant director of the Company, in a single grant at the time the director first joins the Board of Directors. The Directors Plan authorizes grants of options up to an aggregate of 150,000 shares of common stock. The exercise price per share is the fair market value of the Company s common stock on the date on which the option is granted (the Grant Date). The options granted pursuant to the Directors Plan may be exercised at the rate of 1/3 of the shares on the first anniversary of the director s Grant Date and 1/3 of the shares on the second anniversary of the director s Grant Date and 1/3 of the shares on the third anniversary of the director s Grant Date, subject to certain holding periods required under rules of the Securities and Exchange Commission. Options granted pursuant to the Directors Plan expire ten years from their Grant Date.

Through September 16, 1998, options to purchase 4,408,501 shares under the Company s 1993 Stock Option Plan for Executive Officers and Directors had been granted, 22,500 of which have expired due to failure to exercise and 22,500 of which have been exercised. Options to purchase 90,000 shares have been granted under the Company s Nonqualified Stock Option Plan for Non-employee, Non-consultant Directors 30,000 of which have expired due to failure to exercise and 15,000 of which have been exercised.

On September 16, 1998 the Company canceled all of the 4,393,501 options to purchase shares of the Company s common stock outstanding under its 1993 Stock Option Plan for Executive Officers and Directors, as well as the Company s Nonqualified Stock Option Plan for Non-employee, Non-consultant Directors and issued 4,393,501 new options in their place. The newly issued options were granted with an exercise price equal to the closing market price of the Company s stock as of September 16, 1998 (the date of grant). This results in a new measurement date whereby the newly issued options vest six months from date of grant and expire ten years from date of grant. All other terms and conditions of the newly issued options are similar to the canceled options.

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(dollars in thousands, except per share amounts)

In February 2000, options to purchase 15,000 shares were granted under the Company s Nonqualified Stock Option Plan for Non-employee, Non-consultant Directors to Clifton H.W. Maloney upon his appointment to the Company s Board of Directors.

On October 10, 2000, options to purchase 50,000 shares of the Company s common stock were granted under the 1993 Stock Option Plan for Executive Officers and Directors to each of Mitchell I. Gordon, the Company s Chief Financial Officer and Executive Vice President, and Herbert Mertz, Executive Vice President and Chief Administrative Officer of the Company and Chief Operating Officer of Trac Lease, Inc. The newly issued options were granted with an exercise price equal to the closing market price of the Company s stock as of October 10, 2000 (the Grant Date). The options vest five years from the Grant Date and expire ten years from the Grant Date.

Changes during 1999, 2000 and 2001 in options outstanding for the combined plans were as follow:

	Number of Options	**Weighted Average Exercise Price**
Outstanding at January 1, 1999	4,393,501	$10.25
Exercised in 1999	(13,500)	10.25
Outstanding at December 31, 1999	4,380,001	$10.25
Granted in 2000	115,000	11.21
Outstanding at December 31, 2000	4,495,001	$10.27
Granted in 2001		
Canceled in 2001		
Exercised in 2001		

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2001	4,495,001	$10.27
Exercisable at December 31, 2001	4,385,001	$10.25

Except as disclosed herein above, no other options under either the 1993 Stock Option Plan for Executive Officers and Directors or the Nonqualified Stock Option Plan for Non-employee, Non-consultant Directors have been exercised to date.

Common stock dividends declared and unpaid at December 31, 2001 and 2000 amounted to $1,517 and $1,034, respectively, and are included in accounts payable and accrued expenses.

Effective January 1, 1996, the Company adopted the provisions of Statement No. 123, Accounting for Stock-Based Compensation. As permitted by the Statement, the Company has chosen to continue to account for stock-based compensation using the intrinsic value method. To date, all options were granted with exercise price equal to the fair market price of the Company s Stock at Grant Date; accordingly, no compensation expense has been recognized. Options issued with an exercise price below the fair value of the Company s common stock on the date of grant will be accounted for as compensatory options. The difference between the exercise price and the fair value of the Company s common stock will be charged to expense over the shorter of the vesting or service period. Options issued at fair value are non-compensatory. Had the fair value method of accounting been applied to the Company s stock option plans, pro forma net income and per share amounts would be as follows:

