

CAI International, Inc.  
Form 424B2  
December 06, 2010  
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**Filed pursuant to Rule 424(b)(2)  
Registration Statement No. 333-168480**

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, but is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 6, 2010

PRELIMINARY PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED SEPTEMBER 29, 2010

2,703,356 Shares

**CAI International, Inc.**

**Common Stock**

We are selling 1,351,678 shares of common stock, assuming a price of \$21.17 per share, the last reported sales price of our common stock on December 3, 2010, and the selling stockholders are selling 1,351,678 shares of common stock.

Our common stock is listed on the New York Stock Exchange under the symbol CAP. The last reported sales price of our common stock on December 3, 2010 was \$21.17 per share.

The underwriters have an option to purchase a maximum of 405,504 additional shares of common stock from us and the selling stockholders to cover overallocments, if any.

The aggregate value of the shares we are selling, including the overallocment, is \$30,000,000.

**Investing in our common stock involves risks. See Risk Factors beginning on page S-12 of this prospectus supplement and beginning on page 6 of the accompanying prospectus.**

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Issuer	Proceeds to Selling Stockholders
Per Share	\$	\$	\$	\$
Total	\$	\$	\$	\$
Delivery of the shares of common stock will be made on or about		, 2010.		

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

**Credit Suisse**

**Piper Jaffray**

**Keefe, Bruyette & Woods**

The date of this prospectus supplement is , 2010.

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Neither we, nor the selling stockholders, nor the underwriters have authorized any other person to provide you with information different from that contained in this prospectus supplement and the accompanying prospectus or in any free writing prospectus that we may provide to you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give. We and the selling stockholders are offering to sell and are seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus is accurate only as of the date such information is presented regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or any sale of common stock. Our business, financial condition, results of operations and prospects may have changed since such date.



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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of shares of our common stock. The second part is the accompanying prospectus, which gives more general information. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in the prospectus and this prospectus supplement or any related free writing prospectus, you should rely on the information in this prospectus supplement or the related free writing prospectus; provided that if any statement in one of these documents is inconsistent with a statement in another document having a later date—for example, a document incorporated by reference in the prospectus, this prospectus supplement or any related free writing prospectus—the statement in the document having the later date modifies or supersedes the earlier statement.

As permitted by the rules and regulations of the SEC, the registration statement of which this prospectus supplement forms a part includes additional information not contained in this prospectus supplement. You may read the registration statement and the other reports we file with the SEC at the SEC's website or at the SEC's offices described below under the heading "Where You Can Find More Information."

You should read this prospectus supplement along with the accompanying prospectus carefully before you invest. Both documents contain important information you should consider when making your investment decision. This prospectus supplement contains information about the shares of common stock offered in this offering and may add, update or change information in the accompanying prospectus.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus to "CAI," "we," "us," "our," "the Company" or similar references mean CAI International, Inc. together with its consolidated subsidiaries.

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### PROSPECTUS SUPPLEMENT SUMMARY

*The following summary highlights basic information about CAI and this offering. This summary does not contain all of the information you should consider before making a decision to invest in our common stock. You should review this entire prospectus supplement and the accompanying prospectus carefully, including the risks of investing in our common stock discussed in the Risk Factors section, our consolidated financial statements and notes thereto and the documents incorporated by reference.*

#### Our Business

Founded in 1989, we are one of the world's leading container leasing and management companies. We purchase new containers, lease them primarily to container shipping lines, freight forwarders and other transportation companies and either retain them as part of our owned fleet or sell them to container investors for whom we then provide management services. In operating our fleet, we lease, re-lease and dispose of containers and contract for the repair, repositioning and storage of containers. As of September 30, 2010, our fleet comprised 799,500 twenty-foot equivalent units (TEUs) of containers, 64.0% of which represented our managed fleet and 36.0% of which represented our owned fleet.

We lease our containers to lessees under long-term leases, short-term leases and finance leases. Long-term leases cover a specified number of containers that will be on lease for a fixed period of time. Short-term leases provide lessees with the ability to lease containers either for a fixed term of less than one year or without a fixed term on an as-needed basis, with flexible pick-up and drop-off of containers at depots worldwide. Finance leases are long-term lease contracts that grant the lessee the right to purchase the container at the end of the term for a nominal amount. As of September 30, 2010, 98.4% of our fleet, as measured in TEUs, was on lease, with 75.9% of these containers on long-term leases, 21.3% on short-term leases and 2.8% on finance leases.