	2001	2000	1999
Net income as reported	$42,480	$44,456	$22,611
Net income pro forma	$42,360	$44,423	$18,681
Basic net income per share, as reported	$1.55	$1.62	$0.82
Basic net income per share, pro forma	$1.55	$1.62	$0.68
Diluted net income per share, as reported	$1.47	$1.60	$0.80
Diluted net income per share, pro forma	$1.46	$1.60	$0.66

This pro forma impact only takes into account options granted since January 1, 1995. The average fair value of options granted during 2000 was $5.35 and $2.62, respectively. The fair value was estimated using the Black-Scholes option pricing model based on the market price at Grant Date of $11.94 and $6.38 in 2000, respectively, and the following weighted average assumptions: risk-free interest rate of 5.97% and 6.70%, expected life of 7 and 7 years, volatility of 37% and 37% and dividend yield of 1.3% and 2.4% in 2000, respectively. No options were granted by the Company in 2001.

(dollars in thousands, except per share amounts)

On November 9, 1999, the Company authorized the repurchase up to 1,000,000 shares of its common stock. The shares will be purchased from time to time through open market purchases or privately negotiated transactions. During the fourth quarter of 2001, the Company purchased 58,100 shares for an aggregate purchase price of $929. A total of 158,500 shares were purchased by the Company during the fourth quarter 1999, for an aggregate purchase price of $1,170.

(18) 2001 quarterly financial data (unaudited):

	1st	2nd	3rd	4th (a)

Revenues	$76,468	$77,653	$74,945	$76,067
Income from continuing operations before results from discontinued operations, cumulative effect of change in accounting principle and extraordinary gain	$11,035	$12,208	$10,037	$9,718
Basic income per share	$0.40	$0.45	$0.37	$0.35
Diluted income per share	$0.38	$0.42	$0.34	$0.34

2000 quarterly financial data (unaudited):

	1st	2nd	3rd	4th (b)
Revenues	$50,529	$54,258	$57,964	$79,504
Income from continuing operations before results from discontinued operations, cumulative effect of change in accounting principle and extraordinary gain	$8,724	$10,074	$10,709	$12,293
Basic income per share	$0.32	$0.37	$0.39	$0.45
Diluted income per share	$0.32	$0.37	$0.38	$0.43

(a) Includes the favorable impact of an adjustment to income earned on finance lease receivables of $1,673 net of tax expense of $70, of which $1,119 net of tax expense of $47 relates to prior years, as well as net gains on sales of equipment recovered from a bankrupt customer of $1,364 net of tax expense of $57.

(b) Includes contributions from the North American Intermodal division of Transamerica Leasing, Inc., which the Company acquired on October 24, 2000. The acquisition was effective October 1, 2000 and includes 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.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required by this Item 10 is hereby incorporated by reference to registrant s definitive proxy statement to be filed pursuant to Regulation 14A promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, which proxy statement is anticipated to be filed on or about March 28, 2002.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this Item 11 is hereby incorporated by reference to registrant s definitive proxy statement to be filed pursuant to Regulation 14A promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, which proxy statement is anticipated to be filed on or about March 28, 2002.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required by this Item 12 is hereby incorporated by reference to registrant s definitive proxy statement to be filed pursuant to Regulation 14A promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, which proxy statement is anticipated to be filed on or about March 28, 2002.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by this Item 13 is hereby incorporated by reference to registrant s definitive proxy statement to be filed pursuant to Regulation 14A promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, which proxy statement is anticipated to be filed on or about March 28, 2002.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) FINANCIAL STATEMENTS

INTERPOOL, INC.

Report of Independent Public Accountants
Consolidated Balance Sheets--At December 31, 2001 and 2000
Consolidated Statements of Income for the Years Ended December 31, 2001, 2000 and 1999
Consolidated Statements of Changes in Stockholders Equity for the Years Ended December 31, 2001, 2000 and 1999
Consolidated Statements of Cash Flows for the Years Ended December 31, 2001, 2000 and 1999
Notes to Consolidated Financial Statements

(a)(2) FINANCIAL STATEMENT SCHEDULES

Schedule II Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable regulations of the Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(a)(3) EXHIBITS

1.1 Purchase Agreement between Interpool, Inc. and Smith Barney Inc., as initial purchaser, dated July 24, 1997, relating to the issuance of the Company s 7.35% Notes due 2007 (incorporated by reference to the Company s Current Report on Form 8-K dated July 27, 1997).

1.2 Purchase Agreement between Interpool, Inc. and Smith Barney Inc., as initial purchaser, dated July 31, 1997, relating to the issuance of the Company s 7.20% Notes due 2007 (incorporated by reference to the Company s Quarterly Report on Form 10-Q for the period ended September 30, 1997).

3.1 Form of Restated Certificate of Incorporation of the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

3.2 Form of Restated Bylaws of the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

4.1

	Form of Certificate representing the Common Stock (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
4.2	Indenture between Interpool, Inc. and United States Trust Company of New York, as trustee, relating to the Notes, dated July 29, 1997 (incorporated herein by reference to the Company s Form S-4 filed on October 23, 1997).
4.3	Registration Rights Agreement between Interpool, Inc. and Smith Barney Inc., as initial purchaser, dated July 29, 1997 (incorporated herein by reference to the Company s Form S-4 filed on October 23, 1997).
4.4	Indenture between Interpool, Inc. and United States Trust Company of New York, as trustee, relating to the Notes, dated August 5, 1997 (incorporated herein by reference to the Company s Form S-4 filed on October 24, 1997).
4.5	Registration Rights Agreement between Interpool, Inc. and Smith Barney Inc., as initial purchaser, dated August 5, 1997 (incorporated herein by reference to the Company s Form S-4 filed on October 24, 1997).
4.6	Indenture between Interpool, Inc. and United States Trust Company of New York, as trustee, related to the 6-5/8% Notes, dated February 24, 1998 (incorporated by reference to the Company s S-4 filed on June 4, 1998).

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10.1	Purchase Agreement dated as of January 30, 1993 by and between Sequa Capital Corp. and the Company, as amended as of March 5, 1993 (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.2	Restructuring Agreement as of August 5, 1992 among the Company, Trac Lease, Radcliff Group, Interpool Limited, Sequa Capital Corp., Martin Tuchman, Raoul J. Witteveen, Warren L. Serenbetz, Warren L. Serenbetz, Jr., Paul H. Serenbetz, Stuart W. Serenbetz and Clay R. Serenbetz (incorporated herein by reference to the Registrant s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.3	Amended and Restated Term Credit Agreement dated as of February 19, 1993 between the Company and Swiss Bank Corporation (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.4	Promissory Note of the Company dated February 11, 1993 to United Jersey Bank/Central N.A. (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.5	Employment Agreement dated as of January 1, 1992 by and between Raoul J. Witteveen and the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.6	Employment Agreement dated as of January 1, 1992 by and between Radcliff Group and the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.7	Consultation Services Agreement dated as of January 1, 1992 by and between Radcliff Group and the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.9	Form of Stock Option Plan for Executive Officers and Directors (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg.

No. 33-59498)).

10.10 Form of Stockholders Agreement dated as of May 4, 1993, among the Company and Messrs. Martin Tuchman, Raoul J. Witteveen, Warren L. Serenbetz, Warren L. Serenbetz, Jr., Clay R. Serenbetz, Paul H. Serenbetz, Stuart W. Serenbetz and Arthur L. Burns and the Serenbetz Trust (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

10.12 Form of Non-Compete Agreement dated as of May 4, 1993, by and between The Ivy Group and the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on December 7, 1993 (Reg. No. 33-71538)).

10.13 Lease Agreements by and between 211 College Road Associates and Interpool Limited and 211 College Road Associates and Microtech Leasing (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

10.14 Lease Agreement dated December 30, 1986 between Princeton Intermodal Equipment Trust I and Trac Lease (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

10.15 Lease Agreements between The Ivy Group and Trac Lease (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

10.16 Amendment No. 1, dated August 10, 1992, to Secured Promissory Note and Chattel Mortgage, Security Agreement and Assignment by and between The Ivy Group and the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

10.17 Chassis Lease Agreement dated as of August 15, 1992 by and between Eurochassis L.P. and Trac Lease (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