We manage containers under management agreements that cover portfolios of containers. Our management agreements typically have terms of 10 years and provide that we receive a management fee based upon the actual rental revenue for each container less the actual operating expenses directly attributable to that container. We also receive fees for selling used containers on behalf of container investors.

We have a global infrastructure with 12 offices in 10 countries and over 220 third party container depot facilities in 42 countries. As of October 31, 2010, we have approximately 86 employees worldwide.

#### Our Competitive Strengths

We believe our strengths include the following:

**Growth Profile.** We have grown our owned fleet between December 31, 2009 and September 30, 2010 by 44.2%, based on net book value, and 23.3%, based on TEUs, which has resulted in operating income growth rates of 186.8% and 70.6%, respectively, for the three and nine month periods ended September 30, 2010, as compared to the same periods in 2009. We believe that the relatively small size of our owned fleet provides us with a competitive advantage and a significant opportunity to grow our owned fleet, revenues, and earnings in the coming years.

**Profitable and Scalable Business Model with Attractive Return Profile.** We have historically enjoyed strong profitability (71.4% EBITDA margin<sup>1</sup> for the nine months ended September 30, 2010) and return on stockholders' equity (12.2% for the nine months ended September 30, 2010) as a result of our

<sup>1</sup> EBITDA margin is EBITDA divided by total revenue. The most comparable performance measure under GAAP is net income divided by total revenue, which was 34% for the nine months ended September 30, 2010. We describe our calculation of EBITDA in footnote 1 to the table on page S-10.

<sup>2</sup> Return on stockholders' equity is net income divided by stockholders' equity.



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established market presence, financial strength, highly scalable global operating infrastructure, and attractive long-term container leasing industry fundamentals, including:

The container leasing business is a direct beneficiary of growth in global trade which does not depend on a single market or economy; and

Containers are a highly standardized, re-marketable asset type, with relatively long useful lives and strong residual values. Additionally, the container leasing industry is currently experiencing an imbalance of supply and demand for leased containers due to significant under-investment in recent years by the market participants.

***Strong Capitalization.*** We believe we are well-positioned to capitalize on the current market opportunity created as a result of strong growth in global trade in 2010, limited container production in 2010 after a year of minimal production in 2009, and a growing demand for leased containers from commercial shipping lines. As of October 31, 2010, we had \$124.2 million of availability under our senior secured credit facility, and we are negotiating a new term credit facility to supplement our borrowing capacity to invest in additional containers in 2011. Additional availability under the anticipated new term credit facility, if we successfully close it, together with proceeds from this offering, would further strengthen our capital base and enhance our financial flexibility to better take advantage of favorable industry conditions.

***Revenue and Earnings Visibility.*** 75.9% of our fleet is on long-term leases as of September 30, 2010 providing us with a highly visible and recurring revenue stream. Our container rental revenue and management fee revenue have remained relatively stable through economic cycles as a result of our focus on long-term leases.

***Long-standing Container Lessee Relationships with Attractive Credit Characteristics.*** As of September 30, 2010, we leased containers to over 280 container lessees, including many of the largest international commercial shipping lines. As of September 30, 2010, we had conducted business with the top 20 lessees of our total fleet, as measured in TEUs, for an average of over 13 years. These top 20 lessees had, as of September 30, 2010, a weighted-average Dynamar credit rating of 3.6 on a rating scale of one through ten, with a one representing the strongest credit rating. Dynamar B.V. provides credit ratings to the container leasing industry.

***Multiple, Diversified Sources of Revenue.*** Our business is structured to generate a diversified stream of revenue from multiple sources. We actively manage a mix of owned and managed containers in our fleet to provide us with diversified revenues over long periods of time. When permitted by market conditions, we supplement container rental revenue and management fee revenue with gains on sale of container portfolios that, in certain periods, have generated significant incremental revenue and can facilitate the growth in management fee revenue as we convert containers owned by us to containers managed by us for our container investors. We are also able to diversify our revenue base by managing the mix of containers under long-term, short-term and finance leases. Maintaining a range of lease types and duration allows us to provide services customized to our clients' needs. By having multiple sources of revenue, we believe that we have been able to realize a higher return on assets and equity than would have been possible if our fleet had consisted entirely of containers owned by us. We believe it is important to maintain a balance between the size of our owned fleet and our managed fleet to maintain our multiple sources of revenue.