10.18 Form of Transfer and Subscription Agreement among Radcliff Group, Martin Tuchman, Raoul J. Witteveen, Warren L. Serenbetz, Warren L. Serenbetz, Jr., Clay R. Serenbetz, Paul H. Serenbetz, Stuart W. Serenbetz, the Serenbetz Trust and the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

10.19 Form of Exchange and Subscription Agreement by and between the Company and Arthur L. Burns (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

10.20 Demand promissory notes of the Company payable to Martin Tuchman, Warren L. Serenbetz and Princeton International Properties (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

10.23 Indemnity Agreement between the Company and other directors (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

10.26 Agreement between the Company and Arthur L. Burns regarding certain litigation (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

10.27	Indenture between Interpool, Inc. and United States Trust Company of New York, as trustee, relating to the 7.20% Notes, dated August 5, 1997 (incorporated herein by reference to the Company s Registration Statement on Form S-4 (Reg. No. 333-38705)).
10.28	Indenture between Interpool, Inc. and United States Trust Company of New York, as trustee, related to the 6-5/8% Notes, dated February 24, 1998 (incorporated herein by reference to the Company s Registration Statement on Form S-4 (Reg. No. 333-56065)).
10.29	Indenture between the Company and IBJ Schroeder Bank & Trust Company, as Trustee, dated January 27, 1997 (incorporated herein by reference to the Company s Annual Report on Form 10-K for the period ended 12/31/96).
10.30	First Supplemental Indenture between Interpool, Inc. and IBJ Schroeder Bank & Trust Company dated January 27, 1997 (incorporated herein by reference to the Registrant s Annual Report on Form 10-K for the period ended 12/31/96).
10.31	Series A Capital Securities Guarantee Agreement dated January 27, 1997 (incorporated herein by reference to the Company s Annual Report on Form 10-K for the period ended 12/31/96).
10.32	Agreement of Merger dated March 15, 1996 among Trac Lease, Inc., Trac Lease Merger Corp. and the Company (incorporated herein by reference to the Company s Annual Report on Form 10-K for the period ended 12/31/95).
10.33	Letter Agreement between The Ivy Group and the Company (incorporated herein by reference to the Registrant s Annual Report on Form 10-K for the period ended 12/31/95).
10.34	Chassis Lease Agreement dated January 1, 1998 between The Ivy Group and Trac Lease, Inc. (incorporated herein by reference to the Company s Annual Report on Form 10-K for the period ended December 31, 2000).
10.35	Consulting Agreement between Interpool, Inc. and Atlas Capital Partners dated February 28, 1998 (incorporated herein by reference to the Company s Quarterly Report on Form 10-Q for period ended June 30, 1998).
10.36	Asset Purchase Agreement, dated as of July 27, 2000 by and between the Company and Transamerica Leasing, Inc. (incorporated herein by reference to the Company s Form 8-K filed on November 3, 2000).
10.37	Amendment No. 1 to the Asset Purchase Agreement dated October 24, 2000 by and between the Company and Transamerica Leasing, Inc. (incorporated herein by reference to the Company s Form 8-K filed on November 3, 2000).
10.38	Chassis Lease Agreement dated January 1, 2001 between The Ivy Group and Trac Lease, Inc. (incorporated herein by reference to the Company s Annual Report on Form 10-K for the period ended December 31, 2000).
10.39	Asset Purchase Agreement, dated as of January 26, 2001, by and between Interpool, Inc. and Transport International Pool, Inc. (incorporated herein by reference to the Company s Form 8-K filed on April 3, 2001).
10.40	Amendment No. 1 to the Asset Purchase Agreement, dated as of March 30, 2001, by and between Interpool, Inc. and Transport International Pool, Inc. (incorporated herein by reference to the Company s Form 8-K filed on April 3, 2001).
10.41	Chassis Holdings I LLC Operating Agreement dated as of July 1, 2001 (incorporated herein by reference to the Company s Quarterly Report on Form 10-Q filed November 14, 2001).
10.42	Chassis Holdings I LLC Put/Call Agreement dated as of July 1, 2001 (incorporated herein by reference to the Company s Quarterly Report on Form 10-Q filed November 14, 2001).
10.43	Sale and Purchase Agreement between between 211 College Road Associates and the Company.

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12.1	Statement regarding computation of ratios of earnings to fixed charges (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on December 7, 1993 (Reg. No. 33-71538)).
21.1	Subsidiaries of the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 (No. 333-66738) filed on August 3, 2001).
99.1	Press Release dated October 16, 2001.
99.2	Press Release dated October 31, 2001.
99.3	Press Release dated November 1, 2001.
99.4	Press Release dated November 6, 2001.
99.5	Press Release dated November 6, 2001.
99.6	Press Release dated November 20, 2001.
99.7	Press Release dated December 19, 2001.
99.8	Press Release dated February 27, 2002.
99.9	Press Release dated February 28, 2002.
99.10	Press Release dated March 22, 2002.
99.11	Letter to Commission Pursuant to Temporary Note 3T.

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(b) REPORTS ON FORM 8-K

(b)(1) No reports on Form 8-K were filed during the fourth quarter of 2001.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULE

To the Stockholders of Interpool, Inc.:

We have audited in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Interpool, Inc. and subsidiaries included in this Form 10-K and have issued our report thereon dated February 26, 2002. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule II is the responsibility of the Company s management and is presented for purposes of complying with the Securities and Exchange Commission s rules and is not part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

New York, New York
February 26, 2002

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INTERPOOL, INC. AND SUBSIDIARIES
SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 and 1999

ALLOWANCE FOR DOUBTFUL ACCOUNTS

(in thousands)

	Balance at Beginning of Year	Charge to Costs and Expenses	Acquired	(Write-offs), Net of Recoveries	Balance at End of Year
Year Ended December 31, 2001	$14,271	$2,302		$(10,711)	$5,862
Year Ended December 31, 2000	$10,260	$2,192	$1,281	$538	$14,271
Year Ended December 31, 1999	$4,632	$6,925		$(1,297)	$10,260

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTERPOOL, INC.
(Registrant)

March 28, 2002	By /s/ Martin Tuchman Martin Tuchman Chairman of the Board, Chief Executive Officer, and Director (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

March 28, 2002	By /s/ Martin Tuchman Martin Tuchman Chairman of the Board, Chief Executive Officer, and Director (Principal Executive Officer)
March 28, 2002	By /s/ Raoul J. Witteveen Raoul J. Witteveen President, Chief Operating Officer and Director
March 28, 2002	By /s/ Warren L. Serenbetz Warren L. Serenbetz Director
March 28, 2002	By /s/ Mitchell I. Gordon Mitchell I. Gordon Chief Financial Officer, Executive Vice President and Director (Principal Financial Officer)
March 28, 2002	By /s/ Arthur L. Burns Arthur L. Burns General Counsel, Secretary and Director
March 28, 2002	By /s/ Peter D. Halstead Peter D. Halstead Director
March 28, 2002	By /s/ Joseph J. Whalen Joseph J. Whalen Director
March 28, 2002	By /s/ Clifton H. W. Maloney Clifton H. W. Maloney Director
March 28, 2002	By /s/ William Geoghan William Geoghan Senior Vice President (Principal Accounting Officer)

EXHIBIT INDEX

1.1 Purchase Agreement between Interpool, Inc. and Smith Barney Inc., as initial purchaser, dated July 24, 1997, relating to the issuance of the Company s 7.35% Notes due 2007 (incorporated by reference to the Company s Current Report on Form 8-K dated July 27, 1997).

1.2 Purchase Agreement between Interpool, Inc. and Smith Barney Inc., as initial purchaser, dated July 31, 1997, relating to the issuance of the Company s 7.20% Notes due 2007 (incorporated by reference to the Company s Quarterly Report on Form 10-Q for the period ended September 30, 1997).

3.1 Form of Restated Certificate of Incorporation of the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

3.2 Form of Restated Bylaws of the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

4.1 Form of Certificate representing the Common Stock (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

4.2 Indenture between Interpool, Inc. and United States Trust Company of New York, as trustee, relating to the Notes, dated July 29, 1997 (incorporated by reference to the Company s Form S-4 filed on October 23, 1997).