***Flexibility to Satisfy Changing Market Demands.*** Our operating expertise and financial flexibility enable us to meet the evolving requirements of lessees and container investors. When market conditions permit, we leverage our significant experience in structuring and selling to container investors portfolios of containers and have achieved attractive investment returns in the past. By selling these portfolios to





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container investors, we have been able to purchase a substantial number of new containers while at the same time maintaining significant borrowing capacity under our senior secured credit facility. This has enabled us to choose when to purchase new containers based upon our expectations of near-term market conditions and quickly respond to the changing demands of lessees for short- and long-term leases.

***Proprietary, Real-time Information Technology System.*** We have developed a proprietary, real-time information technology (IT) system to assist us in managing our container fleet. Our information technology system allows us to monitor lease status, repair billings and contract terms of every individual container in our fleet. By actively maintaining and reviewing this information, we are able to more efficiently manage the logistics and billings of our business. Our proprietary IT system has been essential to providing a high level of customer service and we believe it is scalable to satisfy our future growth without significant capital expenditures.

***Experienced Management Team.*** We have significant experience in the container leasing industry. Our four key officers have an average of approximately 24 years of experience in the container leasing industry. In addition, our marketing and operations personnel have developed long-term relationships with leading container shipping lines.

### **Our Growth Strategy**

We plan to leverage our competitive strengths to increase our revenues and profitability. In executing our growth strategy, we intend to take advantage of the favorable long-term sector fundamentals as well as the current market opportunity available to well-capitalized container leasing industry participants with an established market position. We intend to pursue the following strategies:

***Invest in Additional Containers.*** We have purchased or committed to purchase in excess of \$250 million of containers in 2010, representing an approximate 85% growth in the book value of our container rental equipment since the beginning of 2010. We have successfully placed the purchased containers that have been delivered to us on long-term leases. We believe our relatively small asset base combined with continued strong demand characteristics for containers could allow us to further grow our owned fleet at a higher pace than the overall industry and grow our market share.

***Further Expand our Product and Customer Relationships.*** We are actively working to diversify our existing fleet and customer base by procuring and pursuing new business opportunities in the areas of refrigerated and specialized container equipment leasing. We believe that this strategy will further strengthen our business and allow us to continue to diversify our revenue.

***Further Expand our Management Services.*** We plan to capitalize on our reputation among container investors as a high quality company providing container management services by expanding our management services into new investor groups as market conditions permit. We have served European container investors since 1999 and have been offering our management services to Japanese container investors since 2004.

***Opportunistically Pursue Acquisition Opportunities.*** Through our acquisition of CAI Consent Sweden AB (formerly Consent Equipment AB) in 2008, we have demonstrated our ability to identify, effect and integrate attractive acquisition opportunities. We may in the future opportunistically pursue acquisition opportunities to diversify our product and customer base and enhance our economies of scale.

### **Recent Developments**

We have a senior secured credit facility with a maturity date of September 25, 2014 and a maximum credit commitment of \$330 million, with \$177.1 million outstanding and \$124.2 million in availability as of October 31, 2010. We are currently negotiating an additional term credit facility that we anticipate will close



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in December, 2010. We have obtained signed commitments for \$250 million in new incremental financing under the proposed facility and, in light of strong syndicate interest, may seek to further increase this amount by \$50 million. The funding of such commitments is subject to various terms and conditions and the execution of definitive documentation. We expect this facility will provide us with additional borrowing capacity to take advantage of attractive market opportunities. There can be no assurance, however, that we will be able to secure this or other additional debt financing on acceptable terms, or at all. The successful completion of this offering of common stock is not a condition to closing the proposed term credit facility.

**Development Bank of Japan Inc. Relationship**

In February 2007, an affiliate of Development Bank of Japan Inc. ( DBJ ), one of the selling stockholders in this offering, entered into an agreement with Mr. Ogawa to acquire approximately 15% of our outstanding common stock from him. Additionally, on August 20, 2009, we signed a \$10.0 million, five-year loan agreement with DBJ. The term loan had a balance of \$9.2 million and interest rate of 2.9% as of September 30, 2010. As of the date of this prospectus supplement, DBJ owns the entire amount of the shares which its affiliate acquired in 2007, and DBJ 's shareholdings now represent approximately 9.4% of our outstanding common stock.

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**Additional Information**

Our corporate headquarters and principal executive offices are located at Steuart Tower, 1 Market Plaza, Suite 900, San Francisco, CA 94105. Our telephone number is (415) 788-0100. Our U.S. branch offices are located in Charleston, South Carolina and Florham Park, New Jersey. We operate our business in 12 offices in 10 countries including the United States, and have agents in Asia, Europe, South Africa, Australia and South America. Our wholly owned international subsidiaries are located in the United Kingdom, Japan, Malaysia, and Barbados. We also own 80% of CAIJ Ltd. in Japan.