4.3 Registration Rights Agreement between Interpool, Inc. and Smith Barney Inc., as initial purchaser, dated July 29, 1997 (incorporated by reference to the Company s Form S-4 filed on October 23, 1997).

4.4 Indenture between Interpool, Inc. and United States Trust Company of New York, as trustee, relating to the Notes, dated August 5, 1997 (incorporated by reference to the Company s Form S-4 filed on October 24, 1997).

4.5 Registration Rights Agreement between Interpool, Inc. and Smith Barney Inc., as initial purchaser, dated August 5, 1997 (incorporated by reference to the Company s Form S-4 filed on October 24, 1997).

4.6 Indenture between Interpool, Inc. and United States Trust Company of New York, as trustee, related to the 6-5/8% Notes, dated February 24, 1998 (incorporated by reference to the Company s S-4 filed on June 4, 1998).

10.1 Purchase Agreement dated as of January 30, 1993 by and between Sequa Capital Corp. and the Company, as amended as of March 5, 1993 (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

10.2 Restructuring Agreement as of August 5, 1992 among the Company, Trac Lease, Radcliff Group, Interpool Limited, Sequa Capital Corp., Martin Tuchman, Raoul J. Witteveen, Warren L. Serenbetz, Warren L. Serenbetz, Jr., Paul H. Serenbetz, Stuart W. Serenbetz and Clay R. Serenbetz (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

10.3 Amended and Restated Term Credit Agreement dated as of February 19, 1993 between the Company and Swiss Bank Corporation (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

10.4	Promissory Note of the Company dated February 11, 1993 to United Jersey Bank/Central N.A. (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.5	Employment Agreement dated as of January 1, 1992 by and between Raoul J. Witteveen and the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.6	Employment Agreement dated as of January 1, 1992 by and between Radcliff Group and the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.7	Consultation Services Agreement dated as of January 1, 1992 by and between Radcliff Group and the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.9	Form of Stock Option Plan for Executive Officers and Directors (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 Reg. No. 33-59498)).

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10.10	Form of Stockholders Agreement dated as of May 4, 1993, among the Company and Messrs. Martin Tuchman, Raoul J. Witteveen, Warren L. Serenbetz, Warren L. Serenbetz, Jr., Clay R. Serenbetz, Paul H. Serenbetz, Stuart W. Serenbetz and Arthur L. Burns and the Serenbetz Trust (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.12	Form of Non-Compete Agreement dated as of May 4, 1993, by and between The Ivy Group and the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on December 7, 1993 (Reg. No. 33-71538)).
10.13	Lease Agreements by and between 211 College Road Associates and Interpool Limited and 211 College Road Associates and Microtech Leasing (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.14	Lease Agreement dated December 30, 1986 between Princeton Intermodal Equipment Trust I and Trac Lease (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.15	Lease Agreements between The Ivy Group and Trac Lease (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.16	Amendment No. 1, dated August 10, 1992, to Secured Promissory Note and Chattel Mortgage, Security Agreement and Assignment by and between The Ivy Group and the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.17	Chassis Lease Agreement dated as of August 15, 1992 by and between Eurochassis L.P. and Trac Lease (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.18	Form of Transfer and Subscription Agreement among Radcliff Group, Martin Tuchman, Raoul J. Witteveen, Warren L. Serenbetz, Warren L. Serenbetz, Jr., Clay R. Serenbetz, Paul H. Serenbetz, Stuart W. Serenbetz, the Serenbetz Trust and the Company (incorporated herein by reference to the Company s Registration

Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).

10.19	Form of Exchange and Subscription Agreement by and between the Company and Arthur L. Burns (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.20	Demand promissory notes of the Company payable to Martin Tuchman, Warren L. Serenbetz and Princeton International Properties (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.23	Indemnity Agreement between the Company and other directors (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.26	Agreement between the Company and Arthur L. Burns regarding certain litigation (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on May 4, 1993 (Reg. No. 33-59498)).
10.27	Indenture between Interpool, Inc. and United States Trust Company of New York, as trustee, relating to the 7.20% Notes, dated August 5, 1997 (incorporated herein by reference to the Company s Registration Statement on Form S-4 (Reg. No. 333-38705)).
10.28	Indenture between Interpool, Inc. and United States Trust Company of New York, as trustee, related to the 6-5/8% Notes, dated February 24, 1998 (incorporated herein by reference to the Company s Registration Statement on Form S-4 (Reg. No. 333-56065)).
10.29	Indenture between the Company and IBJ Schroeder Bank & Trust Company, as Trustee, dated January 27, 1997 (incorporated herein by reference to the Company s Annual Report on Form 10-K for the period ended 12/31/96).
10.30	First Supplemental Indenture between Interpool, Inc. and IBJ Schroeder Bank & Trust Company dated January 27, 1997 (incorporated herein by reference to the Registrant s Annual Report on Form 10-K for the period ended 12/31/96).
10.31	Series A Capital Securities Guarantee Agreement dated January 27, 1997 (incorporated herein by reference to the Company s Annual Report on Form 10-K for the period ended 12/31/96).
10.32	Agreement of Merger dated March 15, 1996 among Trac Lease, Inc., Trac Lease Merger Corp. and the Company (incorporated herein by reference to the Company s Annual Report on Form 10-K for the period ended 12/31/95).

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10.33	Letter Agreement between The Ivy Group and the Company (incorporated herein by reference to the Registrant s Annual Report on Form 10-K for the period ended 12/31/95).
10.34	Chassis Lease Agreement dated January 1, 1998 between The Ivy Group and Trac Lease, Inc. (incorporated herein by reference to the Company s Annual Report on Form 10-K for the period ended December 31, 2000).
10.35	Consulting Agreement between Interpool, Inc. and Atlas Capital Partners dated February 28, 1998 (incorporated herein by reference to the Company s Quarterly Report on Form 10-Q for period ended June 30, 1998).
10.36	Asset Purchase Agreement, dated as of July 27, 2000 by and between the Company and Transamerica Leasing, Inc. (incorporated herein by reference to the Company s Form 8-K filed on November 3, 2000).

10.37	Amendment No. 1 to the Asset Purchase Agreement dated October 24, 2000 by and between the Company and Transamerica Leasing, Inc. (incorporated herein by reference to the Company s Form 8-K filed on November 3, 2000).
10.38	Chassis Lease Agreement dated January 1, 2001 between The Ivy Group and Trac Lease, Inc. (incorporated herein by reference to the Company s Annual Report on Form 10-K for the period ended December 31, 2000).
10.39	Asset Purchase Agreement, dated as of January 26, 2001, by and between Interpool, Inc. and Transport International Pool, Inc. (incorporated herein by reference to the Company s Form 8-K filed on April 3, 2001).
10.40	Amendment No. 1 to the Asset Purchase Agreement, dated as of March 30, 2001, by and between Interpool, Inc. and Transport International Pool, Inc. (incorporated herein by reference to the Company s Form 8-K filed on April 3, 2001).
10.41	Chassis Holdings I LLC Operating Agreement dated as of July 1, 2001 (incorporated herein by reference to the Company s Quarterly Report on Form 10-Q filed November 14, 2001).
10.42	Chassis Holdings I LLC Put/Call Agreement dated as of July 1, 2001 (incorporated herein by reference to the Company s Quarterly Report on Form 10-Q filed November 14, 2001).
10.43	Sale and Purchase Agreement between between 211 College Road Associates and the Company.
12.1	Statement regarding computation of ratios of earnings to fixed charges (incorporated herein by reference to the Company s Registration Statement on Form S-1 declared effective by the Commission on December 7, 1993 (Reg. No. 33-71538)).
21.1	Subsidiaries of the Company (incorporated herein by reference to the Company s Registration Statement on Form S-1 (No. 333-66738) filed on August 3, 2001).
99.1	Press Release dated October 16, 2001.
99.2	Press Release dated October 31, 2001.
99.3	Press Release dated November 1, 2001.
99.4	Press Release dated November 6, 2001.
99.5	Press Release dated November 6, 2001.
99.6	Press Release dated November 20, 2001.
99.7	Press Release dated December 19, 2001.
99.8	Press Release dated February 27, 2002.
99.9	Press Release dated February 28, 2002.
99.10	Press Release dated March 22, 2002.
99.11	Letter to Commission Pursuant to Temporary Note 3T.