We maintain a website at [www.capps.com](http://www.capps.com) where our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports are available without charge, as soon as reasonably practicable following the time they are filed with or furnished to the SEC. The contents of our website are not incorporated into this prospectus supplement or the accompanying prospectus. You may read and copy any materials we file with the SEC at the SEC's public reference room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0300. The SEC also maintains a website that contains our reports, proxy and information statements, and other information at <http://www.sec.gov>.

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**The Offering**

Common stock offered by us	1,351,678 shares, assuming a price of \$21.17 per share
Common stock offering by the selling stockholders	1,351,678 shares
Common stock to be outstanding immediately after this offering	19,265,668 shares
Over-allotment option	We and the selling stockholders have granted the underwriters an option to purchase up to an additional 405,504 shares solely to cover over-allotments.
Offering price	per share
Use of proceeds	We expect to use the net proceeds from this offering for working capital and other general corporate purposes, which may include investment in containers. We may also use the net proceeds, or a portion thereof, to pay down a portion of our senior secured credit facility. You should read the discussion under the heading "Use of Proceeds" on page S-30 for more information.
New York Stock Exchange symbol	CAP
Risk Factors	Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page S-12 of this prospectus supplement, on page 6 of the accompanying prospectus, and the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should consider carefully before deciding to invest in our common stock.
The number of shares to be outstanding after this offering is based on the number of shares outstanding as of October 31, 2010. Unless we specifically state otherwise, the information in this prospectus supplement:	

is based on the assumption that the underwriters will not exercise the overallotment option granted to them by us and the selling stockholders;

excludes an aggregate of 972,680 shares of our common stock subject to outstanding options as of October 31, 2010 at a weighted average exercise price of \$10.32 per share; and

excludes 194,230 shares of common stock reserved for future issuance under our 2007 Equity Incentive Plan.



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**Summary Historical Consolidated Financial and Operating Data**

The selected financial data presented below under the heading "Consolidated Statement of Operations Data" for the years ended December 31, 2009, 2008 and 2007, and the heading "Consolidated Balance Sheet Data" as of December 31, 2009 and 2008 have been derived from our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2009. The selected financial data presented below under the heading "Consolidated Statement of Operations Data" for the nine months ended September 30, 2010 and 2009, and the heading "Consolidated Balance Sheet Data" as of September 30, 2010 and 2009 have been derived from our unaudited consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010.

Historical results are not necessarily indicative of the results of operations to be expected in future periods. You should read the selected consolidated financial data and operating data presented below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and with our consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2009.

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	<b>Nine Months Ended September 30,</b>		<b>Year Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>(in thousands, except per share data)</b>					
<b>Revenue:</b>					
Container rental revenue	\$ 43,502	\$ 40,982	\$ 53,747	\$ 56,436	\$ 38,148
Management fee revenue	6,961	6,409	8,546	11,969	12,663
Gain on sale of container portfolios	614	753	753	12,443	12,855
Finance lease income	1,598	1,802	2,218	2,297	1,206
<b>Total revenue</b>	<b>52,675</b>	<b>49,946</b>	<b>65,264</b>	<b>83,145</b>	<b>64,872</b>
<b>Operating expenses:</b>					
Depreciation of container rental equipment	14,077	12,858	17,140	15,824	8,805
Amortization of intangible assets	1,034	1,207	1,566	1,534	1,241
Impairment of container rental equipment	40	80	86	331	365
Gain on disposition of used container equipment	(5,760)	(2,391)	(3,626)	(4,155)	(4,400)
Gain on settlement of lease obligation					(780)
Equipment rental expense				20	961
Storage, handling and other expenses	4,941	6,367	8,717	4,854	3,077
Marketing, general and administrative expenses	15,452	14,679	18,848	20,215	15,772
Impairment of goodwill				50,247	
Restructuring charges			972		
Loss (gain) on foreign exchange	527	(153)	(215)	564	(104)
<b>Total operating expenses</b>	<b>30,311</b>	<b>32,647</b>	<b>43,488</b>	<b>89,434</b>	<b>24,937</b>
<b>Operating income (loss)</b>	<b>22,364</b>	<b>17,299</b>	<b>21,776</b>	<b>(6,289)</b>	<b>39,935</b>
Interest expense	3,262	3,344	4,311	9,346	10,705
Gain on extinguishment of debt					(681)
Interest income	121	(8)	(10)	(229)	(126)